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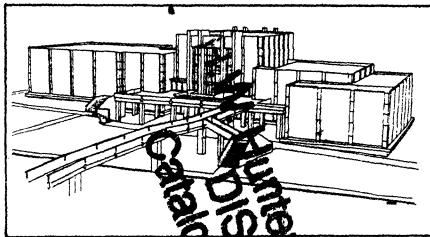
Volume IV

THE FAR EAST

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Diplomatic Papers

1937

(In Five Volumes)

Volume IV
The Far East



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UNDECLARED WAR BETWEEN JAPAN AND CHINA

(Continued from Volume III)

AMERICAN REPRESENTATION AT COMMITTEE MEETINGS OF THE LEAGUE OF NATIONS IN GENEVA AND AT THE BRUSSELS CONFERENCE, CONVENED IN VIRTUE OF ARTICLE 7 OF THE WASHINGTON NINE-POWER TREATY OF FEBRUARY 6, 1922, CONCERNING CHINA¹

Chapter I: The League Phase at Geneva

793.94/8957: Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, July 24, 1937—11 a. m.

[Received July 24—9: 50 a. m.]

247. Learning that the *Herald Tribune* Geneva correspondent had sent a despatch implying that the Chinese delegation here is considering bringing the dispute with Japan before the League, I sought an occasion to discuss the matter with Hoo.² He assured me that the press despatch is absolutely without foundation.

The Minister then confidentially exposed China's position vis-à-vis the League as follows. What action China might [take?] with Geneva would depend entirely on developments in Asia and any action whatsoever at present was regarded as entirely inopportune. Nanking perceived the League as of no value in preventing a conflict, the rousing of world opinion being considered fruitless without material action and if taken on Chinese initiative susceptible of producing the dangerous adverse effect of stiffening Japanese opposition in a manner to hinder a settlement. He said that China would not consider doing anything at Geneva except in case of the development of a major conflict. In such an event with everything to gain and nothing to lose China would undoubtedly endeavor to obtain the maximum of League support. In such an eventuality, referring to the Manchukuo affair, he said, however, that China would approach the League from a different angle, that she would not ask the League to effect a settlement but would request the League to impose sanctions against the

¹ For other correspondence, see vol. III, pp. 596-797, and *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 373-422, *passim*; also, Department of State Conference Series No. 37: *The Conference of Brussels, November 3-24, 1937, Convened in Virtue of Article 7 of the Nine-Power Treaty of Washington of 1922* (Washington, Government Printing Office, 1938).

² Victor Chitsai Hoo, Chinese Minister in Switzerland.

aggressor. While he felt it to be extremely doubtful if the League would in any case impose sanctions, Geneva would nevertheless be employed as a forum for the rousing of public sympathy.

He added that his present advices were that prospects of a direct settlement were somewhat favorable.

GILBERT

793.94/9097 : Telegram

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

PARIS, July 30, 1937—noon.

[Received 1:10 p. m.]

1077. Delbos³ said to me today that the Chinese Ambassador Koo had made a highly confidential and important statement to him yesterday. He then repeated in substance the ultra-confidential statement which Koo had made to me previously with regard to the action of the German and Italian Ambassadors in Moscow reported in my No. 1067, July 28, 9 p. m.⁴ I noted, however, that the version which Koo had given Delbos was slightly different from the version he had given me which made me doubt somewhat the accuracy of Koo's statements.

According to Delbos, the Italian position had been defined to the Chinese Ambassador in Rome, not to the Chinese Ambassador in Moscow.

Delbos declines to discuss the position in the Far East. He said that in fact China was isolated though he was definitely opposed to an appeal by China to the League of Nations. The League of Nations today was a cipher and the only result of a Chinese appeal would be the cipher would become the shadow of a cipher. The League still had some utility in Europe and he did not wish to see it made ridiculous.

He favored on the other hand an appeal by China to the signatories of the Nine-Power Pact⁵ and had so stated to Koo yesterday.

He was certain that at the present moment the Soviet Union would do nothing to aid China. Indeed he had just received a telegram from the French Ambassador in Nanking stating that Chiang Kai-shek⁶ was furious with the Russians. The Russians had led him to believe that they would support him and now had told him that they would do nothing.

BULLITT

³ Yvon Delbos, French Minister for Foreign Affairs.

⁴ Vol. III, p. 288.

⁵ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

⁶ President of the Chinese Executive Yuan (Premier).

793.94/9436 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, August 16, 1937—4 p. m.
[Received August 16—3:10 p. m.]

255. Consulate's 247, July 24, 11 a. m. During the course of a conversation today Hoo told me that the Chinese Government was still holding in abeyance the question of appealing to the League. From the beginning of the present conflict his Government had desired to refrain from any action here which might render more difficult a settlement with the Japanese on a peaceful basis particularly since the Chinese had the impression that the Japanese people and the Civil Government were not enthusiastic about the army's policy. China desired to do nothing to weaken the position of the Civil Government. From the present trend of events however Hoo felt that the Japanese were determined to force the issue. The Chinese Government would therefore probably appeal to the League but he did not know exactly when and in what form.

Hoo does not seem to have a clearly defined idea as to what advantages China might obtain from recourse to the League. He does not however expect any direct or immediate aid from the League or from the powers but hopes that aid would eventually come in some way if China can resist long enough to weaken the Japanese economically and financially. The duration and effectiveness of Chinese resistance he says would depend very largely on the assurances for China to obtain arms. He fears however that even if the powers should continue to ship arms to China the Japanese would eventually declare a blockade of Chinese ports. Russia would supply arms but he felt that in offering them the Soviets would attach political conditions. China might be obliged to accept such conditions as a desperate last resort if she were unable to obtain arms or other assistance from the other powers.

EVERETT

793.94/9752

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] August 20, 1937.

Conversation: The Secretary of State;
The Chinese Ambassador, Dr. C. T. Wang.

Present: Mr. Hornbeck.

The Chinese Ambassador called at noon today at his own request.

The Secretary opened the conversation with the statement that the China situation is apparently becoming worse. The Ambassador

expressed concurrence in that view. The Secretary mentioned news which has been received of the dropping of a shell on the American flagship U.S.S. *Augusta*.⁷ The Ambassador said that he had seen news of this. The Secretary asked questions regarding the location in the river of the *Augusta* and the nearest Japanese vessels. The Ambassador answered the questions apparently with accurate knowledge of the situation.

The Ambassador then said that he had come under instructions to inform the Secretary of moves which China has in contemplation: China is thinking (1) of appealing to the League of Nations, and in that connection the Foreign Office wishes to know whether the American Government, although not a member of the League, would give support; and (2) of invoking the Nine Power Treaty, in which connection the Foreign Office wishes to know whether the United States, the treaty having been negotiated in Washington, would call for a consultation among the signatory powers. There followed some observations with regard to the implications and possibilities of such procedures. The Secretary made no commitment.

The Secretary then reverted to the subject of the location of American and Japanese naval vessels at Shanghai, and it was established that the *Augusta* is located at a point south of Soochow Creek and off the Bund. The Secretary then talked of agreements and practices on the basis of which it has been understood that the International Settlement area is one supposed to be immune from military operations, a place where security would prevail. The Secretary emphasized the importance of respect for its status as such. The Secretary said that the Chinese authorities had suddenly ordered our ships to separate themselves by five miles from the Japanese ships. The Ambassador stated that he did not know of this. The Secretary referred the question to Mr. Hornbeck. Mr. Hornbeck explained that we had been informed that the Chinese authorities had asked that our ships either move to somewhere five nautical miles distant from the Japanese ships or prevail on the Japanese ships to move away from our ships to such a distance.⁸ There followed some discussion of the impossibility as a practical matter of compliance with such a request.

The Ambassador then reverted to the subject of a Chinese appeal to the League and for an invocation of the Nine Power Treaty. He said that he was instructed to get an indication of the American Government's reaction. He said that his Government wished to consult us before acting, as it did not want to put us in an embarrassing

⁷ See telegram No. 531, August 21, 10 p. m., from the Consul General at Shanghai, p. 273.

⁸ See telegram No. 468, August 19, 3 p. m., from the Ambassador in China, p. 265.

position and did not want to invite a rebuff. He said that for his Government formally to make the request and to meet with a refusal would have, if it became known, a very unfortunate effect, a very unfortunate reaction in China. The Secretary indicated assent. The Secretary then spoke of the statement of policy which he had made on July 16⁹ and asked whether that would not more than cover the subject. The Ambassador said that it did, so far as principle was concerned, but what his Government was now seeking was action. The Secretary asked whether Mr. Hornbeck would wish to make any comments or ask any questions. Mr. Hornbeck said that it would seem that what the Chinese Government was seeking was not so much an "invocation of the Nine Power Treaty" as something in the nature of consultation and conference on the part of the powers which happen to be signatories to the Nine Power Treaty. He wondered what the Chinese Government might have in mind for an agenda. He wondered what the Chinese Government would estimate likely to be the concrete effect of action such as it was suggesting. The Ambassador said that it would be for the powers concerned to make up the agenda, and the Chinese Government might contribute to the making. He said that one effect at the outset might be moral effect. He repeated that he was desirous of having the American Government's reaction. He expressly inquired whether he might call again tomorrow. The Secretary said that we would take the matter under consideration and would keep the problem in mind and as soon as we had anything to tell the Ambassador would let him know.

The Secretary and the Ambassador then exchanged expressions of serious solicitude over the gravity of the situation, and the conversation there ended.

S[TANLEY] K. H[ORNBECK]

793.94/9938

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] August 21, 1937.

It is believed that reply should be made to the Chinese Ambassador's inquiry, to the effect, as regards the question whether we would support action in the nature of an appeal by China to the League of Nations, that, in case China makes such an appeal and in case the League takes the matter up, this Government's action may be expected to be along such lines, in support of League action, as were followed by this Government in 1931-1933 in connection with the Manchuria situation: namely, action in general support of an effort to bring hostilities

⁹ Vol. I, p. 699.

to an end and to prepare the way for a settlement by pacific means, by preserving and practicing full right of independent judgment.

It is believed that, in reference to the question of our taking the lead toward "invoking" the Nine Power Treaty, this Government should continue to avoid making any commitment on that subject. In case a telegram is sent to several powers asking for public utterances on the part of their Foreign Offices in expression of their present attitude regarding the Chinese-Japanese crisis, that telegram might be sent to each of the powers signatory to the Nine Power Treaty and the Chinese Government might be informed that such a telegram has been sent, but without its being stated that the powers addressed are the signatories of the Nine Power Treaty.

793.94/9816 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, August 30, 1937—9 p. m.
[Received August 30—8:15 p. m.]

262. Consulate's 255, August 16, 4 p. m. Hoo informs me by telephone that acting on instructions from his Government he has just handed a note to the Secretary General containing a statement regarding the sequence of events in the present conflict with Japan and China's position in relation thereto. The conclusion which the note presents is that Japan's present action is a continuation of her aggressive program started in 1931 and that China is acting in self-defense, Japan having resorted to aggression in violation of the Covenant,¹⁰ the Kellogg Pact¹¹ and the Nine Power Treaty. The note, Hoo says, does not constitute an appeal to the League in the technical sense but is merely a statement of China's case consisting mainly of an historical résumé of the circumstances stipulating the various incidents. Hoo has requested the Secretary General to communicate the note to the members of the League and to the members of the Advisory Committee set up under the Assembly's resolution of February 24, 1933.¹² The note will probably be published within the next few hours.

Hoo tells me in confidence that there were two reasons for his request that the note be communicated to the Advisory Committee: (1) In order to ensure that it be communicated to the United States Government; and (2) that it is China's policy to consider the present conflict as a continuation of the Manchurian conflict.

¹⁰ *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 69.

¹¹ Signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

¹² *Foreign Relations*, Japan, 1931-1941, vol. I, p. 113.

Hoo said that China would probably make a formal appeal to the League during the Assembly and intimated that the policy mentioned under (2) above implied that China might possibly attempt to utilize the Advisory Committee. He said that utilization of the Committee was a door which remained open but that his Government had not yet definitely decided in regard to its approach in placing the matter before the League.

Subsequently the Secretariat has informed me that it is preparing to transmit the note to Committee members and to the United States, presumably through the Legation at Bern.

The Secretariat is looking into past procedures to determine the exact form of such transmission.

The question arises as to whether the Advisory Committee is an organ in being. Hoo evidently so considers it and presumably the Secretariat also, at least by implication through its action in communicating the note to Committee members.

EVERETT

793.94/9818: Telegram

The Chargé in Switzerland (Bigelow) to the Secretary of State

BERN, August 31, 1937—11 a. m.

[Received August 31—8:50 a. m.]

79. Reference Geneva Consulate's telegram No. 262, August 30, 9 p. m. Legation received this morning the text of the Chinese Government's note with unsigned, undated, covering communication worded as follows:

"In accordance with the request contained therein, the Secretary General has the honor to communicate herewith to the Advisory Committee set up by the Special Assembly convened in virtue of article 15 of the Covenant, at the request of the Chinese Government, a letter from the Director of the Permanent Office of the Chinese delegation to the League together with the statement enclosed therewith."

League appears to attach considerable importance to receipt of the note by United States Government. In addition to apprising Consulate that it was forthcoming, a member of the Secretariat advised me by telephone last night that Legation would receive note this morning.

The note which contains approximately 1900 words is as characterized in the Consulate's telegram. Detailed summary of about 1200 words telegraphed by *New York Times* correspondent. Its five concluding paragraphs which contain most significant parts are as follows:

"The above brief account of what Japan has done since the outbreak of the Lukouchiao incident on July 7,¹³ brings out the following facts most clearly, truthfully and indisputably.

"1. Japanese armed forces have invaded China's territory and are extensively attacking Chinese positions by land, sea and air, in Central, as well as North China. It is thus a case of aggression pure and simple.

"2. China is exercising her natural right of self-defense, the failure of all other means of repelling violence having compelled her to resort to force, which is contrary to China's wish.

"3. Japan's present action in China is the continuation of her aggressive program started in Manchuria in September 1931. Japan has now occupied the Peiping-Tientsin area and is bent upon extension of her occupation to the whole of North China and domination of the [other] regions in spite of all her assurances that she has no territorial designs on this country. She is attempting to destroy all the work of reconstruction which the Chinese Nation has so steadily and assiduously undertaken during the last 10 years.

"4. In thus deliberately disturbing the peace of the Far East, Japan has violated the fundamental principles of the Covenant of the League of Nations. Using war as an instrument of national policy and ignoring all the pacific means for the settlement of international controversies, she has violated the Paris Peace Pact of 1927 [1928]. Acting contrary to her pledge to respect the sovereignty, the independence and the territorial and administrative integrity of China, she has violated the Nine-Power Treaty concluded at Washington in 1922."

Full text ¹⁴ mailed *Queen Mary* September 1.

BIGELOW

793.94/9823 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, August 31, 1937—4 p. m.

[Received August 31—1 p. m.]

263. Consulate's 262, August 30, 9 p. m. and Legation's 79, August 31, 11 a. m. The Secretariat is definitely of the opinion that the Advisory Committee is still in existence. Local reaction in Secretariat and press circles is that the Chinese note of yesterday is the first step toward a future appeal to the League which the Chinese hope would (a) provoke general discussion of the Sino-Japanese controversy with a resulting favorable world public opinion for China's case and (b) through a convocation of the Advisory Committee draw the United States into any deliberations which the

¹³ See vol. III, pp. 129 ff., *passim*.

¹⁴ For full text of Chinese communication dated August 30, see League of Nations, *Official Journal*, August-September 1937, p. 653.

Committee might hold in the hope that perhaps by so doing the United States might find it difficult to remain further aloof from the general Sino-Japanese situation. There is some difference of opinion as to the procedure the Chinese Government will probably follow if it decides to attempt to provoke such discussion in the Assembly and to effect the convocation of the Advisory Committee. An examination of the resolution of February 24, 1933 (see special supplement number 111 [112] *Official Journal*) suggests that an appeal under paragraph 3 of article No. 3 of the Covenant might attain those ends.

EVERETT

793.94/9941

The British Embassy to the Department of State

AIDE-MÉMOIRE

In view of the growing likelihood of an appeal being made to the League of Nations in connexion with the situation in the Far East, His Majesty's Government in the United Kingdom are anxious to learn whether the United States Government contemplate being represented at Geneva in any way if this event arises. According to the Chinese Ambassador in London the Chinese Government intend to make such an appeal to the League.

2. His Majesty's Government are anxious to keep in touch with the United States Government in dealing with the situation, and the French Government have informed them that they share this desire.

WASHINGTON, August 31, 1937.

793.94/9942

Memorandum by the Assistant Secretary of State (Wilson) of a Conversation With the British Chargé (Mallet)

[WASHINGTON,] September 2, 1937.

In accordance with instructions from the Secretary, I discussed with Mr. Mallet the *aide-mémoire* of the British Embassy handed to the Division of Far Eastern Affairs on August 31st in respect to American representation at Geneva, in the event that an appeal is made to the League by the Chinese Government.

I told Mr. Mallet that Mr. Leland Harrison, who would shortly become American Minister to Bern, would be in Geneva and would carry on the work under the same conditions as I had previously done in that city, that he was planning to remain there through the Assembly. Mr. Mallet said that, of course, members of the Foreign

Office at London were thoroughly familiar with my position in Geneva and he would merely report that Harrison would occupy himself with the same work.

I then added that, since he had handed in his *aide-mémoire*, we had heard from Geneva and Bern to the effect that the Chinese had apprised the League, as well as members of the Advisory Committee, of the situation in the Far East; as far as we knew, no specific appeal had been made; the Chinese note seemed more in the nature of information. I then stated that, since early in 1933, under instructions from my Government, I had sat on the Advisory Committee, but without the right of vote.

Mr. Mallet asked me whether this meant that Mr. Harrison would also sit on the Advisory Committee and I replied that we were not perfectly sure whether the Advisory Committee was still in existence or whether it would be summoned, that if it were decided by the Secretary General that the Committee was still in being and it were summoned, Harrison may sit as I have done, but that I could not give him assurances in this matter as we wished to remain free to adopt such course as might be called for in the circumstances.

HUGH R. WILSON

793.94/9871 : Telegram

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

PARIS, September 2, 1937—6 p. m.
[Received September 2—5: 40 p. m.]

1238. Delbos at luncheon today said that the second question he wished to discuss with me was far more important than the question of Haiti.¹⁵ The Chinese Government desired to bring the question of Japanese aggression against China before the League of Nations at the September meeting. He would be opposed to the League dealing with this question except on condition that the United States should be prepared to send an observer to attend the sessions of the League as had been done when the Japanese had invaded Manchuria. He asked me whether or not the United States Government would be prepared to send an observer to attend the sessions of the League.

I replied that I had no information whatsoever on this subject, that I had explained to him repeatedly that it was the desire of the United States not to engage in any joint action in the Far East and asked him what procedure he would envisage if the United States should send an observer. He replied that if the United States should send an observer the League he believed would condemn the Japanese aggression against China and would expect the United States to make a

¹⁵ See vol. v, pp. 560 ff.

parallel though independent condemnation. He then asked me please to inform him as soon as possible with regard to the position of my Government on this question. I replied that I would ask for instructions. He went on to say that while he was certain that the condemnation of Japanese aggression by the League would not be of any great importance it would nevertheless be heartening to the Chinese and would be of some assistance to them in obtaining for them the support of public opinion throughout the world. He then repeated his request that I should ascertain the position of our Government as soon as possible. I should be grateful for instructions.

BULLITT

793.94/9974

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] September 3, 1937.

Conversation: The Secretary of State;
The Chinese Ambassador, Dr. C. T. Wang.
Present: Mr. Hornbeck.

The Chinese Ambassador called at his own request at 11:30 this morning.

The Secretary inquired about the latest news of the situation in China. The Ambassador replied that there was very severe fighting. The Secretary inquired whether the official news differed from the press news. The Ambassador replied that they were about the same, as there is no great amount of censorship.

The Ambassador then said that the Chinese Government has decided to invoke, at the coming meeting of the League, Article 17 of the Covenant and if it does not succeed in that approach then to invoke Article 16. They hoped that the American Government would give moral support through its membership on the Advisory Committee. The Secretary commented on the fact that, although the American Government has expressed itself openly and vigorously on the subject of policy, other governments have remained mute. He asked: If they will not speak, how can it be expected that they will act? He said that, with us, Congress has passed a Neutrality Act.¹⁶ This is something that lies ahead of us. We are "on a twenty-four hour basis." If other governments will not even speak, what does China expect of us. The Ambassador replied that China as a member of the League felt that she must appeal to the League. They wanted to make every move of theirs known officially to the American Government.

¹⁶ Approved August 31, 1935; 49 Stat. 1081; as amended February 29, 1936, and May 1, 1937, 49 Stat. 1152, and 50 Stat. 121.

The Secretary inquired what would happen under Article 16. The Ambassador replied that the procedure was all written out. The Secretary referred to experience in connection with Article 16 in the Italian-Ethiopian controversy.¹⁷ The Ambassador said that he imagined that his Government did not expect that much action would be taken. The Secretary said that it was for that reason that he wondered what the Chinese Government expected to accomplish: whether such an appeal would not be "an advance backward." The Ambassador expressed the view that an advantage would be gained by calling the world's attention to the situation. The Secretary suggested that introducing the question of sanctions—notwithstanding experience—might neutralize the benefits of an appeal to the League through the bad effects of a rebuff. If the experience with Italy is repeated, what does China gain; would it not do China's cause harm. The Secretary explained that he was merely speaking as an individual, he was not expressing an official opinion.

The Ambassador said that he assumed that the voicing by the Secretary of a personal view would not indicate that the American Government was not willing to give support. The Secretary replied that the Chinese must consider our record; they must take notice of our historic position. The Ambassador said that he understood. He mentioned the record of 1932. The Secretary replied that sanctions were not at that time tried. He called attention to the fact that the Ambassador was now asking us to do a certain thing, whence it followed that it was appropriate for him, the Secretary, to ask questions.

There were exchanged certain remarks with regard to the severity of the fighting and the unfortunate character of the whole situation; and the conversation there ended.

S[TANLEY] K. H[ORNBECK]

793.94/9941 : Telegram

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

WASHINGTON, September 3, 1937—4 p. m.

466. Your 1238, September 2, 6 p. m. I quote below a memorandum of a conversation between Wilson and Mallet of the British Embassy, dated September 2nd, in which Wilson replied orally to an *aide-mémoire* from the British Embassy inquiring if the United States would be represented in any way at the sessions at Geneva:

[Here follows quotation of memorandum dated September 2, printed on page 9.]

In talking with Delbos, I should like you to be guided by the recollection that the League states have repeatedly asked this Government

¹⁷ See *Foreign Relations*, 1935, vol. I, pp. 836 ff., and *ibid.*, 1936, vol. III, pp. 88 ff.

to commit itself to a course of action or a type of representation before they have carried through or even embarked upon the necessary campaign in the Assembly to make such a course of action possible. In other words, the tendency of the League states has often been to shove the United States to the fore and to base their campaign for action on the fact that the United States is already pledged. In this instance, we do not know under what conditions we might be asked to participate and, therefore, prefer to leave our hands free to deal with the fact when it arises. This does not indicate that we will not give sympathetic consideration to the possibility of cooperation with any serious effort of the states of the League to deal with this problem.¹⁸

I think you should bear another thing in mind. Harrison will be in Geneva and I am preparing a telegraphic instruction for his guidance during this session. I plan to mention, among other things, the fact that if the Neutrality Act has been put into force the policy of the American Government must be in conformity with that Act and our course of action will be legally and specifically limited.

HULL

793.94/9990a : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 7, 1937—6 p. m.

51. Before you proceed to Geneva, I think it well to give you an outline of my views on certain current problems, in order that you may be guided during the conversations you may have during the Assembly.

Please reread with care my public statements of July 16th¹⁹ and of August 23rd.²⁰ You will find that the first statement lists those principles which the American Government considers fundamental and essential to peaceful intercourse between civilized nations and that the second shows that the American Government believes that such principles apply to the Pacific areas, as well as to the rest of the world. The American Government has maintained a strictly fair and impartial course as between Japan and China. Nevertheless, it cannot but feel that these essential principles are being grossly violated. It is a pity that other nations have not more generally realized how such public utterances and the public reiteration of these principles would strengthen the principle of validity of treaties and foster

¹⁸ The Ambassador in France, in his telegram No. 1251, September 7, 11 a. m. (vol. 1, p. 123), reported carrying out instructions, and added that Foreign Minister Delbos believed the League of Nations would go only so far as to request both belligerents to stop fighting. He also was of the opinion that Germany would attack Czechoslovakia in the event that the Soviet Union were to support China strongly enough to make Japanese victory doubtful.

¹⁹ Vol. 1, p. 699.

²⁰ *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 355.

the growth of a world-wide determination to resolve international differences by peaceful means only.

You will doubtless be asked why, under present conditions, the United States Government has not put into effect the Neutrality Act. You will find, on consulting the Act, that the opening paragraph thereof reads as follows: "Whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall" et cetera. Thus a question of fact shall determine the application of the Act and the Act must be put into force when such a state of facts arises. In the case of the conflict between Japan and China, intermittent acts of hostility have occurred over a long period of time and the present conflict, while greater in volume, appears to present in their minds a difference in degree rather than in character. Both parties to the conflict claim they are not at war; both parties to the conflict maintain in the other's territory diplomatic and consular representatives. Japan claims that its action is in the nature of a punitive expedition and repeatedly has disclaimed the intention of acquisition of territory.

For your confidential information, we are daily considering the application of the Neutrality Act and conditions in China may at any moment render it essential to apply it. We can adopt only a temporary policy and one of day by day application.

The Chinese have sent a communication both to the League and to members of the Advisory Committee in the dispute between China and Japan. At the inception of the Advisory Committee in 1933 and subsequently Wilson was designated to sit with the Committee without the right of vote. If it is decided that the same committee is still in existence and a meeting is summoned, you may be authorized to attend under the same instructions as Wilson received. In any case, you are requested not to give the impression that we will necessarily participate in any discussion of the present problem in Geneva. We prefer to reserve judgment entirely in this matter.

HULL

793.94/10005 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 9, 1937—7 p. m.

[Received September 9—5:53 p. m.]

272. Consulate's 262, August 30, 9 p. m. and Department's telegram 133, September 3, 5 p. m.²¹ Hoo informed me today that China had now definitely decided to make an appeal to the Assembly but was still undecided regarding the best procedure to adopt.²² He explained

²¹ Latter not printed.

²² See also paragraph 2 of telegram No. 588, September 9, 10 p. m., from the Chargé in the United Kingdom, p. 454.

that a decision as to whether China would request the convocation of the Advisory Committee would in his view depend largely upon whether or not the United States would be willing to be represented on the Committee as heretofore. If so, the Advisory Committee would probably be utilized. In the event that Chinese insistence upon employing the Advisory Committee might serve to prejudice American policy toward the Sino-Japanese dispute, or should we be unwilling to be represented thereon, a new appeal would probably be made under a new article, probably article 17, thus initiating a fresh procedure.

He stated that he had urged his Government to ascertain the views of the United States regarding the Advisory Committee before making a final decision in the matter but that he had not yet received any instructions.

Hoo went on to say that he was doubtful whether anything concrete could be accomplished by an appeal to the present Assembly but he believed that since the present dispute would extend over a long period an immediate appeal should be made and that even if no results were obtained at this Assembly, changing conditions or events might make this action ultimately worth while possibly in the shape of sanctions to the extent of obtaining munitions and credits for China while withholding them from Japan.

BUCKNELL

793.94/10048a : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 11, 1937—3 p. m.

54. Supplementing my No. 51, of September 7, 6 p. m., it has been our experience over a number of years that members of the League will endeavor to obtain from the United States assurances as to American action under hypothetical conditions. For instance, they may ask "In the event that the Chinese appeal is referred to the First Commission and the United States is invited to sit thereon, would an American representative be designated?" We have sometimes found that the hypothetical conditions did not develop and that, due to our replying to such hypothetical questions, the United States found itself far in advance of other powers in commitment. In view of the foregoing, I suggest that you refuse even to speculate with representatives of other nations as to what decision your Government will make under given conditions. It appears to us an eminently tenable position that some 50 states should make up their minds and express themselves on a given

problem before any one state, outside of their organization, is asked to commit itself.

We have already sent instructions in this sense to Bullitt, who has been approached by Delbos with hypothetical questions.

There is, however, one piece of advice of a negative character that you might convey to League members upon inquiry. It seems improbable that the United States would want to sit on the First Commission, in the event that it is requested to do so, in order to discuss the Chinese question, or upon any other public body, especially one newly constituted. The acceptance of such an invitation would be a political act of visible importance.

I shall be particularly interested in receiving from you any impressions which you obtain from member states, particularly from Great Britain and France as to whether they are inclined to consider that a "state of war" exists in China and, if so, whether they contemplate any action in respect to neutrality. I do not need to urge upon you the necessity for discretion in such inquiry.

Cable when you are proceeding Geneva.

HULL

793.94/10040: Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 12, 1937—5 p. m.
[Received September 12—3:25 p. m.]

284. The Chinese delegation today issued a communiqué to the press stating that:

"In view of the unprecedented gravity of Japanese aggression in China, the Chinese Government decides to bring the matter once more before the League of Nations.

A written appeal will be submitted to the League within a few days."

After a brief description of Japanese aggression the statement affirms China's belief that the League

"should and [*now?*] undertake immediate and effective measures to put a stop to the intolerable continuance of Japanese aggressive and atrocious activities in China and to uphold the sanctity of international treaties. It is also their hope that the United States of America, devoted as she is to the cause of peace and international justice, will associate herself with the actions of the League in the future, as in the past; and that other nations having interests in the Far East but nonmembers of the League will likewise contribute their share to the general efforts to check aggression and bring about peace in Eastern Asia".

BUCKNELL

793.94/10041 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 12, 1937—8 p. m.
 [Received September 12—3:50 p. m.]

285. Consulate's 284, September 12, 5 p. m. Hoo informs me in confidence that China will send two notes to the Secretary General of the League tonight or tomorrow morning. One will be an appeal to the Council under articles 10, 11 and 17. The second note will be a supplementary statement bringing up to date the recital of events set forth in the Chinese note of August 30th, see my 262, August 30, 9 p. m. This note will also contain a request that it be communicated to the Advisory Committee.

BUCKNELL

793.94/10054 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 13, 1937—9 p. m.
 [Received September 13—8 p. m.]

292. Consulate's 285, September 12, 8 p. m. The Chinese notes were received by the Secretariat today.

1. The appeal to the Council after a brief introduction states:

"For the facts of the case I beg leave to refer to the statements which the Chinese Government has communicated on August 30 and September 12, 1937, to the [Council?] for the information of the members of the League and the Advisory Committee set up under a resolution of the Assembly of February 24, 1933, adopted in virtue of paragraph 3, article 3 of the Covenant.

In view of Japan's present relation to the League and her action in China, the Chinese Government holds, without prejudice to the continuing validity and binding effect of all the decisions hitherto taken by the Assembly and Council in the Sino-Japanese conflict, that article 17 of the Covenant is also applicable.

In the name of my Government I hereby invoke the application of articles 10, 11 and 17 of the Covenant and appeal to the Council to advise upon such means and take such action as may be appropriate and necessary for the situation under the said articles."

2. As reported the covering letter to the supplementary statement requests that it be communicated to members of the League and to the Advisory Committee.

BUCKNELL

793.94/10094 : Telegram

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

NANKING, September 15, 1937—3 p. m.

[Received September 16—9:10 a. m.]

660. 1. Vice Minister for Foreign Affairs Hsu Mo orally informed the Embassy September 14, 6 p. m., that the Chinese Government was disappointed that the United States and other nations had taken such an aloof attitude toward Japanese aggression against China and hopes that the United States would cooperate with the League in any action on China's behalf which the League might decide upon in response to China's appeal, not only as a nation represented on the Advisory Committee but as an advocate of international justice outside of the League. He said the League itself was pessimistic of the success of any action unless it were supported by the United States.

2. The Vice Minister said that China was defending itself with all its powers and had succeeded better than Japan had anticipated, but unless China received some sort of assistance from the outside China was ultimately doomed. What China especially hoped for, he said, was cooperative action by Great Britain, France and the United States and he thought those countries were willing and even anxious to act jointly with the United States.

Code text by mail to Peiping.

JOHNSON

793.94/10079 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 15, 1937—3 p. m.

[Received September 15—1:25 p. m.]

297. From Harrison. Consulate's 272, September 9, 7 p. m.; and 296, September 14, 10 p. m.,²³ on Chinese appeal. In his address before Assembly today Wellington Koo concluded as follows:

"In short, the Far East situation, on account of its utmost gravity, calls for urgent action by the League. The Chinese Government has formally appealed to the Council, invoking articles 10, 11, and 17 of the Covenant. It is now for the Council to decide whether to proceed itself to consideration and action at once or to seize the Assembly at the same time of the question or to refer it first to the Advisory Committee on the Sino-Japanese conflict set up by the Assembly of February 24, 1933."

Hoo this morning again inquired of Bucknell as to our attitude regarding reconstitution of and participation in Advisory Committee.

²³ Letter not printed.

He again intimated that if it would embarrass us or prejudice our attitude towards China's case, he would probably not press matter in Council tomorrow. If we should now decide against participation or would prefer that Committee should not be reconstituted, any intimation to this effect to Hoo might in all likelihood prevent proposed action by Chinese tomorrow.

At this time in my own best judgment we should maintain our entire freedom of action with a view to the restoration of peace in the Far East and refrain from association in any League activities since probabilities are that if we should participate, attempt might be made to place onus of any outcome on us. [Harrison.]

BUCKNELL

793.94/10080: Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 15, 1937—4 p. m.
[Received September 15—1:50 p. m.]

298. Consulate's 296, September 14, 10 p. m.²⁴ The speech which Koo delivered before the Assembly this morning was a calm and measured statement covering in broad lines the most important aspects of the conflict with Japan. After an historical statement of recent events along the lines of the recent notes communicated to the League by China he spoke on the following points:

- (1) Refutation of over population and raw materials pleas as a basis of Japanese imperialistic policy;
- (2) Ultimate objectives of Japan to dominate Asia;
- (3) Danger to foreign economic interests and territorial possessions;
- (4) The indivisibility of peace and the danger of allowing such an aggressive policy to continue.

In connection with (4) above he quoted the third sentence of the Secretary's statement of principles of July 16²⁵ beginning "Any situation".

As regards the practice of indiscriminate bombing he quoted the British note to Japan occasioned by the air attack on the British Ambassador.

For the procedures which the Chinese propose to follow, see Consulate's 297, September 15, 3 p. m.

BUCKNELL

²⁴ Not printed.

²⁵ Vol. I, p. 699.

793.94/10079 : Telegram

The Secretary of State to the Consul at Geneva (Bucknell)

WASHINGTON, September 16, 1937—3 p. m.

138. Your 297, September 15, 3 p. m., from Harrison. Please in your discretion inform Hoo that the American Government will make no decision regarding fact or method of its possible cooperation with the League in regard to the Japanese-Chinese situation unless and until approached by the League with some concrete proposal formulated by the League.

HULL

793.94/10111 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 16, 1937—5 p. m.

[Received 7:25 p. m.]

302. From Harrison:

1. *a.* Avenol²⁶ asked me to call this morning. He expressed great pleasure that your statements of July 16 and August 23 had been communicated and told me that he proposed to lay them before the Council with a view to a most appreciative reply.

b. He then said that he wanted to let me know in advance that the Council proposed to refer the Chinese complaint to the Advisory Committee which was listed in their last publication of League Committees and considered still to be in existence. He explained that their purpose was to obviate the necessity of taking action on Koo's requests of September 13 (see Consulate's telegram No. 292 of September 13, 9 p. m.) for the application of article 17 of the Covenant. He also told me confidentially that Eden,²⁷ Delbos, and he had talked with Koo pointing out the inevitable consequences entailed if the application of article 17 were followed through and stressing the effect of an eventual declaration of a state of war and the enforcement of our Neutrality Act. Koo had therefore modified his demand in his address yesterday, leaving to the Council three alternatives as to the course to be pursued (see Consulate's telegram No. 297, September 15, 3 p. m.). Avenol laid emphasis on the fact that in its decision the Council would avoid reference to article 17. As he seemed to take it for granted that we would sit on the Advisory Committee I thought it well, in thanking him for the information, to say that there was no assurance that we would wish to participate.

²⁶ Joseph Avenol, Secretary General of the League of Nations.

²⁷ Anthony Eden, British Secretary of State for Foreign Affairs.

2. At his request I called upon Eden after seeing Avenol. He said that he wished to inform me that it was proposed to have the Council refer the Japanese-Chinese dispute to the Advisory Committee, that he felt that if it were taken up by the Council it might be embarrassing to us and furthermore the Council did not include important interested countries such as Holland as well as the United States who were represented on the Committee. I referred to Wilson's conversation with the British Chargé d'Affaires reserving our freedom of decision. He said that he did not have a clear recollection on that point but from observation he would like to say that he earnestly hoped we would participate.

Eden also told me that he and Delbos had talked with Koo and had urged him not to insist on the application of article 17.

They had pointed out that such insistence might result in the declaration of a state of war, recognition of belligerency, restriction of British trade and enforcement of our Neutrality Act. Koo had claimed that he wanted to appeal to the first paragraph of article 17 only. Eden expressed the belief that the Chinese did not want a recognition of a state of war. On the other hand the Japanese did not want the enforcement of the Neutrality Act, why he could not imagine; perhaps as we were the source of their oil supply. To my question as to what he had in mind for the Advisory Committee he replied that it might appeal of [*to?*] both parties or invite Japanese cooperation or find some solution and in this connection mentioned his admiration for Colijn's²⁸ capabilities.

3. After Eden I saw Vansittart.²⁹ (a) In his opinion there is no prospect of any move by members to take the initiative in obtaining Italian return to the League in connection with the Abyssinian situation in view of the general conviction that Italy is responsible for submarine piracy, and (b) only hope for termination of Sino-Japanese conflict lies in stiff Chinese resistance with resultant Japanese realization that the game is not worth the candle.

4. Koo and Hoo have just called on me. Explained that the Council in private session this afternoon will discuss procedure. Koo will briefly summarize his speech of yesterday and repeat proposed alternatives, the President of the Council will propose reference to the Advisory Committee, namely, reference of the Chinese notes of August 30 and September 13. Koo, however, in order to protect his juridical position will then make a reservation respecting his appeal to article

²⁸ Hendrik Colijn, Netherland Premier.

²⁹ Sir Robert Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

17 as set forth in his letter of September 12th. Koo explained that while he wished to maintain his appeal intact he was satisfied to have the matter referred to the Advisory Committee since Holland, Belgium, Sweden and especially the United States were represented on the Committee. He then asked what our attitude would be. I pointed out that it was a long time since we had participated in the Committee, that if the Committee were set up and we received an invitation this would of course be referred to Washington but that I could give him no assurance of what our attitude might be. Koo also expressed interest in the announcement of yesterday³¹ respecting the carrying of munitions of war by American Government and merchant ships and asked for the official text. Likewise he asked what exactly was meant by Government ships. He presumed that this category would not include ships such as those of the Dollar Line.

Koo offered to keep me closely informed of developments. [Harrison.]

BUCKNELL

793.94/10107 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 16, 1937—10 p. m.

[Received September 16—6:06 p. m.]

304. Consulate's 302, September 16, 5 p. m., paragraph 4. Council in private session this afternoon acted as forecast. Koo made reservation that if proposal to convoke Advisory Committee and refer appeal to it was agreed to, that Council remained seized of the Chinese appeal itself and that he further reserved the right to ask Council to act in accordance with procedure of three articles cited in Chinese appeal if and when circumstances required it.

Koo informed me that the Advisory Committee will probably hold its first meeting either Monday³² or Tuesday next.

BUCKNELL

793.94/10118 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 17, 1937—3 p. m.

[Received September 17—11:37 a. m.]

307. The Consulate has received copies of an extract from the minutes of the private session of the Council yesterday afternoon

³¹ See Department's press release of September 14, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 201.

³² September 20.

covering the discussions on the subject of referring the Sino-Japanese dispute to the Advisory Committee (Consulate's 304, September 16, 10 p. m.). The document is transmitted under cover of an unsigned mimeographed sheet reading as follows:

"In conformity with the decision taken by the Council at its private meeting on September 16, 1937, the Secretary General has the honor to communicate herewith to the Advisory Committee set up by the special Assembly convened in virtue of article 15 of the Covenant at the request of the Chinese Government an extract from the minutes of the said meeting."

This is the only communication thus far received relating to the reference of the matter to the Advisory Committee and appears to be merely of an informatory nature especially since it was forwarded in exactly the same manner as was Chinese note described in the Legation's 79, August 31, 11 a. m.

The minutes indicate that the President in his statement to the Council suggesting [*suggested?*] that the latter "request the Secretary General to take necessary steps so that the Advisory Committee may meet as soon as possible and proceed to examine the situation to which attention has been directed".

In making this proposal the President expressly stated that the Committee's terms of reference were derived from article 3, paragraph 3 of the Covenant which he quoted, citing at the same time the pertinent portion of the Assembly's resolution of February 24, 1933. This may be of some significance, at least from a technical point of view, in that it seems to imply a recognition that the Assembly has completed its action under article 15 and will now continue under a more elastic procedure.

BUCKNELL

793.94/10171 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 17, 1937—7 p. m.
[Received September 21—6:15 a. m.³³]

308. From Harrison. The following is the text of a formal third person note on usual official League stationery which I have just received from the Secretary General under date of September 17:

"His Excellency, the Minister of the United States to Switzerland. The Secretary General of the League of Nations has the honor to inform the Governments represented on the Advisory Committee set up under a resolution adopted by the Assembly on February 24, 1933,

³³ Original telegram not received; duplicate sent on request.

that the Council, at its private meeting on September 16th, instructed him to take the necessary steps so that the Committee 'may meet as soon as possible and proceed to examine the situation to which attention has been directed by China'.

The Advisory Committee is expected to meet on Monday³⁴ or Tuesday next."

I have received at the same time under separate cover the same document described in the Consulate's 307, September 17, 3 p. m., under identical unsigned mimeographed sheet.

Please instruct. [Harrison.]

BUCKNELL

793.94/10145a : Telegram

The Secretary of State to the Consul at Geneva (Bucknell)

WASHINGTON, September 18, 1937—3 p. m.

141. For Harrison. On receipt of convocation to Advisory Commission,³⁵ following instruction becomes applicable. Note last paragraph and advise urgently what date you insert for publication of note to Avenol.³⁶

1. As we have heretofore been represented at the meetings of the Advisory Committee, and as refusal now to be represented would be likely to occasion various misunderstandings, you are authorized, upon the reconvening of the Committee, to attend on behalf of your Government in the character and under the conditions which attached to Mr. Hugh Wilson's attendance in the past. There was set forth in Mr. Wilson's note to the Secretary General of March 13, 1933,³⁷ the following:

"The American Government is prepared to cooperate with the Advisory Committee in such manner as may be found appropriate and feasible. As it is necessary that the American Government exercise independence of judgment with regard to proposals which may be made and/or action which the Advisory Committee may recommend, it would seem that appointment by it of a representative to function as a member of the Committee would not be feasible. However, believing that participation by a representative of this Government in the deliberations of the Committee would be helpful, I am instructing the American Minister to Switzerland, Mr. Hugh R. Wilson, to be prepared so to participate, but without right to vote, if such participation is desired."

³⁴ September 20.

³⁵ Notice of convocation for September 21, 6 p. m., was received on September 20.

³⁶ Date is indicated in brackets.

³⁷ For full text of note, see telegram No. 86, March 11, 1933, 8 p. m., to the Minister in Switzerland, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 117.

2. You will accordingly address to the Secretary General the following communication :

“I am instructed by my Government to inform you that I have been authorized to attend the meeting of the Advisory Committee summoned for [Tuesday] September [21] in the same capacity and for the same purposes as those in and for which Mr. Hugh Wilson previously attended, which were indicated in a communication from Mr. Wilson to Sir Eric Drummond ³⁸ dated March 13, 1933.

The American Government recalls that the Advisory Committee was created subsequent to and on the basis of a major decision in the field of policy arrived at by the Assembly in regard to a matter referred by the Council to the Assembly. In the understanding of the American Government, the Advisory Committee was created to aid the members of the League in concerting their action and their attitude among themselves and with non-member states for the carrying out of a policy recommended by the League. At present, until this Government is informed regarding the functions which the League will expect the Committee to perform, it is impossible for this Government to say to what extent it will be able effectively to cooperate.

In order that there may be no misunderstanding with regard to this Government's position and no confusion or delay flowing from uncertainty, this Government feels constrained to observe that it cannot take upon itself those responsibilities which develop from the fact of their membership upon members of the League. It assumes that members of the League will arrive at their common decisions with regard to policy and possible courses of action by and through normal League procedure. This Government, believing thoroughly in the principle of collaboration among states of the world seeking to bring about peaceful solutions of international conflicts, will be prepared to give careful consideration to definite proposals which the League may address to it but will not, however, be prepared to state its position in regard to policies or plans submitted to it in terms of hypothetical inquiry.”

3. In presenting this, you should say to Avenol, in explanation of the concluding paragraph, that this Government feels that its position on the subject of peace, its commitments in various treaties, its views with regard to principles which should govern in international relations, its general policy in regard to problems of the Far East, the course which it has followed in regard to the present conflict there, and provisions of law which govern its procedure are well known and should enable the members of the League readily to perceive the general trend of this country's policy.

Also please say that we intend to release the text for appearance in the morning papers of September [21] and that we assume that the Secretariat will desire to make simultaneous release.³⁹

HULL

³⁸ Then Secretary General of the League of Nations.

³⁹ The League Secretariat agreed to similar release September 21.

793.94/10187 : Telegram

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

NANKING, September 19, 1937—11 a. m.

[Received 1:15 p. m.]

685. During my conversation with the Minister for Foreign Affairs yesterday he asked me to say to you that he hoped that the United States would be represented at least as an observer when the League takes up China's appeal in regard to Sino-Japanese hostilities.

JOHNSON

793.94/10162 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 20, 1937—9 p. m.

[Received September 20—4:35 p. m.]

321. Consulate's 320, September 20, 8 p. m.⁴⁰ From Harrison. Avenol told me that tomorrow's meeting would be primarily to consider procedure; predicted Chinese request for participation and choice of President, who would be probably representative of a country not directly interested, possibly the representative of Latvia. He also told me that Amau, Japanese Minister to Switzerland, had called this afternoon evidently for the purpose of bringing pressure on the League. Amau had expressed the hope that the League would do nothing to complicate the situation and had stated categorically that if invited to take part in the Advisory Committee, Japan would either decline or ignore the invitation. [Harrison.]

BUCKNELL

793.94/10176 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 21, 1937—5 p. m.

[Received September 21—2:35 p. m.]

323. In the Assembly this morning Bruce,⁴¹ Australia, referred to the Chinese appeal which invoked articles 10, 11 and 17 of the Covenant and said:

"Nothing could be more fatal to the prestige and future welfare of the League than that we should attempt by some meaningless

⁴⁰ Not printed.⁴¹ S. M. Bruce, first delegate for Australia.

formula to postpone or side-step facing the issues involved and defining the League's attitude and position. Moreover, honor and the permanent interests of the League itself demand that China should not be misled into believing that she can rely on forms of assistance which may not be forthcoming."

He thought it was impractical for the League in its present condition to proceed under article 17 but declared:

"The importance of article 11 at the present juncture, however, is clear and great. It is a means by which immediately the League may transcend the limitations of its present membership. In the conflict now being waged in East Asia not only League states but great states outside the League have direct and vital interests. Surely the action that would be, in the words of article No. 11, 'wise and effective['] at this stage would be for the Council to endeavor to arrange for a conference of the powers most vitally concerned in the position in the Far East, whether members of the League or not, with a view to such conference getting in touch with the countries concerned in the dispute and endeavoring to arrange some settlement or concerting such measures as may be necessary and practicable. This would also be, in my view, the only immediately possible step under article 10".

On economic questions he intimated that he would later in the Second Committee propose studies by the League (*a*) of methods of bringing about an improvement in living standards, (*b*) of means of avoiding or ameliorating the "next depression" and (*c*) of agricultural reorganization and credit particularly in Eastern Europe.

He also made the following reference to the United States:

"The League's work for economic improvement has been facilitated and will in the future be further helped by the cooperation of nations not members of the League. In particular I would refer to the active cooperation of the United States of America in the I. L. O.⁴² and on the Technical Committees of the League. In all our efforts in this direction we have the full support of President Roosevelt and his Secretary of State Mr. Cordell Hull. In this sphere we have also the encouragement of the definite cooperative action which was and is being taken by the United States of America, France and the United Kingdom in the triple monetary agreement.⁴³ And we are all awaiting with great interest the report of Monsieur Van Zeeland⁴⁴ on the important mission⁴⁵ which he undertook at the request of the Governments of Great Britain and France."

BUCKNELL

⁴² International Labor Office.

⁴³ Dated September 25, 1936, *Foreign Relations*, 1936, vol. I, p. 560.

⁴⁴ Belgian Prime Minister.

⁴⁵ For correspondence regarding this mission, see vol. I, pp. 671 ff.

793.94/10184 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 21, 1937—8 p. m.
 [Received September 21—5:52 p. m.]

1. At the meeting this afternoon of the Advisory Committee of 23, since the Netherlands had had the chairmanship previously, Graeff mentioned the interest of his country in the question in view of the nearness of its colonies to the region of action and indicated the unwillingness of his Government to retain the chairmanship. He suggested Munters⁴⁶ of Latvia who was unanimously elected.

The Chairman suggested inviting certain powers not represented thereon to participate in the work of the Committee. Cranborne⁴⁷ suggested China and Japan who had not been included when the Committee was originally set up and added Germany. Delbos seconded these proposals and suggested Australia. The Committee approved.

It was decided to hold the next meeting Monday unless all replies to the invitations are received before that date, in which event the Committee will meet earlier.

After the meeting Munters informed me that if these four states accept the invitation they will be regarded as members of the Committee.

HARRISON

793.94/10183 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 21, 1937—11 a. m. [*p. m.*]
 [Received September 21—6:09 p. m.]

2. At the meeting of the Advisory Committee this evening, Delbos told me he intended at our next meeting to propose that the whole question be referred to a committee composed of representatives of states directly interested in the Far East. He gave me this, he said, as advance information in the most friendly spirit. He hoped that this plan would be agreeable to you. His purpose was to take the matter out of the Advisory Committee and have it handled by a more effective body as the Mediterranean question had been handled at Nyon.⁴⁸ I asked him who would participate. He answered Great Britain, France, Belgium, the Netherlands, Australia, and Russia.

⁴⁶ V. Munters, Latvian Minister for Foreign Affairs.

⁴⁷ Lord Cranborne, British Parliamentary Under Secretary of State for Foreign Affairs.

⁴⁸ See vol. I, pp. 387-421, *passim*.

He also suggested Germany but she might refuse to accept the invitation to participate in the work of the Advisory Committee, also Italy who was already a member of the Committee but was not represented at today's meeting.

After the meeting, I asked to see Cranborne who attended in lieu of Eden about the Delbos proposal. He has just telephoned me to say that Eden, who particularly desired to work with us and who wished to present the matter himself to us, would be surprised should we be the first to mention it. Consequently, he wanted, he said, to communicate with Eden before he saw me and asked if I would delay informing you until I had seen him. I am to see him tomorrow morning at 12:30 and will report further.

HARRISON

793.94/10215: Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 23, 1937—10 a. m.

[Received 10:50 a. m.]

6. Reference my No. 3, September 22, noon.⁴⁹ Saw Cranborne last evening. He explained he had been delayed in reaching Eden and had had to see Delbos. He reiterated Eden's desire to cooperate fully with you and to do nothing to cause us embarrassment. Consequently they had decided to propose at the next meeting of the Advisory Committee that a subcommittee be set up composed only of the representatives of states directly interested in the Far East. The Committee he felt was too large for effective discussion and had many members with no direct interest. He hoped that you would be willing to be represented on the subcommittee, he presumed, he said, within the terms and on the conditions set forth in my communication of September 21. Eden he added thought that this procedure rather than the suggested separate Pacific conference would be the most agreeable to you. Cranborne therefore asked me to ascertain your views and also suggested that I get in touch with Delbos or Massigli⁵⁰ who had a message for me.

Later I saw Massigli who stated that it had been decided to propose the creation of the subcommittee, that the idea of a Pacific Nyon has been discarded at least for the time being, and that the matter would not be presented to you through the French and British Embassies at Washington.

⁴⁹ Not printed.

⁵⁰ René Massigli, Director of Political and Commercial Affairs, French Foreign Office.

The membership of proposed subcommittee would presumably consist of Belgium, Great Britain, Canada, the United States, France, New Zealand, Holland, Portugal, Russia, and Italy, if she takes her seat on the Committee, as well as the states invited to participate reported in paragraph 2 of my telegram of September 21, 8 p. m. I asked Cranborne if he knew whether Germany would accept the invitation. He said he did not know but added that the German press had reacted favorably and he hoped Germany would accept. He did not expect Japan to accept.

When I asked him what he thought the subcommittee could accomplish, Cranborne mentioned possible pressure for peace by joint appeal to both parties, also possibility that the time might come when Japan would welcome some form of mediation of which subcommittee might take advantage.

Please instruct.

HARRISON

793.94/10329

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] September 23, 1937.

Conversation: The Secretary of State.

The Chinese Ambassador, Dr. C. T. Wang.

Present: Mr. Hornbeck.

The Chinese Ambassador called this morning at his own request.

The Ambassador opened the conversation with reference to the Secretary's recent trip to Boston and New York; pleasantries were exchanged.

The Ambassador said that he had come to express appreciation of the American Government's "vigorous protest" against the inhuman Japanese bombing of Chinese citizens.⁵¹ He spoke especially of the bombing yesterday at Canton.

The Ambassador said that he had come seeking "light." It had been reported to him that if the League of Nations declared Japan an aggressor the United States would be forced to apply the Neutrality Act. He did not see why this was so. He wondered about it. The Secretary mentioned authority given by Congress in connection with the Chaco dispute, enabling this country to impose an embargo.⁵² He said that the controversy over the League of Nations question in this country had been bitter and had revolved around the question of the

⁵¹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 504.

⁵² See President Roosevelt's proclamation of May 28, 1934; 48 Stat. 1744.

aggressor and sanctions. President Wilson's administration had been swept out of office and opponents of the League had come into control. A part of the question had been the question of imposing embargoes. Here in the Department we have stood for the principle of executive discretion. Extreme nationalists have opposed the principle (of sanctions) which appears in the League machinery. The sentiment grew up with reference to Europe. In confidence, he himself had not been a supporter of it.

The Ambassador said that he understood that Mr. Bruce of Australia had put forward the idea of a conference of powers which have interests in the Pacific "basin." There followed some discussion of what powers this might comprise. The Ambassador said that he thought eight or nine had been mentioned. He said the idea had been supported by Great Britain and France. He wished to know what would be the attitude of this Government. The Secretary replied that we had not heard anything of it as yet. The Ambassador asked that when the Secretary has word of it he call him (the Ambassador) in.

The Ambassador said that the situation was growing very "hot" in China. He said that the Chinese were confident: the bombing raids do more damage to civilians than otherwise. He felt that the Chinese had stopped the Japanese at Shanghai (in fact, he spoke of their having "driven them away"). In the north, however, things had not gone so well. He did not know exactly what was the strategy, but apparently the idea is in the north to lead the Japanese into the interior and draw them away from their bases of supply.

The Secretary inquired how reports get into circulation among the Chinese that this country is favoring Japan. The Ambassador replied that it was not done by Chinese officials. He suggested that the American Ambassador in China might furnish the facts to the Chinese press: he (Wang) was furnishing them to the Chinese Foreign Office. The Secretary said that there are times when it was important to get the facts before the public. The Ambassador said that this was one of the reasons why he had come to express appreciation this morning.

The Secretary inquired whether Mr. Hornbeck would care to say anything. Mr. Hornbeck said that he had been wondering when the Ambassador mentioned a report that in case the League declared Japan an aggressor the United States would have to apply the Neutrality Act,—he was wondering from what source the Ambassador had received that report. The Ambassador said that it came from the Chinese representation at Geneva. The Secretary remarked that action by the League would not make compulsory any course of action on our part. The Ambassador said that he understood that.

The Secretary inquired with regard to the members of the Ambassador's family and the Ambassador gave information with regard to various members; and the conversation there ended.

S[TANLEY] K. H[ORNBECK]

793.94/10227 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, September 23, 1937—5 p. m.
[Received September 24—6:43 a. m.]

325. Minister's telegram No. 1, September 21, 8 p. m. I learn from a member of the Secretariat that the German Consul this morning informed the Secretary General that "in view of the general situation" Germany was unable to participate in the work of the Advisory Committee of the Assembly.

BUCKNELL

793.94/10215 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 23, 1937—6 p. m.

1. Your No. 6, September 23, 10 a. m. We will give you an answer in due course. Meanwhile, referring to last paragraph, we will be interested to know if you can discover any further information with regard to what the principal representatives of the important Governments concerned may be thinking of for consideration by the Subcommittee you mention.

HULL

793.94/10215 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 24, 1937—6 p. m.

2. Your 6, September 23, 10 a. m., reporting suggestion that a subcommittee of the Advisory Committee be set up. Provided that it is thoroughly understood that your presence on such a subcommittee would be within the terms and conditions under which you are attending the meetings of the Advisory Committee you are authorized to accept an invitation, if extended, to sit with the suggested subcommittee.

In the light of all your telegrams and some press reports on the subject from Geneva we gain the impression that some of the principal governments concerned in the setting up of the subcommittee may

have in mind putting on the subcommittee representatives of nations "most concerned" with the Pacific area and, although not strictly limited to those nations signatory to the Washington treaties, such as the Nine Power Pact, that it might be largely made up of representatives of governments party to that Pact. There is a question in our minds here whether the confining of consideration of the present situation in the Far East in the first instance to a group limited in such a manner would not in itself take away from the universal character and broad effect of the attention which should be given to the developments now occurring there which, it is perfectly obvious, are of concern not only to those nations having an interest in the Pacific area but to all nations of the world. I revert to my statement of July 16,⁵³ which you have already brought to the attention of the League. That statement gives the position of this Government with respect to international problems and situations of concern to this country and, I feel justified in saying, is in accord with the position of most of the governments of the world as expressed in communications from many of those governments which I have received in response to the issuance of that statement. On August 23 I made a public statement⁵⁴ which was carried in radio bulletin no. 196 of that date. Therein I stated that this Government is firmly of the opinion that the principles summarized in the statement of July 16 should effectively govern international relationships. I also stated that we consider applicable throughout the world, in the Pacific area as elsewhere, the principles set forth in the statement of July 16; that that statement of principles is comprehensive and basic, and that it embraces the principles embodied in many treaties, including the Washington treaties and the Kellogg-Briand Pact.

This Government has taken an emphatic position with regard to the indiscriminate aerial bombing of Nanking and other unprotected and non-military places in China. Furthermore, we have offered to be of assistance in an effort to find some means of bringing the present hostilities to an end and of finding some peaceful method of composing the situation in the Far East.

I feel that there are certain principles upon which nations could take a position and upon which they could express themselves with regard to any particular situation or development which may arise, such as the developments now taking place in the Far East. Among those principles might be mentioned abstinence by all nations from the use of force in the pursuit of policy and from interference in the internal affairs of other nations; adjustment of problems in international relations by process of peaceful negotiation and agreement;

⁵³ Vol. I, p. 699.

⁵⁴ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 355.

upholding of the principle of the sanctity of treaties; respect by all nations for the rights of others; and performance by all nations of established obligations. These are broad basic principles upon which international relationships should be governed if peace is to be maintained.

The developments occurring at present in China are and must be the concern of every nation in the world which hopes to base its relationships with other nations upon the principles set forth in my statement of July 16. I can see no reason why any and all nations could not take a position with regard to this conflict from the point of view of their own interest in the preservation of peace and the settlement of disputes by peaceful methods.

The foregoing is for your information and guidance. We do not wish to suggest or give the impression that this Government is attempting to take any initiative with regard to the shaping of the action which may be taken by the League. You may, in your talks with any of the representatives of governments in Geneva with whom you may consider it useful to discuss the matter, refer to the principles set forth in my statements of July 16 and August 23 and take the position that these developments are of a nature which would seem to be of concern to all nations rather than to those comprising any particular or special group. You should discreetly foster the idea that this whole question should be dealt with on the broadest possible basis and from the point of view of general world concern and general interest.

Please keep Department fully and currently informed of developments, including conversations.

HULL

793.94/10254 : Telegram

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

LONDON, September 25, 1937—3 p. m.

[Received September 25—11 a. m.]

611. My 606, September 24, 6 p. m.⁵⁵ Cadogan⁵⁶ informed me this morning that while Mr. Eden would not attend the meeting of the League Advisory Committee on Monday⁵⁷ that the Parliamentary Under Secretary of State for Foreign Affairs, Lord Cranborne, would

⁵⁵ Vol. III, p. 549.

⁵⁶ Sir Alexander M. G. Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

⁵⁷ September 27.

be there and that they were very desirous that some sort of resolution deploring Japanese action in China on grounds of international morality might be quickly produced. Cadogan seemed to feel that such a resolution might have a beneficial effect on the Japanese. He also mentioned demonstrations which took place before the Japanese Embassy last night and the night before and said that as long as they did not get out of hand he could not say that he was sorry that they took place as he believed that such an indication of honest indignation on the part of certain private citizens might make an impression on the Japanese.

He said that they are keeping Berlin as well as Paris and ourselves informed of their various representations at Tokyo.

He had no further specific information, he said, but he mentioned the growing disgust and horror in this country at the indiscriminate slaughter of inoffensive civilians by the Japanese and I gather that the Foreign Office deplores that there is nothing apparently which can be done to stop it.

JOHNSON

793.94/10265 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 25, 1937—6 p. m.

[Received September 25—2:26 p. m.]

8. The body of the reply by the Japanese Government dated today at Tokyo to the Advisory Committee's invitation reads:

"The maintenance of peace in eastern Asia by harmonious co-operation between Japan and China is the aim which the Imperial Government has always had before it and to which it has devoted every effort. The Chinese Government has, however, made opposition to Japan and anti-Japanese agitation the bases of its national policy; acts of provocation have continued to be committed throughout its territory, thus bringing about the present unhappy affair. The Japanese Government can therefore only express the hope that the Chinese Government, realizing this state of affairs, will soon change its sentiments.

As regards the settlement of the present affair, the Imperial Government, as it has stated on many occasions, is firmly convinced that a just, equitable and practical solution of the questions concerning Japan and China can be found by the two countries.

Consequently, the Japanese Government, seeing no reason to depart from the line of conduct it has hitherto followed with regard to the political activities of the League of Nations, regrets that it is unable to accept the Advisory Committee's invitation."

HARRISON

793.94/10284 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 27, 1937—3 p. m.
[Received September 27—1:32 p. m.]

9. Your 2, September 24, 7 [6] p. m. Saw Cranborne last evening. Gave him your reply respecting acceptance invitation to sit on subcommittee if set up and explained your views as to proposed membership of subcommittee and desirability that question be dealt with on broadest possible basis. Cranborne said he particularly appreciated this information and was impressed with force thereof.

Chinese, he said, would make statement before subcommittee this afternoon and might themselves propose setting up subcommittee. I said that I had heard that Chinese were going to demand that Japanese be formally declared aggressors. Would this not be first step along road to article 17 which Eden had wished to avoid, see Consulate's 302, September 16, 5 p. m.? What did he think would be terms of reference to subcommittee? Would it be along the lines of general statement of broad principles as contained in your statements of July 16 and August 23 and I mentioned briefly those stated in paragraph 6 of your telegram under reference. He seemed to favor the idea of such a broad general position. It occurred to me, I said, that if subcommittee were merely to carry out directives of full Committee then in that event a small drafting committee might suffice.

Cranborne also said that the Advisory Committee might this afternoon consider some declaration respecting Japanese bombardment of unfortified cities. However, most of meeting would be taken up with Chinese statement and general discussion.

Have seen Delbos. He was, he said, in entire accord with your views but, in private meeting just concluded with the British and Chinese, Koo had insisted on some positive action with a view to restricting shipment of certain raw materials and credit facilities to Japan. They had persuaded Koo not to make demand although Koo would probably touch upon that point in his statement this afternoon. They had agreed to set up the subcommittee where it would be [possible?] that such suggestions should be considered. Delbos explained that subcommittee would expedite work and report in every case to full Committee where final action would be taken. Delbos also told me that if it can be done Koo would propose resolution by Committee condemning Japanese bombardment of undefended towns, that French and British would support such a resolution, that a text would be immediately prepared and voted by the Committee.

I referred to the position taken in your note to Japan⁵⁸ but explained that I did not vote.

HARRISON

793.94/10284 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 27, 1937—9 p. m.

5. Your No. 9, September 27, 3 p. m., just received. I note in the second paragraph thereof question presumably put by you to Cranborne "Would this not be first step along road to Article 17 which Eden had wished to avoid."

The considerations contained in my No. 2, September 24, 6 p. m. were in the nature of suggestions which I believe might contribute to helpful action. They were not intended as any indication of what I considered should be a limitation of the scope of League action. The American Government has no desire to suggest in any way the limits to the action which League states may feel they are obligated under the Covenant to undertake.

I know that you will feel as I do that it would be unfortunate if any impression should get abroad, even if it arises from misinterpretation of an informal conversation, that this Government was endeavoring in any way to restrain the action which League states might otherwise feel bound to take. I do not assume that Cranborne might have gained a contrary impression from what you said, but if you feel that there is any possibility that he might have, I would wish that you make sure that he understands my position as outlined to you in the second paragraph above.⁵⁹

HULL

793.94/10291 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 28, 1937—8 a. m.
[Received September 28—6 a. m.]

11. My telegram No. 9, September 27, 3 p. m. At the meeting of the Advisory Committee last evening the Chairman announced that Germany and Japan had refused the invitation to participate and Australia and China had accepted. Two further Chinese notes on bombing were communicated.

⁵⁸ Dated September 22, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 504.

⁵⁹ The Minister in Switzerland replied in his unnumbered telegram of September 28, 11 a. m.: "Am confident Cranborne gained no such impression. Fully appreciate your position." (793.94/10289)

Koo in public meeting urged denunciation of aggression, aerial bombardment, violation of international law and treaty obligations. He referred to American and British statements against bombing non-combatants, denied that the Chinese had used gas and asked the Committee to study measures which could be recommended under the League.

An immediate expression on bombing was therefore strongly proposed by Cranborne, fully seconded by Delbos and supported by Sandler, Sweden,⁶⁰ and Litvinov.⁶¹ The resolution as adopted was as follows:

“The Advisory [Committee],

Taking into urgent consideration the question of the aerial bombardment by Japanese aircraft of open towns in China, expresses its profound distress at the loss of life caused to innocent civilians, including great numbers of women and children, as a result of such bombardments, and declares that no excuse can be made for such acts which have aroused horror and indignation throughout the world, and solemnly condemns them.”

The Chairman will forward the resolution to the President of the Assembly with a view to its adoption also by that body.

HARRISON

793.94/10779

Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) of a Conversation With the Second Secretary of the Chinese Embassy (Tsui)

[WASHINGTON,] September 28, 1937.

Mr. Tsui called at his own request.

1. Mr. Tsui said that the Chinese Ambassador wished him to inquire with regard to our attitude toward the resolution adopted yesterday by the Advisory Committee of the League in regard to the bombing by Japanese airplanes of open towns in China. Mr. Tsui said that the Embassy's latest information was to the effect that the Assembly of the League had also adopted this resolution. In reply, I handed Mr. Tsui a copy of the statement which the Secretary made public today.⁶²

2. Mr. Tsui said that the Chinese Embassy had received instructions to inquire with regard to our attitude toward the question of imposing an embargo upon exports of oil to Japan. Mr. Tsui said that the Chinese delegation at Geneva had suggested to the British dele-

⁶⁰ R. J. Sandler, Swedish Minister for Foreign Affairs.

⁶¹ Maxim Litvinov, Soviet Commissar for Foreign Affairs.

⁶² *Foreign Relations*, Japan, 1931-1941, vol. I, p. 506; also see *infra*.

gation there that the Advisory Committee give consideration to this question and that the British delegation had replied that the Advisory Committee might consider the matter. Mr. Tsui said that the British delegation had also raised the question as to whether or not the United States would cooperate in any such movement. Mr. Tsui said that the Chinese Ambassador would like to have my comments on this matter. I said that I could make two comments: (1) that if the British were interested in ascertaining our attitude, I wondered why they did not approach us in the matter; and (2) that in general our attitude toward any such hypothetical question was covered in the concluding paragraph of the note which the American Minister to Switzerland addressed to the Secretary General of the League under date September 20, reading as follows:

“In order that there may be no misunderstanding with regard to the American Government’s position and no confusion or delay flowing from uncertainty, the American Government feels constrained to observe that it cannot take upon itself those responsibilities which devolve from the fact of their membership upon members of the League. It assumes that members of the League will arrive at their common decisions with regard to policy and possible courses of action by and through normal League procedure. The American Government, believing thoroughly in the principle of collaboration among states of the world seeking to bring about peaceful solutions of international conflicts, will be prepared to give careful consideration to definite proposals which the League may address to it but will not, however, be prepared to state its position in regard to policies or plans submitted to it in terms of hypothetical inquiry.”

There then followed some discussion of technical and legal questions in regard to the placing of an embargo by the American Government on exports of oil. I told Mr. Tsui that I could not undertake to express an opinion with regard to the technical and legal phases of the matter.

3. Mr. Tsui said that there prevailed the impression that the American Government did not favor the convening of a special Far Eastern conference to consider the Sino-Japanese question and that due to this attitude of the American Government the Advisory Committee of the League had discarded that idea which it had first been considering and was now considering the setting up of a subcommittee of the Advisory Committee. Mr. Tsui said that the view attributed to the American Government was to the effect that the Sino-Japanese situation was a much larger question than just a regional one and that it was a world question which should receive consideration on the broadest possible basis.

I asked Mr. Tsui where such an impression prevailed. He first said that he had noticed comments to that effect in the press. I then said

that some days ago I had noticed items in the press to the effect that the American Government was seriously considering the question of taking some action under the Nine Power Treaty and that a few days later I had noticed other items to the effect that the American Government looked with coolness upon the idea of action being taken under the Nine Power Treaty. I told Mr. Tsui that I did not know the source of these newspaper reports and that we did not undertake to comment in regard to all the reports which were carried in the press.

Mr. Tsui then said that the Chinese Embassy here had received information from the Chinese delegation at Geneva to the effect that the Advisory Committee had first given some thought to bringing about a conference of the powers interested in the Far East, which conference would be outside the League of Nations, but that later the Advisory Committee had discarded that idea and had substituted for it the idea of setting up a subcommittee of the Advisory Committee. I said that our information from Geneva was substantially to the same effect. I asked Mr. Tsui whether the Advisory Committee had yet decided to set up a subcommittee. He said that so far as he knew no final action had yet been taken. I then asked Mr. Tsui whether the Chinese Government itself favored the idea of a Far Eastern conference as contrasted with the idea of the setting up by the Advisory Committee of a subcommittee. Mr. Tsui indicated that the Chinese Government was favorably disposed toward the idea of a subcommittee because the setting up of a Far Eastern conference might mean the taking of the Sino-Japanese situation out of the hands of the League of Nations.

Although Mr. Tsui did not specifically so state, I gathered the definite impression that the Chinese Embassy here had received a report from the Chinese delegation at Geneva to the effect that the American Government did not favor the idea of the Sino-Japanese situation being transferred at this juncture to a conference of powers with interests in the Far East.

M[AXWELL] M. H[AMILTON]

793.94/10300a : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 28, 1937—2 p. m.

6. Please immediately communicate to the Secretary General of the League of Nations and suggest to him that he may care to inform the Assembly at its meeting today of the text of a statement which I am making public today reading as follows:

“The Department of State has been informed by the American Minister to Switzerland of the text of the resolution unanimously

adopted on September 27 by the Advisory Committee of the League of Nations on the subject of aerial bombardment by Japanese air forces of open towns in China.

The American Government, as has been set forth to the Japanese Government repeatedly and especially in this Government's note of September 22, holds the view that any general bombing of an extensive area wherein there resides a large populace engaged in peaceful pursuits is unwarranted and contrary to principles of law and of humanity."

If before there is an opportunity to have the statement quoted above presented to the Assembly there should occur a meeting of the Advisory Committee you should read the statement to the Advisory Committee.

HULL

793.94/10299 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 28, 1937—4 p. m.

[Received September 28—12:23 p. m.]

13. My telegram 11, September 28, 8 a. m. At this morning's Assembly Munters informed it of the resolution adopted by the Advisory Committee and proposed that the Assembly adopt it as its own resolution in order to permit delegations not represented on the Committee to adhere to it.

Del Vayo⁶³ declared Spain in defense of peace in the struggle against the aggressor condemns the bombardment of Nanking as well as of Madrid and warmly expressed solidarity with China in the struggle for independence.

The President of the Assembly stated that the Advisory Committee as an organ dependent on the Assembly was entitled to submit proposals to it. The Assembly unanimously adopted the resolution with warm applause.

Koo expressed his appreciation for prompt and unanimous adoption as indicating the League's devotion to the cause of humanity and the principles of international law. This approval would be received with satisfaction by the whole civilized world.

No meeting of the Advisory Committee will be held today but there probably will be one tomorrow.

A secretary of the British delegation today informed me that at the next meeting of the Advisory Committee a general discussion will occur on all phases followed by a summing up. In his opinion designation of the aggressor will be carefully avoided. The subcommittee would then be proposed and set up. Care would be taken, however,

⁶³ Julio Alvarez del Vayo, Spanish Minister for Foreign Affairs.

that the subcommittee have the same terms of reference as the full Committee.

HARRISON

793.94/10284 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, September 23, 1937—10 p. m.

7. Department's 2, September 24, 6 p. m., and 5, September 27, 9 p. m. In my reply of September 24 to your 6, September 23, 10 a. m., the subject immediately under consideration was that of a step then in contemplation by the League, namely, the setting up of a subcommittee of the Advisory Committee, together with the question whether the Chinese-Japanese situation should be considered as peculiarly a Far Eastern question or be considered as a question of general world interest and concern. I indicated to you our view and asked you discreetly to foster the view that the whole question should be dealt with on the broadest possible basis and from point of view of general world concern and interest.

In the same and in other telegrams, I have informed you that we feel that the League should chart its own course, that we will be prepared to consider concrete proposals which it may present to us, and that we do not desire to suggest either the direction of or limits to action which it might consider and decide upon.

Inasmuch, however, as we associate ourselves with its deliberations through authorizing you to sit with the Advisory Committee and the subcommittee, it is desirable that our thought be known to and be understood by you in connection with the contributions which you may be able to make toward enabling your associates to arrive at decisions which may have some practical beneficial effect in regard to objectives which are common to the members of the League and to this country.

When, in July, Japan embarked upon military activities in China, this Government, taking full account of evidence presented then and in the past indicative of Japan's political objectives, made public on July 16 a statement of basic principles which in its opinion must underlie peaceful and normal international relationships.

On August 23, this Government more specifically, in a statement referring especially to the armed conflict between Japan and China, reiterated various of the principles comprised in its statement of July 16 and emphasized the view that they applied to the Pacific area as well as elsewhere. *Inter alia*, it called attention expressly to the Nine Power Treaty and the Kellogg-Briand Pact. By this we definitely took exception to the course which Japan was following.

In addition, in support of our general position, we have taken several definite steps: (1) we have directly appealed to Japan and China to refrain or desist from hostilities; (2) we have repeatedly stated to both parties that our good offices would be available to them in connection with any suggestions which they might make for resort to processes of conciliation; (3) we have repeatedly protested to the Japanese Government against bombing of non-combatants from the air and we have in one instance made public a note addressed by us to the Government of Japan⁶⁴ objecting to and condemning such bombing and in another instance, today, made a public statement on that subject.

Certain other Governments have on several occasions approached us with suggestions for "joint action". We have regularly indicated that, while we believe in and wish to practice cooperation, we are not prepared to engage in joint action but will consider the possibility of taking parallel action. In every case where we have regarded as intrinsically meritorious possible action also thought of by other governments we have taken action, several times in advance of and sometimes in the absence of parallel action by any other power. In general, we feel that spontaneous separate action, if and where two or more powers feel moved thereto, on parallel lines, is more strongly indicative of serious feeling in regard to matters under consideration and more likely to serve effectively toward attainment of the objectives sought than would be inspired joint action.

As the situation unfolds, the military operations of Japan have increased in extent and in intensity. The Chinese Government has amplified its charges that Japan is violating international law and treaty provisions. The Chinese have affirmed their willingness to resort to processes of conciliation. The Japanese, however, have announced that they intend to destroy China's will and capacity to resist and even to overthrow the present Chinese Government. In refusing the invitation of the Advisory Committee they have declined even to confer with other powers with a view to composing the difficulties between Japan and China.

It is our feeling that this situation is definitely of universal world concern. The questions involved no longer relate merely to violations of specific provisions of particular treaties; they are questions of war and of peace, of international law and of principles of humanity. It is of course true that they involve violations of agreements, and especially of the Covenant of the League, the Kellogg-Briand Pact and the Nine Power Treaty. But they also involve problems of world economy, world security, and world humanity. I do not believe it possible on a basis of realism to confine consideration of them to any

⁶⁴ Note dated September 22, *Foreign Relations*, Japan, 1931-1941, vol. I, p. 504.

one forum or to bring them within the focus exclusively of any one existing agreement. Nor do I think it expedient to attempt to say what might be the limit of action which might be taken by the nations which desire peace toward expressing themselves in opposition to the activities which are being engaged in, in connection with the situation under reference, in breach of the peace and with jeopardy to the rights and the security of all nations.

We feel that, in action thus far taken, this Government has gone further in the field of efforts calculated to support the general principles of world peace and security and toward indicating disapprobation and disapproval of disregard thereof than has any other nation or group of nations. We therefore feel that efforts of other nations might well be directed now toward going as far as or farther than we have thus far gone along those lines.

You should, while making it clear that we do not desire to incite the League to action and that we decline to attempt to chart a course for the League members either individually or collectively, endeavor discreetly to cultivate within restricted circles where confidence will be respected thinking along these lines.

HULL

793.94/10305 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 28, 1937—midnight.

[Received September 28—10:40 p. m.]

14. Koo spoke to me at the meeting of the Advisory Committee yesterday and asked me to call this afternoon. In reply to his question as to our views respecting proposed subcommittee and our eventual participation I replied that if subcommittee were set up and I was invited I was authorized to sit on same terms as on full Committee. I emphasized that I could make no suggestions as to any line of action to be taken by the League. I explained that in general the question should be dealt with on the broadest possible basis from the point of view of world peace and general interests and I referred to your statements of July 16 and August 23. Koo said he had been reading your statements and had thought that some declaration or resolution might well be made along the lines of the comprehensive principles set forth therein. As regards the proposal to set up a subcommittee he had made it clear to the British and French that he had no objection provided the subcommittee were not used to replace the full committee. He understood his view had been accepted and that the subcommittee would be set up to facilitate discussion, expedite action and report to

the full Committee. In this connection Koo explained that he wished to safeguard his appeal to the Council and he did not wish to have it canceled by having the matter brought before the Assembly under article 3 of the Covenant. As to the composition of the proposed subcommittee he said that he had to admit that if it were to be kept a small and effective body, there would be little room for representatives of governments with lesser interest.

Koo assured me that he did not seek the imposition of sanctions but that he did desire: first, that Japanese aggression be recognized; second, no assistance to Japan and, third, assistance for China. He then let me read a draft of a resolution in which he had set down his *maxima desiderata*. By what body it should be considered remained to be determined and was immaterial so long as the Chinese appeal to the Council was properly preserved. After reciting a number of "whereases" amongst which Koo had slipped in a virtual naming of Japan the aggressor, the draft resolution recommended (in spite of his disclaimer regarding sanctions) that that [*the?*] members of the League undertake: (1) to prohibit the export or permit the transshipment of arms, munitions of war and oil to Japan as well as a list of raw materials including iron, steel, rubber, cotton, wool, motors, and magnetos; (2), to refuse credits to Japan; and (3), facilitate the furnishing of such arms, materials and credits to China. It was also provided that the resolution was to be communicated to non-member states.

Koo explained that oil had been put in the first category as it enabled Japan to bombard undefended towns and noncombatants from the air. He also named Great Britain, France, Czechoslovakia, Sweden, Holland, and Belgium as the countries which he had had particularly in mind in connection with this proposed resolution.

Koo then asked me what would be our views. I replied that I could express no opinion whatsoever on that point and recalled the reference to "hypothetical inquiry" in my letter to Avenol. Koo observed that he supposed he would have to wait and see what others would agree to do. He said that he was to see Delbos this afternoon and would keep me informed of developments.

2. Later this afternoon I paid my first call upon my Japanese colleague from Berne. During the conversation Amau pointed out that China and Japan had not been invited to participate in Advisory Committee of 1932. He wondered [if] Germany had been invited this time. He expressed interest in a newspaper report to the effect that we would participate in a conference in London of the signatories of the Nine Power Pact emphasizing that in that event Russia would not participate. He said that he had urged his Government to reply to and not ignore the invitation to the Advisory Committee. Also

that the League resolution against bombing would have an unfortunate effect on Japanese public opinion. He compared the British and American attitudes to our favor and expressed the view China was now looking to Great Britain for assistance. She was already being assisted by Russia and that any interference by the League would only serve to complicate the situation and delay a settlement which he thought might not be far off. A settlement would have to comprise Inner Mongolia, northern China and Shanghai. Lastly, he expressed the fear that any interference by the League, that is, virtually Britain, France and Russia, would force Japan into the other ideological camp—Germany and Italy.

3. If at tomorrow's meeting the subcommittee is set up and I am invited to participate I propose to state that "I have been authorized to attend the meetings of the subcommittee within the terms and conditions under which I am attending the meetings of the Advisory Committee".

4. From information now available, it would appear that while the British and French do not wish to name Japan as the aggressor, they will set up the proposed subcommittee and that they are even apparently prepared to discuss, if not restrictions against Japan, some form of assistance to China.

HARRISON

793.94/10336 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 29, 1937—10 p. m.

[Received September 30—9:49 a. m.]

16. Advisory [Committee] met in public session this afternoon. I read your public statement of yesterday. French delegate then proposed that subcommittee be set up to facilitate and expedite work of the Committee. His proposal was seconded by Cranborne who in set speech outlined attitude and action of the British Government during the present controversy based on policy of maintaining peace which "calls essentially for the fullest international cooperation" and "which demands above all the establishment of a friendly understanding between China and Japan." British Government could not "accept the thesis that this is a matter affecting only the parties to the conflict." It is a matter affecting "in greater or less degree many powers with interests in the Far East, whether members of the League or not." British Government has made continued efforts to bring about settlement of the dispute. Since the beginning "there has been close and constant communication" with other powers specially interested in the Far East "and in many of the steps which were taken

the cooperation of other powers was in greater or lesser degree secured." Efforts to secure the cessation or moderation of the conflict have failed. "It would do no good, it would indeed do harm if the Committee gave the impression that it contemplated action which it was not in fact able to carry out." But efforts must not be relaxed, a vigilant watch must be kept. Bruce's proposal for a conference of Pacific powers should be kept constantly in mind, Consulate's 323, September 21, 5 p. m. The British Government "would certainly be ready to concur in it if all other powers principally interested were also ready to agree." In conclusion Cranborne proposed that the subcommittee should have the same terms of reference as the Advisory Committee.

Koo requested that aggression should be dealt with by the full Committee and that measures to discourage aggression and to encourage resistance should be considered by the subcommittee, which he accepted, provided it was not used to replace the full Committee. He suggested that the subcommittee should not be too large or too reduced in view of the world-wide importance of the question. He also asked that it be as representative as possible of the full Committee and that it should not be purely regional in character.

The Committee then voted to set up a subcommittee, the representative of Canada abstaining from voting in the absence, he said, of instructions.

A discussion then ensued respecting the terms of reference for the subcommittee. No agreement was reached and it was decided to lay down instructions for the subcommittee at the next meeting tomorrow when the Chairman said he would also submit proposals as to its composition.

After the meeting Chairman Munters asked me privately if I would sit on the subcommittee. I replied that if I were invited to do so, I had been authorized to attend on the same terms and conditions under which I am attending the meetings of the Committee. He then asked for my views respecting the composition of the subcommittee. I replied that naturally I felt some hesitation as I did not wish to give the least impression that I was making any suggestion regarding the action to be taken by the Committee. This he said he fully understood and that he wished to know for his own information how I felt with regard to Koo's suggestion. I then referred to the broad principles set forth in your statements and said that since obviously the matter was of general interest and concerned general world peace it might be thought preferable to have if possible the subcommittee composed of a group representative of general rather than of particular interests. Munters then said he agreed but Great Britain, France, and Russia would, he felt sure, have to be on the subcommittee; that there was also

the question of the inclusion of China as well as other powers with direct interest and consequently he foresaw considerable difficulty in keeping the membership within a working limit.

HARRISON

793.94/10343: Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, September 30, 1937—8 p. m.

[Received September 30—5:50 p. m.]

18. My 17.⁶⁵ Koo has just taken the trouble to call to tell me that at meeting of Advisory Committee tonight he will present a draft resolution denouncing Japan as aggressor. If the Committee refers his proposal to the Subcommittee he will not object.

Koo also told me that this afternoon Munters sounded him out as to Chinese membership in the Subcommittee saying that several delegations felt that as Japan would not be present, China should not participate. Koo pointed out to Munters that it was not China's fault if Japan were not present. In fact China would be glad to have Japanese present. But if China were to be excluded from the Subcommittee Koo would then withdraw entirely from the Advisory Committee. I merely thanked Koo for the information.

Nine-thirty p.m. meeting has just been postponed to Friday morning.

HARRISON

793.94/10366: Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 1, 1937—7 p. m.

[Received October 1—3:48 p. m.]

19. My 18, September 30, 8 p. m. Advisory Committee held public session this morning:

Cranborne seconded by de Tessan⁶⁶ proposed the following terms of reference for the Subcommittee: (1) to examine situation in China; (2) discuss the questions involved; (3) and submit to the Committee such proposals as it might find fit. The Committee agreed to Cranborne's proposal with an amendment by Koo that point 1 read "to examine the situation arising out of the Sino-Japanese conflict in the Far East".

⁶⁵ September 30, 4 p. m., not printed.

⁶⁶ François de Tessan, French Under Secretary of State for Foreign Affairs.

The Chairman then proposed that the Subcommittee be composed of the representatives of Australia, Belgium, United Kingdom, China, Ecuador, France, Netherlands, Poland, Sweden, Russia and of the United States whose representative would sit on the same conditions as govern his participation in the full Committee. Cranborne and Koo proposed that Latvia be included and Munters act as Chairman of the Subcommittee. Litvinoff proposed New Zealand. With these amendments the Chairman's proposal was approved, the Polish representative stating that he would refrain from sitting pending receipt of instructions from his Government. The Chinese delegation moved the following resolution:

"Whereas, Japan has taken the initiative of sending to China powerful armies which have invaded large portions of Chinese territory,

Whereas, Japan has proclaimed a maritime blockade of China, and her fleet has bombarded various Chinese ports,

Whereas, the Japanese Air Force has also proceeded in Chinese territory to aerial bombardment, the illegal character of which has been condemned by a resolution of this Committee dated September 27, 1937, which was endorsed by the Assembly at its meeting on September 28,

Whereas, Japan has rejected the overtures made to her with a view to arriving at a pacific settlement of the dispute,

Whereas, she has in particular declined the invitation made to her on September 21 to participate in the work of the Advisory Committee,

Whereas, Japan has undertaken hostilities in defiance of the provision of the Washington Treaty of February 22 [6], 1922, and of the Pact of Paris of April [August] 27, 1928, of which she is a signatory, and of the fundamental rules of international law,

The Advisory Committee condemns these violations of international law and of contractual obligations,

Condemns the illegal blockade of the Chinese coasts,

And declares that the facts noted above constitute a case of external aggression against a member of the League of Nations under article 10 of the Covenant."

In the course of his remarks supporting his resolution Koo declared that the facts were incontestable and established a clear case of aggression under article 10 of the Covenant. In view of the League's unsatisfactory experience in the past and present world conditions, China did not ask the members of the League [to] carry out all their obligations under the Covenant but he did ask a study of definite steps to restore peace in the Far East. There could be no hesitation when it was merely a question of re-affirming the principles of the Covenant.

After some discussion it was decided to refer the Chinese resolution to the Subcommittee with instructions to report back to the full Committee so that the full Committee might report to the Assembly before the close of this session.

A meeting of the Subcommittee immediately followed.

Munters invited suggestions as to procedure. A discussion ensued in which Litvinoff supported the acceptance of Koo's resolution as it stood. De Tesson requested a juridical and factual analysis of the situation referring to the Boxer and 1932 Shanghai arrangements. Uden⁶⁷ pointed out the difficulty owing to the absence of Japan. Cranborne urged the importance of having a complete exposé of the facts with full consideration given to all sides of the question so that a suitable resolution could be prepared for adoption by the Assembly. "For the Subcommittee to go through Koo's resolution point by point and express agreement on that [*this*] and that point was not a proper procedure for the League of Nations". After further discussion among the representatives of Russia, New Zealand and the United Kingdom, the Secretary General agreed to prepare and if possible deliver to the delegates this evening a summary exposé of the facts. Bruce summed up his understanding of what the Committee desired: it should deal with the matter impartially with an open mind so that the Committee could go before the Assembly and the world with a suitable document. He suggested that such presentation of the case should contain first an outline of the original incident and of the extension of hostilities with the probable finding that these were not justified, secondly a careful examination of the public statements and justifications which the Japanese Government and Japanese statesmen have made, and thirdly an examination of Japan's treaty obligations with other powers in respect to China such as the Washington Treaty and the Pact of Paris. The conclusion to be drawn from these studies would, he felt sure, result in establishing the fact of a clear breach of Japan's international obligations. There need be no detailed examination of vast obligations of League members under the Covenant but broad conclusions could be reached.

Koo then rose to speak but as the hour was late he stated that he would withhold his remarks with respect to the various views that have been expressed until the next meeting of the Subcommittee tentatively set for tomorrow morning at 10.

HARRISON

793.94/10373 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 2, 1937—3 p. m.
[Received October 2—11:18 a. m.]

20. My telegram 19, October 1, 7 p. m. Subcommittee met this morning and agreed on the following procedure: to examine (1)

⁶⁷ Oesten Uden, special counsel on international law of the Swedish Foreign Office.

question of Japanese forces in Chinese territory; (2) Japan's treaty obligations in the matter; (3) whether there is any justification of Japanese action. It proceeded to the consideration paragraph by paragraph of the exposé on point 1 above prepared by the Secretary General restricting itself strictly to a discussion of facts as from July 7.

Subcommittee will meet at 3:30 this afternoon to continue with the study of the exposé on point 2.

HARRISON

793.94/10388 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 3, 1937—4 p. m.
[Received October 3—1:26 p. m.]

23. Reference my telegram No. 22, October 2, midnight.⁶⁸

1. As discussion proceeds it appears not improbable that Subcommittee will find that Japan's action was not justified and that she has broken her treaty obligations. If so, it is felt that it may be difficult however to give substantial satisfaction to Chinese demand respecting aggression. As the time is so short the report of the Committee to the Assembly will probably be confined to that phase of the matter. Koo, however, will undoubtedly continue to press for his second and third points, namely, measures to discourage aggression and to encourage resistance. Committee may refer the demands to the Subcommittee which would then be kept in being.

2. Koo has told me that he has not yet presented to the British and French his draft resolution reported in the second paragraph of my telegram No. 14, September 28, midnight.

3. As we left the meeting last night a prominent member of the British delegation remarked that while in 1932 the governments were attempting to lead public opinion, in the present case it was public opinion which was ahead of the governments and he referred to the increasing interest evidenced in England and in the English press demanding a strong line of action on the part of the British Government. In this connection he mentioned specifically, in addition to bombing from the air, the indignation aroused by the complete destruction of the leading Chinese university in Tientsin and the ruthless sinking by Japanese men of war of junks owned by Chinese residents of Hong Kong.

4. Chinese privately express satisfaction with success of their efforts so far. Evidently it has been greater than they had expected.

HARRISON

⁶⁸ Not printed.

793.94/10400 : Telegram

*The Minister in Switzerland (Harrison) to the Secretary of State*GENEVA, October 4, 1937—2 p. m.
[Received October 4—11:05 a. m.]

24. My 22, October 2, midnight.⁶⁹ Last night Munters circulated the following: "First draft of the general conclusions to be adopted by the Subcommittee" reading as follows:

Section 1. The present situation in China is a matter of concern not only to the two states in conflict, but, to a greater or less degree, to all states. Many powers are already directly affected in their material interests, and in the lives of their nationals. But even more important than this is the interest which all states must feel in the restoration and maintenance of peace. Members of the League have agreed that any war or threat of war is a matter of concern to the whole League; and those who are not members are not less aware that any situation in which armed hostilities are in progress or are threatened is a situation wherein rights and interests of all nations either are or may be seriously affected. The members of the League could not admit that the imposition by force of measures affecting the lives and possessions of Chinese nationals or of foreigners could in any way be recognized as creating the basis of future rights.

Section 2. It is clear that the two countries take very different views as to the underlying grounds of the dispute and as to the incident which led to the first outbreak of hostilities.

It cannot, however, be challenged that powerful Japanese armies are advancing into Chinese territory and are in military control of large areas, including Peiping itself; that the Japanese Government has proclaimed, and the Japanese Fleet is enforcing, a blockade of Chinese shipping on Chinese coasts; and that Japanese air craft are carrying out bombardments over widely separated regions of the country.

The action taken by Japan has been out of all proportion to the incident that occasioned the dispute. Further, it cannot possibly facilitate or promote the friendly cooperation between the two nations that Japanese statesmen have affirmed to be the aim of their policy.

After examination of the facts laid before it, the Committee is bound to take the view that Japan has invaded the territory of China, submitted her shipping to blockade, and carried on military operations against her by land, sea and air; that these actions can be justified neither on the basis of existent legal instruments nor on that of the right of self-defense, and that they are in contravention of Japan's obligations under the Washington Treaty of February 22 [6], 1922, and of the Pact of Paris of April [August] 27, 1928.

Section 3. It is the right as well as the duty of the members of the League and of the powers possessing special interests in the Far East to attempt to bring about the reestablishment of peace in conformity with the principles of international law; and they will naturally seek, in the public statements made by both parties at various times since

⁶⁹ Not printed.

the incident of July 7, for such evidence as may be found of the possibility of taking action in this sense.

China has declared that she is prepared to accept any pacific means known to international law or treaties. Japan, although she has stated that she desires to settle the conflict by peaceful means, has in fact not shown herself willing up to the present to give practical effect to this aim, either by direct negotiations with China, or by the mediation of third parties, or of Advisory Committee of the League of Nations.

Nevertheless it would seem possible to suppose that if at any time even a temporary cessation of hostilities could be arranged, and if purely military considerations should thus cease for a moment to be the predominant factor, some hope might appear that means could be found of giving effect to the expressed desire of both China and Japan”.

Inasmuch as the wording of the first sentence of the third section seemed to me susceptible of misunderstanding and that it could possibly be interpreted as implying some association by us in the proposed conclusions or in any resolution which might ensue later, I called the matter privately to Munters' attention before the meeting this morning. He promised me that when his draft comes up for consideration he would say that upon rereading his draft and considering the conditions on which I sat on the Committee he would propose in order to avoid any misunderstanding that the first paragraph of the third section be amended to read as follows:

“It is the right as well as the duty of the members of the League and in fact of all the powers possessing special interests in the Far East to attempt to bring about the reestablishment of peace in conformity with the principles of international law. The Committee will naturally seek, et cetera”.

Please instruct if you have any other suggestions.

The meeting this morning was entirely taken up with the consideration and revision of the first section of the exposé which deals with the developments of events. The Subcommittee will meet this afternoon and probably tonight also.

HARRISON

793.94/10413 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 4, 1937—8 p. m.
[Received October 4—3:57 p. m.]

25. My 24, October 4, 2 p. m. Parts 2 and 3 of the exposé were adopted in final form at meetings this afternoon.

Subcommittee then proceeded to consider section 2 of the draft conclusions presented by the Chairman. It was decided that if and

when adopted this will constitute the conclusions drawn from the facts set forth in the exposé and form part 4 of the report to the full Committee.

At the close of the discussion this afternoon it was proposed to hold over sections 1 and 3 of the Chairman's draft conclusions for distribution in the event that the Subcommittee should decide to print and present in a separate report any recommendations it might find fit to the full Committee.

Subcommittee will meet again tonight.

HARRISON

793.94/10429 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 5, 1937—11 a. m.

[Received 12:46 p. m.]

26. My October 4, 8 p. m. Subcommittee last night adopted in rewritten form part IV of its report. This is based on section 2 of the provisions in my 24, October 4, 2 p. m., and subject to final drafting changes will read substantially as follows:

“Paragraph 1 unchanged.

Paragraph 2.⁷⁰ It cannot, however, be challenged that powerful Japanese armies have invaded Chinese territory and are in military control of large areas, including Peiping itself; that the Japanese Government has taken naval measures to close the Chinese coast [*coast of China*] to Chinese shipping; and that Japanese aircraft are carrying out bombing [*bombardments*] over widely separated regions of the country.

Paragraph 3. After examination of the facts laid before it, the Committee is bound to take the view that the action taken [*military operations carried on*] by Japan [against China by land, sea, and air] has been [*are*] out of all proportion to the incident that occasioned the conflict; that it [*such action*] cannot possibly facilitate or promote friendly cooperation between the two nations; that Japanese statesmen have affirmed to be the aim of their policy; that these actions [*it*] can be justified neither on the basis of existing legal instruments nor on that of the right of self-defense, and that they are [*it is*] in contravention of Japan's obligations under the Washington [*Nine-Power*] Treaty of February 6, 1922, and of [*under*] the Pact of Paris of August 27, 1928”.

It was decided this morning [that?] section 1 and section 3 of the Chairman's draft conclusions [be considered?] in connection with the discussion of any recommendations and not allowed to constitute part 5.

⁷⁰ Paragraphs numbered 2 and 3 corrected on basis of telegram No. 41, October 7, 3 p. m., from the Minister in Switzerland, not printed.

Discussion was then opened on part V. Koo submitted the following proposal:

"The situation thus created in the Far East constitutes a case of external aggression against China, a member of the League of Nations, under article 10 of the Covenant and calls for a consideration of what feasible steps may be taken in the present circumstances with a view to bringing about its early termination and the preservation of China's territorial integrity and political independence. The Advisory Committee will, of course, in conformity with its terms of reference, aid the members of the League in concerting their action and their attitude among themselves and with non-member states".

Cranborne stated that there were two ways of proceeding, one under article 10 of the Covenant through the Council and the other under article 11, or the alternative article 3, paragraph 3, through the Assembly. He then circulated the following proposal:

"The establishment of the understandings of international law as the actual rule of conduct among governments and the maintenance of a respect for treaty obligations in the dealings of organized peoples with one another are among the fundamental purposes of the League. It has thus the duty, as well as the right, to attempt to bring about a speedy restoration of peace in the Far East. The powers who are signatories of the Nine-Power Washington Treaty of February 22 [6], 1922 and the Pact of Paris of April [August] 27, 1928, whether they be members of the League or not, have an evident interest in the observance of those treaties. They cannot, therefore, admit that the present dispute in the Far East, which has been shown to constitute an infringement of those treaties, is one which can as of right only be settled by direct methods between the Chinese and Japanese Governments. They are bound on the contrary to take the whole situation into the fullest consideration and, in particular, to examine any appropriate means by which peace may be reestablished in conformity with the principles of international law and the provisions of the treaties to which they are parties.

The question is what action would be—in the words of article No. 11 of the Covenant—wise and effectual towards this end.

The answer to this question by the Assembly, which acts under article 3 (3), might at the same time be regarded as rendering unnecessary any further recommendations under articles 10 or 11. In this connection it may be observed that articles 10 and 11 in no way limit the discretion of the League in the selection of the means to be adopted to carry out its provisions.

The Committee notes that under the Nine-Power Washington Treaty, the contracting powers, other than China, agreed *inter alia* to respect the sovereignty, the independence, and the territorial and administrative integrity of China, and that all contracting powers, including China, agreed that whenever a situation should arise which involved the application of the stipulations of the Treaty and rendered desirable the discussion of such application, there should be full and frank communication between the powers concerned. It appears, therefore, to the Committee that the most effective immediate step

which the Assembly could take in the name of the League would be to invite those members of the League who are signatories of the Nine-Power Washington Treaty to initiate such consultation. The Committee would further express the hope that the states concerned would be able to associate with their work other states which have special interests in the Far East, to seek a method of putting an end to the conflict by agreement and, failing such a solution, to make other proposals to the Assembly should they consider it possible and desirable".

A long discussion then ensued.

Koo pointed to Covenant obligations of League members. Peace had been disturbed and aggression occurred. He felt article 10 applied with particular relevancy and that both proposals should be taken into consideration.

A consultation of the signatories and adherents of the Nine-Power Treaty was an excellent idea and one of the ways which he hoped would prove effective but not the only way even for the present. The Washington Treaty cannot relieve League members of their obligations under the Covenant; certain members were parties to the Treaty but not all and the Covenant cannot be superseded so far as the League and its members are concerned. He had therefore advanced his proposal as a practical method of dealing with the situation and hoped that it would supplement Cranborne's.

China, he said, does not expect all pertinent articles of the Covenant to be enforced in the present condition of the world and in the light of Chinese experience. China realizes that the situation makes it inadvisable for the League to discharge all obligations now. Still the League can help recommend to members, (1) not to extend Japan any aid in aggression against China and, (2) not to take any steps to weaken China in action against Japan. Such recommendations might not lead to action by all League states but at least by a few.

While China favored consultation with Washington Treaty Powers, preparation he feared would involve too much delay in the face of the grave and immediate situation. He upheld action on both proposals.

Lagarde⁷¹ supported Cranborne. He was opposed to procedure by two contradictory methods.

Litvinoff pointed out that under Cranborne's proposal League states not parties to Washington Treaty would be freed from further obligation; that in similar situations Washington Treaty signatories had taken no action; that interests of several signatories in the Far East had changed since 1922; and that he feared proposal involved merely delay and the eventual return of the problem to the Assembly. He strongly supported Koo's proposal but would not object if parallel action by the League and Washington Treaty signatories were properly concerted.

⁷¹ Representing France.

Bruce supported Cranborne's proposal. Peace was a matter of concern to League members and all others. Specific course of action was provided in article 17 alone but Japan would refuse to accept invitation under sub article section 3 of that article and articles 12 to 16 would come into effect. Chinese delegation realized that article 17 as a practical matter afforded no solution. If the Washington Treaty signatories should fail to put an end to the situation through agreement the Advisory Committee could make other proposals to the Assembly. The League remained seized of the problem. It must pledge its support for conciliation and its co-operation in any measures that may be proposed. Therefore the Advisory Committee and the Subcommittee must be kept in being. Consultation by the Treaty Powers offered the sole practical means of some prospect for possible assistance to China in the present circumstances.

Van der Straten⁷² urged consideration from a practical standpoint. The League was "absolutely powerless". He supported Cranborne. He also accepted Koo's proposal not to take any steps to weaken China but could not accept Koo's other proposal as this was tantamount to a prohibition of exports to Japan.

The Swedish and Belgian representatives also agreed to take no steps to weaken China. Lagarde undertook to examine this sympathetically.

On further discussion Cranborne pointed to success at Nyon. In this case he said League was not best body to handle the matter. Litvinoff pointed out that League members seemed to think that sanctions must be universal. In certain cases sanctions, he said, could be effective if put into effect by part of the League members only. Bruce insisted that League itself can do nothing. The cooperation of certain non-member powers, he believed, was absolutely necessary and more likely if the procedure occurred outside the League. Cranborne suggested that before the close of this session, if instructed by the President of the Assembly, the League members signatory of the Washington Treaty could agree on their invitations to non-member signatories before the close of the present session. Koo agreed to Cranborne's proposal but insisted that it be parallel and merely supplementary of [*to*] League action. Article 10 was a specific obligation of League members and he insisted on some action. If the League did nothing it would be ["a] pathetic confession of impotence, a disappointment to China and to the millions supporting the League".

It was then agreed to charge a Drafting Committee composed of the Chairman and the representatives of Great Britain, China, France, Russia and Austria to draft proposals for part V of the Committee's

⁷² Representing Belgium.

report based on the suggestions made by the British and Chinese delegations including the Chinese draft resolution (my telegram 19, October 1, 7 p. m.). The Drafting Committee will also have to pass on the final texts of parts I, II, III and IV.

The Drafting Committee is meeting this morning with instructions to report as soon as possible so that the full Committee may meet and report by [*to?*] the Assembly.

HARRISON

793.94/10437 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 5, 1937—10 p. m.

[Received October 5—9: 15 p. m.]

30. My 28, October 5, 7 p. m.⁷³ Following is text of final resolution taken by Advisory Committee at its meeting this evening:

"The Committee has received two reports from its Subcommittee⁷⁴ and adopts the following resolution:

The Advisory Committee adopts as its own the two reports submitted to it by its Subcommittee on October 5, 1937, and decides to communicate them to the Assembly, to the members of the League and to the Government of the United States of America.⁷⁵

The Committee submits the following draft resolution for the approval of the Assembly:

The Assembly:

Adopts as its own the reports submitted to it by its Advisory Committee on the subject of the conflict between China and Japan;

Approves the proposals contained in the second of the said reports and requests its President to take the necessary action with regard to the proposed meeting of the members of the League which are parties to the Nine-Power Treaty of Washington of February 6, 1922;

Expresses its moral support for China, and recommends that members of the League should refrain from taking any action which might have the effect of weakening China's power of resistance and thus of increasing her difficulties in the present conflict, and should also consider how far they can individually extend aid to China;

Decides to adjourn its present session and to authorize the President to summon a further meeting if the Advisory Committee so requests."

At the meeting of the Assembly tonight after threats of several abstentions due to the lack of time to consider proposals, [it was] decided to postpone voting on these measures until 5 o'clock tomorrow afternoon.

HARRISON

⁷³ Not printed.

⁷⁴ For full texts, see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 384 and 394.

⁷⁵ The League documents were communicated on October 6 to the United States Government.

793.94/10441 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 6, 1937—1 p. m.
[Received October 6—9: 20 a. m.]

31. Referring to my telegram No. 30, October 5, 10 p. m. Secretariat informs me privately that upon adoption of draft resolution by the Advisory Committee the President of the Assembly will immediately address communications as proposed to the members of the League which are parties to the Nine-Power Treaty of Washington, that is to say, signatories and adhering states, the latter being Norway, Sweden, Denmark, Bolivia and Mexico which according to records of the Secretariat are the only adhering states.

If their information respecting adhering states is incomplete Secretariat would appreciate advice if possible by 6 o'clock, Geneva time, this afternoon.⁷⁶

HARRISON

793.94/10459 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 6, 1937—5 p. m.
[Received October 6—3: 13 p. m.]

32. My 29, October 5, 8 [9?] p. m.⁷⁷ During the Subcommittee's consideration yesterday afternoon of the proposal submitted by the Drafting Committee, text of which was reported in my telegram 28, October 5, 7 p. m.,⁷⁷ Jordan⁷⁸ referring to the last paragraph of the proposed report expressed the view that the phrase "refrain from taking any action which, et cetera" would be generally interpreted in the sense that economic sanctions should not be applied to China. He urged that a stronger phrase be used such as "should deter Japan from continuing its present form of aggression against China".

Koo proposed to insert the words "extend aid to China" between the words "should" and "refrain". When asked by de Graeff and Cranborne to specify what was meant by aid Koo suggested that the following words be added to his amendment: "relating to the supply of materials and financial facilities". He explained that he had in mind such practical aid as might be obtainable through agreements between China and such member states as may be in a position to extend it.

⁷⁶ The Department duly confirmed the list of adhering states.

⁷⁷ Not printed.

⁷⁸ Representing New Zealand.

Ensuing discussion Litvinov declared the League should approve help given China [as?] careful compromise action in aid of the victim of aggression; the action proposed would not interfere with a Nine-Power conference. Lagarde would not withhold aid by any state which felt it advisable or necessary but questioned whether the League should so recommend. Cranborne pointed out that the final paragraph outlines action "pending" results and is not a permanent League decision. He feared prejudicing action through the Nine-Power Treaty and declared the maximum the United States could accept was the wording "consider how far they can" et cetera. This was adopted as reported in my telegram under reference.

Koo also proposed that the following be inserted in paragraph 8 of the draft: "It is incumbent upon the members of the League not to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris". (Page 19 League document A extraordinary 1933 VII, Assembly resolution). Many South American treaties incorporated this doctrine, an American one. Cranborne and Lagarde urged Koo not to press his amendment.

Quevedo (Ecuador) referred to the South American declaration of August 3, 1932, as not recognizing the acquisition of territory by force, said he was not opposed personally to the amendment but that his vote should not be taken as an interpretation of the opinion of other American Republics.

Bruce felt very great reluctance to insert the amendment. Since signing the Pact of Paris, the experience of 1932 and other experiences in the last few years, the action of principles versus force had been seen. Alteration had been brought about by force. Under this doctrine no recognition was possible of a *fait accompli* contrary to the Covenant and the Paris Pact. While certain nations live up to their obligations they are nevertheless forced to alter their policies when other nations fail to observe these obligations. By a new affirmation of the character proposed a nation would be hopelessly embarrassed in a situation where it was unable to observe the obligations it had signed. The amendment would not improve the situation; there would be objections either in the Advisory Committee or in the Assembly and he strongly recommended that it should not be inserted.

De Graeff found the moment not propitious. The conquest of Ethiopia had occurred. The doctrine should not be reaffirmed.

Koo said in the face of the views expressed he would abandon the amendment for the time being.

As a substitute suggestion Lagarde proposed that in the report note should be taken of the Japanese assurance that Japan did not intend to prejudice the territorial integrity of China; the Committee attached

the greatest importance to this assurance. Litvinov opposed this suggestion referring to the case of Manchuria; Koo stated that he preferred his original proposal. He also referred to the wording of the first paragraph of article No. 1 of the Washington Treaty.

Lagarde withdrew his suggestion. There thus remained only Jordan's proposal. This was finally put to a vote by showing of hands. The United Kingdom, France, Australia, the Netherlands were opposed and New Zealand, Russia and China in favor. The other delegates did not express their vote. The Jordan proposal was defeated.

Cranborne proposed and the Committee accepted to substitute the words "parties to" for the words "signatories of" in the antepenultimate paragraph, as reported in my telegram under reference.

The draft second report was adopted with the foregoing amendments,⁷⁹ the Polish delegate stating that he would abstain from voting.

HARRISON

793.94/10460 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 6, 1937—7 p. m.

[Received October 6—6 p. m.]

33. My telegram No. 30, October 5, 10 p. m. The Assembly this afternoon adopted as its own without further discussion and without a record vote the reports and resolution submitted by the Advisory Committee. Siam abstained in the absence of instructions. Poland abstained on the same juridical grounds stated in the Subcommittee and in the Advisory Committee. The Assembly then adjourned to be reconvened "if the Advisory Committee so requests."

I have been told on good authority that President Roosevelt's speech⁸⁰ influenced several delegations which might otherwise have abstained from voting. Among them probably Canada which reserved its vote yesterday in the Advisory Committee pending receipt of instructions and Switzerland which in line with its traditional policy had abstained from voting in the Spanish question.

After the meeting the President of the Assembly immediately signed letters to the members of the League parties to the Washington Treaty inviting them to initiate the consultation provided for under article 7 at the earliest moment possible. League members so addressed are: (1) Signatories, Union of South Africa, Australia, Belgium, United Kingdom, Canada, China, France, India, Italy, Netherlands, New Zealand and Portugal; (2) Adherents, Bolivia, Denmark, Mexico, Norway, Sweden.

HARRISON

⁷⁹ For text of report, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 394.

⁸⁰ October 5 at Chicago, *ibid.*, p. 379.

793.94/10468 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)

WASHINGTON, October 6, 1937—6 p. m.

10. The Secretary made the following statement today with regard to the Far Eastern situation.

“The Department of State has been informed by the American Minister to Switzerland of the text of the report adopted by the Advisory Committee of the League of Nations setting forth the Advisory Committee’s examination of the facts of the present situation in China and the treaty obligations of Japan. The Minister has further informed the Department that this report was adopted and approved by the Assembly of the League of Nations today, October 6.

Since the beginning of the present controversy in the Far East, the Government of the United States has urged upon both the Chinese and the Japanese Governments that they refrain from hostilities, and has offered to be of assistance in an effort to find some means, acceptable to both parties to the conflict, of composing by pacific methods the situation in the Far East.

The Secretary of State in statements made public on July 16 and August 23 made clear the position of the Government of the United States in regard to international problems and international relationships throughout the world and as applied specifically to the hostilities which are at present unfortunately going on between China and Japan. Among the principles which in the opinion of the Government of the United States should govern international relationships, if peace is to be maintained, are abstinence by all nations from the use of force in the pursuit of policy and from interference in the internal affairs of other nations; adjustment of problems in international relations by process of peaceful negotiation and agreement; respect by all nations for the rights of others and observance by all nations of established obligations; and the upholding of the principle of the sanctity of treaties.

On October 5 at Chicago the President elaborated these principles, emphasizing their importance, and in a discussion of the world situation pointed out that there can be no stability or peace either within nations or between nations except under laws and moral standards adhered to by all; that international anarchy destroys every foundation for peace; that it jeopardizes either the immediate or the future security of every nation, large or small; and that it is therefore of vital interest and concern to the people of the United States that respect for treaties and international morality be restored.

In the light of the unfolding developments in the Far East the Government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations and is contrary to the provisions of the Nine Power Treaty of February 6, 1922, regarding principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928. Thus the

conclusions of this Government with respect to the foregoing are in general accord with those of the Assembly of the League of Nations."

You are authorized to transmit a copy of this statement to the Secretary General of the League of Nations.

HULL

793.94/10461 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 6, 1937—8 p. m.
[Received October 6—5:30 p. m.]

34. After adjournment of the Assembly this evening Cranborne asked me to inquire what would be the most agreeable method for the League members, parties to the Washington Treaty, to present their invitation to you. He suggested that they communicate with each other probably through regular diplomatic channels with a view to agreeing on some one of them to present the invitations to the parties to the Treaty not members of the League. He would be glad if you would send your answer through the Embassy. It was possible he said that Eden might have already approached you through the British Embassy in Washington.

HARRISON

793.94/10462 : Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 6, 1937—10 p. m.
[Received October 6—6:22 p. m.]

35. Reference my telegram No. 25, October 4, 8 p. m.

1. After Cranborne presented his proposal respecting consultation between parties to the Washington Treaty and other states with special interests there was a brief rest. During that interval Cranborne spoke to me privately and expressed regret that there had been no time to consult you regarding his proposal. He had been faced with Koo's insistence for action under article 10 and this had seemed to be the best way out. He hoped that the course pursued would cause you no embarrassment as this was particularly desired by Eden. He asked me what I thought your reaction would be to such an invitation. I replied that I could give him no assurance on that point, that the line of action we have pursued should be described as parallel rather than

joint. I made the same reply privately to a similar question from Lagarde who sat next to me during the meeting.

2. I learned this afternoon from a usually well-informed source that at this time the following three factors in the situation are causing principal concern to the Japanese Government: (1) The action concluded here today, (2) the gradual exhaustion of Japanese military and naval material and reserves, and, (3) particularly whether China would be able to continue to obtain oil supplies.

HARRISON

793.94 Conference/1

The British Embassy to the Department of State

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom understand that the President of the Assembly of the League of Nations, following on a recommendation by the Advisory Committee concerned with the Sino-Japanese dispute, is to-day addressing a letter to the members of the League who are parties to the Nine-Power Treaty inviting them to initiate consultation as soon as possible. The Advisory Committee have expressed the hope that the other States having special interests in the Far East would be associated with the States who are members of the League in such consultation.

This seems, in the view of His Majesty's Government, to leave open the decision as to how consultation should be organised. In this connexion His Majesty's Government would be glad to learn as soon as possible any views which the United States Government may have as to how effect should be given to the invitation of the President of the Assembly. Among the points to be considered is the question as to how further invitations should be issued, what form they should take, and where a conference (which is in the view of His Majesty's Government clearly necessary) should take place.

If the United States Government felt able themselves to call the conference, or were willing that it should take place in Washington, His Majesty's Government would for their part warmly concur.

In the opinion of His Majesty's Government it seems clear that, in accordance with the hope expressed by the Advisory Committee, the Government of the Union of Socialist Soviet Republics should be invited to take part in the proposed consultation. They presume further that it would be for consideration whether an invitation should also be addressed to the German Government.

WASHINGTON, October 6, 1937.

793.94/10470: Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

GENEVA, October 7, 1937—2 p. m.
 [Received October 7—10: 16 a. m.]

40. Referring to my telegram No. 34, October 6, 10 [8] p. m., while I gathered from my conversation with Cranborne that the issuance of invitations to states with "special interests in the Far East" not parties to the Washington Treaty would await the decision of the parties to the Treaty, it has been generally assumed that the Union of Soviet Socialist Republics would be invited and I have no doubt that Litvinov took this for granted in view of the wording of the last sentence of the 11th paragraph of the second report of the Subcommittee.

HARRISON

793.94 Conference/1

The Department of State to the British Embassy

MEMORANDUM OF CONVERSATION BETWEEN MR. MALLET, BRITISH
 CHARGÉ D'AFFAIRES, AND MR. WILSON

Mr. Wilson informed Mr. Mallet that he had taken advice on the *aide-mémoire* which Mr. Mallet was good enough to leave this morning and that, as a result, was in a position to answer certain questions proposed by the British Government, which, for the sake of convenience, he would break down and enumerate.

The British Government inquires how effect should be given to the invitation of the President of the Assembly and states that among the points to be considered are:

(1) As to how further invitations should be issued?

The Government of the United States feels that, in the first instance, this question, as it would appear from the Assembly resolution, is one to be dealt with by those signatories of the Nine Power Treaty who are also members of the League of Nations among themselves, but suggests that it might be found practicable for the six original parties, excluding China, Japan and the United States, to offer a joint suggestion for a meeting.

(2) What form the invitations should take?

It would seem to this Government that it would be advisable in this matter that the invitations should be couched in as broad language as possible, perhaps purely a suggestion as to time and place of meeting, coupled with the phrase in the Assembly resolution to the effect that the purpose was to seek a method of putting an end to the conflict by agreement.

(3) Where the conference should take place?

The Government of the United States sees certain decided disadvantages in Washington as a place for the meeting. This Government suggests, for the consideration of the British Government, that the conference, in fact, should not be held in any large capital or at Geneva, but that it might be held at some smaller place in Europe.

(4) When should the meeting take place?

As to this, the American Government feels that it would be advantageous to hold the meeting as soon as practicable, having due consideration for the necessity of reasonable preparation and travel.

(5) Advisability of invitations to the Union of Soviet Socialist Republics and Germany?

While the Government of the United States is not desirous of offering any objection to the issue of an invitation, it would like to inquire whether the British Government has considered, since the meeting would be summoned under the Nine Power Treaty, the advisability that the signatories thereto, when assembled, should consider the matter of inviting other powers. It would be helpful for this Government to be apprised of the views of the British Government on the advisability of the issue of such invitation. It would also be helpful if the British Government could throw any light on the probable attitude of the Union of Soviet Socialist Republics and Germany in the event that they attended the meeting.

The consideration is not raised in the communication of the British Government, but the question has arisen as to the type of delegation that the nations might feel it advisable to send. In this connection, the thoughts of the British Government would prove helpful.

WASHINGTON, October 7, 1937.

793.94/10505 : Telegram

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

Тоkyo, October 8, 1937—6 p. m.
[Received October 8—9:26 a. m.]

459. Department's 254, October 6, 7 p. m.⁸¹

1. The Department's announcement of October 6 on the Sino-Japanese conflict and press telegrams on that subject from Washington and from various European capitals are sensationally featured this morning in all papers. The attitude of the United States is the only subject of editorial comment.

⁸¹ Not printed; it repeated the Secretary's statement quoted in telegram No. 10, October 6, 6 p. m., p. 62.

2. Official comment, pending study of the situation, is cautious and reserved. However, first impression views in official circles are: that the Nine Power Treaty is obsolete and the Kellogg Pact inapplicable to the Far East; that Japan will, if invited, refuse to attend the proposed Nine Power Treaty Conference; and that Japan will not acquiesce in any intervention between Japan and China. One paper reports consideration is being given to denunciation by Japan of the Nine Power Treaty.

3. Editorials, although not violent in tone, clearly reveal that recent announcements of the American attitude have been a shock to Japanese opinion. They generally conform to a pattern somewhat as follows:

(a) The League of Nations has consistently ignored actual conditions in the Far East, and, moved by Chinese propaganda, it has denounced Japan as a violator of the Nine Power and Kellogg Treaties. The United States had been taking an independent course of action which was impartial and just. However, it is now evident that the United States, in associating itself with the League in denouncing Japan as a treaty violator, is equally with the League unable to understand conditions in the Far East and must share with the League responsibility for aggravating the situation. The initiative in the present conflict was taken by China, and the measures of force resorted to by Japan were necessary to protect its interests in China. It would not be in the interests of peace, either in the Far East or in the world at large, if Japan were to permit third parties to intervene.

4. It is understood that the Foreign Office will issue, probably tomorrow, a statement with regard to the League resolution and to the Department's announcement.⁸²

GREW

Chapter II: Preparations for the Brussels Conference

793.94 Conference/31

Memorandum by the Adviser on Political Relations (Dunn) of a Trans-Atlantic Telephone Conversation With the Chargé in the United Kingdom (Johnson)

[WASHINGTON,] October 8, 1937.

Acting under the Secretary's instruction, I telephoned the following message to Herschel Johnson in London today. Mr. Johnson said it was about seven o'clock in London at the time I was talking to him and that he would be able to transmit the message to Mr. Eden⁸³ immediately. I referred to the request of the British Government for our

⁸² See telegram No. 463, October 9, 2 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 399.

⁸³ Anthony Eden, British Secretary of State for Foreign Affairs.

views with regard to the calling of a meeting of the parties to the Nine Power Pact and possibly other associated powers in accordance with the second report of the Advisory Commission of the League of Nations, adopted by the Assembly on October 6.⁸⁴ I told Mr. Johnson that we had given the British Chargé d'affaires⁸⁵ here yesterday our general views with regard to the meeting and that we thought the British Government would be interested in receiving a further indication of our views as they had been arrived at today. I asked him to inform the British Foreign Secretary of the following:

1. The President suggests for their consideration that Mr. Paul van Zeeland, Prime Minister of Belgium issue the invitations to the signatories of the Nine Power Pact who are not members of the League.
2. Also that Brussels be considered as a place of meeting.
3. That if possible the convening of the meeting should be arranged to take place not more than two weeks from this time.
4. That the first matter for consideration upon assembling would be the consideration of other nations to be invited.

J[AMES] C. D[UNN]

793.94 Conference/3a : Telegram

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

WASHINGTON, October 8, 1937—4 p. m.

45. The British Government approached us yesterday with a request for suggestions as to how the forthcoming conference of the parties to the Nine-Power Treaty should be summoned, where and when it should take place, and what attitude it should adopt toward the inclusion of Russia and Germany. We have just replied, offering the suggestion that the invitations to those parties to the Treaty who are not members of the League should be issued by Van Zeeland, that the conference should meet in Brussels in not over a fortnight's time, and that the parties to the Treaty should decide at their first session the attitude to be taken by the conference toward inviting non-signatory countries.

We shall keep you informed as soon as the British have expressed an opinion on the foregoing suggestions.

HULL

⁸⁴ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 394.

⁸⁵ V. A. L. Mallet.

793.94 Conference/3 : Telegram

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

LONDON, October 8, 1937—9 p. m.
[Received October 8—5:40 p. m.]

640. 1. Reference Dunn's telephone conversation this afternoon. The Foreign Secretary has left for Balmoral. The message therefore was delivered to Vansittart.⁸⁶ He told me the British Chargé d'Affaires had reported a conversation with Assistant Secretary Wilson. Based on the report of the conversation, an instruction was sent late this afternoon to Mallet in the following sense:

Mallet is to say the British Government is in agreement with the views expressed by Mr. Wilson. They think the meeting should be held as soon as possible. Regarding the character of the invitation and the choice of place, the British [Foreign Office?] suggests The Hague and has already sounded the Netherlands Government secretly and informally; if the Dutch demur they will try Brussels; when they get an answer from either they suggest sounding the other governments who received the League invitation, with a view to a joint invitation being sent to the United States. If the United States accepts they suggest those governments together with the United States should then consider inviting Soviet Russia and Germany. The British think these two countries should be invited together of course with any others whom the United States might desire to have invited.

As regards representation, the British think it depends to some extent on the place, but they think the delegates should be of the highest standing. The Foreign Secretary would probably attend and certainly would if the American Secretary of State came.

The British do not know the attitude of Germany and Russia but they will let us know if they get any idea. They strongly desire preliminary contact in London with the American delegation.

2. Vansittart said that with both the Prime Minister⁸⁷ and the Foreign Secretary away he naturally could make no definite commitment. He explained however that as Mr. Hugh Wilson had mentioned both The Hague and Brussels to Mallet in that order, they had approached the Dutch at once as they felt no time should be lost. A reply from the Dutch may come tomorrow and Vansittart is quite uncertain

⁸⁶ Sir Robert G. Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

⁸⁷ Neville Chamberlain.

as to what it will be. I pointed out the difference in the method suggested by the President in point 1 of Dunn's conversation, for the invitation being extended to non-members of the League who are signatories of the Nine Power Treaty, to that suggested in the instruction to Mallet outlined in section 1 of this telegram; I likewise pointed out that their proposed method apparently took no account of extending an invitation to Japan.

3. Following enumeration refers to the four points of Dunn's message:

(1) The British would agree entirely to Belgium but having already sounded the Dutch feel they must await the reply. I gather there would be no objection to the suggested method for extending invitations to the United States and Japan but Vansittart said nothing definite about this.

(2) No comment necessary.

(3) They agree entirely with the necessity for convening the meeting at the earliest practicable moment and that the time factor is of the essence.

(4) Vansittart's personal view is that once the meeting has been agreed upon we should consider at once and decide upon what other nations, outside the purview of the Nine Power Treaty, are to be invited without waiting until the meeting is convened. I suggested personally as a possible interpretation that the President's point 4 did not purport to preclude a prior decision of the question but rather suggested a final time limit for its consideration.

JOHNSON

793.94 Conference/4: Telegram

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

LONDON, October 9, 1937—6 p. m.

[Received October 9—1:50 p. m.]

My 640, October 8, 9 p. m.

1. Foreign Office advises that the Netherlands is unwilling to offer The Hague as a meeting place or to take any initiative in calling the Conference, for reasons based on the extent and vulnerability of her Asiatic Empire.

2. The President's suggestions were telephoned to the Foreign Secretary who after receipt of the Dutch refusal authorized instructions to be sent to the British Ambassador at Brussels to approach the Belgian Prime Minister. I understand from the Foreign Office that the line to be taken by the British Ambassador in making this approach will follow closely the suggestions of the President as tele-

phoned by Dunn to me and the date of October 25th will be suggested.

3. The British Chargé d'Affaires will be instructed, so the Foreign Office says, to communicate in full to the Department the instructions sent to Brussels.

JOHNSON

793.94 Conference/4a : Telegram

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

WASHINGTON, October 10, 1937—noon.

46. Supplementing my 45, October 8, 4 p. m. the British Foreign Office has instructed British Chargé d'Affaires at Brussels to approach van Zeeland with the suggestion that latter summon Nine Power Conference to meet in Brussels. You are requested to get in touch with van Zeeland personally and as urgently as possible and convey to him confidentially the expression of the earnest hope of the President and myself that he will accept this suggestion.

HULL

793.94 Conference/6 : Telegram

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

BRUSSELS, October 11, 1937—3 p. m.

[Received October 11—1:55 p. m.]

77. My telegram No. 76, October 11, 1 p. m.⁸⁸ British Ambassador yesterday received instructions to take the matter up with the Minister for Foreign Affairs. As the Minister was out of town over Sunday the Ambassador addressed a confidential note to him embodying ideas outlined in the Department's 45, October 8, 4 p. m. He followed this up with a personal call on the Minister this morning.

As Van Zeeland has just left for a 2 weeks holiday in the south of France prescribed by his doctor I thought it well to call on the Foreign Minister immediately afterwards and convey to him the message contained in the Department's 46.

The Minister states that he is personally disposed to give a favorable answer and assumes that there will be no difficulty but that he cannot give an official reply until he has consulted Van Zeeland by telephone and has secured the approval of the King who is also absent from Belgium. He expects to be able to give an official answer tomorrow.

⁸⁸ Not printed.

Through a leak in the Foreign Office morning papers contain an inconspicuous item to the effect that Belgium has been requested to convene the Nine Power Conference here and that the idea has been well received in Government circles.

GIBSON

793.94 Conference/12 : Telegram

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

BRUSSELS, October 13, 1937—noon.
[Received October 13—8:45 a. m.]

82. I called upon the Minister for Foreign Affairs this morning. He said that before giving a final answer which he hoped would be favorable the Belgian Government felt that it must ask for more specific information on three points:

(1) By what authority would the Belgian Government issue invitations to the signatories non-members of the League of Nations (United States and Japan)? Belgian Government is chiefly concerned to know whether Italy has agreed to this procedure in order that there may be no complications later on. In this connection the press has already contained statements from Rome to the effect that the Italian Government would not recognize the rights of the League to act in this matter and would therefore decline to attend Conference. The Government burnt its fingers in the matter of sanctions and is particularly anxious to avoid any further complications with Italy or any other great power.

(2) An intimation had been received from Washington that we should like to have Van Zeeland preside over the Conference. Van Zeeland has been ordered away by his doctors and stated last night to the Foreign Minister over the telephone that he was so exhausted he doubted whether he could return before early November. I took it upon myself at this point to say this would seem to offer no difficulty as, in the absence of some other arrangement, it was customary for the Conference to choose its own president, usually the Minister for Foreign Affairs.

(3) If Italy and Japan refuse the invitation just what is envisaged as the program of the Conference? I said on my own responsibility that I felt this did not materially affect the proposal as the absence of one or more signatories, far from diminishing the necessity for consultation, only made it more urgent.

Unless the Department desires me to express different views as regards points 2 and 3 point 1 would seem to be the only essential difficulty facing the Belgian Government. If I can be given an immediate answer on this point I shall hope to secure a decision today.

British Ambassador is communicating with his Government along the lines of the foregoing and hopes to have an early reply.

GIBSON

793.94 Conference/12 : Telegram

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

WASHINGTON, October 13, 1937—1 p. m.

47. Your 82, October 13, noon. Your point 1. It is our understanding that the meeting of the parties to the Nine Power Treaty arose from a suggestion of the Assembly of the League, but that, nevertheless, the meeting is not a meeting under the League of Nations. In our opinion, the meeting would be autonomous.

As to points 2 and 3, we are in accord with your opinion.

I feel that we should, under no account, cross wires with the British in these conversations with the Belgian Government and to that end am repeating this telegram to Johnson. The British approached us on the subject to get our views and we were of the opinion that Brussels would be the most logical place and have merely been attempting to support the British effort to so arrange. Please bear this in mind in any conversation you may have.

Please repeat your No. 82, October 13, noon to London.

HULL

793.94 Conference/17c : Telegram

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

WASHINGTON, October 13, 1937—2 p. m.

418. Please inform the Foreign Secretary that I am impressed as he is with the importance of the Nine Power Conference and of the necessity of having a strong delegation there.

I am happy to note that Mr. Eden will presumably represent Great Britain. Mr. Eden will appreciate the practical impossibility for me to absent myself through such a long period, especially with the Congress assembling. The President has, therefore, decided to send in my stead Mr. Norman H. Davis to represent the United States.

Please request Mr. Eden to regard the foregoing as confidential until an announcement is made.

We are becoming concerned at the delay in the determination of place and date and believe it is having a harmful effect. We hope the British Government will be able to remove quickly the apprehension of the Belgian Government.

HULL

793.94 Conference/13: Telegram

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

Tokyo, October 13, 1937—5 p. m.
[Received October 13—9:15 a. m.]

470. 1. My Belgian colleague⁸⁹ today informed me that he had yesterday received a telegram from his Government merely for his information stating that with the concurrence of the American Government the British Government has approached the Belgian Government with a view to the choice of Brussels as a meeting place for the proposed Conference of signatories to the Nine-Power Treaty. The Belgian Government is now considering the matter but has not yet reached a decision.

2. The Belgian Ambassador, nevertheless, yesterday called on the Vice Minister for Foreign Affairs⁹⁰ on his own initiative and referring to reports in the press inquired whether Japan would participate in such a Conference and what would be the attitude of the Japanese Government towards the convocation of such a meeting. The Vice Minister replied that as the proposal had not yet been brought to the attention of the Japanese Government the matter had not yet been given official consideration but that the Japanese Government is "disinterested".

3. My British colleague⁹¹ also saw the Vice Minister on the same subject later yesterday. Craigie has not yet communicated with me but Bassompierre informs me that the Vice Minister told Craigie that he could not see the purpose of holding such a meeting because it could not have the slightest effect on the terms which Japan proposed eventually to demand from China as a result of the hostilities.

4. The Belgian Ambassador has strongly recommended to his Government against the holding of such a meeting in Brussels because no international action short of force could in any way alter the course of developments in China and because the Belgian Government would thereby be futilely injuring its own interests in Japan.

GREW

793.94 Conference/55

The Chinese Embassy to the Department of State

The Chinese Ambassador has been informed that the Belgian Government is hesitant about having Brussels as the venue of the Nine

⁸⁹ Baron Albert de Bassompierre, Belgian Ambassador in Japan and Dean of the Diplomatic Corps.

⁹⁰ Kensuke Horinouchi.

⁹¹ Sir Robert L. Craigie, British Ambassador in Japan.

Power Conference because of the attitude of certain European Powers. It is requested that the United States Government will be good enough to propose London instead and do everything possible to expedite the Conference.

[WASHINGTON,] October 14, 1937.

793.94 Conference/24 : Telegram

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

NANKING, October 14, 1937—9 a. m.

[Received 4:55 p. m.]

806. 1. In response to an invitation I called on General⁹² and Madame Chiang yesterday afternoon accompanied by Peck.⁹³ Chiang's mind was full of the statements made by the President⁹⁴ and the Secretary of State⁹⁵ and of the forthcoming Conference of Nine-Power-Treaty signatories. He inquired what policies the United States would advocate at the Conference and what decision the Conference probably would reach. I replied that the view taken by the American Government of the Far Eastern situation was indicated by the two statements mentioned but I was unable to venture any opinion regarding what steps would be advocated either by the American Government or by the other governments represented in order to meet that situation. I said the problem was rendered even more difficult than it would be otherwise by the outspoken intention of Japan not to attend the Conference and to reject all third party mediation as a basis of negotiation.

2. General Chiang asked me to convey to you his firm belief that the decisions of the Conference would be determined by the position taken by the United States. He said it was clear that the British Government for one was waiting to follow the lead of the American Government. I attempted to observe that this had not been the case in the past but he pursued his argument that Europe was preoccupied with its own threatened dangers while the United States excluded from this issue was free to act. He said that unless the principles set forth in the President's speech were practical and unless the Nine Power Treaty were implemented there was no hope of peace in the Far East. He earnestly hoped that as one step toward some result from the Conference the United States would persuade Japan to participate.

⁹² Generalissimo Chiang Kai-shek, President of the Chinese Executive Yuan (Premier).

⁹³ Willys R. Peck, Counselor of Embassy in China.

⁹⁴ For text of address delivered at Chicago October 5, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 379.

⁹⁵ See *ibid.*, p. 396; see also telegram No. 10, October 6, 6 p. m., to the Minister in Switzerland, *ante*, p. 62.

3. General Chiang said in the most positive way that no settlement of the conflict between China and Japan could possibly be reached by those two nations alone. In the light of past experience China could place no reliance on undertakings given by Japan unless one or more third parties supported them as witnesses and guarantors. Rather than enter into a purely bilateral agreement with Japan, China will fight to the point of extinction. In view of the appalling loss of life this would entail he asked that the American Government inform the Japanese Government of the determination of the Chinese Government to fight to the end rather than accept a direct settlement between the two nations. At the same time he said with equal force that China felt no enmity toward the Japanese people, its distrust being confined to the dominant military party, and was not only willing but anxious to accept a settlement of the relations between the two countries based on international justice. I inquired whether he thought it conceivable that terms could be devised that would be acceptable to both the Chinese and Japanese Governments and he said he thought such terms could be devised.

4. I inquired whether Chiang thought it was true as currently reported that the Japanese Government is pursuing a systematic plan of military domination which includes war with the Soviet Union. He replied that there could be no doubt of this; that the military party in Japan were keeping the common people in the dark regarding the real object of these military operations which were impoverishing the people, especially the farmers, and that it was these insane ambitions of the military party which made Japan as now governed a menace to the world.

As I told General and Madame Chiang that the attitude of the American Government towards the issues involved in the Sino-Japanese conflict had been made perfectly clear and that while I had received no official information regarding the intentions of the Government with respect to the proposed Conference, I felt confident that the United States would cooperate in attempts to end the conflict; but I urged them most emphatically not to look for armed intervention by the American Government because the Government could act only with the approval and support of the people and popular sentiment in America was invincibly set against involvement in such a war. He said most earnestly that China does not expect or want the United States to go to war with Japan but it does look to the United States for action in accordance with the principles enunciated by the President directed towards the end of curbing Japanese aggression and upholding international justice.

Sent to the Department, repeated to Peiping, Tokyo, and Shanghai. Shanghai inform Commander-in-Chief.

JOHNSON

793.94 Conference/20 : Telegram

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

BRUSSELS, October 14, 1937—5 p. m.
[Received October 14—2: 53 p. m.]

85. Last paragraph Department's telegram No. 47, October 13, 1 p. m. I have scrupulously kept before the Belgian Foreign Office the idea that our position was merely that of confirming the statements of the British Ambassador as to our concurrence in the plans for having the Conference in Brussels. I have been in constant touch with my British colleague and you may be sure there is no misconception here as to our role.

GIBSON

793.94 Conference/13 : Telegram

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

WASHINGTON, October 14, 1937—5 p. m.

261. Your 470, October 13, 5 p. m. We are considerably perturbed at the indications given by the Japanese Vice Minister both to Bassompierre and Craigie that the Japanese Government was disinterested in the proposed conference of the parties to the Nine Power Treaty and could not see the purpose of holding such a meeting. I should be glad to have you call on the Minister for Foreign Affairs⁹⁶ and indicate orally that this Government is proceeding on the assumption that the Japanese Government will attend, believing as we do, that the proposed conference will offer a useful opportunity for a reasoned and frank discussion of the difficulties, both present and underlying, of the situation with a view to seeking to arrive at a constructive solution by process of peaceful agreement.

If the time element is raised in conversation you should make it clear that in the opinion of this Government the meeting should be held in the immediate future.

The British Ambassador, we understand, is being instructed to make a somewhat similar *démarche*. You should await, before acting, information of his having received such instruction.

HULL

⁹⁶ Koki Hirota.

793.94 Conference/22 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, October 14, 1937—6 p. m.
[Received October 14—2: 31 p. m.]

441. The following indications are believed to point to an unreceptive attitude on the part of the Italian Government toward proposal to call a Conference of signatories to the Nine Power Treaty:

1. The Government Press Bureau informed foreign correspondents on October 11 that Italy considered the Treaty as having been dead since 1932. The correspondents were also told that Italy would positively decline to accept an invitation to confer which was in any way connected with or sponsored by the League of Nations and would probably not even take the trouble to acknowledge such an invitation.

2. The concluding statement contained in Italy's note of October 9 to Great Britain and France (see my telegram number 440, October 10, 11 a. m.⁹⁷) would seem to preclude Italian participation in any event unless Germany is also included.

3. Italian sympathy with Japan's attitude and aspirations as revealed in recent press comment seems very pronounced and it is evident that a successful effort has been made to convince the Italian public that the proposed conference is intended to be an admonitory gesture by the so-called democratic powers against Italy's friend and prototype in the Far East.

I am informed that Italy has been in consultation with Portugal regarding the proposed Conference.

REED

793.94 Conference/21 : Telegram

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

BRUSSELS, October 14, 1937—6 p. m.
[Received October 14—2: 24 p. m.]

86. My telegram No. 84, October 14, 1 p. m.⁹⁸ Baron Guillaume, Belgian Ambassador to China now in Brussels, being sent to London tonight to discuss with the British Government the method of issuing invitations to the Conference.

The Belgian attitude as expressed today at the Foreign Office is that while happy to offer hospitality to the Conference if the other signatories so desire the Government is anxious to avoid giving the impression that Belgium is seeking to play a leading role. It is felt that some formula should be agreed upon which would make it clear that Belgium is acting in concert with certain other powers and at their instance rather than on her own initiative.

Repeated to London.

GIBSON

⁹⁷ Vol. I, p. 414.

⁹⁸ Not printed.

793.94 Conference/25 : Telegram

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

LONDON, October 15, 1937—1 p. m.

[Received October 15—9:08 a. m.]

650. Brussels' 86, October 14, 6 p. m. The Foreign Office informs me that Baron Guillaume is now in consultation with them as to ways and means. It cannot be yet officially stated that the Belgians will accept the proposal but Foreign Office says there is every reason to believe they will. It will be very much appreciated by the Foreign Office if the Department can telegraph immediately how soon after the invitations are issued the American delegation can arrive. If the Belgians are to issue the invitation they desire to name a specific date.⁹⁹

JOHNSON

793.94 Conference/27 : Telegram

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

LONDON, October 15, 1937—3 p. m.

[Received October 15—noon.]

651. My 650, October 15, 1 p. m. At the request of a Foreign Office official I have met with him and with Baron Guillaume. Baron Guillaume expressed the Belgian attitude very much as indicated in Brussels' 86, October 14, 6 p. m. I understand from him that what the Belgian Government desires to do is to extend the invitation saying that they are doing so "at the request of the American and British Governments". The Foreign Office is quite willing for this expression to be used about the British Government and Baron Guillaume has inquired whether the United States will object. He said that in the event that the United States should object they would propose to say that the invitation is being extended "at the request of the British Government and that the request of the British Government has received the support of the United States". Baron Guillaume said that his Government had no objection whatever in principle to extending the invitation under the conditions stated and of offering Brussels as the place of meeting but that his Government feels strongly that the invitation should be so worded as to make it clear that Belgium is not principal party in the undertaking nor its initiator. Baron Guillaume returns to Belgium tonight and it was the earnestly expressed

⁹⁹ The Department replied in telegram No. 420, October 15, 11 a. m., that the American delegation could arrive in Brussels about October 29 or 30 (793.94 Conference/31a).

wish of both the Foreign Office and Baron Guillaume that the Department might find it possible to telegraph immediately whether or not it objects to the invitation being extended "at the request of the American and British Governments", or alternatively "at the request of the British Government which has received the support of the United States Government". Both the British and the Belgians hope we will approve the first formula. The Foreign Office is urging on the Belgians the need for immediate action and in fact the Foreign Office is very desirous of issuing a press communiqué tonight if possible.

JOHNSON

793.94 Conference/26: Telegram

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

TOKYO, October 15, 1937—5 p. m.
[Received October 15—8:40 a. m.]

475. Department's 261, October 14, 5 p. m.

1. I precisely carried out the Department's instructions in an interview with the Minister for Foreign Affairs at 4 p. m., this afternoon. Hirota replied that no invitation to attend such a conference had yet been received by the Japanese Government and that therefore no decision had yet been reached but that "according to the present tendency within the Government such an invitation would be declined".

2. Having carried out my instructions I then said to the Minister that I would like to discuss the matter informally and I then elaborated in my own words the Department's views and brought out various arguments in favor of Japan's participation. The Minister informally replied that as the League of Nations had already formally taken the part of China against Japan such a conference would be useless and that far from providing a basis for an earlier termination of the hostilities it would in fact result in prolonging the hostilities by persuading China that with foreign support she can afford to continue the warfare. The Minister said that a discussion of terms for peace would be superfluous because he has been discussing these terms with Chiang Kai Shek during the past 4 years and that "in general" these terms are embodied in his announced three points. The Minister said that the Sino-Soviet Pact¹ which he believes to contain unpublished clauses has rendered much more difficult an early solution of the difficulties.

3. My British colleague is making similar representations today.

¹ Signed at Nanking, August 21, League of Nations Treaty Series, vol. CLXXXI, p. 101.

4. Craigie has confirmed to me the observation made to him by the Vice Minister on October 12 as reported in our 470, October 13, 5 p. m., paragraph numbered 3. Craigie, however, says that he has not reported these observations to his Government because they were made in informal conversation.

GREW

793.94 Conference/32 : Telegram

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

BRUSSELS, October 15, 1937—6 p. m.

[Received October 15—5:40 p. m.]

87. My telegram No. 86, October 14, 6 p. m. Have learned the following confidentially from the Foreign Office:

Guillaume reported this afternoon from London that tentative formula has been worked out which will be submitted to you this afternoon before referring it to Brussels.

German Minister in The Hague has approached Dutch Foreign Minister with the suggestion that Conference might take place there and in the absence of responsive attitude on the part of Foreign Minister stated that the logical next best would appear to be Brussels. (I report this as of possible significance in that Germany would hardly be taking active interest in the matter unless it were convinced that there was some possibility of Italian participation.)

Spokesman of Japanese Foreign Office has stated that the Belgian Ambassador at Tokyo had made inquiry as to whether Japan would attend the Conference; that he was informed that Japan had not decided against participation but that a decision would be reached when it was made clear that Japan was not invited to appear as the accused. The Belgian Ambassador had no instructions; therefore Foreign Office is convinced that he made nothing more than normal inquiries in order to inform himself as to the situation and it is inferred that the Japanese Government seized upon this as an opportunity to counteract the wide publicity that had been given to Japanese intentions to refuse participation.

GIBSON

793.94 Conference/73

Memorandum by the Assistant Secretary of State (Wilson) of a Trans-Atlantic Telephone Conversation With the Chargé in the United Kingdom (Johnson)

[WASHINGTON,] October 15, 1937.

As instructed by the Secretary, I told Mr. Herschel Johnson that we were willing to have the Belgians utilize a formula reading as

follows: "At the request of the British Government and with the approval of the American Government." I pointed out that the word "and" had been inserted and that the word "approval" had been authorized instead of "support." Johnson replied that the Belgians would be somewhat disappointed and I said that our preoccupation was that nothing should be done that would seem to hitch us too definitely with the British and, above all, give the impression that we were following the British. Johnson said he would report at once upon learning anything definite.

HUGH R. WILSON

793.94 Conference/34: Telegram

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

LONDON, October 15, 1937—7 p. m.
[Received October 15—2:55 p. m.]

652. Both British and Belgians have accepted formula telephoned to me by Mr. Hugh Wilson, Guillaume having received authorization by telephone from Brussels.

The Belgian Government will issue a press communiqué tonight, which will be communicated also to the interested diplomatic representatives at Brussels, saying that they intend to issue invitations. The invitations themselves, according to Guillaume, should be forthcoming tomorrow and the date of October 30 will be set for the opening of the Conference.

The Foreign Office informs me that they will not issue any communiqué at present.

JOHNSON

793.94 Conference/42

*The Secretary of State to the Belgian Ambassador
(Van der Straten-Ponhoë)*

The Secretary of State presents his compliments to the Royal Belgian Ambassador and has the honor to acknowledge receipt of his note of October 16, 1937,² stating that the Royal Belgian Government, at the request of the British Government and with the approval of the Government of the United States, proposes to the States signatory

² Department of State Conference Series No. 37, *The Conference of Brussels, November 3-24, 1937, Convened in Virtue of Article 7 of the Nine-Power Treaty of Washington of 1922* (Washington, Government Printing Office, 1938), p. 6.

to the Treaty of February 6, 1922, that they meet in Brussels on October 30 for the purpose of examining, in conformity with Article VII of that Treaty, the situation in the Far East, and of studying peaceable means of hastening an end of the regrettable conflict which prevails there.

The Government of the United States is glad to accept this invitation and the President has designated the Honorable Norman H. Davis as the delegate of the United States. The American delegation will sail from New York on the Steamship *Washington* on October 20th next.

WASHINGTON, October 16, 1937.

793.94 Conference/41 : Telegram

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

TOKYO, October 18, 1937—10 a. m.

[Received October 17—11:45 p. m.]

479. Embassy's 476 [475], October 15, 5 p. m., paragraph 2, Nine Power Treaty Conference. It may be well to record that one of the arguments which I used in my conversation with Hirota was that the proposed Conference would offer Japan a forum to present the views for which purpose it is sending so-called good will envoys to America and Europe.

GREW

793.94 Conference/44 : Telegram

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

NANKING, October 18, 1937—1 p. m.

[Received October 18—7 a. m.]

822. We are informed by official of Foreign Office that China's acceptance of invitation to Nine Power Conference was despatched yesterday in following terms.

"The Chinese Government accepts the invitation thus extended by the Belgian Government and expresses the hope that the labors of the proposed Conference will be crowned with success so that peace will soon be re-established in this part of the world on the basis of international law and justice."

Sent Department. Repeated Peiping, Tokyo.

JOHNSON

793.94 Conference/73c

The Secretary of State to Mr. Norman H. Davis

WASHINGTON, October 18, 1937.

SIR: A conference having been called of the parties signatory to the Nine Power Treaty signed at Washington February 6, 1922, and the Government of the United States having received and accepted an invitation to participate in this conference, you are to represent the United States.

You will recall that the invitation extended to this Government by the Belgian Government states that the purpose of the conference is "to — examine the situation in the Far East and to study peaceable means of hastening the end of the regrettable conflict which prevails there".

You will in your participation in this conference be guided in general by the outline of principles made public on behalf of this Government by the Secretary of State on July 16, 1937, and the further statement of policy made by the Secretary of State on August 23, 1937.

You will have constantly in mind the character and scope of this country's interest in peace in the Pacific and the Far East as evidenced by the Washington Conference treaties, and especially the rights and interests of the United States under the Nine Power Treaty; the substance and purport of the statement of this Government's position made by the Secretary of State on October 6; ³ also statements relating to foreign policy made by the President in his address at Chicago on October 5 ⁴ and in his broadcast from Washington on October 12.⁵ You will bear in mind that the first objective of the foreign policy of this country is national security, and that consequently we seek to keep peace and to promote the maintenance of peace; that we believe in cooperative effort for the preservation of peace by pacific and practicable means; and that this country has as a signatory of the Pact of Paris of 1928 ⁶ renounced war as an instrument of national policy and pledged itself to resort for settlement of disputes to none but pacific means. You will bear in mind also that public opinion in the United States has expressed its emphatic determination that the United States keep out of war.

It is the hope of this Government that the conference may be able to achieve results which will contribute toward permanent stability and peace in the Far East. In the concept of this Government, the primary function of the conference is to provide a forum for constructive

³ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 396.

⁴ *Ibid.*, p. 379.

⁵ *Ibid.*, p. 400.

⁶ *Foreign Relations, 1928*, vol. I, p. 153.

discussion, to formulate and suggest possible bases of settlement, and to endeavor to bring the parties together through peaceful negotiation.

Copies of the documents referred to hereinbefore are attached for convenience of reference.

Very truly yours,

CORDELL HULL

793.94 Conference/73d

*Memorandum From the File of President Roosevelt's Secretary*¹

[Undated.]

It should be recognized by the British Cabinet that there is such a thing as public opinion in the United States, as well as in other nations.

That it is necessary for Mr. Davis and for his associates in the Nine Power meeting to make it clear at every step:

(a) That the United States is in no way, and will not be in any way, a part to joint action with the League of Nations.

(b) That the United States policy does not envisage the United States being pushed out in front as the leader in, or suggestor of, future action.

(c) That on the other side of the picture, the United States cannot afford to be made, in popular opinion at home, a tail to the British kite, as has been charged and is now being charged by the Hearst press and others.

The point to be made clear is that the United States proposes in general as the basis of discussion, the same policy which has proved so successful among the twenty-one American Republics—no one nation going out to take the lead—no one nation, therefore, in a position to have a finger of fear or scorn pointed at it. The South American agreements were based on equality of the United States with the smallest and weakest Republics, and future action in affairs involving the American hemisphere was agreed to simultaneously and jointly by all the American Republics.

In the present Far Eastern situation it is visualized that whatever proposals are advanced at Brussels and whatever action comes out of Brussels, the proposals and the action should represent, first, the substantial unanimous opinion of the nations meeting at Brussels, and later the substantial unanimous opinion of the overwhelming majority of all nations, whether in or out of the League of Nations.

It is especially important that the British Government understand this point of view.

¹ Photostatic copy from the Franklin D. Roosevelt Library at Hyde Park, N. Y.; apparently memorandum of views for Norman H. Davis who visited the President at Hyde Park before attending the Brussels Conference. (See telegram No. 8, November 1, 1 p. m., from Mr. Davis, p. 132.)

We naturally, because we have got a decent community of interest in the preservation of peace in the Far East and adherence to law, want to cooperate wholeheartedly with the British, but it must be an independent cooperation, neither one trying to force the other into something. This means that final resulting action can perfectly well be identical, though not necessarily joint.

793.94 Conference/48 : Telegram

The Chargé in Italy (Reed) to the Secretary of State

ROME, October 18, 1937—6 p. m.
[Received October 18—2:48 p. m.]

444. My No. 441, October 14, 6 p. m. I was told at the Foreign Office today that the Italian Government had received two invitations to the proposed Nine Power Conference, one from the Agha Khan⁸ and on Saturday last one from the Belgian Government. The Italian Government will probably not acknowledge the receipt of the first invitation as in its opinion the Nine Power Treaty is not a proper concern of the League of Nations. To the Belgian Government's invitation, however, the Italian Government is giving its very careful and sympathetic consideration. My informant stated that no definite decision would be taken until his Government had ascertained Japan's intentions in the matter but even if Japan rejected the invitation he thought it very likely that the Italian Government would attend the Conference if for no other reason than to point out to the other nations there represented the impossibility, in the absence of Japanese participation, of accomplishing anything useful or practical. I was also told that both the Belgian and British Governments had furnished assurances that arrangements would be made as soon as the Conference convened to invite the German and Soviet Governments to participate in the deliberations.

REED

793.94 Conference/45 : Telegram

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

BRUSSELS, October 18, 1937—6 p. m.
[Received October 18—3 p. m.]

93. My telegram No. 88, October 15, 9 p. m.⁹ Learn from Foreign Office that acceptances have been received from the following countries: Great Britain, Canada, France, China. No refusals have been

⁸ Indian representative to the League Assembly at Geneva.

⁹ Not printed.

received to date. Invitations were sent not only to original signatories but to adhering powers also.

Although the Japanese Ambassador here intimated to the Minister for Foreign Affairs in a conversation on October 16 that Japan would probably not be represented at the Conference, the Foreign Office has the impression based on information from Tokyo that it has not yet been definitely determined that Japan will not attend the Conference.

GIBSON

793.94 Conference/47 : Telegram

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

Moscow, October 18, 1937—9 p. m.
[Received October 18—4:50 p. m.]

269. In view of the forthcoming Brussels Conference I believe that the following summary of the attitude of the Soviet Government thereto will be of value to the Department. The summary is in part based on the Soviet press which is accepted here as expressing the views of the Kremlin. The views of the press therefore have practically official significance.

1. The Soviet Union has always been critically and unfavorably disposed towards the American neutrality policy and has unhesitatingly criticised it as illusory, unreasonable, and no better than "non-intervention" in Spain (see despatch 79 of February 19, 1937¹⁰). With respect to the Far East the press has condemned the policy for "causing irreparable damage to China which depends on foreign powers for war supplies . . .¹¹ and for having almost no effect on Japan." The hope has consequently been expressed that the first practical result of the President's Chicago speech will be the restoration of the rights of the President to draw a distinction between the aggressor and the country which has become the victim of aggression and "to strike at the violator of peace without inflicting harm to the state which is defending itself." More resolute measures to restrain Japanese aggression in China than those envisaged under American neutrality legislation are consequently recommended.

2. Although the press has been unusually restrained in commenting on the Soviet reaction and attitude to the convocation of the Brussels Conference itself, there is every reason to believe that the Soviet Union welcomes its convocation as an expression of collective action against Japan and would support any measures having as an objective the restraining of Japan and especially such measures as would entail the boycotting of Japanese goods, the stoppage of credits, and the pro-

¹⁰ *Foreign Relations, The Soviet Union, 1933-1939*, p. 372.

¹¹ Omission indicated in the original telegram.

hibition of the export of materials of war to Japan together with direct aid economically and financially to China. On one occasion the press has recommended actual sanctions if the moral influence of the Conference proved of no avail. It has also intimated that if American and British financial circles refused credits to Japan such a move would be more serious than economic sanctions. The press has also intimated that the Soviet Union would view with disapproval a second Lytton report¹² but desired to see more concrete action and actual pressure put upon Japan.

3. The Soviet Union is pleased that the Conference has been called by the League of Nations and that it was announced that other governments having immediate interests in the Far East would be invited to participate. The press has inferred that the Nine Power Pact failed because of the non-invitation of the Soviet Union to participate therein.

4. The press has been enthusiastic in its praise of President's Chicago speech and maintains that the recent declaration of the State Department is "a preparatory step of the United States in an international attempt to restrain Japan."

DAVIES

793.94 Conference/62

The British Embassy to the Department of State

AIDE-MÉMOIRE

In connection with the situation in the Far East the League of Nations Assembly passed a resolution on the 5th October, recommending that the Advisory Committee should hold a further meeting within one month from that date. In view, however, of the opening of the Nine Power Conference on the 30th October, His Majesty's Chargé d'Affaires at Nanking has been instructed to suggest to the Chinese Government that they should request the Secretary General of the League to postpone a further meeting of the Advisory Committee to a date to be fixed by the Chairman of the Committee in consultation with the Secretary General after it is seen what progress the Nine Power Conference is making.

His Majesty's Government hope that the United States Government may see their way to instructing their Representative at Nanking to make a similar suggestion to the Chinese Government.

WASHINGTON, October 18, 1937.

¹² Reference to League of Nations, *Appeal by the Chinese Government, Report of the Commission of Enquiry* (C.663.M.320.1932.VII); the Earl of Lytton was Chairman of the Commission.

793.94 Conference/63

The British Embassy to the Department of State

AIDE-MÉMOIRE

With reference to the Conference of the parties to the Nine-Power Treaty which is to be held in Brussels on the 30th October, the United States Government will be aware that the League of Nations Assembly adopted a suggestion that the parties to the Treaty should associate with them in their consultation other Powers having special interests in the Far East. His Majesty's Government in the United Kingdom are of the opinion that Germany, which has third place in trade with China, and the Soviet Union, should be invited by the parties to take part in the Conference and, in order to avoid the delay that would be involved in waiting until the Conference opens on the 30th October before invitations are issued, His Majesty's Government suggest that each of the Governments originally invited should request the Belgian Government to issue invitations, in the name of the parties to the Conference, to the German Government and the Soviet Government to send representatives to attend the Conference.

His Majesty's Government hope that the United States Government will feel able to make the above request to the Belgian Government.

WASHINGTON, October 18, 1937.

793.94 Conference/61

The British Embassy to the Department of State

AIDE-MÉMOIRE

In their preliminary examination of the problems to be considered at the forthcoming Brussels Conference the following considerations have presented themselves to His Majesty's Government in the United Kingdom. It should be understood that this is not a statement of policy but merely an appreciation of the difficulties which must be faced by and, if possible, discussed between the United States Government and His Majesty's Government before the Brussels Conference meets.

The first objective of the Brussels Conference must be to reach peace by agreement. It is still uncertain whether Japan will attend and in her absence it is doubtful whether we can attain this object unless or until some considerable change occurs in Japan's military or economic

position. The Conference may thus be faced with the choice of (*a*) deferring any action in the hope that such a change will supervene, (*b*) expressing moral condemnation of Japan without taking or promising any positive action, (*c*) embarking on positive action in the form either of active assistance to China or of economic pressure on Japan.

Both (*a*) and (*b*) are open to the obvious objection that they are tantamount to acquiescence in aggression. Either course could only serve as encouragement to peace breakers. Course (*b*) has the additional weakness that it would further exasperate opinion in Japan to no purpose.

In these circumstances His Majesty's Government feel that it is necessary for both the United States Government and themselves to go to Brussels in the full realisation of the implications of course (*c*).

So far as assistance to China is concerned (even if the United States neutrality law were not an objection to it) it must be remembered that there are material difficulties in the way of rendering assistance. If it is to be effective it must directly or indirectly involve supplying China with war material. The sea route is or will shortly be the only practicable one, and if such supplies were to reach China on a scale large enough to affect the issue of hostilities it is hardly conceivable that Japan would not extend the blockade to neutral ships. We should then be faced with the alternative of acquiescing in this extension of the blockade or of keeping sea routes open by armed force.

So far as economic measures against Japan are concerned a preliminary investigation suggests that they might be effective if they were applied by the United States of America, all countries of the British Empire and some six or eight other countries provided that satisfactory measures could be evolved to prevent evasion through third parties and provided that the measures extended both to imports and to exports. His Majesty's Government in the United Kingdom are pursuing their study of this matter and would be happy to discuss it in all its aspects with the United States delegation, if they would agree to such a discussion. Whether economic measures would become effective in time to affect the issue of the war, unless China were simultaneously assisted, is perhaps doubtful. But irrespective of this it seems to His Majesty's Government that if sanctions appeared likely to succeed in their object there would be a very real danger of Japan taking violent action to prevent their success either by making war on one or more of the sanctionist countries or by seizing the territory of some other Power from which essential war materials could be derived. In view of this danger it appears to His Majesty's Government that no country could afford to impose effective sanctions unless

it first received from the other participating countries an assurance of military support in the event of violent action by Japan. It would also be necessary to guarantee the territorial integrity of third parties. If such assurances were forthcoming it is possible although of course not certain that Japan would be deterred from taking any such action and that the knowledge that sanctions would eventually prove successful might lead her to consider an early peace.

WASHINGTON, October 19, 1937.

793.94 Conference/62

The Department of State to the British Embassy

MEMORANDUM OF CONVERSATION WITH MR. MALLET, BRITISH
CHARGÉ D'AFFAIRES, OCTOBER 19, 1937

In discussing with Mr. Mallet the *aide-mémoire* of October 18th, which the British Chargé d'Affaires had been good enough to bring to the attention of the Government of the United States concerning a further meeting of the Advisory Committee, Mr. Wilson stated that, since the Government of the United States was not a member of the League of Nations, it had refrained scrupulously at any time from endeavoring to influence League bodies in such action as they might choose to adopt. It is to be remembered that the American representative sitting on the Advisory Committee does so without the right to vote.

WASHINGTON, October 19, 1937.

793.94 Conference/63

The Department of State to the British Embassy

MEMORANDUM OF CONVERSATION WITH MR. MALLET, BRITISH
CHARGÉ D'AFFAIRES, OCTOBER 19, 1937

With reference to the *aide-mémoire* of the British Embassy, dated October 18th, concerning the inviting of powers not parties to the Nine Power Treaty to attend the Brussels conference, Mr. Wilson reminded Mr. Mallet that the suggestion of the Government of the United States had been that an examination of this matter should be the first point for discussion in the meeting at Brussels of the parties to the treaty.

The Government of the United States, Mr. Wilson stated, believes, however, that the British Government may be in possession of fuller

information than is available to the Government of the United States concerning the attitude of the Japanese and Italian Governments in regard to the invitation issued by the Government of Belgium. Further, the British Government may have reasons for making the suggestion contained in the *aide-mémoire* which are not, as yet, known to the Government of the United States. Hence, the Government of the United States would welcome an elucidation as to the reasons for immediate action on this problem, as well as any enlightenment that the British Government can give as to the attitude of the Japanese and Italian Governments, as well as of the German and Soviet Governments, if such information is in the possession of the British Government.

793.94 Conference/61

The Department of State to the British Embassy

MEMORANDUM OF CONVERSATION WITH MR. MALLET, BRITISH
CHARGÉ D'AFFAIRES, OCTOBER 19, 1937

In a conversation with Mr. Mallet, Mr. Wilson expressed to the British Chargé d'Affaires the thanks of the Government of the United States for the interesting *aide-mémoire* in respect to the preliminary examination of the problems to be considered at the Brussels conference, which the British Government has been good enough to supply.

Mr. Wilson stated that the Government of the United States was of the opinion that, for the moment, considerations such as those raised under point "C" of the British *aide-mémoire* did not arise in a conference which had for its objective the finding of a solution of the conflict in the Far East by agreement.

Mr. Wilson informed Mr. Mallet that the American Government had been giving much thought to the question of possible procedure with two objectives, that of inducing the two parties to the conflict to enter upon an armistice, to be followed by peaceful negotiation, and that of endeavoring of finding a means of stabilizing conditions in the Far East. Mr. Norman Davis, who is sailing tomorrow, is fully conversant with such thoughts and it had occurred to the Secretary of State that it might be advisable to invite Mr. Eden's attention to this phase of the problem, in anticipation of his talks with Mr. Davis in Brussels.

Mr. Wilson informed Mr. Mallet that a copy of the *aide-mémoire* of the British Government would be forwarded to Mr. Davis to reach him before he sails on the *Washington*.

793.94 Conference/72: Telegram

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

TOKYO, October 20, 1937—5 p. m.
[Received October 20—1: 36 p. m.]

482. Our 475, October 15, 5 p. m.

1. Yesterday, the *Asahi*, one of the leading papers, editorially raised the question whether it would not be advantageous for Japan to attend the Nine Power Conference. It was stated that if the purpose of the Conference is to sit in judgment on Japan, national honor must prevent Japan from attending, or if it is to implement the policy of the League of Nations to help China, Japan should announce in no uncertain terms its intention not to appear. The editorial points out, however, that if the purpose of the Conference is to study the causes of unrest in the Far East, and opportunity would be had for Japan to demonstrate that the Nine Power Treaty is obsolete, to prove that China has long pursued a policy of hostility toward Japan, and to cite examples of Chinese violations of treaties. It suggests that the course of wisdom would be for Japan to attend and "from inside the Conference to bomb anti-Japanese feeling".

2. Last night a Japanese with excellent connections in military and other official circles informed us confidentially that the *Asahi* editorial expressed a point of view that is being strongly advocated by progressive and forward looking leaders. However, he was not hopeful that their arguments would prevail.

3. Byas¹³ states that the attitude on this question of the Foreign Office spokesman is no longer one of affirming that Japan would not attend. This morning the spokesman declined to commit himself in any way.

4. Our views at this time on this must be largely speculative in character. We believe that the military element does not favor Japan's being represented at the forthcoming Conference even if the only purpose of the Conference were to be to search for a plan for peace in the Far East. However, if the terms of the invitation (we are informed by the Foreign Office that no invitation has as yet been received by Japan) are such as to make it possible for Japan consistently with "national honor" to attend there may be a chance that the Japanese Government will agree to being represented in some limited form. The arguments put forward in favor of using the Conference as a sounding board for the case of Japan appear to be attractive. Nevertheless it would be entirely too optimistic to believe

¹³ Hugh Byas, British correspondent of the London *Times* and the *New York Times*.

that the military with their pronounced hostility toward Western intervention in the Far East would agree to unconditional Japanese representation: it is probable that they would in any case insist upon rigid conditions being laid down with regard to Japanese participation in discussion of any peace plan.

Repeated to Nanking.

GREW

793.94 Conference/110

Memorandum by the Assistant Secretary of State (Wilson) of a Conversation With the Second Secretary of the Belgian Embassy (Walravens)

[WASHINGTON,] October 20, 1937.

Mr. Walravens, of the Belgian Embassy, explained that he was calling because the Ambassador was absent in New York. The Belgian Embassy, he said, had received a cable from Brussels, asking it to ascertain from us such information as we can give on two questions.

(1) Whether the United States has any proposals to make at the conference and how we foresee that the work of the conference can be usefully initiated;

(2) Have we any information as to the bases upon which the Japanese and Chinese Governments might enter upon negotiations.

In respect to question No. 1, I told Mr. Walravens that we had no proposal worked out to submit to the conference nor had we any plan of procedure which we proposed to support. I said we had been giving careful thought to the possibilities on which Japan and China might be prepared to enter discussions and on which a more stable state of affairs might be worked out in the Far East; Mr. Norman Davis had participated in these discussions and nothing tangible in the way of a proposal had been developed, our thoughts had been of the most general nature and we had felt it unwise to give them too much precision in anticipation of the meeting; Mr. Davis was proceeding there under Article 7 for full and frank communication with the other powers and we hoped this would bring about more fruitful results than an attempt to formulate plans in advance.

I said that Mr. Davis now planned to proceed directly to Brussels via Paris, where he would have several days before the conference and where he could discuss these matters.

In respect to question No. 2, I said that I only wished we had fuller information than we have on these matters, that our newspapermen in the Far East, Hallett Abend, Hugh Byas, Wilfred Fleisher, etc. were able to turn themselves into prophets with greater freedom

than our diplomatic representatives allowed themselves and that I feared the information which Mr. van Langenhove¹⁴ was desirous of getting from us would only be obtained, as the result of painful and patient efforts, from the Japanese and Chinese if and when they could be induced to discuss these matters.

Mr. Walravens said that, in all probability, Mr. van Langenhove was concerned as to what the conference should do to reach a successful conclusion. I said I fully appreciated the difficulty that Mr. van Langenhove found himself in, that Mr. Davis would arrive several days early, perhaps the other delegates would also arrive early and the matter of the agenda and the method of approach to the questions could be thrashed out in the two or three days preceding the conference.¹⁵

H[UGH] R. W[ILSON]

793.94 Conference/94

The British Embassy to the Department of State

AIDE-MÉMOIRE

The object of His Majesty's Government in the United Kingdom in suggesting that the Belgian Government should be requested to issue invitations now to the German and Soviet Governments to send Representatives to attend the Brussels Conference was simply in order to avoid the delay to the work of the Conference which would be entailed if it had to wait for the acceptance of further invitations and the arrival of further delegates after it had opened.

It seems to His Majesty's Government impossible to exclude either Russia or Germany from the Conference. Italy not long ago announced that she would not take part in conferences if Germany was not represented. Otherwise His Majesty's Government are not aware of her attitude in this particular case but press reports have indicated the likelihood of her attending the Conference. Nor do His Majesty's Government know the attitude of Japan which appears to be undecided as yet. His Majesty's Government have expressed the earnest hope that she would attend. The Counsellor of the Japanese Embassy in London yesterday expressed the view that peace might best be furthered through the efforts of, say, His Majesty's Government and the United States Government; he was told that if Japan attended the Conference it would be possible for her to put forward that view if she so desired.

WASHINGTON, October 20, 1937.

¹⁴ F. Van Langenhove, Secretary General of the Belgian Foreign Office.

¹⁵ The above was reported to the Ambassador in Belgium in telegram No. 55, October 23, 3 p. m. (793.94 Conference/90).

793.94 Conference/71 : Telegram

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

Tokyo, October 21, 1937—10 a. m.
[Received October 21—12:45 a. m.]

484. Department's 263, October 20, 11 a. m.¹⁶

1. My British colleague yesterday made renewed representations to the Minister for Foreign Affairs repeating the representations which he had made on October 15 in an endeavor to persuade the Japanese Government to participate in the Nine-Power Conference [at] Brussels. He advanced the argument that the Japanese case had gone by default at Geneva and that Brussels would offer a further opportunity to present Japan's case which would be carefully considered by the assembled powers who wished above all to be helpful towards arriving at a peaceful settlement of the Sino-Japanese hostilities. The Minister replied that since his last talk with the Ambassador he had consulted a great number of prominent people here and that the sentiment against participation in the Conference especially among the leaders of the political parties was practically unanimous. However, as no invitation had yet been received no final decision had yet been reached.¹⁷

2. I have just telephoned to the Belgian Ambassador who informs me that he received the invitation for the Japanese Government at 8 o'clock this morning and that he is just now starting for the Foreign Office to present it. Bassompierre mentioned the "unaccountable delay" [in] receipt of the invitation.

Repeated to Nanking.

GREW

793.94 Conference/76 : Telegram

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

THE HAGUE, October 21, 1937—noon.
[Received October 21—10:55 a. m.]

90. At the weekly diplomatic reception yesterday Foreign Minister Patijn informed me that the Netherlands has decided to accept the invitation to the Nine Power Conference at Brussels. He expressed his Government's great interest in, and hope for a successful outcome of, the Conference adding, however, that personally he was not particularly optimistic that anything concrete would result.

¹⁶ Not printed.

¹⁷ The French Embassy in Japan likewise made representations on October 20.

Continuing Patijn observed that no decision had yet been reached with regard to the policy his Government would pursue at the [Conference]. He explained that in the last analysis its policy would have to be determined by events but that the Netherlands might be expected wholeheartedly to support any measures adopted by the interested powers with a view to easing the tension in the Far East provided such measures do not tend to involve this country too deeply. He appeared to be definitely against the use of coercive measures and to favor mediation as a possible solution although he made it clear that in his opinion the latter course if attempted would not stand a particularly good chance of success due to the absence of Japan from the Conference and the supporting attitude that Italy may be expected to give that country.

I gain the distinct impression from what Patijn and other officials have told me that this Government desires to play as inconspicuous a role as possible at the Conference in view of its exposed position in the Far East and its consequent desire to do nothing that might tend to irritate Japan unduly.

Copies in code by mail to London, Paris, and Brussels.

BENTON

632.6231/261

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

[WASHINGTON,] October 21, 1937.

The German Ambassador called to see me. [Here follows report on trade relations with Brazil and the Non-Intervention Committee meeting at London concerning the Spanish situation.]

I then inquired of the Ambassador whether he had any word from his Government as to the attitude which the German Government would assume with reference to the Nine Power Conference meeting in Brussels. The Ambassador replied that he had no word beyond a bare statement of views some three days previously, which indicated that the German Government was laboring under the impression that the meeting was called specifically for the purpose of arraigning Japan and of little more.

I remarked to the Ambassador that insofar as this Government was concerned, that was very evidently neither our attitude nor our intention. I said that, as the President's recent address¹⁸ and his state-

¹⁸ Radio address of October 12, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 400.

ment of October 19th¹⁹ clearly indicated, the purpose of the United States in attending the Conference was to further in every possible way the finding of an agreement acceptable to all the signatories of the treaty, including China and Japan, which would result in a stabilization of peace in the Far East. I said that, of course, the question of invitations to powers not signatories to the treaty was not a matter which the United States itself could determine since it was only one of many powers attending the Conference, but that it would seem to me that the presence of Germany at the Conference would prove a stabilizing factor and likewise would seem to be entirely logical in view of Germany's commercial interests in China. I stated that it was too early as yet to indicate whether such an invitation to Germany would be sent because I did not as yet know the opinion of the other signatories of the treaty, but that I felt warranted in saying that on the assumption that the other signatories were agreeable to the invitation, the Government of the United States favored the extension of such invitation.

The Ambassador said that he personally hoped that the German Government would attend; that he felt in fact that Germany's influence might be conducive to the finding of a satisfactory solution; and that he hoped the Conference would strive to work for a solution by agreement and not consider any methods of coercion.

S[UMNER] W[ELLES]

793.94 Conference/95

Memorandum by the Assistant Secretary of State (Wilson) of a Conversation With the British Chargé (Mallet)

[WASHINGTON,] October 21, 1937.

I handed Mr. Mallet the *aide-mémoire*,²⁰ as approved by the President, and told him that we saw no reason why there should be any particular delay in this matter as the Belgian Government could telephone over Europe in an afternoon to get the attitude of the various other signatories. I also told Mr. Mallet that, for reasons that he understood, we did not want this matter presented as a joint suggestion by the British and American Governments.

On Mr. Mallet's inquiry as to whether we were going to delay action ourselves in notifying Brussels, I said that we would clear the way by a telegram to Mr. Gibson, stating that the British had made this

¹⁹ Department of State, *Press Releases*, October 23, 1937, p. 313.

²⁰ Not found in Department files, but see telegram No. 53, October 21, 5 p. m., *infra*.

suggestion to us and that we were ready to acquiesce under the assumption contained in the *aide-mémoire*.

Mr. Mallet said he thought this put us in accord on this matter. He asked whether he could inform his Government that, if the British Government chose to state to the Italian Government that a suggestion that Germany and Russia be invited, would immediately follow Italy's acceptance of an invitation, such procedure would be agreeable to the American Government. I replied that this did not seem to be a matter on which we had to express an opinion, this was a British initiative and we were acquiescing in it under the assumption mentioned; how the British Government decided to carry out any diplomatic moves to aid in putting their suggestion through was for them to determine.

H[UGH] R. W[ILSON]

793.94 Conference/63 : Telegram

The Acting Secretary of State to the Ambassador in Belgium (Gibson)

WASHINGTON, October 21, 1937—5 p. m.

53. Several days ago the British approached us with the suggestion that with a view to avoiding delay each of the governments originally invited to attend the Brussels Conference should ask the Belgian Government to issue to the German and Soviet Governments invitations to the Conference. We replied that it seemed preferable to us that this matter be decided when the Conference convenes. The British have now made a further approach renewing their original suggestion. We have replied that, on the assumption that the Belgian Government would issue invitations to the German and Soviet Governments only when the Belgian Government had been requested to do so by all the governments party to the Nine Power Treaty which will attend the meeting at Brussels, this Government acquiesces in the British Government's suggestion. We also emphasized to the British our desire that in the carrying out of the British suggestion there be avoided any appearance of a joint American-British move.

Please inform the Belgian Foreign Minister orally that this Government acquiesces in the British suggestion on the assumption indicated above. Please say also that as soon as the Belgian Government is in position to issue these further invitations the Belgian Government may construe your present approach as a request by this Government that the Belgian Government take such action; also that pending such time we request that the Belgian Government regard as confidential this indication of our attitude.

W[ELLES]

793.94 Conference/82: Telegram

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

TOKYO, October 22, 1937—10 a. m.
 [Received October 22—1:15 a. m.]

487. Our 484, October 21, 10 a. m.

1. Yoshizawa²¹ informed Dooman²² yesterday informally and in strict confidence that, so far as the Foreign Office is concerned, decision has been definitely taken to decline the invitation to the Conference. He stated that the reply would be drafted today and would then be submitted to the Cabinet for approval, and that if a special meeting of the Cabinet were to be called today the reply would be forthcoming today.

2. He made the comment that a favorable reply could not be expected so long as the invitation did not specify that the Conference does not arise out of the League resolution and the American Government's announcement of October 6.

Repeated to Nanking.

GREW

793.94 Conference/84: Telegram

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

MOSCOW, October 22, 1937—10 a. m.
 [Received October 22—9:20 a. m.]

275. Supplementing my telegram No. 269, of October 18, 9 p. m. I am able to advise that the attitude of the Soviet Government with reference to Brussels Conference has been defined by a responsible official in the Soviet Foreign Office in an informal conversation as follows:

1. The Soviet Government is always ready to collaborate in any action that might lead toward the strengthening of peace and the restraining of an aggressor. However, the Soviet Union could not consider itself bound by any decisions adopted by a conference in which it did not participate. If the Soviet Union were invited to attend it would support any measures proposed which would lead to a cessation of hostilities in the Orient. It would not be bound by any measures adopted prior to Soviet participation.

2. The Soviet Union considers it unfortunate that the Conference is not limited to the four Powers having major interests in the Pacific,

²¹ Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

²² Eugene H. Dooman, Counselor of Embassy in Japan.

i. e., the United States, Great Britain, Japan and the Soviet Union and that certain powers, notably Portugal and Italy, has [have] been invited notwithstanding there [their] adherence to the Nine-Power Pact. It is of the opinion that if Germany is also invited a Fascist block capable of undermining the work of the Conference would emerge.

3. The Soviet Union is at present watchfully waiting and is not disposed to commit itself or publicly express an opinion on the Conference until an invitation to participate is received.

4. The Soviet Government does not believe that Japanese aggression in China can be restrained by mere moral condemnation of Japan but that more resolute action such as economic, financial and political, or a boycott of Japanese goods is necessary. It believes that any prolonged discussions comparable to those carried on in the London Nonintervention Committee or prior to the Italian conquest of Abyssinia will only tend to convince Japan that no resolute action will be taken. It is of the opinion that the Japanese should be made to realize that their present policy will not be tolerated and that strong action will be taken if they prove recalcitrant to the decisions of the Conference. The Soviet Union decries any attempt to save Japanese face.

Although the Embassy obtained the definite opinion that the Soviet Union was considerably perturbed at not having been invited to attend the initial sessions of the Conference there would seem to be little doubt that it would willingly accept a future invitation to participate.

The Foreign Office official openly criticized the position of England in the development of events in the Orient. On the other hand he enthusiastically welcomed President Roosevelt's Chicago speech and the Department's recent declaration as a turn from isolationism toward international cooperation.

Repeated to Brussels by mail.

DAVIES

793.94 Conference/82

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

[WASHINGTON,] October 22, 1937.

Mr. Welles read to the President over the telephone Tokyo's strictly confidential telegram No. 487, October 22, 10 a. m., reporting that so far as the Japanese Foreign Office is concerned decision has been made to decline the invitation to the Brussels Conference. In view of the fact that it is probably now too late for this Government to take any action toward influencing Japan not to decline the invitation, the President thought that we should now await the opening of the Conference and then proceed at once toward clarifying the two points

mentioned by the Japanese Foreign Office that a favorable reply could not be expected as long as the invitation did not specify that the Conference does not arise out of the League Resolution and the Secretary of State's statement of October 6. The President thought that, after the Conference had clarified these two points, the Conference should extend a further invitation to Japan and at that time we should give consideration to the question whether the President would send a message to the Emperor of Japan urging that Japan attend the Conference.

At the time when Mr. Welles telephoned the President, Mr. Wilson, Mr. Hamilton and Mr. Ballantine²³ were also present in Mr. Welles' office.

It was decided that we should take no action for the present but should await the receipt of the text of Japan's reply to the Belgian Government. With the text of Japan's reply before us, we should draft a telegram to Norman Davis on board the *Washington* apprising him of the situation and of the course which he should follow at Brussels toward having the Conference send a further invitation to Japan.

It was decided that we should also consider sending Mr. Grew a telegram indicating our attitude: that the Conference has no relationship to the statement made by the Secretary on October 6; that it is not our idea that the Conference should undertake to declare Japan an aggressor; and that our concept in regard to the Conference is as indicated in the Department's telegram 261, October 14, 5 p. m., to Tokyo, and in the statement made by the President at Hyde Park on October 19.

M[AXWELL] M. H[AMILTON]

793.94 Conference/88 : Telegram

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

NANKING, October 22, 1937—noon.

[Received 5:15 p. m.]

846. 1. Yesterday afternoon I held a conversation with Wang Ching Wei, former President of the Executive Yuan, now occupying extremely important positions in the Party and Government. Peng, Vice Minister of Communications, interpreted and Peck was present.

2. Wang said telegram received from Hu Shih²⁴ reported that the President in recent interview had offered the following advice, (a) that after stating China's case at the Brussels Conference the Chinese

²³ Joseph W. Ballantine, Assistant Chief of the Division of Far Eastern Affairs.

²⁴ Chinese professor of philosophy.

delegates withdraw and (b) that China be prepared at the Conference to state China's position in regard to the desire of Japan to cooperate in developing China's natural resources. Commenting, Wang said that the Chinese Government appreciated this thoughtful advice and would be guided by it. He supposed that the first item was based on the supposition that Japan would it [*sic*] not be represented and on feeling that participation by China in the discussions without Japan would impart an air of partiality and would antagonize Japan. There now appeared to be hope that Japan would be represented. In regard to the second he said that China would welcome cooperation from Japan as from all nations in the development of natural resources in accord with the spirit of the Nine-Power Treaty and in ways not harmful to but advantageous to both China and the nations concerned.

3. Wang said the Chinese Government thoroughly understood the motive which prompted the powers to show scrupulous regard for the sensibilities of Japan as exemplified in the wording of the invitation to the Conference extended by the Belgian Government and in the President's advice to Hu Shih. At the same time he wished to point out that there was a moderate party in Japan which disapproved of the present ruthless hostilities conducted against China by the military faction. This moderate party was suppressed and lacked arguments with which to oppose the war policy which appeals to the Japanese public on grounds of Japan's national welfare and need of self-defense. Wang urged that if other nations would exert some form of pressure on Japan to desist from attempted military conquest of China making it evident that the continued use of armed force would be seriously detrimental to Japan's international position the moderate party would be strengthened in its efforts to demonstrate that the use of warlike methods would be prejudicial to Japan. A too conciliatory attitude on the part of other nations on the other hand would encourage the Military and weaken the moderate party. I replied that one school of thought in the United States sympathized with this line of reasoning but another school felt that combined pressure on Japan would support the contention of the Japanese military faction that Japan was fighting for her existence and that Japan's only hope lay in demonstrated military supremacy.

4. Continuing his discussion of underlying principles, Wang retorted the Japanese contention that China had been obdurate and refused to settle outstanding issues through diplomatic negotiation. He recalled that in the face of repeated invasions and provocations China had continued to negotiate with Japan and that Chang Chun when Minister for Foreign Affairs had even discussed Hirota's "three principles" with the Japanese Ambassador for more than 2 months,

which discussions had failed partly because Japan insisted on acceptance in blank and refused to divulge what the "principles" would mean in actual application. He said that China had thus been conciliatory in the extreme but he felt that much good would now be accomplished if the friendly powers would warn Japan that the present policy was driving the Chinese people to fight in desperation to the bitter end and would moreover leave Japan with a heritage of international ill-will. I observed that I concurred in the views expressed but it must be accepted as a fact that Japanese policy is at present dictated by the military mind which seems to know only the two facts of victory or indivisible defeat.

5. On the subject of the Brussels Conference, Wang told me in great confidence that the British Minister for Foreign Affairs had assured the Chinese Ambassador in London that whatever plan the participating powers might evolve for the proposed settlement of the conflict would first be submitted informally to China and Japan in order to sound out their views. He inquired whether it would not be possible for the American Government at the present time to ascertain privately what terms of settlement would be accepted by Japan and he added that while the Chinese Government was prepared to go a long way to effect a settlement it was of great importance to China to learn whether the Japanese Government was intending to treat China as Italy treated Ethiopia, because China was not in fact a second Ethiopia and would fight for its independence. I returned an evasive reply.

6. Wang asked me whether I had any inkling of the nature of the plan which the President had in mind for possible adjustment of the controversy between China and Japan and I said I had no information on this point. He asked what I thought was the attitude of the Soviet Union toward a settlement of the controversy and he remarked that it was absurd for Japan or anyone else to infer that the Non-aggression Pact concluded between the Soviet Union and China in August meant that there was a military alliance between the two countries; the pact was in that respect negative in nature. I said I thought the Russian attitude was one of extreme caution not to become embroiled in the present hostilities and that while Russia was probably convinced that sooner or later there must be war between Russia and Japan, Russia wished to choose the location of the battlefield. Wang asked me what I thought was Germany's position and I said I saw a change in Germany's position from that which one would infer from the German-Japanese joint understanding against Communism.²⁵ This change was indicated somewhat by the press comments appear-

²⁵ Agreement signed at Berlin, November 25, 1936, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 153; see also *Foreign Relations, 1937*, vol. I, pp. 605 ff.

ing in German newspapers and might indicate both that the difficulties experienced by the Japanese Army in China lessened in German opinion the supposed value of Japan as an ally and also that German commercial interests did not relish the prospect of Japanese interference with Germany's encouraging recovery in trade with China and Germany's increasingly friendly relations with China.

Repeated to Peiping and Tokyo.

JOHNSON

793.94 Conference/133

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Ballantine) of a Conversation With the First Secretary of the Japanese Embassy (Sakamoto)

[WASHINGTON,] October 22, 1937.

Mr. Sakamoto called this afternoon in connection with a routine matter, which having been disposed of Mr. Ballantine took this opportunity to ask Mr. Sakamoto whether he had any information about the political situation in the Far East. Mr. Sakamoto then made the following comments.

The Japanese Government was unlikely to hold a special meeting of the Cabinet to consider the Belgian Government's invitation and therefore the reply would probably be delayed until after the regular Cabinet meeting on October 26. The decision reached by the Cabinet would of course then have to be submitted to the Emperor for his approval. Mr. Sakamoto felt that it was over ninety per cent certain that the Japanese Government's decision would be against accepting the invitation; that if it had not been for the League's condemnation of Japan and the President's Chicago speech of October 5 a favorable decision might have been easier to reach. He felt also that it was premature at the present time to discuss peace until the Japanese forces had attained a decisive victory in the south as assent on the part of Japan to discuss peace would be interpreted by the Chinese as a Chinese victory and any peace reached on this basis would fail to result in any alleviation of the anti-Japanese activities of the Chinese Government. There was also, he thought, a psychological factor involved which might make it difficult for the Army to yield; that is to say, there was an element of rivalry between the Japanese forces in the north, which had won substantial victories, and the forces in the Shanghai area, which had not yet made any decisive gains. This, of course, he explained, was a minor point but it nevertheless entered into the situation. He said that even though Hirota and the civilian authorities might be willing to consider peace at this time, the Govern-

ment had to contend with the Army which would undoubtedly hold out against such a move at this time.

Mr. Ballantine remarked that it was to be hoped that Japan might in some way or other find it possible to accept the invitation. Mr. Sakamoto said that he felt that in the opinion of the Embassy here it was much more important that Japan reach an early decision with regard to its peace terms, which could be explained to the American and British Governments, than to attend the Brussels Conference.

Mr. Sakamoto's observations tended to strengthen Mr. Ballantine's previous feeling that objections in Japan to accepting the invitation were not confined, as stated by Mr. Yoshizawa in his conversation with Mr. Dooman, to the failure of the invitation to specify that the conference did not arise from the League resolution and from the Secretary's statement of October 6.

793.94 Conference/90 : Telegram

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

BRUSSELS, October 22, 1937—7 p. m.
[Received October 22—5:44 p. m.]

99. Minister for Foreign Affairs²⁶ this afternoon stated that the Belgian Government felt it would be wiser for several reasons to defer the opening session of the Nine Power Conference until Wednesday, November 3. He stressed the idea that he was making a suggestion and not a formal proposal. The reasons for this he gave as follows:

1. That the 30th is a Saturday, that Monday and Tuesday are full holidays in this country being All Saints and All Souls Day, and that it would therefore be necessary in any case to adjourn the first meeting to Wednesday.

2. That he had not hitherto raised the question because he had felt that the first meeting could have been profitably utilized to express invitations to Germany and Soviet Russia but that in view of the proposal of the British Government which had already been supported by five countries this problem would presumably be out of the way and he could see no further purpose in a meeting on the 30th.

3. While he felt that Japanese acceptance was extremely doubtful even a slight adjournment might prove useful to conciliate the Japanese and might influence their ultimate decision.

4. Mr. Spaak's Chief of Cabinet²⁷ informed me later that while the Minister had hesitated to mention the matter he was genuinely concerned lest the Government be in midst of a Cabinet crisis on the

²⁶ Paul-Henri Spaak.

²⁷ E. Le Ghait.

30th and that it would obviously be awkward if the Conference were to be convened at a time when there was no government; that, of course, there was no guaranty that the crisis would be over by then but the chances were naturally better as it was felt that the convening of the Conference might have a salutary effect in expediting the liquidation of the crisis.

Mr. Spaak went on to state that he was somewhat troubled at the prospect of opening a conference in Brussels a week from tomorrow without any intimation as to its agenda or terms of reference. He said that he had requested guidance from London and Washington but had as yet received no reply and was again despatching to London Baron Jules Guillaume, Belgian Ambassador to China now here on leave, in the hope of eliciting from the Foreign Office information which would enable him to make useful preparations for the Conference. I interpreted his remark as an intimation that he would greatly appreciate an expression of how we envisage the work of the Conference. He went on to say that obviously the whole setup of the Conference would be materially affected by the nature of the Japanese reply.

Mr. Spaak said that it had occurred to him that Davis might like to avail himself of the margin of time afforded by a postponement to visit London and Paris before arriving in Brussels. If the Department concurs in the idea of postponement I should be glad to know of any change in Davis' plans as I should like to make certain obvious plans here on his arrival.

It would also be useful to know whether in the event that Davis visits London and Paris the remainder of the delegation would delay their arrival until a later date.

GIBSON

793.94 Conference/92: Telegram

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

BRUSSELS, October 23, 1937—4 p. m.

[Received 5:35 p. m.]

101. My 98, October 22, 6 p. m.²⁸ Foreign Office informs me that communications have been received from all signatories and adherents to the Nine-Power Treaty, with the exception of Japan and Bolivia, acquiescing in the sending invitations to Germany and Russia.

The Belgian Ambassador at Tokyo in reporting leaves no doubt that the Japanese Government will refuse to attend the Conference but

²⁸ Not printed.

states that their formal reply cannot be expected before next Tuesday. It is probable that the invitations to Germany and Russia will not be sent from Brussels until after the receipt of the Japanese refusal in order to avoid giving any further pretext for a Japanese refusal.

In the course of a conversation with Wailes²⁹ this morning the Chef de Cabinet of Mr. Spaak did not hide the Minister's misgivings as to how the work of the Conference was shaping up. He said that the French Government had expressed unwillingness to play any leading part in view of their position in French Indo-China. The British Government had not afforded any enlightening replies to repeated inquiries but Baron Guillaume is being sent to London, as reported in my telegram 86, October 16 [14], 4 [6] p. m. and it is hoped that he may elicit something as to British intentions. It is assumed that Italy, Portugal, and Germany will oppose any line of action that is not favorable to Japan and the feeling was growing that unless the United States was prepared to take the initiative, Belgium might be left in the unenviable position of giving whatever lead had to be given to the Conference.

The net impression I gather from this and my own conversations is that there is a certain amount of panic in Belgian official circles due to the fact that a Conference is about to meet, wherein Belgium will inevitably have to play a rather conspicuous role and that up to the present time they have not been consulted or informed as to what it is contemplated the Conference should seek to accomplish.

There seems to be a general feeling that efforts at conciliation will fail and that the question of more drastic measures will then arise. If there is any information or comfort that can be given to Mr. Spaak at this time I think it would help to steady the situation here.

GIBSON

793.94 Conference/89 : Telegram

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

WASHINGTON, October 25, 1937—6 p. m.

549. For Mr. Norman Davis. When we received from Grew a report under date October 22 that, so far as the Japanese Foreign Office was concerned, decision had been definitely taken to decline the invitation to the Brussels Conference and that an official of the

²⁹ Edward T. Wailes, Second Secretary of Embassy in Belgium.

Japanese Foreign Office had commented to Dooman that a favorable reply could not be expected inasmuch as the invitation did not specify that the Conference does not arise out of the League Resolution and the American Government's announcement of October 6, the matter was discussed with the President. The President suggested that immediately upon convening of the Conference, the Conference should proceed at once toward clarifying the two points mentioned by the official of the Japanese Foreign Office and that on the basis of this clarification the Conference should extend a further invitation to Japan.

The calling of the Conference does not in any way arise out of the statement made by the Secretary of State on October 6. While the Resolution and the two reports adopted by the Assembly of the League on October 6 suggested that there be a meeting of parties to the Nine Power Treaty, the action taken by the Belgian Government in issuing invitations to the Brussels Conference may, in our opinion, reasonably be construed and the United States has so construed it as action independent of the League Resolution of October 6. You will of course recall that the invitation extended by the Belgian Government makes no reference to the League of Nations or to any resolution or action of the League of Nations. If it is felt that Japan's preoccupation is that the Brussels Conference is called for the purpose of reaffirming the statements made on October 6 by the League and by the Secretary of State that the action of Japan in China is contrary to the provisions of the Nine Power Treaty and the Pact of Paris, the purpose of the Conference is set forth clearly in the Belgian Government's invitation to meet at Brussels "to examine the situation in the Far East and to study peaceable means of hastening the end of the regrettable conflict which prevails there" and in the statement made by the President at Hyde Park on October 19.

We realize that, in the event that Japan declines the invitation already extended, the question of the advisability of the Conference taking any action toward extending a further invitation to Japan as well as the basis on which any such invitation might be formulated will depend somewhat upon the nature of the reply made by the Japanese Government. When the reply of the Japanese Government is received and in the light of that reply, the Department desires that you give consideration to the question of proceeding along the lines indicated in this telegram.

HULL

793.94 Conference/102 : Telegram

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

BRUSSELS, October 25, 1937—9 p. m.

[Received October 25—6:47 p. m.]

103. Spaak informed the British Ambassador late this afternoon that if the British Government insisted on the convening of the Conference on Saturday, October 30, the Belgian Government would reluctantly acquiesce. However, in view of the ministerial crisis the Government would much prefer that the Conference should convene on Wednesday, November 3. It is felt that even this brief respite might make it possible to constitute a new government and thus enable the Conference to get away to a better start.

Belgian Government has reached agreement with the British Foreign Office that invitation to Germany and Soviet Russia shall not be sent until after the receipt of the Japanese reply which it is felt here will undoubtedly be in the negative. As the Japanese reply is expected by tomorrow, Tuesday, the invitations to Germany and Russia would go forward the following day.

This telegram together with my 99, October 22, 7 p. m. repeated to Paris for the information of delegation on its arrival.

GIBSON

793.94 Conference/109 : Telegram

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

BRUSSELS, October 26, 1937—4 p. m.

[Received October 26—noon.]

104. My 103, October 25, 9 p. m. Foreign Office has just telephoned that after further consultation with British Government it has been decided to postpone opening session of Conference until Wednesday November 3d. Davis advised.

GIBSON

793.94 Conference/113 : Telegram

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

BERLIN, October 26, 1937—5 p. m.

[Received October 26—2:14 p. m.]

253. The Chief of the Far Eastern Division of the Foreign Office discussed with me today the Sino-Japanese situation with special

reference to Germany's attitude toward the approaching Nine Power Conference. While he conveyed nothing conclusive the following was brought out:

He said he believed it to be more likely than not that Italy would accept the invitation to participate. Respecting Italy's current pro-Japanese expressions he commented that these were obviously not motivated by Far Eastern considerations inasmuch as Italy's interests there were minor and such as she had would incline her to favor China but that she was merely taking an opportunity in the light of the European situation to strike at Great Britain.

He noted that rumors were current that Germany might be asked to participate. I asked him if in such a case Germany would accept. He replied that naturally no answer could be given until the text of such an invitation had been received and examined. He said, however, that there were two points which militated against Germany's acceptance. In the first place the association of the Conference with the League of Nations rendered acceptance politically more difficult. The circumstances surrounding its origin did not make it clear whether or not the Conference was entirely autonomous and Eden in a recent speech had stressed the League connection. In the second place the Foreign Office had been unable to envisage the agenda or what course the Conference might take. He assumed that this had been discussed between certain interested powers but that Berlin naturally had not been informed and might not be informed even if invited. On the other hand, Germany, in view of her material interests in China, would be normally inclined to discuss the Chinese situation jointly with other powers having like interests. There existed both strong pro-Chinese and pro-Japanese sentiments in Germany, the former based on commercial interests, the latter being largely political; but he "feared" that present day Germany was activated chiefly by political considerations. The immediate position of Berlin was that there was no "enthusiasm" for the Conference.

In the course of the conversation he stated that possible Russian participation would not have any particular bearing on Germany's acceptance and pointed to German and Russian membership in the London Non-Intervention Committee.

The British Chargé d'Affaires tells me that he has the impression that if Italy accepts, Germany will doubtless desire to participate.

Repeated to American Embassy at Brussels for the delegation.

GILBERT

793.94 Conference/116: Telegram

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

TOKYO, October 27, 1937—7 p. m.
[Received October 27—11: 14 a. m.]

498. The Japanese refusal of the invitation of the Belgian Government to the Nine Power Treaty Conference was approved by the Cabinet in its meeting this afternoon and by the Emperor at 5 o'clock. The Minister for Foreign Affairs handed copies of the reply to the British Ambassador at 6:10, to myself at 6:20 and the original to the Belgian Ambassador at 6:30. The Vice Minister is meanwhile informing the French, Italian and German Ambassadors. The note is to be released to the press at 7 o'clock.

In handing me the copy of the note Hirota gave me also a long explanatory statement in Japanese which he informs me will be made available to the Department by the Japanese Embassy in Washington.

Repeated to Nanking.

GREW

793.94 Conference/117: Telegram

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

TOKYO, October 27, 1937—8 p. m.
[Received October 27—10: 55 a. m.]

499. Our 498, October 27, 7 p. m. The following is the text in translation of the reply of the Japanese Government:

"Japanese Government have the honor to acknowledge the receipt of the Embassy's *note verbale* under the date of the 20th instant, by which the Royal Government, in accordance with the request of the Government of Great Britain, and with the approbation of the Government of the United States only, propose to the powers signatory to the Treaty of February 6, 1922, to meet at Brussels on the 30th of this month in order to examine, in conformity with the article 7 of the said Treaty, the situation in the Far East and to study for further means of hastening the end of the regrettable conflict which is taking place there.

The League of Nations, in the report adopted on the 6th of the month, has declared on the basis of the declarations of only one of the two parties that the military operations carried on by Japan in China are a violation of the Nine Power Treaty. The action of Japan in China is a measure of self defense which she has been compelled to take in the face of China's violent anti-Japanese policy and practice, especially by her provocative acts appealing to force of arms; and consequently, it lies, as has been declared already by the Imperial Government, outside the purview of the Nine Power Treaty.

The Assembly of the League of Nations has even gone the length of assuring China of its moral support and of recommending to its members to abstain from any action that might weaken that country's power of resistance and add to its difficulties in the present conflict, and also to study how they might individually give aid to China. This is to take no account of the just intention of the Imperial Government, who propose to bring about sincere cooperation between Japan and China, to assure enduring peace in East Asia, and to contribute thereby to the peace of the world. This is to take sides with one of the parties and to encourage its hostile disposition, but in no way to contribute to an early settlement.

The Royal Government make in their invitation no mention of the connection between the proposed Conference and the League of Nations. However, in view of the fact that in its resolution, the League of Nations has suggested a meeting of those of its members who are party to the Nine Power Treaty, and that the Government of the United States, who have acquiesced in the request of the Government of Great Britain for the convocation of the Conference, have declared on October 6 their approval of the resolution, the Imperial Government cannot but conclude that the convocation of the Conference is linked to the resolution of the League of Nations. Now the League of Nations, as mentioned above, has expressed its views casting reflections upon the honor of Japan, and it has adopted a resolution which is incontestably unfriendly towards her. In these circumstances, the Imperial Government are constrained to believe that frank and full discussion to bring about a just, equitable and realistic solution of the conflict between Japan and China, cannot be expected between the powers concerned at the proposed Conference.

Moreover, the present Sino-Japanese conflict arising from the special situation of East Asia has a vital bearing upon the very existence of the two countries. The Imperial Government are firmly convinced that an attempt to seek a solution at a gathering of so many powers whose interests in East Asia are of varying degrees, or who have practically no interests there at all, will only serve to complicate the situation still further and to put serious obstacles in the path of a just and proper solution.

For these reasons explained above, the Imperial Government regret their inability to accept the invitation of the Royal Government.

The present conflict has been caused by none other than the Chinese Government, who for these many years have been engaged as a matter of national policy in disseminating anti-Japanese sentiment and encouraging anti-Japanese movements in China, and who, in collusion with the Communist elements, have menaced the peace of East Asia by their virulent agitation against Japan. Consequently, what is most urgently needed for a solution of the conflict is a realization on the part of the Chinese Government of the common responsibility of Japan and China respecting the stability of East Asia, a revision of their attitude, and a change of their policy to that of cooperation between the two countries. What Japan asks of the powers is that they comprehend fully this need. Their cooperation based upon such comprehension can alone, she believes, contribute effectively towards the stabilization of East Asia."

793.94 Conference/122 : Telegram

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

PARIS, October 28, 1937—10 a. m.
[Received October 28—8:35 a. m.]

1533. Following from Davis:

“Department’s 3, October 23, 3 p. m.³⁰ last clause. I shall of course be glad to confer with the Belgian Government regarding possible agenda but it seems to me important to adhere to and cultivate the view that while we desire and expect to cooperate with the other powers concerned, other powers initiated and fostered the idea of holding the Conference in furtherance of responsibility of planning, and leadership should rest with them, our function being to collaborate. I therefore purpose to proceed to Brussels this evening to pay appropriate calls and exchange general views and suggestions with Belgian officials and then probably withdraw and remain away from Brussels until representatives of several other powers shall have arrived there.”

BULLITT

793.94 Conference/128 : Telegram

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

LONDON, October 28, 1937—8 p. m.
[Received 8:15 p. m.]

674. I had an appointment to meet the Prime Minister and Eden together at 6 o'clock yesterday evening, but the Prime Minister was too ill to be seen, and Eden was indefinitely held up in connection with the Non-Intervention Committee.³¹ Therefore, I saw Eden this morning and had an hour's uninterrupted talk with him.

I delivered to him definitely the President's message,^{31a} according to instructions to me, pointing out primarily the success, (1) of the Montevideo,³² and (2) the complete success of the Buenos Aires negotiations,³³ due, as the President felt, to the fact that the participating nations had been led to feel that San Salvador, the smallest, was to be considered as on the same plane not only with the United States, but with the larger South American powers, such as Brazil and Argentina, to which idea the South American and Central Amer-

³⁰ Not printed.

³¹ See vol. I, pp. 215 ff.

^{31a} For substance, see undated memorandum from the file of President Roosevelt's secretary, p. 85.

³² For the Seventh International Conference of American States at Montevideo, December 3-26, 1933, see *Foreign Relations*, 1933, vol. IV, pp. 1 ff.

³³ For the Inter-American Conference for the Maintenance of Peace at Buenos Aires, December 1-23, 1936, see *ibid.*, 1936, vol. V, pp. 3 ff.

ican powers had agreed, through preliminary negotiations; that the President felt that the British should not take the lead in the coming Brussels Conference, nor should any effort be made by the British to push the United States in the lead, and that the smaller powers should be made to feel their position and standing and ideas and purposes were as important, and, indeed, on the same plane, as those of the British and the United States Governments.

I further told him the President felt that the attempt which had been made to pin the United States down to a specific statement as to how far it would go, and precisely what the President meant by his Chicago speech, was objectionable and damaging. Eden stated that his Government in no sense and at no time had taken any such position, and anything that had been said on that subject was irresponsible newspaper stuff, to which the British Government had seriously objected, realizing that it was unfair because nobody could tell in advance just what position it would be possible for the United States, or any other power, to take, and that the situation must develop as the Conference progressed.

He agreed entirely and stated specifically that there would be no attempt by the British Government to attempt the lead, and no attempt whatever by the British to push the United States into such a position. He said that while it was impossible to predict in advance what might be accomplished, his Government felt that it was wise and hopeful to make an effort which might, at least, be a step forward, and might lay a foundation for useful and helpful action in the future.

Eden asked me to convey to my Government the determination of his Government to cooperate with us to the fullest extent at the Brussels meeting, and to do it as tactfully and as intelligently as possible. He stated he was going to Brussels a day ahead in order to have time to go over the whole matter fully with Norman Davis and to reach an agreement as to the line his delegation should pursue, in advance of the meeting.

I told him further that for 3 years we had sought to work out a trade agreement with the British,³⁴ that in my opinion the time was short in which such an agreement could be made, and that the failure to do so would have a serious effect on American public opinion, and would make any further cooperation between the British and American Governments very difficult. Now that the Australian election was over, whatever position Australia might take, the fact that an agreement between the British and American Governments could be made with a party to the Ottawa Agreements³⁵ was shown by the fact

³⁴ For correspondence regarding proposed trade agreement between the United States and the United Kingdom, see vol. II, pp. 1 ff.

³⁵ Agreements concluded at the Imperial Economic Conference, Ottawa, signed August 20, 1932, *British and Foreign State Papers*, vol. CXXXV, pp. 161 ff.

that we had made a trade agreement with Canada.³⁶ He agreed with me entirely and told me that the entire Cabinet realized this and were determined to make progress on a definite basis as soon as practicable.

I reminded him of the fact that it was reported in the newspapers that about 100 Conservative members of the House of Commons had signed a manifesto opposing any trade concessions. I told him we had been all through this in this case, and while I recognized the necessity imposed upon Great Britain to change its policy of free trade, in view of the fact that it could not hope to remain on a free trade basis with the rest of the world with embargoes, quotas, excessive tariffs and excess nationalism, that still we knew from experience in the United States, the tariff duties to manufacturers were very much like injections of morphine, which proceeded from moderate dosage to increasing quantities, and that our own manufacturers had carried this to the point where they had created a virtual embargo against the rest of the world and had destroyed themselves; that at least some of our tariff beneficiaries had learned this lesson and were supporting the present policy of the United States Government, and that there was still time, but that a short time, in which our Government could carry through such an agreement with Great Britain and when this time was passed, it would probably pass forever. He assured me that the entire Government realized the situation and felt that they could cope with the opposition, and, while he was not in immediate touch with the Board of Trade, through which any action must come, he felt that within a reasonably near future some favorable action would come.

BINGHAM

793.94 Conference/129 : Telegram

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

Moscow, October 29, 1937—11 a. m.

[Received October 29—9:30 a. m.]

280. Supplementing my 269, October 18, 9 p. m., the Soviet press commented editorially for the first time today on the Brussels Conference. Vigilis and Korradov, who are considered here as authoritative spokesmen for the Government, emphasized the following points in *Izvestiya* and *Pravda*:

1. Combined action on the part of only those states immediately interested in the Pacific would have been more advisable than the convocation of a cumbersome international conference.

³⁶ Signed November 15, 1935; Executive Agreement Series No. 91, or 49 Stat. 3960.

2. The participation of Italy, Portugal, Bolivia and possibly Germany is unfortunate for they will undoubtedly try to transform the Conference into a replica of the London Nonintervention Committee. Aggressor nations should not be invited to discuss the means of struggling against aggression.

3. Italy has accepted in order to champion the integrity of Japan. Japan has calmly turned down the invitation to participate knowing that "the Italians and the Germans will do everything in their power to secure for Japan a free hand with respect to China".

4. England is in no way ready to renounce its attempts to come to an agreement with Japan and is striving only to protect its interests in the Pacific by limiting the extent of Japanese aggression.

5. It is too early to judge whether the United States is ready "to show initiative in the matter of taking positive measures" against Japan. "It is possible, however, that American diplomacy will introduce a new ray into the negotiations. President Roosevelt's speech seems to show a realistic approach to problem of protecting peace."

6. There is little possibility that any concrete action will be taken by the Conference. Past performances in London and Geneva have shown that the democratic states are afraid of the aggressor nations and "even of their own shadows". There is little reason to expect any stronger opposition to Japan than that displayed against the seizure of Abyssinia and the intervention in Spain.

"Until the bourgeois governments decide to conduct a practical struggle against military aggression, conferences called by them will only represent various alternatives of the same fruitless and frequently harmful gatherings where there is only talk and no action. There is still no reason to expect that the Brussels variant will be any better than the London one which only serves the aims of the aggressors."

Cipher text by mail to Brussels.

DAVIES

798.94 Conference/131 : Telegram

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

BERLIN, October 29, 1937—1 p. m.
[Received October 29—10 : 25 a. m.]

258. The Belgian Minister informed me very shortly after his delivery at the Foreign Office late yesterday afternoon of the Belgian Government's invitation to Germany to participate in the Nine Power Conference, that he was orally informed at the time of delivery that the German formal reply, which would be given in a day or two or perhaps sooner, would be in the negative.

The reasons given him were along the general lines described in my 253, October 26, 5 p. m., the recent speech of Eden associating the Conference so closely with the League of Nations being particularly stressed as militating against acceptance.

Von Neurath³⁷ at a dinner last evening confirmed to me Germany's nonacceptance of the invitation. He disclosed to me, however, that the response would almost certainly in some manner leave a door open for Germany's possible later participation. In endeavoring to get at the bottom of the reason for this feature in the German reply, i. e. whether it would be merely a gesture or whether it might possibly have some constructive import, I ascertained at least to my own satisfaction that one element in this was Germany's reluctance to make an unequivocal refusal which would cast her in the role of being unwilling to associate herself in an effort toward peace. Whether other reasons may govern this attitude and in particular whether Germany seriously contemplates later participation I am at present unable to say.

Repeated to Brussels for American delegation. Copies by mail to London, Paris, Rome.

GILBERT

793.94 Conference/137a : Telegram

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

WASHINGTON, October 29, 1937—1 p. m.

272. Under date October 28, the Associated Press reports from Paris that a high Japanese source has disclosed what were said to be the minimum conditions on which Japan was willing to negotiate peace in China; that the informant said that Japan was disposed to accept friendly conversations on peace in China and he suggested that the Brussels Conference might give several interested nations a mandate to sound out the Japanese and Chinese Governments on their minimum terms. According to the press report, the Japanese terms were said to be (1) temporary occupation by Japan of China's five northern provinces; (2) creation of a neutral zone about Shanghai, from which Chinese troops would be excluded and in which order would be maintained by an international police force of Japanese, American, British, French and Italian troops. These terms were said to represent the views of Japanese diplomats in Europe and presumably also of the Tokyo Government, although the views of the Japanese Army leaders had not been ascertained. The significant point of the Japanese attitude, according to the report, was that Japan intended to keep its armies on a line to the south of China's five northern provinces for the purpose of preventing Russia from sending troops to China through Mongolia.

Please telegraph the Department urgently (*a*) whether the making of this statement with its description of Japanese terms is publicly

³⁷ Baron Constantin H. K. von Neurath, German Minister for Foreign Affairs.

known in Japan; (b) whether such terms represent the attitude of the Japanese Government; and (c) your comment as to the significance of the Paris report.

WELLES

793.94 Conference/135 : Telegram

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

ROME, October 29, 1937—7 p. m.

[Received October 29—4:10 p. m.]

460. Embassy's telegram 454, October 25, 6 p. m.³⁸ In conversation with Count Ciano³⁹ this afternoon he denied the recent press reports that he was considering going to Brussels for the Nine Power Conference. It was not impossible, however, that he might go later should this seem desirable. In reply to my inquiry as to his attitude with regard to the Conference, he expressed the opinion that if the powers could succeed in bringing about conversations between Nanking and Tokyo it would be helpful but he added that in doing so the Conference should take a realistic view of the actual situation. The Conference might, he thought, induce Japan to put forward minimum demands.

Repeated to Brussels.

PHILLIPS

793.94 Conference/134 : Telegram

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

MOSCOW, October 29, 1937—7 p. m.

[Received October 29—5:06 p. m.]

282. I have the honor to advise that in an extended luncheon with me alone Litvinov⁴⁰ confirmed generally the attitude expressed in my telegram 280, October 29, 11 a. m., with reference to the Nine Power Pact Conference. He advised that the Soviet Government today received an invitation to the Conference; that he contemplated leaving Sunday together with Potemkin, Vice Commissar for Foreign Affairs; that he, Litvinov, would stay there at least for the opening sessions. He stated that the vital interests of the Soviet Government were less affected by the Far East situation than those either of Britain or of

³⁸ Not printed.

³⁹ Count Galeazzo Ciano, Italian Minister for Foreign Affairs.

⁴⁰ Maxim Litvinov, Soviet Commissar for Foreign Affairs.

France in Indo-China; that he had little confidence in the outcome due to what he considered the weakness of the French and particularly the British attitude. He spoke enthusiastically of the "great moral effect of the President's Chicago speech" but expressed doubt as to the United States being able to implement the purpose to bring about practical realistic justice to China. He stated that the English and French at Geneva "had hidden behind the United States" in that they held that they could do nothing unless they were assured of the active participation of the United States and that he suspected that in their representations to the United States they were "hiding behind" an alleged insecurity as to what the Soviet attitude would be. He stated further that the Soviet Union was prepared to take a strong position if it were in cooperation with the United States, France, and England; that the Soviet Union was seriously interested in the cessation of hostilities and in the establishment of peace and collective security and in the rehabilitation of respect for the sanctity of treaties as between nations. He hoped to establish close contact with the American delegation upon his arrival in Brussels.

As to the European situation generally, he was very pessimistic particularly as to Germany, Austria, and Czechoslovakia, which condition he attributed to the alleged weakness in the policy of France and England.

Not repeated to Brussels due to code used.

DAVIES

793.94 Conference/136 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, October 29, 1937—10 p. m.

[Received October 29—7:45 p. m.]

2. Gibson and I paid a courtesy call on Spaak today. He informed us that he had just received word that Germany declined to attend the Conference because it was too closely associated with the League but had left the door slightly ajar in case she later felt it advisable to reconsider. Russia on the other hand had complained that the invitation did not mention the League.

We then tentatively discussed procedure although we agreed that before any definite decision was made it would be advisable to await the arrival of the British delegation which is scheduled for Tuesday morning.

Spaak thought that the first day or two of the Conference would be devoted to speeches by the delegates.

He then said that he had been considering in view of Japan's refusal how to phrase a further invitation as from the full Conference so as to induce and facilitate her acceptance. I suggested that he might consider in his opening address a reference to the fact that Belgium had purposely refrained from mentioning the League in the invitation because it did not consider that this was a League conference. Spaak replied that he was quite prepared to do this and thought it advisable but felt that we should confer on this point with the British. He thought that in not contesting the validity of the Nine Power Treaty Japan had given an opening by which the Conference might profit.

DAVIS

793.94 Conference/141 : Telegram

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

BERLIN, October 30, 1937—1 p. m.

[Received October 30—11:30 a. m.]

261. My 258, October 29, 1 p. m. With reference to Germany's non-acceptance of the invitation to Nine Power Conference the DDPK,⁴¹ the semi-official organ of the Foreign Office, comments as follows:

"The initiative to hold such a conference in consideration of current events in the Far East however was that of the League which as Foreign Minister Eden mentioned in his latest speech in the House gave a clearly defined mandate to the Conference. If a conference which seeks the termination of a conflict by pacific means is so plainly repudiated by one of the parties thereto the possibilities of success are extremely limited especially in view of the lack of diplomatic preparation. All these circumstances of course do not hinder the German Government from being conscious of its general duty and from cooperating as soon as in its view the conditions for so doing prevail. It is however quite obvious that the Reich Government is already at present sympathetic toward every move which might be directed toward pacification in the Far East."

Repeated to Brussels for American delegation.

GILBERT

⁴¹ Deutsche Diplomatisch-Politische Korrespondenz.

793.94 Conference/138: Telegram

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

Тоkyo, October 30, 1937—4 p. m.
[Received October 30—8:40 a. m.]

503. Department's 272, October 29, 1 p. m.

1. A Domei despatch from Paris, which was published by all papers yesterday evening, attributes to the Associated Press a report that there is a growing feeling that a conference inclusive of powers with little or no interests in the Far East would serve no useful purpose, and that it would be advisable for the United States, Great Britain, France and Italy to endeavor jointly to mediate. The source of this suggestion is not indicated, except in another Domei despatch published in the *Japan Advertiser* reporting Sugimura's⁴² denial of having mentioned the word "armistice" in interview with Associated Press correspondent or in any other conversation. Several of the papers state this morning that Japan desires direct negotiations with China without interposition of third powers, and that if the latter wish "to save the prestige of the Conference they should individually urge China to ask Japan for an armistice." They stress that there can be no change in Japan's stated attitude. Summary of editorials of the *New York Times* and *Herald Tribune* of October 28 cabled by Domei was also published this morning.

2. Hitherto the attitude of the Japanese Government toward peace terms has been expressed to me only in the most general terms envisaging Hirota's "three points" (see Embassy's 475, October 15, 5 p. m. paragraph No. 2). As the Department is well aware the interpretation of these points can be so broad as to leave the matter of terms completely nebulous unless or until stated with greater precision. In my opinion the most effective way of ascertaining the mind of the Japanese Government in this respect is for me to ask for an appointment with Hirota at his residence in order to avoid publicity and to tell him that I had come on my own initiative without instructions having in mind a remark made to him by me on August 6th (see our 248, August 6, 5 p. m.⁴³ paragraph No. 2) that I hoped he would let me know if at any time I could be personally helpful. This exploratory method of approach could lead up to the Brussels Conference and might conceivably elicit some closer indication of Japan's present intentions without in any degree committing or involving our Government. The use of "go betweens" in such important matters is liable to be unsatisfactory and unreliable. It seems not impossible that

⁴² Yotaro Sugimura, new Japanese Ambassador in France.

⁴³ Vol. III, p. 337.

Hirota might welcome such an opening to mobilize elements in Japan which do not favor war to the bitter end. I shall of course avoid such an approach until a reply to this telegram is received from the Department.

3. We will continue to follow developments with care.

GREW

793.94 Conference/147a : Telegram

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

WASHINGTON, October 30, 1937—4 p. m.

14. There is offered below the text of a draft resolution which might be presented by one of the smaller powers at the Conference and which, if adopted, might represent a definite step which the Conference might take. The draft resolution is only suggestive as to concept, form and substance and is sent to you for your consideration and as of possible helpfulness to you. It envisages possible action in the event that Japan declines another invitation to the Conference or if it is determined that no further invitation is to be extended. The text is as follows:

“Whereas the Nine Power Treaty is based upon and embodies certain fundamental principles which are set forth in the first Article of the Treaty which reads as follows: (insert here the text of Article 1); and

Whereas these principles are not unusual or special in character; were widely accepted 15 years ago when the Treaty was signed and are even more widely accepted today; and are among the principles enunciated in the statement of the Secretary of State of the United States of July 16, which has received express approval and support by practically all nations of the world; and

Whereas the nations which signed or adhered to the Nine Power Treaty, by that very fact, mutually recognized their common interest in the fundamental objectives of the Treaty—namely, stability, the maintenance of peace, and progress in the Far East—and expressed their conviction that these objectives can best be attained through the practical application of the principles upon which the Nine Power Treaty rests; and

Whereas the hostilities now in progress in the Far East are of direct concern not only and especially to the parties to the Nine Power Treaty, but to all nations, since it has been proven repeatedly that a conflict in any part of the world disturbs the peaceful development of economic and political relations of all.

Resolved that the governments represented at this Conference solemnly affirm their common and mutual interest in the fundamental objectives of the Treaty and express their emphatic and unanimous belief that the principles of the Treaty afford a framework within

which hostilities can be brought to a close and a peaceful settlement of the controversy in the Far East can be effected, and

Be it further resolved that

Taking cognizance of the fact that the Japanese Government has declined the invitation to be represented at this Conference, and, in order to facilitate the initiation of conversations leading to a peaceful settlement of the dispute on the basis of the principles embodied in the treaty, the Conference invites the governments of Germany, Great Britain and the United States to hold themselves in readiness to explore with the two parties to the conflict methods by which these purposes may be attained.

The Conference further invites the governments of Germany, Great Britain and the United States to apprise the two parties to the present conflict of this resolution and to concert together as to the means of procedure best calculated to obtain the objectives of this resolution."

It was our thought that, after the adoption of such a resolution, the Conference could recess or adjourn for a period not to exceed 1 month, subject to prior convocation by the Chairman at the request of any one of the signatories.

(If you think well of the suggestion and your colleagues are in agreement, I suggest that you discuss with them the advisability of sounding out the Japanese Government, through diplomatic channels, as to their readiness to entertain the procedure embodied in the resolution. It may be advisable to make such soundings prior to the adoption of the resolution.)

We will appreciate your views both on this suggestion and on that contained in telegram No. 549, October 25, 6 p. m. to you at Paris concerning a renewed invitation to Japan to be issued by the Conference.

WELLES

793.94 Conference/140 : Telegram

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

TOKYO, October 30, 1937—7 p. m.
[Received October 30—1: 50 p. m.]

505. Department's 272, October 29, 1 p. m. I have been considering with my British and French colleagues whether there is any recommendation we could usefully make from here to assist deliberations of the Brussels Conference. Craigie and I have agreed to send an identical telegram in the following terms and I understand that French Ambassador is telegraphing in the same sense.

1. No form of collective mediation or of good offices which might lead to mediation is likely to be acceptable to the Japanese Government because any such offer, however carefully worded, in the Japanese view contain[s] an element of pressure. Foreign pressure will be

resisted to the last ditch. Anglo-American mediation would be even more unpalatable than mediation by larger number of powers.

2. It is possible that mediation or offer of good offices by a single power (preferably Great Britain or the United States) might be acceptable to the Japanese Government at the appropriate moment but that moment has not yet come. It might come if Japan were to gain a signal victory in the field (more striking than the recent success at Shanghai) or if the readiness of the Nanking Government to enter upon negotiations were to become more apparent than it is today.

3. If the door is to be left open to such mediation it seems important that Conference should adhere strictly to its mandate of attempting to promote peace by agreement and avoid any further expression of opinion on origins of conflict or responsibilities involved. The greater the appearance of impartiality the better the chances of an ultimate successful mediation. As viewed from here best solution would be that Conference should appoint a small number of interested powers to keep in close touch with developments and should the situation warrant it to offer either their collective mediation or the mediation of one of their number by agreement with the others. It would be unfortunate if any decision were to be taken which would in practice rule out mediation by a single power because this might in effect rule out mediation altogether.

4. The possible effects of the proceedings of the Conference on the internal situation here will no doubt be borne in mind. There are constant rumors that Mr. Hirota's position is somewhat shaken. The army and navy are said to favor replacement of Mr. Hirota by Mr. Matsuoka⁴⁴ and it will be realized that any such outcome of the present political comings and goings among influential elements in Japan would probably mean the adoption at the front of even more ruthless methods of ultimate imposition of harsher terms on China. Fall of Mr. Hirota with its implications that the moderate elements are in retreat would have unfortunate results for United States and British interests.

5. It is very noticeable that the war spirit here is growing.

Repeated to Nanking.

GREW

793.94 Conference/138 : Telegram

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

WASHINGTON, October 30, 1937—7 p. m.

276. Your 503, October 30, 4 p. m. Inasmuch as news reports and *ballons d'essais* concerning Japanese attitude may be frequent in the coming days and as the Department desires to have as authoritative information as practicable, the Department desires that you use your discretion as to making informal inquiries of the Government in regard to any such reports, including the report under reference. With

⁴⁴ Yosuke Matsuoka, president of the South Manchuria Railway Co.

further reference to the latter report, the Department would suggest that you make no special and separate approach but take occasion to make inquiry in regard thereto when you are approaching the Foreign Office on some other matter.

WELLES

793.94 Conference/143 : Telegram

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

LONDON, October 30, 1937—9 p. m.
[Received 9:37 p. m.]

681. The Japanese Ambassador⁴⁵ made an appointment for 11 o'clock this morning and talked for an hour about the situation in the Far East. He said he had seen Eden yesterday and had told him what he was now telling me. The Ambassador began with the statement that while his Government had felt it necessary to decline the invitation to the Nine-Power Conference, the Japanese Foreign Office had nevertheless informed the American and British Ambassadors in Tokyo that the Japanese Government wished to bring about a cessation of war in the Far East and would welcome an opportunity to discuss the matter with the representatives of the American and British Governments. I talked with Eden over the telephone immediately after the Japanese Ambassador left and when I told him this he said that his Government had certainly received no such information. Neither he nor I, of course, know whether any such information had come to the American Government.

Yoshida stated further that his Government had felt it necessary to send a punitive expedition to China on account of Chinese hostility and boycott but especially did not intend to attempt to hold Shanghai, and that public sentiment which had backed up this expedition so far had now turned in the other direction feeling that the army and navy had gone too far.

But the main point which he wished to get over was that if the Brussels Conference adopted a resolution condemning Japan outright it would be very difficult to conduct the peace negotiations which his Government was eager to begin. On the other hand, if a subcommittee was formed on which the American and British Governments would be represented, the Japanese could confer with this subcommittee as, he said, behind a "smoke screen" and without publicity as to the character or scope of the negotiations. A foundation

⁴⁵ Shigeru Yoshida.

could thus be laid for a peace conference in which his Government would participate with a desire to bring the war in the Far East to an end. He said further that the army and navy, which prior to 1930 had taken no part in politics, were very much alarmed at that time at the reduction in the budgetary allowance for the army and navy; that this had led to the assassination of one Prime Minister, attacks on two others, and the assassination of elder statesmen by army elements; and that the army especially, with support from the navy, forced the attack on Manchuria. Since that time the army had got the upper hand by continuous propaganda that the Japanese people were in great danger; had forced the former attack on Shanghai and had forced the present attack on China, which attacks had been supported by the majority of the Japanese people as a result of propaganda on the part of the army and navy. Now public sentiment has turned, the people feel the army and navy have gone too far and they want the war to end, being influenced by the additional heavy taxation imposed on behalf of the army and navy. Yoshida recited the fact that when the punitive expedition against China was proposed the cost was presented to the Diet by the army and navy chiefs, as very much smaller than had been found necessary later. The Japanese had believed there would be a short and swift punitive expedition which would not be too costly and in view of what he called the "Russian menace" they had sent a comparatively small number of troops, and not their best troops, to China in the beginning. The resistance by the Chinese was unexpectedly strong and had forced the Government to send a larger and stronger army while at the same time building up a very large and powerful army for protection against the Russian menace. All of these factors, he said, had had their effect on Japanese public sentiment to such an extent that the desire of the people of Japan, now reflected by the Government, was for a cessation of hostilities as soon as practicable.

I repeated to Mr. Eden over the telephone especially that portion of the conversation suggesting the possibility of Japanese representatives meeting with representatives of a subcommittee at Brussels, particularly if representatives of the British and American Governments were on the subcommittee and the meeting could take place before the announcement of any finding by the Conference as a whole. Eden said that the Japanese Ambassador had made the same statement to him yesterday and that he would be glad if I would transmit in this despatch his feeling that it was worth while giving anything a trial; that naturally both the American and British Governments wanted to bring Japan into Conference; that this seemed to be the only practicable method of doing so, and that he thought a resolution condemning the Japanese outright, which might well come out of the

Brussels Conference, could be held over the heads of the Japanese representatives who conferred with the subcommittee. At any rate Eden said he felt it was worth trying and that his Government would be entirely willing to go along with our Government if the United States should approve an effort along the lines suggested by Yoshida.

Eden reminded me of what I know so well from my frequent contacts with educated cosmopolitan Japanese like Yoshida and his predecessor Matsudaira and others, that no one can accept a statement from this type of Japanese as really representing the attitude of the Japanese Government. I agreed with Eden altogether in this although I agreed with him also that Yoshida must have had some definite instructions from his Government to try to bring about an opportunity for Japanese representatives to confer with the subcommittee of the Brussels Conference before final action should be publicly announced by the delegates to that Conference.

Copy to American delegation, Brussels, by pouch.

BINGHAM

793.94 Conference/143 : Telegram

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

WASHINGTON, October 31, 1937—2 p. m.

433. Your 681, October 30, 9 p. m. No approach resembling that made by Yoshida to you and reported in your first paragraph, has been made either by the Japanese Foreign Office or the Japanese Ambassador here.

WELLES

793.94 Conference/143 : Telegram

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

WASHINGTON, October 31, 1937—2 p. m.

277. In a strictly confidential telegram of October 30th Ambassador at London reports that Japanese Ambassador informed him on that day that the American and British Ambassadors [at] Tokyo had been informed by the Japanese Foreign Office that the Japanese Government desired to put an end to the hostilities in the Far East and would like to discuss the matter with American and British Representatives.

We have telegraphed London that no such approach has been made to us either at Tokyo or Washington.

The Japanese Ambassador further suggested to Bingham the possibility that Japanese representatives might meet with a sub-committee

of the Conference at Brussels, especially they would be disposed to do so if America and Great Britain were represented on the sub-committee and if such meeting could precede any action by the Conference as a whole in the direction of a definite finding. Bingham telephoned Eden and found the Japanese Ambassador had made the same statement to him the preceding day.

In the course of the conversation Yoshida told Bingham that public sentiment in Japan has turned against the army. The people feel that the army and navy have gone too far and want the war to end. They are influenced by heavy taxation involved in the maintenance of the struggle. The struggle has cost much more than expected and Chinese resistance has been much stiffer. All of these factors have had their effect upon Japanese public sentiment to such an extent that the desire of the Japanese people, which the Government shares, is to cease hostilities as soon as practicable.

In view of your 505, October 30, 7 p. m. we would appreciate your comment both on the suggestion and on Yoshida's analysis of public opinion.

WELLES

793.94 Conference/151 : Telegram

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

Moscow, October 31, 1937—11 p. m.
[Received October 31—9:40 p. m.]

284. On the eve of Litvinov's departure I found occasion to have another and extended conference with him and believing that the information might be of some value to the American delegation at Brussels I have decided to cable report as follows.

Litvinov does not expect to stay for the entire Conference. He definitely leaves this evening for Brussels. He expressed the positive opinion that China would not accept a peace through mediation if it involved the relinquishment of the northern provinces to Japan. In reply to my inquiry as to how China could carry on without supplies he rejoined that China could conduct a [resistance?] indefinitely and that adequate supplies for this character of warfare could be procured despite the blockade and despite possible difficulties in shipments via Indo-China. The implication was that supplies would go overland. In connection with Germany's refusal to attend the Brussels Conference he stated that Germany had submitted to Hirota the question of whether Germany should participate and that the reply had been in the negative; that Japan did not wish any of its friends by attendance to seem to countenance the implied violation of the Washington

Treaty; that subsequently Japanese Ambassadors in Western Europe had strongly urged that Germany should attend but that Hirota again rejected the proposal. As to Italy, Japan took the position that it offered no objection to its participation. This in the opinion of Litvinov was solely for the purpose of having a friend who was able to report from the inside upon the facts for Japan's information and guidance. He purported to know that some time before the Conference was called Japan had informally advised Britain of its desire for mediation; that the British Foreign Office was deeply disappointed with Japan's refusal to attend and had brought pressure to bear in the hope that mediation could be negotiated forthwith at this Conference. He stated that there was conflict in Germany between the financial and commercial German interests in China and the political obligations of the German Government. In reply to my query as to whether Germany through Ribbentrop's visit to Rome had brought Italy into the Japanese-German Anti-Communist Pact ⁴⁶ he answered in the affirmative. In reply to my question as to whether in his opinion this amounted to an offensive and defensive military alliance he answered in the negative but qualified it with the statement that under modern conditions when wars existed without formal declaration it was not necessary that obligations of a military nature should be formally and expressly declared as between the parties. He was definitely pessimistic as to any substantial accomplishment of a realistic character at Brussels.

In the assessment of the attitude of the Soviet Government in this situation you may find the following statement which he made to be illuminating.

Maiski ⁴⁷ in the Non-Intervention Committee had taken the position that the Soviet Union would not assume any responsibility in connection with the British-French plan but stated that the Union of Socialist Soviet Republics would not embarrass any peaceful efforts of the others and would abstain from voting; that Italy had refused to accept that attitude. In reply to my query as to whether the Soviet Government would proceed firmly to that position he stated that it would. He added that France and England had brought their strongest pressure to bear upon his Government to alter its position and to go along with them; and that the French and English Ambassadors had urged upon him here that his Government should cooperate in this situation as to do otherwise would be to place the Soviet Government before the world in the intransigent attitude of blocking the possibility of peace and would "isolate the Soviet Union". He stated that his reply was that it was better to be isolated and to be

⁴⁶ See vol. I, pp. 605 ff.

⁴⁷ Ivan Maisky, Soviet Ambassador in the United Kingdom.

right than to be associated and be ethically wrong as well as to be intellectually misled as to the means of effecting peace. He stated definitely to them that the Soviet Union was prepared "to be isolated". This confirms a statement which was made to me by a high Commissar here last July indicating the indifference of his Government to the attitude of the outside world, including both France and England, and which was to the effect that the Union of Socialist Soviet Republics would proceed along lines of its own policy in supreme confidence in its ability to withstand enemies from without. In reply to my query as to whether the Government could rely upon the loyalty of the army after the shooting of the Red Army generals and in the face of the present purge Litvinov replied "the army is devoted to the principles of 'the cause' and is loyal not to the generals but to the Government".

In any assessment of this Government as a factor in the international situation in my opinion it would be a mistake to underestimate the strength of the Government here. In my opinion, corroborated by the judgment of many of the conservative members of the Diplomatic Corps, this Government has the army well in hand, and barring some accident is firmly entrenched. A large section of heavy industry has been placed under the direct administration of army control and discipline. The Government is now engaged in negotiations for the procurement of war materials, trucks, et cetera, with indications of somewhat feverish activity. This Government undoubtedly feels very confident of its ability to defend itself against military attack from either East or West or from both simultaneously. The masses seem to be conscious of the menace of war and the effects of this extensive and terrible purge seem to be largely offset among the masses by that fact.

Not repeated to Brussels due to the code.

DAVIES

793.94 Conference/148 : Telegram

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

BRUSSELS, November 1, 1937—noon.
[Received November 1—9:25 a. m.]

7. Your 15, October 30, 7 p. m.⁴⁸ I suggest that the opinion expressed to the effect that Japan would not accept mediation if offered jointly by Great Britain and the United States, but would be more

⁴⁸ Not printed; it repeated telegram No. 505, October 30, 7 p. m., from the Ambassador in Japan, p. 124.

likely to do so if it were offered by one or the other is something that Craigie would like to have us assume. I worked closely with Craigie and I know not only his strong pro-Japanese bias but how his mind functions; and his optimism with regard to the moderate element in Japan was clearly shown in the statements which Ottawa reported as having been made by him when there. Craigie probably calculates that the United States would not wish to undertake mediation alone, which I feel strongly we should never do, but that we might agree to have the British undertake it with the backing of the United States and other powers which I also feel would be a dangerous procedure for us to be connected with.

DAVIS

793.94 Conference/152 : Telegram

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

BRUSSELS, November 1, 1937—1 p. m.

[Received 1:35 p. m.]

8. Your 14, October 30, 4 p. m. It is not possible for me to judge yet as to the possible practicability of a procedure following the lines indicated. I think that we must wait until I have exchanged views with the other delegations, ascertain what they have in mind and observe developments during the early stages of the Conference.

It is possible that the use of such a resolution including the appointment of such a committee might finally prove to be the most practical method of ultimately bringing about an agreement but if suggestion of that procedure were made prematurely I fear that it would be construed as an indication of a defeatist attitude and as a maneuver to kill and bury the Conference. I therefore feel that we should not give at this stage any indication that we have any thought of such a procedure for, as I understand it, it is our function to endeavor to accomplish something constructive; we should not suggest or direct attention to a possible method of bringing the Conference to an end until there has first been made a concerted effort to make the influence of the Conference felt and to take any steps possible toward that objective.

As to the suggestion contained in your 549, October 25, I have thought, as indicated in my 2, October 29, that it would be better to have Belgium do this. While Belgium is agreeable to the suggestion I made they think it advisable to consult the British because some officials of the British Government have in answering the attacks of the Opposition rather indicated that this Conference did grow out

of the League resolution although Eden in his speech of October 21 indicated that it is to be an independent conference under the Nine Power Treaty. In view, however, of Japan's reply to Belgium basing her refusal to attend largely on the ground that the powers had already cast reflections on Japan and are not in position to act as impartial mediators, I doubt whether it would have much if any effect to pass any resolution on the subject of the origin of the Conference.

However, the Department's suggestions under reference will have our constant consideration. Meanwhile, on the basis of the last paragraph of the Department's instruction of October 18 and in the light of the views which the President expressed to me at Hyde Park⁴⁹ and of soundings which I have thus far made, my present tentative view of a possibly practicable procedure for the Conference is somewhat as follows:

(1) Plenary session in which the delegates express their Governments' views respectively as to objectives, et cetera.

(2) China state her case before the full Conference and then perhaps step aside.

(3) Create a ways and means committee to consist of powers other than China and Japan.

(4) Decide as to inviting Japan to attend the Conference.

(5) If Japan is again invited and by some given date has not accepted, consider possible next steps, such as, (1), to direct both sides to agree to mediation, and (2), preparing, if that be refused, a proposal for a cessation of hostilities, (3), perhaps asking Japan what her intentions are, and (4), organizing a committee to formulate a possible general plan for submission as a basis for settlement by agreement.

When the Conference has gotten under way and at an opportune moment it might become expedient to consider resorting to a resolution and procedure such as outlined in your telegram under acknowledgment.

The above is, however, all tentative.

DAVIS

793.94 Conference/165b : Telegram

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

WASHINGTON, November 1, 1937—4 p. m.

434. Press reports Eden stated in Parliament today "The United States took the initiative in convoking Nine Power Conference, etc."

⁴⁹ See undated memorandum on p. 85.

and "I feel I ought to make it quite plain that the initiative for holding the Conference in Brussels never came from us at all, but from the United States."

Please cable urgently text of what Eden actually said pertinent to these statements.

WELLES

793.94 Conference/165a : Telegram

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

WASHINGTON, November 1, 1937—5 p. m.

24. I hope you will understand how reluctant I have been to suggest the changes indicated in the text of your address.⁵⁰ I have, however, talked the matter over both with the President and with the Secretary, and they believe that the suggested amendments are desirable. Your address will very largely determine public opinion in this country as to our whole policy with regard to the Nine Power Treaty Conference and since it will be in effect the keynote of the Conference, it will be a determining factor in crystallizing public opinion in other countries. For that reason only, it seemed to us here desirable to be sure that no phrases or sentences in your address, no matter how logical and desirable they might be if read in conjunction with the rest of the address, could be lifted out of their proper context and thereby given a wholly erroneous interpretation. Please telephone me if you still feel that any of the modifications we have suggested should be omitted.

WELLES

793.94 Conference/153 : Telegram

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

TOKYO, November 1, 1937—6 p. m.

[Received November 1—1:25 p. m.]

507. Department's 277, October 31, 2 p. m.

1. I am astonished by Yoshida's statements.

2. Neither Hirota nor any other responsible official in the Japanese Government has indicated to me or to any member of my staff that the Japanese Government desires to discuss with American and British representatives the terminating of the hostilities in the Far East.

⁵⁰ Original draft of address and revisions, as cabled, not printed. For final text, as delivered November 3, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 404.

3. We have as occasion offered telegraphed Japanese press opinion which reflects as closely as we can judge the position of the Japanese Government and people. We now add an excerpt from an editorial which appeared yesterday in the *Asahi*, for the reason that this is probably the most influential and at the same time the most moderate Japanese paper:

“The position of Japan is that it positively wants no armistice until China reconsiders its attitude and is prepared to liquidate its anti-Japanese policy. There is need for the concerned powers to revise their knowledge on this point. Rumors to the effect that Japan desires an armistice derive from prejudiced countries which seek to succor China from the plight into which it has fallen, and the effort by the powers toward peace which is based on these rumors is, so far as Japan is concerned, merely misplaced kindness.”

There is no evidence that, apart from “big business”, especially that element directly engaged in foreign trade,—and that element dares not be vocal—there is any substantial section of the population which now holds any such opinion as that described by Yoshida. There has recently been no substantial increase in taxation the incidence of which would fall on the masses; there is no unemployment worth mentioning; exports are being well maintained; and the military occupation are being described as an uninterrupted series of victories. Losses are minimized. Of these factors, we cannot but regard expressions of press opinion such as that above quoted as reflective of the national will, especially when their daily reiteration is unrelieved by manifestations of contrary thought.

4. We believe there is a greater probability that the suggestion that Japanese representatives have an early meeting with a subcommittee of the Brussels Conference originated with Yoshida than that it was put forth by him under instruction. As the Department is aware, Yoshida has initiative, he has been active and imaginative in trying to restore good relations between Japan and Great Britain, and he is not on good terms with the Japanese military. All these facts suggest that Yoshida is endeavoring on his own initiative to find a path out of the difficulty. However, the possibility that he spoke with the knowledge of his Government cannot be entirely eliminated. In our telegram 482, October 20, 5 p. m. we reported that some Japanese advocated Japan's attendance at the Brussels Conference. We understand that this view is still being advanced, but necessarily in modified form to meet the situation brought about by subsequent Japanese refusal to attend the Conference. It may well be, therefore, that the Japanese Government is endeavoring through Yoshida to find some basis for indirect Japanese contact with the Conference.

793.94 Conference/157 : Telegram

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

TOKYO, November 1, 1937—7 p. m.
 [Received November 1—1:55 p. m.]

508. We feel that background material as presented hereunder⁵¹ may be helpful to the Department at this time especially in connection with the subject of the Department's 277, October 31, 2 p. m., to which we are replying in a separate telegram.

1. The Department has probably noticed a press despatch from Hedges⁵² on a resolution adopted on Saturday⁵³ by a group of members of Parliament denouncing Great Britain for attempting to form a common front against Japan and advocating that diplomatic relations with Great Britain be broken off. The previous night a "delegation" visited the British Embassy to protest against the supplying of British arms to China. The press is again referring in heated terms to the "unfriendly attitude" of the British forces at Shanghai charging *inter alia* that British troops supplied food to Chinese troops beleaguered in Chapei and facilitated their escape into the International Settlement, that British warships have been giving range and direction signals to Chinese artillery units and that without making investigation the British accused the Japanese of firing the shell which killed or wounded four British soldiers. The incidents above cited, in our opinion, are not intrinsically important but they are symptomatic and not [un]reflective of the intense dislike and suspicion of the British which prevail among all classes as expressed in the resolution above mentioned.

2. Although there is in our opinion no evidence that the Japanese Government contemplates translating that feeling into any action directed against Great Britain alone, the British Ambassador in conversations with me last Saturday seemed concerned, if not alarmed, over the hostility of the Japanese Navy toward Great Britain. (He believed that the army's attitude is relatively moderate.) He referred to the recent action by France in stopping the sending of arms and munitions to China through Indo-China and he said that as Hong Kong is now the principal place of entry into China for war supplies the animus of the Japanese is now concentrated on the British. He thought that the formation of a new Japanese naval unit designated as the Fourth Fleet which is operating in South China waters along with other recent developments pointed to plans to "cut off Hong Kong".

⁵¹ See also telegram No. 509, November 2, 2 p. m., from the Ambassador in Japan, vol. III, p. 652.

⁵² Frank H. Hedges, American correspondent at Tokyo.

⁵³ October 30.

3. We do not share Craigie's fears with regard to this last point but we believe that plans are on foot for the taking of further drastic measures by Japan *pari passu* with future political and military developments.

(a) Political: Frequent references are made in the press and in private conversations to possible withdrawal by Japan from the Nine Power Treaty. The principal reason for Japan's not already having withdrawn at any one of various times during the past 6 years is probably that it would vitiate the Japanese argument that the military actions of Japan do not come within the purview of that Treaty. But if the Brussels Conference should find that Japan has transgressed the Treaty there would probably be agitation for withdrawal.

(b) Military: It seems unlikely that Japan would blockade Hong Kong, which would inevitably lead to war with Great Britain, before resorting to the device of declaring war on China and thus acquiring a legal right to search vessels bound for Hong Kong. The possibility of stopping ingress into China through Hong Kong of war supplies is as the Department might well suppose being given serious attention by the Japanese. In this connection a retired admiral who still enjoys strong influence in navy circles informed a member of my staff that Japan might have to inaugurate in the South China Sea a second "Kirkwall". This statement and other pieces of evidence, such as the release of the naval landing force from further operations at Shanghai, suggest that far-reaching plans might be put into effect if the military situation is not well in hand in the near future, say by the end of the year. One possibility which seems likely is that war would be declared against China, a formal and effective blockade instituted, and a naval landing party sent to occupy Hainan or some other point which could be conveniently used as a place to inspect neutral shipping.

4. The attitude of the United States is being presented by press despatches from the United States as one of moderation. Those published today include an extensive summarization of an article by Lippmann⁶⁴ carried by the *New York Herald Tribune* on October 30 and others which stress that the United States will endeavor to avoid being faced by a choice between "drastic alternative".

Repeated to Nanking.

GREW

793.94 Conference/154: Telegram

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

LONDON, November 1, 1937—7 p. m.
[Received November 1—3: 45 p. m.]

683. Your 433, October 31, 2 p. m. communicated orally and confidentially to the Foreign Secretary. He said that it confirmed his view

⁶⁴ Walter Lippmann, newspaper columnist.

that statements from this type of Japanese can not be taken as really representing the views or intentions of the Japanese Government.

Eden leaves tonight for Brussels.

BINGHAM

793.94 Conference/161

Memorandum by the Under Secretary of State (Welles) of a Trans-Atlantic Telephone Conversation With the Ambassador in the United Kingdom (Bingham)

[WASHINGTON,] November 1, 1937.

MR. WELLES: We are very much concerned by both Associated Press and United Press reports of Mr. Eden's speech in the House of Commons today. He is alleged to have said that the United States took the initiative in convoking the Nine-Power Conference. As you know, the facts in the matter were that on October 6 the British Embassy here, by instruction of the British Government, gave us an *aide-mémoire* in which the following statements were made. It referred in the beginning to the action taken by the Advisory Committee of the League which expressed the hope that the other states having special interests in the Far East would be associated with the states who are members of the League in consultation in accordance with the Nine-Power Treaty. Further on in that same memorandum it was stated, I quote, among the points to be considered is the question as to how those invitations should be issued, what form they should take, and where a conference, which is in the view of His Majesty's Government clearly necessary, should take place, end of quotation.

MR. BINGHAM: Eden has left for Brussels and the evening papers contain no such statement. I cannot tell definitely whether or not these reports are correct because we won't see them until tomorrow morning.

MR. WELLES: The difficulty is, however, that it is obviously very undesirable that our morning papers should carry a statement of that character. Let me remind you of another thing also in that connection—

MR. BINGHAM: It is now a quarter to ten here and the evening papers that I have looked over say nothing about that and the actual report would be in the *Times* and the *Telegram* tomorrow morning.

MR. WELLES: That does not solve our difficulty here. We do not want our morning papers here to carry a statement of that character.

MR. BINGHAM: I understand. I will go to work on that immediately and see whether or not that report is correct or incorrect and will get word to you as soon as I can.

MR. WELLES: Let me make this further statement—

MR. BINGHAM: Are you in New York?

MR. WELLES: I am in my office at Washington.

MR. BINGHAM: I will get a message to you there.

MR. WELLES: I want to make another statement to you. I want to remind you that the invitation of the Belgian Government specifically states "At the request of the British Government and with the approval of the Government of the United States, the Royal Belgian Government proposes the meeting at Brussels" et cetera. I have just been talking to the President and he feels that you should obtain a correction, or at least a clarification, if the reports are untrue, so that our press here will not carry any statements of the character which I have read in the morning papers. If Mr. Eden has left perhaps Vansittart⁵⁵ could do that.

MR. BINGHAM: Eden has already left but I will try to obtain a correction of that statement and communicate with you as soon as possible. It is a little more difficult at this time of night here but at any rate I will get the whole staff going and will report to you as promptly as we can.

S[UMNER] W[ELLES]

793.94 Conference/240

Memorandum by the Under Secretary of State (Welles) of a Trans-Atlantic Telephone Conversation With the Counselor of Embassy in the United Kingdom (Johnson)

[WASHINGTON,] November 1, 1937.

Mr. Herschel Johnson called me on the telephone at seven p. m. by instruction of Ambassador Bingham. Mr. Johnson read to me verbatim from the account of the debate in the House of Commons this afternoon from the printed text available. He said that the official text—Hansard—would not be printed until tomorrow morning but that he regarded this text as accurate.

Mr. Johnson said that the quotations published both by the A. P. and the U. P. as contained in the press reports were entirely inaccurate and misleading. He said that the reports were based upon an exchange which had taken place between Mr. Eden and a member of the Labor Party, Mr. Baker. The Labor member had accused Mr. Van Zeeland as being the "cat's-paw of the British Government", alleging that the holding of the Conference in Brussels was done by Mr. van Zeeland at the behest of Great Britain. Mr. Eden in his reply defended Mr. van Zeeland, making it entirely clear that a

⁵⁵ Sir Robert G. Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

decision to hold a Nine-Power Conference had been arrived at after the proceedings at Geneva; that thereupon the nations involved had had to reach an agreement as to the time and place for the holding of the meeting, and that subsequently Brussels had been selected and Mr. van Zeeland as the then Prime Minister of Belgium had issued the invitations to the Conference. The Labor member had then attempted to pin down Mr. Eden and to make it appear that Mr. Eden had dictated to Mr. van Zeeland that Brussels should be the meeting place for the conference. Mr. Eden had then replied that Great Britain had not been responsible for the selection of Brussels as the meeting place, but that the United States took the initiative in suggesting Brussels as the meeting place.

Mr. Johnson read to me the debate and insisted that at no place in his speech had Mr. Eden attempted to make it appear as if the United States had taken the initiative in convoking the Conference. The sole reference to any initiative on the part of the United States had been in connection with the capital where the Conference should be held.

S[UMNER] W[ELLES]

793.94 Conference/156 : Telegram

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

LONDON, November 2 [1], 1937—midnight.

[Received November 1—8 p. m.]

684. For Acting Secretary Welles. Associated Press, United Press and International News Service inform me corrected stories have been cabled. Following are pertinent excerpts from the best record obtainable at this hour of what Eden said in House of Commons respecting Nine Power Conference.

“Mr. Noel Baker’s other complaint concerned League action not on our initiative, but I think wise action to refer this Far Eastern dispute to the signatories of the Nine Power Treaty; the Honorable Member absolutely refuses to appreciate the difference between the position which the United States occupies at Geneva and the position which she will occupy at Brussels. Surely the difference is vital. At Geneva the United States representative was only there as an observer taking no part in the proceedings, having no responsibility for the decisions. We all know quite well that any action, whatever its character, that can be taken in this Far Eastern dispute does essentially depend upon the cooperation of the United States (cheers). I say without hesitation that in order to get the full cooperation on an equal basis of the United States Government in an international conflict [conference] I would travel not only from Geneva to Brussels but from Melbourne to Alaska more particularly in the present state of

the international situation. I am sorry that the Honorable Member made derogatory references to the man who was until lately Prime Minister of Belgium (M. Van Zeeland).

The Honorable Member: I had not the slightest intention of doing so.

Eden: I am very glad to have this cleared up. He referred to M. Van Zeeland as the cat's paw of His Majesty's Government. Did he mean that?

The Honorable Member: I meant that His Majesty's Government had used him as an agent. It was obviously very difficult for M. Van Zeeland to refuse and I regret very greatly that the Government did use him.

Eden: I hope the Honorable Member will carry his explanation a little further because I must do justice to a man who is just now in a very difficult position. Then the Honorable Member implied that it was as a result of pressure from us that the Conference had been held in Brussels. It isn't always easy to lift the veil of diplomacy but as this is a small matter in itself though perhaps rather important to one person I feel I ought to make it plain that as a matter of fact the initiative for the holding of the Conference in Brussels never came from us at all but from the United States Government itself. (Ministerial cheers)

The Honorable Member: May I ask if that request came after the decision had been made that there should be a conference outside Geneva.

Eden: Naturally nobody could suggest a meeting place for the Conference until it had been arranged that a conference should be held.

The Honorable Member: Didn't Mr. Cordell Hull make it perfectly plain that he would rather go to Geneva than go outside?

Eden: No, the Honorable Member is quite mistaken. The point I am making is once it was agreed that the Nine Power Conference should be held it was the United States Government that suggested Brussels as a meeting place and not us. Therefore the charge that M. Van Zeeland is our cat's paw is wholly unjustified (cheers)."

BINGHAM

793.94 Conference/164 : Telegram

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

ROME, November 2, 1937—1 p. m.

[Received November 2—9:35 a. m.]

463. At the opening of the Conference in Brussels tomorrow Aldrovandi⁵⁶ will say among other things that past experiences have demonstrated the inefficacy of international action in terminating hostilities between two countries and will refer specifically in this connection to the failure of such efforts on the part of the League of Nations to bring about settlements of the Manchurian and Chaco

⁵⁶ Count Luigi Aldrovandi Marescotti, Italian delegate.

disputes. He will say that it is even more futile to expect any useful or concrete results to accrue from a conference from which one of the parties to the dispute is absent. He will assert that there can be no question of even discussing the determination of the aggressor much less the taking of direct or indirect action of any kind or the placing in "quarantine" of any nation. Admitting that he does not expect his remarks to be greeted with the same applause as those of the delegates who have preceded him Aldrovandi will conclude by saying that in the opinion of the Italian Government the only step which the Conference can properly take is to express the hope that China and Japan will enter into contact with a view to finding some way of bringing the controversy to a satisfactory conclusion.

Repeated to American delegation.

PHILLIPS

793.94 Conference/158 : Telegram

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

TOkyo, November 2, 1937—5 p. m.

[Received November 2—6:30 a. m.]

511. All the evening papers published with featured headlines reports from London of speech by Eden in the House of Commons ascribing to American initiative the convocation of the Brussels Conference and stating that any action vis-à-vis the Far Eastern dispute essentially depends on cooperation with the United States.

GREW

793.94 Conference/255

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Ballantine) of a Conversation With the Counselor of the Japanese Embassy (Suma)

[WASHINGTON,] November 2, 1937.

Mr. Suma called ostensibly on a minor routine matter but took occasion to offer various observations on the Sino-Japanese situation. Mr. Suma said that the Japanese had hoped that there would occur prior to the opening of the conference at Brussels certain developments in anticipation of the conference but these developments have not occurred, and that the conference meets tomorrow and may take some action involving proposals for an armistice or mediation or both. It would be unfortunate, he thought, if such action be taken as its effect would be both to stiffen Japanese public opinion and to encourage China to prolong the hostilities.

Mr. Ballantine said that he did not know what action the conference was likely to take and he presumed that the agenda and procedure of the conference would be decided upon by consultation among the parties present. He asked what line of procedure in Mr. Suma's opinion would be most likely to produce useful results.

Mr. Suma said that so long as the conference had to be, the best thing it could now do would be to advise China to seek direct negotiation with Japan. He suggested that such advice could be communicated to the Chinese Government, for example, by our ambassador in China.

Mr. Ballantine observed that the Chinese Government might not feel that the announcements which have so far been made by Japanese spokesmen of the Japanese aims offered China much to hope for from an approach to the Japanese Government.

Mr. Suma said that he felt that if Japan should announce its readiness to come to terms with China it would be interpreted by China as a sign of weakness and encourage the national front movement in China to continue with anti-Japanese activities.

Mr. Ballantine said that he would discuss Mr. Suma's view with other officers in the Department.

(Mr. Suma's object in calling was evidently for the purpose of trying to get an idea of what this Government had in mind with reference to the conference. The developments to which Mr. Suma alluded as not having materialized may have referred to an anticipated decisive victory at Shanghai. Mr. Suma's attitude is clearly in line with reports from our Embassy in Tokyo as to the Japanese attitude).

793.94 Conference/152 : Telegram

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

WASHINGTON, November 2, 1937—5 p. m.

30. Your 8, November 1, 1 p. m. The Department finds itself in general concurrence with the views you express in regard to the resolution proposed in our 14, October 30, 4 p. m. The draft resolution was suggestive and was put forward without intention of stipulating exact form or time of possible use.

With regard to the fears you express that premature suggestion of the procedure mentioned in the resolution might be construed as an indication of a defeatist attitude et cetera, the Department appreciates the point you mention and it was with that point in mind that the Department made the statement in its telegram under reference to the effect that possible recess of the conference would be for a period not to exceed 1 month and would be subject to prior convocation by

the Chairman at the request of any one of the signatories. The Department's understanding is that the conference would actually remain in being subject to convocation at any time.

The Department shares your doubts whether it would have much, if any, effect to pass any resolution on the subject of the origin of the conference but notes that the Department's suggestion under reference will continue to have your consideration.

With reference to the five points as to procedure which you outline, it is the feeling and desire of the Department that procedural matters should be left in your hands for decision, in collaboration with the other delegates, in accordance with your judgment and information available on the spot. The Department does not wish to take the initiative in or endeavor to direct you in such matters.

WELLES

793.94 Conference/165 : Telegram

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

Tokyo, November 2, 1937—11 p. m.

[Received November 2—11 a. m.]

515. 1. Supplementing our 511, November 2, 5 p. m., the *Asahi* in its late afternoon edition carried a despatch from New York under the following headlines.

"Great Britain and United States try to shift responsibility for Nine Power Conference to each other; United States dissatisfaction over Eden's speech; United States shocked."

Summarized translation of despatch follows:

"Mr. Eden's statement has created a sensation in the United Kingdom. The State Department maintains official silence. It has been suggested, however, that the statement pours cold water on the Conference—possibility of the United States taking the leadership which Mr. Eden so much desires has on the contrary been lessened. Anglo-American cooperation is believed in diplomatic circles to have been much weakened by the statement. It is also thought that the statement will encourage Japan to greater activities in the Far East while Italy and Germany will find it easier to give effect to selfish policies in the West. Dissatisfaction is expressed along the following lines: (a) It was Great Britain and not the United States which took the initiative in calling the Conference; the statement of Mr. Eden's is clearly an attempt to shift the responsibility onto the United States. (b) The United States is attending the Conference to discuss the Far Eastern situation and it is not 'playing the game' for England to exploit the Brussels Conference to examine European problems."

2. The Embassy has as yet received from the Department no information on this subject.

GREW

793.94 Conference/165 : Telegram

*The Acting Secretary of State to the Ambassador in Japan (Grew)*⁵⁷

WASHINGTON, November 2, 1937—5 p. m.

282. Your 515, November 2, 11 p. m., and Department's 279, November 2, 2 p. m.⁵⁸ At the press conference today the Acting Secretary referred to the reports that came through early yesterday afternoon in regard to Mr. Eden's speech in the House of Commons and stated that he regretted particularly that the early reports should have come through in a form which gave rise to considerable misinterpretation of what was actually said; that it was alleged that Mr. Eden had said that the United States Government had taken the initiative in convoking the Nine Power Conference; that when we received the official text of his remarks it was found that what he said was that the United States had taken the initiative in suggesting where the Conference should be held; that the initiative as to the convocation of the Conference came from the group of signatories of the Nine Power Treaty members of the League of Nations; that after they had reached a decision to suggest the convoking of the Conference, the United States Government, as one of the signatories, in accordance with its treaty obligations, expressed its willingness to attend such a Conference for the purposes envisaged in Article 7 of the treaty; that our purpose in going to the Conference is to share in the common task of finding, within the provisions of the treaty and in accordance with the principles which we have repeatedly reiterated, some pacific solution of the present situation; that on October 6 the British Government very courteously advised us of the initiative that had been taken with regard to the convoking of the Conference and inquired of us what our views might be as to the place for holding the Conference; and that in entire accord with our purpose in going to the Conference we suggested that in our opinion Brussels would be a very happy place for holding the Conference for reasons which are obvious.

WELLES

793.94 Conference/176 : Telegram

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

BRUSSELS, November 2, 1937—midnight.

[Received November 3—3:02 a. m.]

10. I had a long talk this morning with Eden. He explained that Great Britain was seriously worried over the course of events in the

⁵⁷ Repeated as No. 31, November 2, 7 p. m., to Mr. Davis at Brussels.

⁵⁸ Latter not printed; it repeated telegram No. 684, November 1, midnight, from the Ambassador in the United Kingdom, p. 140.

Far East; at the same time she felt herself threatened in Europe as well as the Far East and did not see any lifting of the clouds in the near future. The more she examined the question of lawlessness in the world the more she reached the conclusion that only by Great Britain and America standing shoulder to shoulder could the present threats be dispelled. He had no doubt that eventually the democracies would wake up but whether or not it would be in time was a question that was preoccupying him. In the circumstances he stated that Great Britain would be willing to go just as far in the way of positive action in the Far East as the United States but no farther. For obvious reasons the British Government has been playing down its willingness to assume so strong a position particularly as it could not judge how far America could be willing to go. He added, however, that the assurance he had given us was not given lightly and represented the considered views of the British Government.

I told Eden that we had no intention of taking the lead; that I thought neither should follow the other; that all of the powers including the small ones should participate actively in the deliberations; that I felt it desirable in the interest of a constructive solution for us to cooperate and endeavor to work along similar lines; that I could not agree to our taking joint action but that this did not preclude independent action along parallel lines. I felt that we should concentrate every effort on exerting moral pressure so as to bring about peace by agreement and that until this had been earnestly tried and had conclusively failed we could not even consider what we might do from that point on. Eden agreed although he urged that we should not waste too much time over the early phases of the Conference. I went on to explain that there was a large body of public opinion in the United States which felt that our interests in the Far East were much smaller than Great Britain's and that the latter being unable to protect her own interests was trying to maneuver us into "pulling her chestnuts out of the fire for her."

Eden said that he knew this feeling existed even though he greatly deplored it. I went on to say that if by any chance the two Powers should pursue policies which provoked retaliation it seemed that the United States would have to bear the brunt. Eden denied this and said that although the bulk of the British Fleet had to remain in Europe none the less Britain could and would send some ships to Far Eastern waters and that fortunately Singapore is now completed. He said he thought in fact that the moving around of a few ships would have a good effect on our efforts for a peaceful solution. Furthermore, he added, the British Admiralty felt that the power and effectiveness of the Japanese Navy was greatly exaggerated by the general public both in Great Britain and the United States.

Eden summed up the British position by saying that they would neither attempt to take a lead nor to push America out in front; that if constructive efforts failed he would be willing to join fully in direct pressure on Japan although he would not embarrass us by advocating it if the idea was unwelcome; and that he could make us a promise that he would not only second any initiative of the United States during the Conference but that British policy would be based upon American policy during the present crisis.

I summed up the American position by saying that we were going to make a genuine effort at the Conference to produce some constructive result; that in the process public opinion would be crystallized; that we did not view the problem as merely a Far Eastern one but as a world problem where the forces of peace and order had a direct interest in combating lawlessness; that President Roosevelt's Chicago speech had been an effort to make clear to the public that America's interests were directly affected by international anarchy; and that if our attempts at a constructive solution by agreement failed we would have to be guided thereafter by developments and by public opinion in the United States.

DAVIS

793.94 Conference/172: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 3, 1937—1 a. m.

[Received 1:21 a. m.]

11. This afternoon⁵⁹ Spaak invited Eden, Delbos⁶⁰ and me to discuss questions of procedure. It was agreed that after the Belgian Foreign Minister has made the opening speech in the public session tomorrow each delegate would be given an opportunity to address the Conference. We decided that the three of us would speak first in order to set a general tone which we hope will be followed by the remaining speakers other than Litvinov and Aldrovandi. Thursday there will be a private session to consider the Japanese and German replies.

There is a general feeling that with good management Germany may be persuaded to reconsider her decision which was not categorical. Spaak in his opening speech will emphasize that this is an autonomous Conference, not under League auspices, and this should meet Germany's preoccupation on this score. Meanwhile before being officially

⁵⁹ November 2.

⁶⁰ Yvon Delbos, French Minister for Foreign Affairs.

reinvited Spaak will officially sound out Germany's attitude. I believe that if you were orally to say to Dieckhoff⁶¹ that you understood that a new approach might shortly be made and that we hoped Germany would thereupon join the Brussels deliberations it might prove exceedingly helpful. As a power which has every interest in seeing the conflict settled speedily by peaceful means her collaborations would be of the highest value.

The next problem to be considered will be (a) whether or not again to invite Japan (b) if so, how, and (c) the selection of a very small committee to try and make contact with the Japanese and to study ways and means of inducing China and Japan to accept mediation.

I had considerable difficulty in persuading Spaak and Delbos of the importance of building up and educating public opinion. They even urged that we forego any public session whatever. I had the impression that they wished to wind up the Conference at the earliest opportunity and that there is some support for this view. I shall continue to urge the importance of the constructive phase of our work as to which the British at least are beginning to wake up.

DAVIS

793.94 Conference/193

Memorandum by the Under Secretary of State (Welles)

[WASHINGTON,] November 3, 1937.

The Chinese Ambassador called to see me this morning. He said his primary purpose in coming was to renew his previous contact with me since he had not had the opportunity of seeing me since my return from my vacation.

The Ambassador then referred to the Brussels Conference and said that this Conference was a very momentous meeting insofar as his country was concerned and that he trusted that the attitude of the United States would be one which would recognize the difficult situation of his country. He said there was increasing fear on the part of his Government and country-people that the Conference might recommend some action on the part of China which would involve concessions to Japan inconsistent with China's rights as a sovereign nation and that China could never accept any such settlement as this; that Japan was determined to persist in her aggressive policy and that China would resist to the last ditch rather than give in.

I reminded the Ambassador of public statements made by the President and by the Secretary of State and I said that only yesterday I had reiterated in my press conference that the purpose of this Gov-

⁶¹ Hans Heinrich Dieckhoff, German Ambassador in the United States.

ernment, in accordance with its treaty obligations, in attending the Brussels Conference was to share in the common effort to find within the provisions of the Nine Power Treaty and based upon the international principles of policy which we had repeatedly proclaimed, a pacific solution of the present hostilities in the Far East. I said that the Ambassador would find the same declaration of principle set forth elaborately in Mr. Norman Davis' opening address at the Conference.⁶² The Ambassador asked me if he could have a copy of the official text of this address and I told him I would be happy to send it to him immediately.

The Ambassador spoke with some concern of the presumed attitude which Italy would adopt at the Conference. I said I had not yet had an opportunity of finding out what the Italian delegate had said in his address at the Conference and that until I saw such text, it was, of course, difficult for me to comment on Italian policy in that regard.

The Ambassador stayed only a short time, but said that he would come back to see me within a day or so since he wished to keep in the closest contact with me throughout the course of the Conference.

S[UMNER] W[ELLES]

793.94 Conference/172 : Telegram

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

WASHINGTON, November 3, 1937—1 p. m.

34. Your 11, November 3, 1 a. m. In order to aid us in reaching a decision as to your suggestion to approach the German Ambassador, I should like elucidation along the following lines: (1) Are the British and French Governments contemplating making a similar *démarche*; (2) If so, where and (3) I would be glad to have from you the views of such of your colleagues with whom you have discussed the matter as to whether they regard the presence of Germany in the Conference as an advantageous factor.

WELLES

793.94 Conference/191 : Telegram

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

NANKING, November 3, 1937—1 p. m.

[Received November 4—7:35 p. m.]

883. Tokyo's 505, October 30, 7 p. m. I have no opportunities for satisfactory consultation with colleagues at present. The German

⁶² For text of address of November 3, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 404.

is only Ambassador present. French and Italian colleagues remain in Shanghai where they have been for some time. Japanese Ambassador also in Shanghai where according to German colleague he lives in seclusion closely guarded by police of French Concession.

British Chargé d'Affaires left for Shanghai yesterday. Belgian, French, Italian, and Soviet Missions are represented by very junior officers.

I am unable to discover here any change in opinion which would justify an estimate differing from that expressed in my 825 of October 18, 5 p. m.⁶³

From sources which I consider well informed it is learned that until October 30 the Government had issued no instructions to guide its delegates at Brussels. Recently these same unofficial sources consisting of American educated Chinese working with an American in Mission educational circles have been consulting together over a tentative program framed for submission to responsible Government leaders for possible use of their delegates at Brussels. It is interesting that initiative in this matter has come from persons completely detached from real leadership in the Government. Government leadership is more interested in its chances of successfully resisting Japanese pressure than in what may be accomplished at Brussels in the way of mediation. It hopes that Japanese aggression will fail from exhaustion of Japan due to prolonged Chinese resistance or from some act of the powers or a power and that China will then recover from a weakened Japan all that it has lost in the past 6 years.

I summarize below the tentative program which above-mentioned sources have discussed. It has, I understand, been submitted to responsible leadership in the Government. It was the hope of its framers that it might serve as basis for instructions to Chinese delegates at Brussels and that it would persuade friendly powers of China's conciliatory attitude in the face of aggression. I believe that the program would be approved by the more moderate section of Chinese Government leadership today but in communicating it to the Department I must emphasize that it is extremely confidential, has no official sanction and is bitterly opposed by some leaders on the ground that it yields too much and that China by putting forth a supreme effort has at this time at least a chance to throw off Japanese control completely. Summary follows:

(a) China should seek a solution upon the principles of the Nine Power Treaty, the Pact of Paris, the principles set forth in statement of Generalissimo of July (see Embassy's telegram 305, July 20, 11 a. m.⁶⁴) and set forth in Foreign Office *aide-mémoire* of July 17 (see

⁶³ Vol. III, p. 620.

⁶⁴ *Ibid.*, p. 216.

Embassy's telegram 301, July 19, 7 p. m.⁶⁵) and a revision of Sino-Japanese commercial and other treaties.

(b) Proposals regarding specific problems :

(1) China should propose an appropriate withdrawal of Japanese forces to numbers and positions prevailing prior to July 7 lifting blockade, while Chinese troops are not to enter evacuated areas for a period of 9 months from date of armistice.

(2) With regard to Manchukuo, China to be willing to continue arrangements entered into prior to July 7 covering intercourse between China and Manchukuo. China will refrain from bringing up at this time for consideration the status of Manchukuo but to reserve the right of bringing up matter later undertaking to negotiate on principles approved and recommended by Lytton Commission and pertinent League resolution. China also to be agreeable to the establishment of a demilitarized zone of 10 kilometers along each side of the border between Liaoning and Jehol on the one side and Hopei and Chahar on the other.

(3) With reference to North China, Chinese will also receive authority to be reestablished under the control of Central Government at Nanking and all irregularities established by Japanese pressure during years 1932 to 1937 to be liquidated. Japanese troops to be limited to points specified in Boxer Protocol⁶⁶ and limited to numbers comparable to those of other powers.

(4) With reference to Shanghai, China to pledge that she will not introduce troops nor construct fortifications in area covered by the 1932 formula,⁶⁷ provided Japan will scale down military equipment to her proportionate share in defense forces of settlement.

(5) With reference to economic cooperation, China to undertake to make no discrimination against any Japanese economic enterprise by comparison with any similar foreign undertaking. China to be prepared to negotiate a general commercial treaty with Japan and to revise her tariffs with friendly consideration for Japan on basis of mutual benefit and fair treatment of Chinese and foreign interests other than Japanese. Chinese to encourage cotton growing in North China. China to invite Japanese experts to serve as consulting technicians in agriculture and industry. Air service between China and Japan and Manchukuo to be standard on basis of joint enterprise and reciprocal benefits. Japanese needs for minerals to be considered in a friendly manner and with due regard for China's sovereign rights. Railway materials to be purchased from Japan wherever technical and financial conditions are favorable. China to guarantee large and regular supplies of salt received from Changlu fields.

(c) With reference to Communism, China hopes that Japan and Russia can enter into a non-aggression agreement similar to that in

⁶⁵ Vol. III, p. 210.

⁶⁶ Signed at Peking, September 7, 1901, *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312.

⁶⁷ Signed at Shanghai, May 5, 1932, *Foreign Relations*, Japan, 1931-1941, vol. I, p. 217.

force between China and Russia. Communism internally is a domestic Chinese problem.

(d) Cultural relations. China to propose establishment of a Sino-Japanese joint commission to utilize Japanese share of Boxer funds.

(e) Claims for damages to be put before a Sino-Japanese mixed claims commission, neutrals participating.

I hope that the Department will appreciate that the program described above is merely a proposal of certain individuals and that it would be highly undesirable to betray knowledge of it as a complete program lest responsibility for it be ascribed to us.

Sent to the Department, repeated to Tokyo, Peiping.

JOHNSON

793.94 Conference/251

*Memorandum by the Under Secretary of State (Welles) of a
Conversation With the British Ambassador (Lindsay)*

[WASHINGTON,] November 13, 1937.

The British Ambassador called to see me this morning and said that he had been spending the past few days in going over his files and instructions with regard to the Far Eastern situation and, specifically, with regard to the negotiations of the Brussels Conference. He stated that he felt it would be very helpful to both Governments to have a clarification as to our joint understanding of the principal features of the interchanges between both Governments.

The Ambassador then mentioned the following points which he considered fundamental:

1. That there had been a satisfactory and close cooperation between both Governments.

2. That neither Government should attempt to get the other Government to take the lead nor inveigle it "out on the end of a limb". In this connection the Ambassador referred to the Stimson-Simon⁶⁸ controversy and went on to his third point, namely, that when the present chapter was terminated, nothing should be permitted to arise which would give reason for recriminations between the two Governments.

4. [*sic*] The Ambassador said that in his conversations with Mr. Eden in Brussels, Mr. Davis had mentioned a great many possibilities, namely, the possible repeal by the President of the Neutrality Act insofar as it applied to the present Far Eastern situation; the possibility of the application of sanctions of one kind or another, including

⁶⁸ Henry L. Stimson, Secretary of State, and Sir John Simon, British Secretary of State for Foreign Affairs during the 1931-33 Manchurian crisis.

an agreement on the part of the signatories to the Nine Power Treaty providing for nonrecognition of any acquisition of territory which Japan might make by force; of the refusal on the part of the signatories to extend any credits to Japan in the future for the development of territory so acquired; of the refusal to make purchases from Japan, etc. Mr. Davis had likewise discussed a possible fleet movement in the Pacific on the part of the United States, Great Britain and France. Sir Ronald Lindsay stated that his records disclosed no conversation envisaging any military sanctions.

With regard to the latter point, the Ambassador stated that it was, of course, evident that the British Government was tied by the leg to Europe and was not in a position to undertake any possible hostilities in the Pacific unless it were possible to be assured in advance that it would receive military and naval support from the other signatories of the Nine Power Treaty. He said that the present situation was one which was frequently seen in private life and that was that you could not attain anything unless you were willing to pay for it. By this he implied, he stated, that if Great Britain, the United States and other signatories to the Nine Power Treaty decided to prevent Japan from continuing upon her present venture in China, the powers determined to take such preventive action must be prepared to pay for it by force. With regard to the application of sanctions of one kind or another, the Ambassador said that the British Government had had its bitter experience in that regard only two years ago during the conquest of Ethiopia by Italy and that it had been forced to the conclusion that the application of sanctions of an economic character merely inflamed the nation against which they were applied without having any deterrent effect and that the failure of such measures had a vast prejudicial effect upon any form of collective security.

When the Ambassador had concluded this exposition, I said I should be very glad to comment briefly upon the statements he had made. I said, in the first place, that our feeling was that throughout the course of recent events there had been a very close and satisfactory cooperation between the two Governments and that while at times we felt that our cooperation had been asked after, rather than before, certain steps had been taken by the British Government, yet I did not wish to attribute any excessive importance to these points which had been discussed between us in the past. I remarked that while such cooperation existed both here and at Brussels, there would seem to me no possibility for either Government to push the other one out on the end of a limb nor for any cause to be created which could give rise to further recriminations.

With specific regard to Mr. Norman Davis' conversations with Mr. Eden at Brussels, I said that I had no doubt that Mr. Davis had ex-

plored the whole field in a thorough manner with Mr. Eden and that it was for that reason that the topics mentioned by Sir Ronald Lindsay had been discussed. I stated that obviously Mr. Davis would wish to have an accurate estimate of the opinions of the representatives of all of the signatories to the Nine Power Treaty as to the objectives and methods of reaching those objectives which should be considered by the Conference, but that, of course, his mention of some of these topics could in no sense be construed as implying that this Government was prepared to take the action which had been discussed.

With regard to the possibility that the President would request the repeal of the Neutrality Act insofar as it applied to the Far Eastern situation, I said it was my understanding that a great majority of the Congress would support the President in his nonapplication of the Act at the present time and that so long as this situation continued, I doubted whether the President would consider requesting a limited repeal of the Act.

Insofar as any consideration by the Conference of the imposition of economic sanctions was concerned, this Government did not believe that the Conference under present conditions was the proper agency for the determination of any such policy and most decidedly not at the present time. With regard to nonrecognition commitments, or an agreement not to extend credits for the development of territory acquired by force, etc., Mr. Davis had had it made clear to him that this Government was not favorably disposed to consider participation in such agreements and that Mr. Davis had been requested to submit any proposals of this character which might come up to Washington for decision before making any commitments whatever with regard thereto. I reminded the Ambassador that, of course, he was well aware of the fact that there existed no legislation which would authorize the President to take part in any economic sanctions or in any of the other measures mentioned and that, lacking such authority from the Congress, this Government could obviously enter into no commitments with regard thereto.

In general, I said to the Ambassador that it was our hope that whatever action the Conference might decide to take, it would be premised on these requisites:

1. Unanimous determination of the signatories that the Nine Power Treaty remain in life and in vigor and no relinquishment of any of the principles embodied therein.

2. No admission of failure on the part of the Conference.

3. The Conference itself, even though possibly recessed, to remain subject to the call of the President of the Conference at the request of any of the signatories so that it might be available at any moment, should a more favorable opportunity arise for the furtherance of a pacific solution of the Far Eastern dispute.

4. Every effort to be made to rally moral opinion in every other country of the world in favor of the principles embodied in the Nine Power Treaty and the effort to make perfectly clear to public opinion everywhere the attitude which the Government of Japan had assumed in connection therewith.

I said in view of this it seemed to me unnecessary to do more than to touch very lightly upon the question of fleet movements or the question of actual hostilities. I said that it seemed to me that those contingencies were remote and should not be considered at this time. I said the whole premise of this Government in going to the Brussels Conference was the keeping alive of the principles of the Nine Power Treaty and of international law and morality and, in a more practical sense, the making of every effort to promote a pacific solution by agreement. It seemed to me that until we were all convinced that there was no hope left, there was no need to consider any of the further possibilities the Ambassador had mentioned.

The Ambassador expressed his personal entire satisfaction with what I had said and stated that it entirely conformed to his own estimate and judgment of the situation. Before leaving he referred to the immeasurably difficult situation with which his own Government was confronted in almost every quarter and that the one gleam of hope he saw was for the reaching of a prompt agreement between Great Britain and the United States for the trade agreement. I said that I was optimistic in this regard and that I believed it probable that the Secretary of State himself would wish to talk with the Ambassador on this problem early next week.

S[UMNER] W[ELLES]

Chapter III: The Conference at Brussels, November 3-24, 1937

793.94 Conference/177: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 3, 1937—9 p. m.

[Received November 3—9 p. m.]

15. At the public session today only seven powers elected to speak.⁶⁹ The substance of Eden's and Delbos' speeches followed closely that of mine. The Italian spoke in a defeatist tone saying that it was useless to hope for results in the Conference beyond possibly facilitating direct negotiations between Japan and China. Litvinov warned us of the temptation to make conferences successful by granting aggressors many of their desiderata and persuading victims to accept

⁶⁹ For texts of speeches, see *The Conference of Brussels*, pp. 24-45.

such a solution. Wellington Koo presented China's case at length. He gave an account of Japan's "aggressions" in China, said that all of the powers except Japan had given up the older policy of exploiting China, and that China wanted to cooperate with Japan and also with the other powers. Portugal offered general cooperation.

Tomorrow morning the British, French, Dutch, Russian, Italian and American heads of delegations will meet informally with Spaak to work out procedure for tomorrow afternoon's private session.

DAVIS

793.94 Conference/186 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 4, 1937—7 p. m.

[Received November 4—3:03 p. m.]

16. Your 34, November 3, 1 p. m. Plans for persuading the Germans to return to the Conference have somewhat altered since my 11, November 3, 1 p. m. [*a. m.*] The idea now being advocated by the British and French which seems to be meeting with general approval is that small subcommittee which will probably be set up by Conference to deal with Japan and China should also inquire of Germany whether she would be willing to cooperate in its work. This would avoid the possibility of a second rejection by Germany of an invitation from the Conference and yet might secure her cooperation where it would be useful.

In the circumstances I suggest that you delay any approach to Dieckhoff.⁷⁰

DAVIS

793.94 Conference/187 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 4, 1937—midnight.

[Received November 4—11:15 p. m.]

17. At meeting at Belgian Foreign Office this morning there were present M. Spaak and delegates of United States, United Kingdom, France, Italy, Netherlands, Portugal and Soviet Union.

M. Spaak proposed that the Conference should at its next meeting examine the Japanese and the German replies to Belgian Government's invitation. Delegates of United States, United Kingdom,

⁷⁰ Hans Heinrich Dieckhoff, German Ambassador in the United States.

France, Netherlands, and Portugal supported this proposal. The Italian delegate took the position that so far as Sino-Japanese controversy was concerned this would serve no useful purpose and the Conference should simply suggest to the two parties that they negotiate and come to an agreement. Soviet delegate merely commented that Japan would refuse another invitation if extended. Majority opinion was that contentions advanced in Japanese reply that the conflict was of no concern to the powers other than Japan and China should not be let stand without appropriate affirmation of the interest and concern of the other powers. Consensus of opinion was reached that there should be created a small committee to deal with this question and perhaps subsequently that of offering good offices.

This subject was discussed at private session of Conference this afternoon, several other powers supporting and Italy taking obstructive position.

The view that Japan should again be approached under article 7 of the Nine Power Treaty tentatively prevailed.

Agreement has not yet been reached on composition of small committee.

We have been discussing this last point with other delegates. The British and we agree that committee composed of United Kingdom, United States, and Belgium would be theoretically desirable. However, both France and Italy seemed to feel that they should be represented. We are still considering this, also question whether several other governments should not be represented, with the idea that the committee, once constituted, could in turn create a smaller sub-committee.

DAVIS

793.94 Conference/198 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 6, 1937—11 a. m.

[Received 11:35 a. m.]

19. For the President and the Secretary. It is now possible to give a somewhat better picture of developments in the Conference. There has been present a far greater degree of defeatism than I had anticipated and the dominant attitude of nearly all the continental powers has been to appoint a negotiating committee and adjourn.

Italy is openly playing Japan's game though by no means effectively.

France is interested in the Conference only if she can get out of it a guarantee by the United States and England of her Far Eastern

possessions against attack or if she can use it as a means of building up a political front of the great democracies. Delbos even suggested to me that President Roosevelt should call a new world conference to organize this democratic front and to solve all outstanding problems. Meanwhile he suggested that America, England and France should proceed to discuss what steps they might be forced to take in the Far East outside the framework of the Conference which I, of course, declined to discuss.

Belgium has made no secret of her desire to free herself as soon as possible of the responsibility of the Conference.

Litvinov is arguing to me in favor of close cooperation and understanding between Britain, the United States and Russia on the ground that if Japan were confronted with such a combination she would agree to stop hostilities and make peace and that a mere appeal to reason will have no effect.

The Netherlands is remaining in the background as much as possible being afraid to take a very active part.

China has made a good impression but instead of withdrawing temporarily from the Conference merely offered to withdraw in case the Conference asked her to, which of course was not done.

Most of the powers, with the exception of Belgium, Great Britain, France, Russia, Italy, Portugal and to some extent the British Dominions, have played inactive roles and have favored leaving the work to a small committee. Nevertheless, yesterday a more active interest was manifested and with the exception of Italy there was a united opinion in favor of refuting the Japanese contention that the present conflict only concerns herself and China. However, since we have not as yet been able to agree on the make up of a committee that idea has been temporarily shelved, while the Conference as a whole is proceeding with a formulation of a reply to Japan which it is hoped can be agreed upon and despatched today. In substance, the reply will refute the Japanese thesis, point out the obligation of Japan to confer in accordance with article 7 of the Treaty and asking whether, since Japan has refused to attend the Conference and objects to conferring with such a large group of powers, she would be prepared to confer with a smaller number of delegates chosen for that purpose. We are hopeful that it will be possible to agree upon a reply which will make a strong case and help to orient public opinion.

While there is as yet less appreciation than we had hoped of the larger issues involved and a decided tendency to try to push us out in front and while the European press has been suggesting that this is an American Conference, none the less the atmosphere is improving. The British at least seem to realize the inadvisability of trying to pass the buck to us and the importance of exploring every possibility of

a peaceful solution and building up a strong case and working along constructive parallel lines.

Delbos left for Paris yesterday, Eden for London yesterday afternoon but Eden will return Sunday unless we have in the meantime agreed upon the communication to Japan in which case he will return when the reply is received or at any time we feel his presence is needed. Litvinov is confident the Japanese are going to declare war and the British are becoming very apprehensive. For this reason we are hoping to get off the communication to Japan today and that this may help deter her and at least put her in a still less tenable position.

DAVIS

793.94 Conference/204 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, November 6, 1937—1 p. m.

[Received November 6—10:40 a. m.]

267. Other than publishing disheartening reports on the Brussels Conference the German press has refrained from comment thereon except that today's *Völkischer Beobachter* published the following under the heading "Destroyed Illusions?":

"The Brussels Far Eastern Conference which is to present a commission as its sole concrete result has destroyed a series of political illusions.

In the first place all hope placed in Roosevelt and his strong words has disappeared. When the President of the United States a few weeks ago delivered a speech which was interpreted as the announcement of American interference on the Continent, various chanceries in Western Europe entered this fact in their diplomatic calculations. The British Foreign Minister Eden even went so far as to comment publicly on Roosevelt's declaration whereby he welcomed an abandonment of the American policy of reserve with joyful hope. Eden's phrase that he would go to the dark forests of Canada to accept American participation in European and continental problems clearly indicated how much in the eyes of western diplomats everything depended on the attitude of the United States.

Brussels practice, however, clearly showed what bounds were set for the American delegates. The disappointment here is so great that certain people still refuse to admit it. A few still raise a warning finger and declare there is still much to come; the American delegate had not yet fully unfolded his toga."

The article continues that Russia has proved to be a great disappointment to the western democracies.

Reference to the Embassy's telegram 266⁷¹ and the Department's 115.⁷² Despite the fact that the denial of the Foreign Office relative to

⁷¹ Dated November 5, 8 p. m., vol. III, p. 661.

⁷² Dated November 5, 1 p. m., not printed.

Germany's mediation offer would appear to be categorical, the idea is held and freely discussed by party radicals in government positions whence it may have come to the attention of foreign correspondents. Such sources apparently envisage a stalemate at Brussels and that under these circumstances an invitation might be addressed to Germany possibly at Italy's instance to mediate on the basis that Germany maintains particularly [friendly relations?] with both parties.

It is impossible to say how much of this is wishful thinking and how much may in reality be the groundwork for new international tactics. In this connection influential German authorities are encouraged in the hope that Great Britain, faced with the powers of the German, Italian, Japanese association might endeavor first to approach Germany as the most logical and easiest power with which to come to terms, the more particularly so if American support for British Empire interests does not extend in the British view beyond the moral sphere.

Repeated to Brussels for American delegation, copies by mail to London, Paris, Rome.

DODD

793.94 Conference/234

*Memorandum by the Assistant Secretary of State (Wilson) of a
Conversation With the British Ambassador (Lindsay)*

[WASHINGTON,] November 6, 1937.

Sir Ronald Lindsay called this morning and said that he had received from London two telegrams, both relaying Eden's despatches reporting conversations with Norman Davis. He added that these despatches had set him wondering as to whether the wise procedure would not be to visit me, very confidentially, let me read the despatches and see if they checked with our reports.

I then read the despatches. They were long and difficult to recite. The first one began somewhat as follows: "Davis said he supposed we were finished with sanctions after our experience and did not want to apply them further." Then followed Eden's statement that they would go as far as we would in this matter in very similar terms to those reported by Norman Davis in his confidential telegram No. 10.⁷³

The conversation, according to the telegram, then turned to educating American public opinion and Norman pointed out that the conference should be held in being for some time to achieve this purpose.

⁷³ November 2, midnight, p. 145.

Eden then reports a conversation at lunch with Stanley Hornbeck ⁷⁴ in which the latter, according to Eden, stated that the Government of the United States had already prepared certain plans for bringing pressure on Japan, plans, Hornbeck is alleged to have added, which are so confidential that they should not, as yet, be spoken about. Hornbeck also spoke of the need of educating American public opinion.

In the second telegram Eden reports a further conversation in which Davis talked of his discussion with the President at Hyde Park and of the necessity of leaving open all discussion of measures of pressure, at least through the early stages of the conference. Eden then reports that he, Eden, stated that sanctions were of two kinds, inefficacious and efficacious, inefficacious were merely irritating and consolidated public opinion in the country against which they were applied, efficacious sanctions, on the other hand, quickly became acts of war and must not be undertaken without the fullest guarantees and commitments to see the thing through. (Here, as I remember it, Norman remarked that, in view of the European situation, Great Britain could not see the thing through and Eden replied that, in spite of the European situation, Great Britain would be disposed to give real assistance if the United States chose to follow this path.)

When I had read the second telegram and Lindsay asked my opinion, I stated that we both of us in years of diplomatic experience found that two scrupulously honest men would produce a different picture of the same conversation when they started to write their memorandum somewhat following the meeting; there might be no difference in facts, but there would be difference in shading. In this particular instance, from Norman's reports, I had received the impression that the initiative of the discussion on means of pressure arose from Eden. From Eden's two telegrams a different shading was visible as if the conversation arose from inquiry by Norman; when the question

⁷⁴ Mr. Hornbeck, Adviser on Political Relations, commented on February 24, 1938, as follows:

"This is a beautiful example of the way in which a statement made by one person to another, made record of by the latter, made mention of in a document prepared by a third person, read by a fourth person and made record of later by such fourth person may become distorted in the process. What occurred in the conversation under reference was briefly this: On the day on which the British Delegation arrived at Brussels, Mr. Eden with two or three of his British associates asked Mr. Davis, Mr. Moffat and me to join him at luncheon. The seating took place informally, and I landed on Mr. Eden's left. At a certain moment Mr. Eden engaged me in conversation and before long asked me whether the United States was prepared to participate in any form of positive collective action. I replied that our Delegation had certain ideas on the subject of ways in which pressure might conceivably be brought to bear upon Japan but that we were proceeding on the theory that all possible methods of handling the situation by peaceful processes, that is, by processes of conciliation, should be thoroughly explored and that until such possibilities should have been exhausted discussion of methods for bringing pressure should not be embarked upon. I said nothing about 'the Government of the United States' or about 'plans' or about anything 'so confidential that they should not, as yet, be spoken about'."

of public opinion in America was mentioned, I imagined that Norman had said "Of course, everything depends on public opinion in the United States." As I read Eden's despatch, I got the impression that Norman was talking of deliberate endeavor "to educate public opinion in the United States" towards the application of measures of force.

In closing I said that in the reports to us and the reports to him there seemed to be no conflict of fact, but rather conflict (if the word was not too heavy) of shades and impressions.

Lindsay said that what I had said confirmed his views, that he was glad we had had this conversation, which he thought was distinctly illuminating. I replied that I was glad he had brought me the telegrams, since it was helpful to see a picture from both sides.

H[UGH] R. W[ILSON]

793.94 Conference/202: Telegram

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

PARIS, November 6, 1937—4 p. m.

[Received November 6—2:15 p. m.]

1570. In the course of a conversation Delbos said to me this morning that he must insist that France should be represented in any committee or subcommittee set up to deal with the situation of the Far East. French interests, represented chiefly by Indo-China, were too great for him to be able to suffer the "loss of face" involved in having France eliminated from any committee. He said he did not care how large any committee might be or what other nations might be included, but he would continue to insist that France should be represented.

I have communicated this to Ambassador Davis.

BULLITT

793.94 Conference/208: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 7, 1937—9 p. m.

[Received November 8—10:42 a. m.]

22. For President and the Secretary. Enlarging somewhat on the paragraph of my 19, November 6, 11 a. m. dealing with the French attitude, I feel that I should telegraph at greater length regarding a conversation I had with Delbos the other evening.

Delbos told me that while he agreed we should make every effort to bring about a peace by agreement he was frankly skeptical of any

successful issue of the Conference. He accordingly felt that France, England and the United States should discuss together even at this early date and outside the Conference what we might do in the event of failure. He was not in favor of sanctions against Japan but he was in favor of aid to China. Even this, however, involved certain risks of retaliation and he thought that we should begin discussing probable contingencies. He felt that as Japan would undoubtedly tighten the blockade of the Chinese coast and interfere further with foreign shipping we might begin to consider some system of convoy or mutual protection of our ships in Chinese waters. We might also be considering the situation of Indo-China which was one of the principal means of entry into China. Already Japan had politely warned France that if supplies were sent to China through Indo-China Japan would take a serious view of the matter and although Delbos did not go so far as to suggest that Britain and America should guarantee Indo-China he did suggest that we consider steps to insure free entry to and egress from Indo-China.

I pointed out that in a democracy such as ours it would be impossible to make any such commitment in advance and that decisions of this sort are in the final analysis dependent upon conditions at the time and upon public opinion. Furthermore we were now engaged in an attempt to bring about a settlement by agreement and that while so engaged we were reluctant to discuss alternatives in case of failure.

Later in the conversation Delbos showed more clearly what was in his mind. He urged that we make a political alignment of the democracies against the dictators. Civilization had been retreating and only an organized front of free nations could put a stop to this retreat. There was only one leader in the world who could organize such a peace front and this was President Roosevelt. He suggested that the latter might call a world conference after adequate preparation to clear up all outstanding political problems. He again reiterated that we should start concerting possible action in the Far Eastern crisis, just Britain, France and ourselves. He claimed that it was useless to expect 18 nations to decide what should be done. I told Delbos that I doubted if this would appeal to the President and that he would probably feel it was useless to try to settle all of the world problems at once if we weren't meanwhile able to settle this one. I do not feel, however, that the Far Eastern problem could be solved at this stage by two or three powers; I conceived the solution to lie in education and moral pressure exerted by all nations big and small and I again urged upon Delbos the advisability of enlisting the active cooperation of the smaller countries in our deliberations.

Since this conversation the French delegation has evinced little spirit of cooperation; apart from minor difficulties it has in effect

blocked the appointment of a negotiating committee by insistence on being a member regardless of its size. De Tesson,⁷⁵ who has succeeded as head of the French delegation in the absence of Delbos, told me frankly that the primary purpose of France is that in all circumstances she shall be side by side with the United States and Great Britain on a basis of complete equality. I told him we could not combine with either or both.

The foregoing is of interest not only in itself but should be considered as background in connection with my next succeeding telegram.

DAVIS

793.94 Conference/201 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 7, 1937—10 p. m.

[Received November 7—9:25 p. m.]

23. Following the approval at today's session of the text of the Conference's note to Japan,⁷⁶ I urged, over French objection, that the Conference meet again on Tuesday for the purpose of considering what other steps might be taken. I did this to prevent the impression that the Conference could not function until Japan chose to reply as there were other things which we could usefully be discussing and doing and which would tend to hasten the Japanese answer. This was agreed to. MacDonald⁷⁷ and I both felt it would be good strategy to have Eden return soon, if possible tomorrow afternoon, and for him to suggest that Delbos do the same.

Meanwhile two points have come up which are causing me some concern. The first is the composition of an eventual "negotiating committee". In principle everyone agreed that this should contain no more than three members and with the exception of France the consensus of opinion favored a membership composed of Belgium, Great Britain and ourselves. The French however under orders from Paris insist upon being included. We have all felt that a larger committee would be less effective. I have told the French and British that I am fearful that if the committee consisted only of the United States, Great Britain and France it would look to our public too much like a

⁷⁵ François de Tesson, French Under Secretary of State for Foreign Affairs.

⁷⁶ For text, see *The Conference of Brussels*, p. 51.

⁷⁷ Malcolm MacDonald, British Secretary of State for Colonies.

revival of the old World War lineup and also that I thought there should be at least one small power on the committee. To add to our difficulties if France is chosen Italy insists on being included and if Italy is selected Soviet Russia demands membership.

The British are not in favor of French participation because they think it would make the committee too large and also because in practice the French are difficult to deal with and their purpose in wishing to be on the negotiating committee is not primarily to solve the Far Eastern problem. They have tried to persuade the French to drop their demand for a place on the committee but in view of their relations with France in the European field they have hesitated to strongly oppose French membership. I offered to let the French have our place on the committee so as to keep it down to three and so did the British but that doesn't suit them because they want us both on and out in front. I have not wanted to oppose the French but have indicated that if France goes on committee Holland should be added so as to avoid appearance of World War front. It looks at present as though we would probably be able and have to agree on a committee of five composed of the United States, Great Britain, France, Belgium, and the Netherlands unless we take a definite stand against such a large committee. If you have any definite opinions as to the size or composition of the committee I would appreciate receiving them by Tuesday morning.

The other problem is related to the above, namely, whether or not we should welcome or oppose Italian participation. While I realize that a too closely defined democratic front might militate against successful dealing with Japan yet on the other hand I fear that the public at home might react adversely to including Italy, whose record with regard to treaty observance has been so poor, as a member of a committee set up for the purpose of persuading Japan to observe her own treaty obligations. Please let me have the benefit of your views. The question of German participation has been for the moment sidetracked and while there is still agreement that she could play an invaluable role there is growing doubt as to whether she would cooperate in the right spirit.

Spaak said yesterday that he would have their Ambassador in Berlin informally sound out the German Government. It is thought, however, if and when a committee is agreed upon with power to add to its membership it could then be best decided what to do about adding Germany. That is another reason in favor of a small committee.

DAVIS

793.94 Conference/211 : Telegram

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

NANKING, November 8, 1937—9 a. m.

[Received 1:35 p. m.]

894. 1. We received this morning from Foreign Office following press release:

"That China is not in favor of direct negotiations with Japan in settling the Far Eastern conflict, was made clear by Generalissimo Chiang Kai Shek in an interview this afternoon (November 7th). Generalissimo Chiang expressed himself as being optimistic concerning the military situation, and reaffirmed China's determination to continue her present struggle until justice is reestablished in this part of the world. The following are the principal questions asked and answers given during the interview.

Question. What does Your Excellency think if direct negotiations between China and Japan should be proposed at the Brussels Conference?

Answer. The proposal you assumed would, if actually made, serve no other purpose than to increase the difficulty of China. Furthermore, such a proposal would be entirely contrary to the spirit of the Brussels Conference. Direct negotiations between China and Japan would merely be another opportunity for Japan to press such terms as were not only unacceptable to China but were also unacceptable to the signatories of the Nine Power Treaty. Furthermore, Japan has clearly proved herself a nation with the habit of dishonoring her solemn pledges and violating even most elementary principles of justice. Whatever terms may be reached directly between China and Japan in the absence of effective guarantees would be in danger of being violated by Japan at any moment. In view of past experience, such terms would constitute neither an asset to Far Eastern stability nor a worthy safeguard of China's integrity and independence.

Question. What is the present military situation and what is the outlook?

Answer. The plan of China's resistance is to preserve her own fighting power and at the same time to exhaust the enemy so that the ultimate object which has prompted China to put [up] a determined resistance may be attained. Temporary gains or reserve [*reverses?*], therefore, do not affect the final outlook as long as China's capability of resistance remains intact. The fighting during the last 3 months has already shown the initial success of our plan.

As far as the Shanghai and Woosung area is concerned, there were no natural geographical advantages nor any strong fortifications that could facilitate our defense. Yet we have been able to hold our enemy there for so long despite their modern armaments on land, air and sea as well as superior transport facilities. And the initiative still rests with us. The losses on the part of the Japanese are probably the heaviest they have sustained under since the Russo-Japanese war. In Shansi our troops have inflicted heavy punishment on the Japanese forces during the past 2 months. The Japanese have certainly paid a heavy price for a stretch of territory that is restricted to

the neighborhood of the railway lines. Further advance on the part of the Japanese into the interior of China will certainly be beset with greater difficulties which will operate in our favor. I am convinced, therefore, that the ultimate victory belongs to China.

Question. What are Your Excellency's views on the prospect of the Brussels Conference?

Answer. I am fairly convinced that the forces of righteousness and justice, once set in motion, will not fail to achieve the desired goals. I believe the Conference will accomplish worthy results. China's determination to continue her resistance to the aggressor remains unchanged until the validity of international treaties is restored and international justice firmly reestablished.

Question. Since the opening of the Brussels Conference reports have been circulating that mediatory efforts are being made outside the Conference. What is the truth of these reports?

Answer. They are absolutely groundless; the position of China has from the very outset been based upon unswerving adherence to the Nine Power Treaty and other international treaties. She is co-operating wholeheartedly in the collective effort now being made to compose the Far Eastern situation, and reports of her alleged independent action are obviously conceived in malice.

China is most jealous of the honor of her world [position?]. She certainly will not take any steps contrary to her consistent stand."

2. Sent Department, repeated Peiping, airmailed Tokyo.

JOHNSON

793.94 Conference/207 : Telegram

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

TOKYO, November 8, 1937—noon.

[Received November 8—12:57 a. m.]

527. 1. The renewed invitation to Japan to participate in the Nine Power Conference was delivered to the Minister for Foreign Affairs by the Belgian Ambassador at 5 o'clock yesterday afternoon. As it was Sunday and no interpreter present the Ambassador was obliged to read to the Minister an impromptu summarized translation in English of the French note. Hirota replied that he would have to consult his colleagues but would give an answer at the earliest possible moment. He said he could not be optimistic that a favorable reply would be returned.

2. My Belgian colleague believes that in declining the invitation the Japanese Government will take the position that by inviting non-signatories of the Nine Power Treaty to participate, the Conference has violated article 7 of the Treaty and that Japan sees no reason to enter into "full and frank communication" with non-contracting parties.

Repeated to Nanking.

GREW

793.94 Conference/212: Telegram

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

PARIS, November 8, 1937—9 p. m.
[Received November 8—4:41 p. m.]

1576. For the Acting Secretary. My 1570, November 6, 4 p. m. Delbos telephoned to me this afternoon to say that he hoped the American delegation in Brussels would cease to propose the formation of committees or subcommittees on which France would not be represented. He went on to say that when he had called on me 2 days ago he had attempted to impress upon me the fact that the French Government would insist on being represented on any committee whatsoever which might be formed to deal with the situation in the Far East and he hoped that I had transmitted this information to my Government and to Davis.

I replied that I had.

He said that he could see no good reason why Davis should continue to propose that a committee should be formed on which France should not be represented and he hoped that Davis would receive instructions not to attempt to exclude France from any further committees.

I repeated all the foregoing to Davis by telephone.

In reply Davis asked me to telephone Delbos to request him to come to Brussels tomorrow. I did so. Delbos will reach Brussels tomorrow evening.

BULLITT

793.94 Conference/201: Telegram

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

WASHINGTON, November 8, 1937—11 p. m.

49. Your 23, November 7, 10 p. m. Supplementing conversation between yourself and Wilson, I think it advisable that the Conference should set up a Committee. This would serve to keep a community of purpose among the Nine Power signatories and to keep before the public the obligations and principles of the Nine Power Treaty.

I had felt it preferable that a negotiating or standing committee, although decreed by the Conference, should not be set up as to membership until the Conference should have had a reasonable opportunity to have received a reply from Japan. However, in view of the explanation you made Wilson, the question of the expediency of setting up the committee is left to your discretion.

It seems to me that a small committee would be preferable, both for convenience and because it could represent the most immediately

interested powers. We recognize, nevertheless, the difficulties of this matter of membership and while we feel that the United States, Great Britain and France together with perhaps Holland and Belgium might make an acceptable committee, we are somewhat apprehensive of Italian membership both for its effect on public opinion and for practical results. In the event that the United States, Great Britain, France, Belgium and The Netherlands are on the committee, the choice might be justified as representing the original signatories with principal interests in the Far East plus Belgium, the host of the Conference. In this respect, as in other matters, we trust to your discretion since you on the spot are better able to appreciate the difficulties and possibilities of any given course. In general, we feel that the United States should not take the leading role in supporting or opposing the various states for membership on the committee.

When the negotiating committee is set up, it will presumably receive terms of reference from the Conference. We think these terms of reference are important. The negotiating committee should have as broad a mandate as possible while working within the principles and provisions of the Nine Power Treaty.

WELLES

793.94 Conference/213 : Telegram

The Ambassador in China (Johnson) to the Secretary of State ^{77a}

NANKING, November 9, 1937—10 a. m.
[Received November 9—9: 15 a. m.]

901. My 883, November 3, 1 p. m.⁷⁸ The same sources have now given me the proposals drawn up in a form which they consider suitable for presentation to the Brussels Conference. They expressed the hope that presentation might be by the American delegation but I believe that the proposals have served their best purpose in being submitted for the study of the Chinese Government and I shall not telegraph full text unless the Department so instructs. Informants state that since October 30 the Chinese Government has telegraphed to its delegation instructions somewhat resembling their program. After studying proposals Donald ⁷⁹ wrote to informants expressing his personal opinion that they might be acceptable to China as maximum concession to Japan but that China could not discuss any peace terms until Japan had been given further demonstration that Japan

^{77a} Repeated to Mr. Norman H. Davis in telegram No. 51, November 9, 7 p. m., with the added statement, "Department is not requesting full text of proposals."

⁷⁸ *Ante*, p. 149.

⁷⁹ W. H. Donald, Australian adviser to Generalissimo Chiang Kai-shek.

cannot threaten, insult and invade China with impunity and Donald added that China is by no means defeated, and to avoid giving wrong impression informants should take extreme care to make it clear to any person who might see them that the proposals are not known to or advanced by the Chinese Government. In view of the close association of Donald with General Chiang and his wife his views are of considerable significance.

Sent to the Department, Peiping, Tokyo.

JOHNSON

793.94 Conference/212 : Telegram

*The Acting Secretary of State to the Ambassador in France (Bullitt)*⁸⁰

WASHINGTON, November 9, 1937—5 p. m.

568. Your 1575, November 8, 8 p. m.,⁸¹ and 1576, November 8, 9 p. m. The President saw Jules Henry⁸² when he called at the White House last Saturday to present Jacques Stern. The President referred during the brief conversation they had to the action taken by the French Government in refusing to permit shipment of munitions to China through French Indo-China and remarked that he thought some of the great powers with territorial interests in the Far East were behaving "like scared rabbits". The remark was then made to the President that in view of the Mediterranean situation, France could not take measures which could be taken in normal times, any more than could Great Britain, to defend their territorial possessions in the Far East from possible aggression and inquiry was made as to what the attitude of the United States might be in the event that such aggression transpired. The President made it very clear that this was a hypothetical question; that he regarded it as such a remote contingency that it should not even be discussed at the present time. The President then added that if such acts of aggression were committed, the repercussions thereof would be of such worldwide character that obviously the United States could not remain unaffected by such repercussions. The President made no statement other than those set forth above and gave no impression directly or indirectly as to the possible extension of the protection of the American fleet.

I have spoken to the President with regard to this question and this telegram is sent you with his authorization.

I have attempted to see Jules Henry this morning in order to request that he make the necessary clarification as above indicated. I

⁸⁰ Notation by President Roosevelt: "O. K. FDR."

⁸¹ Vol. III, p. 666.

⁸² French Chargé at Washington.

find, however, that he is in New York, but I have sent word to him that I wish to see him and I shall endeavor to do so tonight upon his return.

You may, of course, make our position clear in the above sense in your conversations tomorrow with the Prime Minister.⁸³ Please telegraph me the result of your conversations.

WELLES

793.94 Conference/216 : Telegram

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

LONDON, November 10, 1937—11 a. m.

[Received November 10—10:24 a. m.]

705. Following is that portion of the Prime Minister's Guildhall speech which refers to the United States:

"In our view an essential factor for success in any endeavor to bring about a settlement is the cooperation of the United States whose influence and interests in the Far East are so considerable. We rejoice therefore that in the admirable exposition of the objects of the Conference which he gave in his opening speech Mr. Norman Davis made it clear that all the participating governments are assured of the constructive cooperation of the United States Government. His Majesty's Government in the United Kingdom for their part are prepared as the Foreign Secretary declared on the same occasion to offer the very fullest collaboration to promote the success of the Conference. The prolongation of this unhappy conflict with all the misery and suffering which it involves can only result in increasing damage to each of the two great nations concerned and we who have a long tradition of friendly relations with both of them will anxiously await the day when their differences shall be composed and they can once again turn their attention to the development of their resources and the welfare of their respective peoples.

I have spoken of the pleasure with which His Majesty's Government received the news of the readiness of the Government of the United States of America to cooperate in the Brussels Conference. We regard that action as a first and most valuable step toward the fulfillment of the desire expressed by President Roosevelt at Chicago for a concerted effort by peace loving nations for the sanctity of treaties and the settlement of differences by peaceful means. We are convinced that a closer understanding and a more complete community of purpose between our two nations may do much to assist the cause for which the President has pleaded and which is also nearest to our hearts. We are now engaged in informal discussions with a view to the eventual conclusion of an Anglo-American trade agreement and I earnestly wish that in spite of all the difficulties to be surmounted we may succeed in arriving at an accord which might well bring

⁸³ Camille Chautemps.

benefits to the world for [*far*] transcending the immediate advantages to the trade of our respective countries."

In the course of an editorial the *Times* says: "There can be no more welcome news than Mr. Chamberlain's statement that steps are in progress towards an Anglo-American trade agreement" and the *Manchester Guardian* concludes from the Prime Minister's statement that "at last the Government seems in earnest".

BINGHAM

793.94 Conference/227½ : Telegram

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

PARIS, November 10, 1937—4 p. m.

[Received 9:43 p. m.]

1588. For the President and the Acting Secretary only. Your No. 568 of November 9, 5 p. m. After luncheon today Chautemps said that there were two important matters with regard to which he wished to speak to me. The first was "the effort which Davis was making in collaboration with the English to exclude France from a sub-committee to be appointed by the Brussels Conference to deal with the Sino-Japanese conflict." Chautemps went on to say precisely what Delbos had said to me previously. (See my Nos. 1570, November 6, 4 p. m., and 1576, November 8, 9 p. m.) France, in view of the importance of her interests in the Far East, especially in view of her possession Indo-China, could not permit the formation of any sub-committee on which she was not represented.

I said to Chautemps that I had already communicated to Davis the view of the French Government with regard to this matter, and that I felt Davis now understood the French position completely.

Chautemps then went on to say that the second matter was far more important. When Delbos had attempted to have a serious conversation with Davis with regard to eventualities in the Far East Davis had indicated that the United States was not interested in any way in any action in the Far East beyond a request to the Japanese and the Chinese to stop fighting and begin conversations. This did not tally with the information he had received from Jules Henry in Washington with regard to his conversation last Saturday with the President. Henry had received the impression that the President was prepared to take some (undefined) action in the Far East in case the Japanese should attack Indo-China.

I then repeated to Chautemps as accurately as possible the substance of your No. 568, November 9, 5 p. m. which incidentally I was deeply grateful to have.

Chautemps said that he had sent the President today a personal message through Henry; and went on to comment that it was quite true that France and England and the other democracies were behaving like scared rabbits but so nearly as he could see the rabbit which was behaving in the most scared manner since there was no gun pointed toward it was the United States.

Chautemps then became intensely serious and said:

"Look here. I know you well enough to tell you exactly what is in my mind and I am sure that neither you nor the President will object to my speaking with absolute frankness. I can understand that it is a perfectly honorable and reasonable line of policy for the Government of the United States to say that it will not involve itself actively in any war which may develop anywhere. Such a policy would lead to the United States being able to remain out of any war which might develop for a certain number of years but in the end, the United States would be drawn in. Nevertheless, that is an understandable policy.

"What I cannot understand is that you Americans from time to time talk as if you really intended to act in the international sphere when you have no intention of acting in any way that can be effective. I understand how much the President may desire to do something today to preserve peace; but I should infinitely rather have him say nothing than make speeches, like his speech in Chicago, which aroused immense hopes when there is no possibility that in the state of American opinion and the state of mind of the Senate he can follow up such speeches by action. Such a policy on the part of the United States merely leads the dictatorships to believe that the democracies are full of words but are unwilling to back up their words by force, and force is the only thing that counts today in the world.

"For my part I am convinced that unless the United States is prepared either to announce that it will use at least all its economic strength against any aggressor and eventually perhaps its military strength as well, or unless the United States will make a constructive effort to establish peace on the earth, the world will rapidly enter the most horrible of wars.

"As I see it, there are two constructive courses of action open to the United States. First, to announce that the United States will throw its physical strength against any aggressor. In that case no nation would dare to start a war. Second, to make now a constructive effort for peace.

"I understand that in view of the constitutional limitations on the power of the President of the United States it is perhaps impossible for him to make any promise to bring the United States into war against the aggressor or even to promise economic sanctions. It certainly is not impossible, however, for the President to make an effort for peace.

"There is, I believe, exactly one way of making peace in Europe and the world. That is through reconciliation between France and Germany. I can promise you that I and the whole of France are ready to make any settlement with Germany which looks like an enduring settlement even though it may cost us great sacrifices. We are ready for example to make sacrifices in the colonial domain which

will displease greatly our friends, the British, when they are asked to make similar sacrifices. Hitler and many of his closest advisers have said recently that they had no quarrel with France and desired ardently to reach a reconciliation with France. I believe that the influence of the President could be decisive today in making peace between France and Germany. I do not believe that Germany could refuse to enter into conversations suggested by the President of the United States.

"I do not wish to suggest ways and means; but I wish you would tell the President for me that I consider it of vital importance to world civilization that he should take the initiative. If he should wish to invite me and Hitler to Washington I should be overjoyed to come. If he should wish to come to France I should be overjoyed to give him the greatest welcome ever given anyone on this continent."

At this point Bonnet⁸⁴ joined us and Chautemps repeated for his benefit,

"I have just been saying to Bullitt that I believe the world is definitely doomed to war unless the United States either can take an engagement to enter war against an aggressor state or can take some effective action for peace, and that I am convinced that the only way to peace in Europe and in other parts of the world is by way of reconciliation between France and Germany."

Bonnet expressed his complete agreement with these statements of Chautemps and then added that he felt certain from his conversations with the President that the President was as convinced as he and Chautemps that no peace was possible anywhere in the world unless France and Germany should become reconciled. Before I left, however, Chautemps again returned to the subject and asked me please to transmit to the President precisely what he had said with all the emphasis of which I was capable.

I said that I would be glad to take up the matter; but cautioned him that if he should let it be known that he had made the statements he had made to me, every effort would be made by those who desired to keep France and Germany apart to kill his projects by premature publicity. He replied that he would say nothing to anyone.

BULLITT

793.94 Conference/238½ : Telegram

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

PARIS, November 10, 1937—5 p. m.

[Received 8 p. m.]

1589. For the President and the Acting Secretary only. My No. 1588, November 10, 4 p. m. Chautemps throughout his remarks to me was talking with a deadly seriousness.

⁸⁴ Georges Bonnet, French Minister of Finance, formerly Ambassador at Washington.

I concur in Chautemps' opinion that it is unwise for us to say anything unless we intend to back up all the implications of our words with an extremely big stick.

The idea that he put forth tentatively that the United States might announce that it would act against an aggressor seems to me both impossible constitutionally and contrary to our interests.

It also seems to me most undesirable for us to intervene in any spectacular manner such as by invitation to heads of governments to visit the United States or a visit of the President to Europe. Such spectacular actions might be desirable in case there were in existence an agreement already reached which it was desired to have launched with the utmost pomp.

I can see no objection, however, to an attempt by our Government to produce a reconciliation between France and Germany by the use of diplomatic channels in the first instance and perhaps public action later.

It is, of course, obvious that nothing can be done in this sense so long as our Ambassador in Berlin is cut off from real diplomatic contacts in Germany. I venture to express the hope, therefore, that the appointment of Hugh Wilson as Ambassador in Berlin may not be long delayed.

I am doubtful that even the best of Ambassadors in Berlin, receiving whatever support I can give him from Paris, can do much; but I agree with Chautemps entirely in his belief that unless a reconciliation between France and Germany can be brought about, war in Europe is certain; and I agree with his conviction that the United States alone might be of real assistance in bringing about such a reconciliation.

BULLITT

793.94 Conference/219 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 10, 1937—6 p. m.
[Received 9:15 p. m.]

24. For the President and the Secretary. The time is fast approaching when we shall have to consider what to do in the event that the Conference does not succeed in bringing the Japanese Government into negotiations for peace. The idea which you outlined at Hyde Park was to keep the Conference in existence if necessary for weeks or months, making approach after approach to Japan, in the hope that it would (a) exert a united moral pressure of world opinion on Tokyo and (b) enable public opinion at home and else-

where to develop and crystallize. I fear that such a prolonged procedure is not practicable. Of all the delegations the British is the only other one which as yet seems to envision the objectives of such a strategy and which could be counted upon to cooperate fully in this respect. The other delegations are almost all unsympathetic to the idea of a prolonged Conference and I do not know for how long the British and ourselves could hold them in line.

Although the small powers are strongly opposed to what Japan is doing they are not sympathetic to the idea of a prolonged Conference for fear, based on their Ethiopian experience, that they may be drawn into some steps which the big powers would not pursue to a successful end and cause Japan to retaliate against them. We therefore should be considering what to do if the Japanese persist in refusal to consider resort to methods of conciliation and agreement.

Several possibilities are open.

(A) The Conference could declare that it has tried in every conceivable way to induce Japan to join in efforts to bring about peace by agreement and had failed. It could enumerate the various efforts made and the various proposals and inquiries submitted and conclude that under the circumstances the delegations should all go home to consult with their Governments regarding future steps. Then, the Conference adjourning subject to later reconvening upon call by the Chairman, consultation might continue among the interested foreign offices. It might also appoint a committee. This course would (a) keep alive an agency which had neither condemned Japan nor advocated pressure against her and which might therefore eventually be of value in case Japan later decided to seek good offices; (b) keep necessary negotiations or adoption of concrete measures in the hands of two or three key powers. It would have as a disadvantage the element of Conference failure but there might be advantage in frank admission of such a failure.

(B) The Conference might attempt to reach an agreement upon some form of united pressure upon Japan in the fields of trade and shipping. I feel that this is not the setting for that type of effort. Every move made is made known to the public. Almost every delegation except the British endeavors to make us appear in the forefront. If such an effort were made it seems likely that some delegations at least would endeavor to use it toward getting us associated in a political alignment of the democracies for purposes of their own in Europe.

(C) We might envisage a middle and halfway course and advocate an agreement by the Conference powers in the form of a resolution embracing one or more, perhaps all of the following points:

(a) To take no action discriminating against China in relation to China's military effort;

(b) To take no action toward persuading China to enter into an agreement involving unwilling concessions on her part;

(c) To refrain from "recognizing" changes in the situation in China which are inconsistent with or contrary to the provisions of the Nine Power Treaty;

(d) To supplement the policy of non-recognition by agreeing to give no countenance to any form of assistance especially loans, credits, et cetera, to Japan in connection with the hostilities or for activities thereafter in development of anything which she may have gained thereby;

(e) To give no military assistance to Japan in the event of her becoming embroiled, before reaching a settlement by agreement with China, with any other of the Conference powers.

I feel that the above possible procedures should be given serious and immediate consideration.

Meanwhile the conviction is growing with me that the Neutrality Act as applicable at least to the Sino-Japanese conflict tends to negative our affirmation of high moral principles and advocacy of a moral pressure upon Japan. If the moral pressure fails and we have to draw completely into a shell or to adopt a more positive policy we may find ourselves embarrassed or impotent. Should Japan declare war and force upon us the application of the Neutrality Act we would not only be unable to give assistance to China to enable her to defend herself from invasion and to uphold a treaty to which we are a party but we would have to take action which would make it increasingly difficult for China to defend herself.

I, therefore, suggest and strongly urge that if in your judgment it is practicable you forthwith recommend to Congress a repeal or a suspension of the existing neutrality legislation at least insofar as concerns the Sino-Japanese conflict. This would startle and worry Japan, encourage the Chinese and have a dynamic effect upon world opinion. It might save us from being put in an awkward and unfortunate position detrimental to the interests of the United States.

I also suggest that you consider now recommending an appropriation for the construction of additional battleships which would indicate that we are taking a serious view of the Far Eastern situation and the general threat of international anarchy.

DAVIS

793.94 Conference/220 : Telegram

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

BRUSSELS, November 11, 1937—noon.
[Received November 11—9 a. m.]

26. Eden, Delbos and I had a long conversation yesterday as to further steps in the Conference.

We assume that the Japanese reply which is expected Friday will be unfavorable.⁸⁵ In view of the fact that Japan has been emphasizing

⁸⁵ For text of Japanese reply on November 12, see *The Conference of Brussels*, p. 53.

that one of her objectives in the invasion of China is to protect herself against actual or potential communism we have felt that it would be well for the three of us to make statements in the meeting next Saturday along the lines of the President's Chicago speech and various statements which have been made by the Secretary. We shall all point out that the question in the last analysis is whether international relations shall be determined by violence or conflicting ideologies or whether they shall be governed by law and treaty obligations. We believe that the small powers will follow suit and that we can thus make an impressive demonstration of solidarity in support of these principles.

We have also tentatively agreed to send one more communication to Japan after the receipt of the reply on Friday. This will be stiffer in tone and will probably be to the effect that China has informed the Conference that while she will agree to conciliation or mediation on the part of a committee of powers designated by the Conference she will not agree to negotiate separately with Japan and that the Conference approves this decision on the part of China since the issues involved do not concern China and Japan alone and can not constructively [be] settled except on a basis in conformity with the Nine Power Treaty.

While Eden and Delbos agreed to send this second communication they did so with some reluctance as they feared it might appear as weakness and as undignified for us to remain here too long in the face of Japanese refusal. They recognized, however, some advantage in making this second move particularly as it would put Japan in a still more untenable position and give us more time, probably a week, in which to wind up this stage of the Conference in an appropriate and an effective manner. I have refrained from committing myself as to the terms under which the Conference might be terminated or adjourned until I shall have received a reply to my telegram No. 24, November 10, 6 p. m.

DAVIS

793.94 Conference/227: Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, November 12, 1937—6 p. m.

[Received November 12—3:12 p. m.]

748. [Here follows summary of editorial views in two newspapers.]

Two factors will probably militate to obstruct successful outcome Brussels Conference; namely, (1) Japanese military are determined to crush Chinese resistance and impose their own terms, this determination being strengthened by exasperation at strong Chinese re-

sistance at Shanghai, and at the "interference" of certain western nations, and by Japan's conviction that if the Sino-Japanese situation is not settled in Japan's favor now the ultimate effect will be profoundly serious for that country, and (2) the Chinese leaders cannot afford to subscribe as yet to a solution acceptable to Japan as it would mean the elimination from the Government of many of those leaders and as neither their present commitments (for example to the Chinese Communists and to the southern faction) nor the present temper of the people in central and southern China would permit them to subscribe.

It would seem to be logical for Japan to desire an early settlement because of (1) possible ill effects of a prolonged campaign in China on Japanese economy, internal political situation and international relations; (2) the desirability of finding adequate and effective means, through the present Chinese Government, or a new régime, of eliminating "recalcitrant" nationalistic elements which would continue to act militarily against Japanese control; and (3) the possibility of commitments which Japan may have made as a signatory of the Anti-Comintern Pact⁸⁶ vis-à-vis the Soviet Union and which would make an early termination of hostilities against China desirable; that is, for example, if military action against the Soviet Union might be required now or later under the terms of that pact. If an agreement with the present Chinese Government is impossible, increasing Japanese anger may lead to a declaration of war, or to an effort to oust the National Government from Nanking, and the establishment of a puppet government there subservient to Japan, with perhaps an ineffective purely Chinese Government left in control of certain parts of southeastern, central, and western China. Whatever the developments suggested above, however, it seems doubtful whether the Soviet Union will render any substantial aid to China under the present international situation.

It is obvious that there exists the possibility that Nanking will reach an agreement with Tokyo, but it is also apparent that this is improbable until the Chinese leaders have given up all hope of obtaining help at Brussels. It is fairly probable that such an agreement, if concluded, would lead to the inclusion of China in the anti-Comintern group of powers under the aegis of Japan, that such an alliance would be directed in the first instance against the Soviet Union, that the resources of China would be exploited under the direction of Japan for the benefit of the alliance, and that "foreign rights and interests" in China would in consequence suffer radical changes.

Sent to the Department. Repeated to Nanking. Section 2 repeated to Tokyo, section 1 sent by mail.

LOCKHART

⁸⁶ For text, see *Foreign Relations, Japan, 1931-1941*, vol. II, p. 153.

793.94 Conference/220: Telegram

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

WASHINGTON, November 12, 1937—7 p. m.

59. Your 26, November 11, noon. With regard to the outline you give of the probable substance of another possible communication to Japan, we suggest that the Conference avoid a statement such as "the Conference approves this decision on the part of China" and substitute therefor a statement to the effect that the Conference is of the opinion that the attitude of China is correct in that the controversy is of practical and legitimate concern to all the parties to the Nine Power Treaty and can be settled constructively only on a basis in conformity with the Nine Power Treaty.

HULL

793.94 Conference/219: Telegram

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

WASHINGTON, November 12, 1937—8 p. m.

60. Your No. 24, November 10, 6 p. m. In this telegram we are not discussing your section 4.⁸⁷

We much appreciate the lucid analysis of the possibilities contained in your sections 2 and 3.

Reference your second possibility, paragraph labeled (B). We agree with you that the present conference is not the place for such consideration.

Reference your third possibility, paragraph labeled (C). In our opinion none of the measures envisaged therein should be proposed by the United States. In any event we are convinced that, with respect to practically all of these measures, the United States would not be in a position to enter into an agreement with other countries for participation in carrying them out. However, if any of the measures are brought forward for serious consideration we should like to be informed and will then consider definitely our position with respect thereto.

Reference your first alternative. We are convinced that the conference should continue in existence for some time to come, although we agree with you that it would probably be impossible to keep the conference actually in session much longer. As you suggest, there are two possibilities of keeping the conference in existence: (1) through recess subject to call by the Chairman, and (2) through recess and the appointment of a committee. In either case the governments

⁸⁷ Beginning, "I feel that the above . . .", p. 177.

represented at the conference would stand by watching the situation closely and ready to comment upon it. In connection with the first possibility, we would like to suggest for your consideration that the conference be made subject to call not only by its Chairman, but also on request of a number of participating governments. We would like also to raise for consideration the question whether this procedure might not be more impressive than the appointment of a committee. With regard to the second possibility, we would similarly like to suggest for your consideration that the committee membership comprise the original signatories of the Nine Power Treaty, with the exception of Japan and China, and that the Belgian Foreign Minister and the diplomatic representatives in Brussels of the six other governments act as the committee.

Whichever method of giving the conference continued existence is adopted, we consider it of the utmost importance that (1) there should be no admission of failure in any pronouncement made by the conference, and (2) that before its adjournment the conference should issue a public statement in which there would be, as you suggest, an enumeration of the various efforts made and various proposals and inquiries submitted with a view to bringing out clearly the facts of Japan's refusal, up to date, to collaborate in a search for peace. In addition, the statement should contain a strong reaffirmation of the belief of the governments represented at the conference in the principles and provisions of the Nine Power Treaty, as well as of their belief that these principles and provisions apply to this particular conflict; and a renewed declaration to the effect that the present conflict in the Far East is of direct concern and interest not only to the nations represented at the conference, but also to the whole world. There should also be an expression of determination on the part of the governments participating in the conference to watch the situation closely; to continue exchange of views for the purpose of keeping these principles alive in reference to the present situation; and to hold themselves in readiness at any time to explore with the two parties to the conflict all peaceful methods by which a settlement of the dispute on the basis of the principles and provisions embodied in the Nine Power Treaty may be attained.

The purpose of such a declaration on the part of the conference would be (1) to keep the door open for possible mediation in the Far Eastern conflict, and (2) to serve as a dramatic appeal to all peace-seeking nations, to be alert to existing and developing threats to international order and world peace, and to maintain the basic principles of peaceful international relationships not only with reference to the present situation in the Far East, but also in their broader bearing upon relations among nations in general.

793.94 Conference/229: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 13, 1937—4 p. m.
[Received November 13—2:05 p. m.]

30. My telegram No. 26, November 11, noon. In the light of the uncompromising nature of the Japanese reply the plans we had been discussing for further procedure have been somewhat altered.

After considerable discussion among Eden, Delbos, Spaak and the heads of some other delegations we all decided that the more promptly the Conference recorded its views and stated fully its position in the face of the Japanese note the more effective it would be. Instead of sending another communication to Japan, which would call for an answer and invite another rebuff, it was decided to present for the consideration of the Conference a resolution which *inter alia* controverted the Japanese arguments; reasserted the opinion of the Conference that the conflict is of direct concern and interest not only to the participants but to the entire world; contained an open offer of good offices to explore with the two parties to the conflict all peaceful methods by which the settlement of the dispute within the framework of the Treaty might be achieved; and finally reserved the position of the powers to consider further action.

A draft which was prepared by representatives of the principal delegations in collaboration with the Chairman of the Conference was circulated at the close of this morning's meeting and consideration thereof will start this afternoon.

As at present planned there will be an adjournment of the Conference either tonight or Monday evening until the end of next week. During that time the delegates will consult their Governments as to the most appropriate and effective ways and means of closing the present session of the full Conference at which time a more comprehensive resolution will be presented and the conditions for a recess will be determined.

DAVIS

793.94 Conference/230: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 13, 1937—midnight.
[Received November 14—9:45 a. m.]

31. The draft declaration referred to in my 30, November 13, 4 p. m. was submitted to the Conference this afternoon. After considerable discussion participated in by practically all of the dele-

gates and after numerous amendments it was accepted (except by Italy) although final passage was delayed until Monday at the request of Sweden, Norway, and Denmark which asked for time to consult their Governments. Italy argued in favor of delay before passing the declaration but gained no support largely because Aldrovandi declared that Italy would probably in any event refrain from accepting it either in whole or in part.

Two points only in connection with the declaration seem to require comment:

(1st). Due to widespread opposition to specifically expressing the hope that Japan would still see fit to accept the tender of good offices it was necessary to accept the modified form found at the beginning of the last paragraph; and (2d) the last paragraph should be read in the light of our decision to adopt a further declaration of common attitude before taking a recess either the end of next week or the beginning of the following week.

Text follows. [Here follows text; for declaration adopted November 15, see *Foreign Relations, Japan, 1931-1941*, volume I, page 410.]

DAVIS

793.94 Conference/232 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 14, 1937—10 p. m.

[Received November 14—9:14 p. m.]

32. The American correspondents think that this Conference is being used as a cover for inability or unwillingness to take any positive action. Also, today the current gossip among them is that Washington has weakened considerably and is pulling the props from under delegation. We have tried to dispel these ideas. I suspect that this all originated from the Japanese Embassies in Washington and here. The Japanese Ambassador here has been telling that their Ambassador in Washington informs him that the United States has no intention of doing anything and that my wings are clipped.

DAVIS

793.94 Conference/236 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 14, 1937—11 p. m.

[Received November 15—10:59 a. m.]

33. For the President and the Secretary. The effort of this Conference to bring about conciliation has been doubly difficult because

it was preceded by condemnation of Japan at Geneva and Washington. The French attitude has improved appreciably of late and Delbos has been cooperative and helpful. However, he is convinced entirely that it is futile to expect that moral pressure will have any appreciable effect upon Japan; that Japan is relying upon force and is impervious to reason; and that since Japan has spurned every effort toward conciliation the Conference must soon decide what further pressure the principal powers can and will exert.

Eden seems to believe that there is still some chance that some way may be found to bring Japan into some sort of a negotiation; feels that this may have to be done by a few powers outside of the Conference and its reporting to the Conference; feels that we cannot usefully and with dignity continue much longer to confine ourselves to an expression of principles and pleas to Japan to accept our good offices only to be rebuffed; and is convinced that our efforts to bring about a practical and just settlement would succeed if Japan really believed that at least our two Powers would take some positive action. He has repeated to me that the British Cabinet favors doing anything that the United States may be willing to do and he agrees that whatever is done or is not done should be so handled as not to put the responsibility or blame on either country only and that whatever courses we pursue should be along parallel lines.

He has spoken of the possibility of embargoes without enthusiasm but with the indication that the British would be willing to proceed on that line if we were willing. I have told him that I have no authority even to discuss that possibility seriously. He has stated that although Great Britain could not possibly challenge Japan single-handed with the situation in Europe what it is, they could send several battleships, et cetera, to the Far East and he is inclined to think that a concentration of naval forces might be an advisable and useful gesture.

Delbos has tried repeatedly to discuss positive joint action with Eden and me but I have avoided such discussion. He told us on Friday that the Japanese Ambassador in Paris had threatened that if France did not soon stop transit of arms through Indo-China Japan would occupy Hainan and take retaliatory measures. He gave me the impression that while they did not want to knuckle down to Japan they were afraid not to do so unless they could get some assurance of aid from Great Britain and ourselves. I told him that I could of course give no such assurance but that I thought they were unduly afraid of what Japan might do as she has her hands very full and would be foolish to bring on herself trouble with some other power. He then told me that Stern and Henry had recently had a very encouraging conversation with the President on this question.⁸⁸

⁸⁸ See Department's telegram No. 568, November 9, 5 p. m., p. 170.

He showed me Henry's telegram giving an account of the conversation in which you were reported as having said in substance that you thought France ought to keep open the transit through Indo-China, that they had expressed their fear of retaliation on the part of Japan and that you had replied that they ought to bear in mind that because of the inter-relation of communication and interest between Indo-China, Hong Kong, and the Philippines it was possible that the United States would regard an attack on one as in the nature of an attack on all.

I am going into some detail because I feel that unless we are prepared to participate in some positive steps in case Japan does not within the near future enter into some discussion looking toward a peaceful settlement, most countries will lose their nerve and fold their hands. The minimum step that will in my opinion hold them in line would be the adoption of a resolution calling for non-recognition of changes brought about by armed force, prohibition of government loans and credits and discouragement of private loans and credits. There are indications that Japan is nervous over this Conference and is maneuvering in various ways to undermine it; and she is believed to have been making veiled threats to practically all of the powers except Great Britain and ourselves.

What concerns me somewhat is that while Japan is now nervous for fear we may agree upon something positive, if we go on much longer without any evidence of intention to do anything more than preach she will soon become firmly convinced that she can pursue her course without any danger of interference.

DAVIS

793.94 Conference/235 : Telegram

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

BRUSSELS, November 14, 1937—midnight.

[Received November 15—7:15 a. m.]

34. For the President and the Secretary. Your 60, November 12, 8 p. m. I agree with you that the Conference should continue in existence for some time, subject, however, to a recess to start in a week or 10 days and to reconvene either at some fixed time or upon a call by the Chairman or upon the request of a number of participating governments. The consensus of opinion now is that since it is not possible to agree upon a small working committee it would be better to have no committee at all. If there were to be a large com-

mittee it would probably have to include all the original signatories including Italy and possibly Russia and there is a very strong opposition here to either or both of them.

I agree that it would be a mistake now to give any impression of failure and that it should be understood that during the recess the governments concerned will continue to occupy themselves actively with the Far Eastern problem. For this reason I am considering that it might be well for us not to rush home too quickly but to remain in Europe say a week or 10 days after the recess is taken because the more Japan feels that we may be conferring in Europe the better will be the psychological effect. As to this I would appreciate your judgment.

We have already incorporated in the declaration upon which the Conference is to act tomorrow many of the points mentioned in the last paragraph of your telegram and those that have not been covered can no doubt be included in the resolution that will be adopted before we recess.

However, if that resolution contains nothing more concrete I fear that it would be generally construed as an anti-climax to our work, if indeed it did not give aid and comfort to Japan. For instance Eden told me yesterday that while he was much in favor of the declaration which it is hoped will be adopted tomorrow morning in reply to the Japanese note, he was quite concerned about the effect on public opinion and also upon Japan if, when we meet again at the end of next week, we are unable to do anything more than make another similar even though more complete declaration.

I realize that the United States would probably not be in a position to enter into an agreement with other countries for participation in carrying out most of the measures indicated in paragraph C of my 24, November 10. I envisaged this not in terms of an agreement but in terms of a common declaration of individual policies. I also felt that since we have on two former occasions proclaimed the non-recognition policy and have entered into treaties to that effect there would be no difficulty in participating in a resolution affirming it. We all believed it would be desirable to do so and that in order to make this policy more effective it should be supplemented by a declaration against government loans and credits and encouragement of private loans and credits.

We are strongly of the opinion that the Conference should adopt such a resolution and earnestly recommend your approval to my supporting such a proposal.

DAVIS

793.94 Conference/233 : Telegram

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

TOKYO, November 15, 1937—7 p. m.
[Received November 15—8:15 a. m.]

543. Hirota has asked me to come to see him at his residence tomorrow morning at 9:30. I have reason to believe that he wishes to talk about possible approaches looking toward eventual peace. You may, therefore, wish to delay final decision with regard to any contemplated action toward implementing the final resolution of the Brussels Conference until my report of that conversation shall have been received.

GREW

793.94 Conference/235 : Telegram

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

WASHINGTON, November 15, 1937—7 p. m.

62. Your 34, November 14, midnight.

(1) I have been giving consideration to the suggestion that you might remain in Europe for a brief period after the close of the present phase of the Conference, which you anticipate for the end of this week or the beginning of next. I will advise you subsequently in regard to this.

(2) I note that you consider it possible to embody in the final resolution the points referred to in my No. 60, which you have not already covered. We are preparing and expect to send you tomorrow a telegram amplifying certain of those points and setting forth more clearly than we have done heretofore the ideas which we feel should be incorporated in the final resolution of the Conference.

(3) In respect to your apprehension shared by Eden that the contemplated end of this phase of your work will be construed as an anti-climax, we feel that a strong re-affirmation of the principles which should underlie international relationships, especially if adopted by the Conference in the immediate future, would be the best method of off-setting such criticism.

(4) You suggest declarations of individual policy in the line of a re-affirmation as to non-recognition of situations created in contravention of obligations. I am inclined now to think that such a declaration might be premature and if it is to be adopted might more advantageously be done at some later stage. However, the idea might be indicated now without being expressed in explicit terms.

(5) As to your suggested declaration against government loans and credits and the tightening of private loans and credits, you will recall that such measures are outside of the scope of the terms of the invitation to the Conference. You will further recall that the nations of the League assembled at Geneva definitely avoided the adoption of any such measures.

HULL

793.94 Conference/242 : Telegram

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

BRUSSELS, November 15, 1937—8 p. m.
[Received November 15—5:25 p. m.]

35. The Conference met this afternoon and adopted the declaration textually as telegraphed in my 31, November 13, midnight, with Italy voting against and Norway, Sweden and Denmark despite declarations endorsing the general principles involved abstaining from voting.

The next session has been called for Monday afternoon, November 22.

DAVIS

793.94 Conference/232 : Telegram

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

WASHINGTON, November 15, 1937—9 p. m.

64. Your 32, November 14, 10 p. m. We have noted in the press reports appearing here under Brussels date lines comments along the lines indicated in the first two sentences of your telegram; also reports to the effect that everything in reference to the possible success or failure of the Conference depends upon the attitude of Washington. For instance, in the *New York Herald Tribune* and the *New York Times* today there appear articles under Brussels date line November 14 stating, *inter alia*, that during this week's recess of the Conference the French and British delegations will leave and the American delegation will be charged with the task of drawing up a resolution defining the terms of adjournment.

We realize the difficult situation with which you are confronted and appreciate the efforts you are making to dispel misapprehension. We fear that a pause in the Conference proceedings, such as the present one, which leaves you the only delegate in Brussels of a great power,

inevitably gives rise to this type of story. You may think it advisable, therefore, to urge the resumption and completion of this phase of the Conference work as soon as possible. In justice to this Government and to yourself I think you should do your utmost to persuade Eden and Delbos to be present at the final session, and to accept their full share in drafting and preparation of resolutions.

The *Washington Post* this morning finds that "the parley would accomplish a good deal" and that the resolution has a greater potential importance than the probable immediate consequences would seem to indicate.

The *Baltimore Sun* yesterday under the caption "By no means futile" states that the Conference "sets a precedent for concerted action to uphold the doctrines of international morality and good faith in the Far East" and that "no matter what else may come out of the meeting, this collaboration, if it is maintained to the end, will provide a hopeful augury for the future of international morality."

HULL

793.94 Conference/247: Telegram

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

TOKYO, November 16, 1937—1 p. m.
[Received November 16—10:34 a. m.]

544. My 543, November 15, 7 p. m. The Minister for Foreign Affairs asked me to come to see him at his official residence at 9:30 this morning and he talked to me along the following lines:

1. Reports received from the Brussels Nine Power Conference indicate that the draft resolution submitted to the Conference provides for united action against Japan. The Minister does not know whether the draft which he has seen was passed by the Conference without alteration or amendment. If the clause for united action remained in the resolution as passed, he fears that it will have a very unfortunate effect on Japanese public opinion. He interprets the term "united action" as envisaging some sort of economic boycott or other sanctions. He said that any such united action far from helping to terminate the hostilities would actually result in prolonging them indefinitely.

2. The Minister said that according to the information which he has received through the diplomatic representative of "a certain power" the United States Government not only took the initiative in convoking the Conference but is also taking the lead in Brussels (I here interrupted the Minister to interpolate the information which we had received from the Department and also the gist of the statement made by Mr. Eden in the House of Commons to the effect that

the initiative for calling the Conference had been taken by a group within the League of Nations of which the United States is not a member and that the United States when asked where it felt the Conference should be held had merely suggested Brussels as the rendezvous. The Minister repeated, nevertheless, that his information was to the effect that the United States had been the real leader from the start.) Mr. Hirota said that he hoped that I would bring the views in paragraph 1 to the attention of our representatives in Brussels.

3. Mr. Hirota then said that these rumors of American initiative were bound to appear soon in the Japanese press and that this would have a most unfortunate effect on Japanese public opinion. The Japanese public hitherto has felt that Great Britain is the country which has been foremost in endeavoring to develop a solid front against Japan but that if the Japanese press now reported the United States as taking the leadership in Brussels the onus would be largely transferred to the United States.

4. The Minister said that good relations with the United States as he had often told me was his fundamental policy and that he greatly "feared" the results of such a change in Japanese public opinion.

5. Up to the moment of the President's speech in Chicago on October 5 the Japanese public had felt that the United States was the only country which had been genuinely impartial during the Sino-Japanese hostilities. All of the other countries, he said, for one reason or another had special interests in China and their impartiality was therefore doubted. The position of the United States in the estimation of the Japanese public, however, was such that it was generally felt that the United States might play the same role in helping to terminate the present hostilities as it had played in the Russo-Japanese War⁸⁹ as being the most impartial of all Japan's friends. The President's Chicago speech had temporarily modified this view but the fact that in his recent speech opening Congress⁹⁰ the President had made no reference to the Far Eastern situation made the Japanese public feel that perhaps the United States is not so rigid in its attitude as had been feared.

6. Mr. Hirota then said that the Japanese military movements in China are progressing favorably and there is no need for the army to go much further than it has already gone although they will be perfectly capable of doing so if they consider it necessary. In China's own interests now is the time to bring about peace. The Chinese Government is considering evacuating Nanking to some other capital

⁸⁹ See *Foreign Relations*, 1905, pp. 807 ff.

⁹⁰ Dated November 15, *Congressional Record*, vol. 82, pt. 1, p. 5.

and this, the Minister said, will be a very foolish move. As a matter of fact Chiang Kai Shek's position is far from secure and some of the principal generals are already forming an opposition. If peace is made now the Japanese demands will be "reasonable" and not a foot of Chinese territory will be taken by Japan. If, however, the warfare continues, the present attitude of the Japanese Government may no longer apply and more drastic terms may result in view of the increased sacrifices involved.

7. If the United States wishes to help, the best thing it can do is to persuade the Chinese Government to open negotiations with Japan. As soon as there is some indication that such negotiations will be acceptable to the Chinese Government, Mr. Hirota would send a representative to Shanghai to talk with a representative of the Chinese Government either in public or in strict secrecy as the Chinese Government might wish. (Mr. Hirota, having mentioned the continued presence of the Chinese Ambassador in Tokyo, I took this occasion to inquire whether diplomatic channels would not therefore exist which could be utilized along the lines of Mr. Hirota's suggestion. Mr. Hirota merely assented that these channels did exist but made no further comment thereon.)

8. When Mr. Hirota had finished the foregoing statement, I repeated it to him, point by point, and inquired whether I had correctly understood everything that he had said. The Minister assented. I said that I would promptly report the conversation to Washington. I then said to the Minister that I hoped that he would do his best to prevent the Japanese press from publishing unconfirmed rumors concerning the attitude of the United States and, in any case, that he would endeavor to calm such adverse press reactions against the United States as might occur, especially until my Government's reaction to our present conversation had been ascertained. The Minister replied that he agreed with me as to the importance of this and that he would do his best.

9. Commenting on the foregoing conversation I fully realize that we in Tokyo are unable to see the whole picture of the situation as the Department sees it. We realize that a negotiated peace at the present moment might be held to be more in the interests of one of the combatants than of the other. What follows is therefore presented as a discussion of the situation on the basis of evidence available to us and on the assumption that an early peace is desirable from all points of view.

10. Yoshizawa²¹ has told us in confidence that the position of the Japanese Government is that it is prepared to consult either individu-

²¹ Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

ally or collectively with the United States and Great Britain and other powers having substantial interests in the Far East, but that it will not respond to invitations to consult with these or other powers within the framework of any system of collective security, whether it be the League of Nations or the Brussels Conference. We feel that even if the inclusion in the Brussels Conference of such countries as Mexico and Bolivia was unavoidable, the presence of Soviet Russia effectively removed any doubt which the Japanese Government might have had as to its decision not to consult with that Conference.

11. We learn also from Yoshizawa that on this account even the leaders in the army believe that no settlement reached with any Chinese personage other than Chiang Kai Shek could reasonably be expected to be a final settlement. In view of the statement made to me by Hirota with regard to the anticipated evacuation of Nanking and to the insecurity of Chiang's position, it may be of interest to cite the statement made to us by the same informant that the Japanese Government feels that an opportunity to talk peace terms with Chiang may be lost if the Chinese Government is driven from Nanking into the remote and inaccessible interior. Yoshizawa stated that in such eventuality maintenance of order would require the formation of a new Chinese régime and it was believed that in those circumstances the Chinese Government where it still remained under the influence of Chiang or whether as seemed likely it had fallen into the hands of the radicals would maintain resistance indefinitely.

12. Notwithstanding the optimistic estimates of foreign observers with regard to the efficiency of the Chinese forces in the Shanghai area, the time may be approaching when a negotiated peace might have to be indefinitely deferred. From current evidence there appears to be possibly impending that situation in China which we had envisaged in putting forward our recommendations as to the attitude of our Government (our 321, August 27, 4 p. m.⁹² and letter to the Secretary dated September 15, 1937⁹³).

13. I had previously made Hirota aware that our Government would view with strong distaste any proposition from Japan calculated to secure the assistance of the United States in legitimizing the results of a Japanese military victory and I assume that Hirota in making today's approach is fully aware of your position.

14. Present evidence indicates that if our Government were to insist that efforts toward peace be made within the framework of a system of collective security, whether of the League or of the Nine Power Treaty, force and only force could be effective.

⁹² Vol. III, p. 485.

⁹³ *Ibid.*, p. 525.

15. With reference to paragraph 2, I expect that Craigie, and perhaps the French Ambassador, will continue to strengthen the impression in Japan that it is the United States which took the initiative and is really most instrumental in trying to create a common front against Japan, thereby greatly injuring our influence and interests here.

GREW

793.94 Conference/219: Telegram

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

WASHINGTON, November 16, 1937—4 p. m.

70. Your 24, November 10, 6 p. m., penultimate paragraph. There is no present prospect of a repeal or a suspension or a modification of the existing neutrality legislation and you should proceed on the assumption that no such action will occur.

HULL

793.94 Conference/247: Telegram

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

WASHINGTON, November 16, 1937—4 p. m.

297. Your 544, November 16, 1 p. m., paragraph 15. Have you any facts or information indicating that the Ambassadors you mention are taking steps to create an impression that this Government is taking any initiative in an effort to create a common front against Japan? If so, our disposition is to take the matter up at once with the Governments of those representatives.

HULL

793.94 Conference/254: Telegram

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

BRUSSELS, November 16, 1937—5 p. m.

[Received November 16—noon.]

38. Your 64, November 15, 9 p. m. I regret that certain despatches from here indicated that the American delegation was charged with drafting during this week's recess a resolution defining the terms of adjournment. This is not true and I hope that the despatches from

here last night corrected such a false impression. I fully realized the implications that might result from our being the only principal power remaining here this week and that it was of the utmost importance that Eden and Delbos return to Brussels in time to collaborate and to share equally in the responsibility for preparing and introducing the final resolution. Eden and Delbos likewise appreciated this and accordingly both have agreed to be back Friday night. It was at first contemplated that the next meeting would be on Saturday but realizing that we would require at least 2 days for consultation before submitting a draft to the Conference, Eden and Delbos agreed with me that it would be better to reconvene Monday afternoon.

DAVIS

793.94 Conference/311

Memorandum by the Assistant Secretary of State (Wilson) of a Conversation With the Counselor of the Japanese Embassy (Suma)

[WASHINGTON,] November 16, 1937.

Following the discussion on salmon fishing,⁹⁴ Mr. Suma asked if he could see me alone. He stated that he would like to have a frank and private conversation.

He told me that they had received a message concerning Mr. Hirota's interview with Mr. Grew; Mr. Hirota felt that the Japanese people had been of the opinion that of all the great powers the United States had, up to October 5th, maintained the attitude of most scrupulous neutrality; that certain episodes such as stopping the sailing of the *Wichita*⁹⁵ had been considered friendly by the Japanese people; however, the Chicago speech of the President and the association by the State Department of the United States with the action of the League had shaken Japan's belief in our friendly attitude; nevertheless, the President had followed his Chicago speech by a fireside talk,⁹⁶ which had done much to restore the friendly sentiments of the Japanese for us; the Japanese Government, Mr. Suma continued, had felt that we went to the Brussels Conference both because we were obligated under the treaty and because we wanted to keep association with the great states of Europe and take no step on our part that would shatter the peace structure. This was comprehen-

⁹⁴ See telegram No. 307, November 19, 6 p. m., to the Ambassador in Japan, p. 761.

⁹⁵ See statement of September 14, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 201; also *post*, pp. 520 ff.

⁹⁶ Radio address of October 12, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 400.

sible. What was difficult to follow was the apparent leadership that the United States was taking in the Conference.

The Japanese Government would be ready and willing to entertain suggestions from Mr. Grew and, of course, from our Government in any form it chose to present them; it could not, however, accept suggestions from an organization of states, some having no immediate interest, all of whom have condemned Japan, and would be ready and glad to entertain suggestions, as he said, from us alone; he felt that if the Brussels Conference had not taken place, with the military situation as it is, it was very probable that peace negotiations would already be underway; Chiang Kai-shek, he believes, would be ready, if he could save his face, to talk, as would other members of the Chinese Government, but the attitude of the powers at Brussels had not only made this talk difficult, but had, he feared, postponed the possibility of embarking upon them.

Mr. Suma asked me specifically whether I thought that, in some circumstances, the American Government could play the role in this conflict that President Theodore Roosevelt had played in 1904.⁹⁷

I said that I would like to answer him first on the historical side of this matter. Mr. Hirota had told Mr. Grew that he was informed that we had been the instigators of the Brussels Conference. I wanted to assure Mr. Suma, and this assurance Mr. Grew would give to Mr. Hirota, that there was not a word of truth in this statement.

In respect to our attitude, I said I had no intention or thought of making any apology therefor; it was clear and unequivocally expressed in our public statements; it was an attitude supported by our public and one which we felt was the only one compatible with dignity and self respect; how, I asked Mr. Suma, could the United States refuse to follow its treaty obligations and communicate with the powers of the Nine Power Treaty; how could we, without stultifying ourselves and violating our principles, fail to make a declaration following that of fifty odd nations at Geneva that Japan's acts were not in accordance with the terms of the Nine Power Treaty; 999 Americans out of 1,000 so believed and such belief had to be given vocal expression by this Government.

Now, to come to his specific question as to the opportunity for playing a mediating role. I said I had no instructions from my Chief and I could give him only an instantaneous and unconsidered reply, but as for me I thought it would be very difficult for us to make any suggestion, bound as we were by our own principles and obligations of the Nine Power Treaty, which the Japanese Government, in its present temper, would consider for a minute; our ideas

⁹⁷ Reference to good offices in ending the Russo-Japanese War in 1905; see *Foreign Relations*, 1905, pp. 807 ff.

of how this conflict should end were, I felt, widely divergent from theirs.

Mr. Suma then spoke about the resolution. I told him that Mr. Hirota had spoken to Mr. Grew about "joint action" and that the only thing we could find in the resolution which might have given rise to this phrase was the last paragraph, which dealt with a "common attitude." Mr. Suma asked whether I thought such attitude would prejudice the possibility of offering advice to the Japanese Government and perhaps playing the role of Mr. Theodore Roosevelt later. I said we were now entering upon the realm of wildest speculation, that I could not tell, of course, what the powers would adopt as a "common attitude" nor could I tell what events might bring about, but that it was conceivable that, at some stage of the proceedings, we might be helpful; certainly we were disposed to be helpful at any opportunity that looked promising to aid in bringing about an end to the struggle in any fashion which was compatible with the obligations that we had undertaken.

Mr. Suma then gave me an explanation, which is needless to repeat as we are familiar with it, for Japan's reason for not accepting the invitation to the Nine Power Conference. I told him that whether or not the Conference had made a mistake in inviting Russia or whether or not they had made mistakes in procedure or in organization, I deeply deplored the fact that the Japanese Government had not seen its way to accept, or at least to collaborate with members of the Conference; I said that such acceptance would have been an indication of the type of peace that they were willing to make, a peace compatible with their and our treaty obligations. Mr. Suma replied that he sincerely believed that if conversations could be begun with the Chinese, the world would be astonished at the moderation of the terms which Japan would be ready to accept; unfortunately, the longer and more bitter the conflict, the more risk there was that moderate terms would disappear from the minds of a fighting nation, but if conversations could be begun now, it was not too late to reach a reasonable settlement.

H[UGH] R. W[ILSON]

793.94 Conference/247: Telegram

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

WASHINGTON, November 16, 1937—8 p. m.

300. Your 544, November 16, 1 p. m.

1. With regard to the statement contained in the first sentence of your paragraph numbered 1, I do not find in the declaration adopted by the Brussels Conference on November 15^{97a} the words "united

^{97a} *Foreign Relations, Japan, 1931-1941*, vol. I, p. 410.

action". I assume that the Minister for Foreign Affairs may have had reference to the last paragraph of that declaration, which reads as follows:

"Though hoping that Japan will not adhere to her refusal the states represented at Brussels must consider what is to be their common attitude in a situation where one party to an international treaty maintains against the views of all the other parties that the action which it has taken does not come within the scope of that treaty, and sets aside provisions of the treaty which the other parties hold to be operative in the circumstances."

2. With regard to your paragraph numbered 2, you may inform the Minister for Foreign Affairs as from me that there is not an atom of truth in any statement that the United States Government took the initiative in convoking the Brussels Conference. You may also inform the Minister for Foreign Affairs that it is my understanding that neither this Government nor any Government there represented has done any more than assume its share of the common responsibility to exchange views with regard to the situation.

I am astonished that any Foreign Office, with the information which is publicly available with regard to the facts and developments, could have any misunderstanding as to whether the United States Government took the initiative in calling the Brussels Conference, or as to the general attitude and policy of this Government. Since the beginning of the present conflict between China and Japan, the attitude and policy of this Government have been made abundantly clear through public statements. That attitude and policy remain unchanged.

3. Please inform Hirota that I sincerely appreciate his desire to maintain good relations with the United States; that during the past 5 years I have striven to that end both in season and out of season; and that in all frankness and friendliness I must express my apprehension lest the present situation in the Far East do injury to the cause of fostering and developing those mutually good relations which we both have constantly in mind.

HULL

793.94 Conference/256a : Telegram

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

WASHINGTON, November 16, 1937—9 p. m.

68. Press reports from Brussels, especially during the last few days, have given and are continuing to give the impression that the other states there represented are willing and eager to adopt methods of pressure against Japan provided the United States would do so.

The tenor of these reports is that the United States is solely responsible for determining what attitude the Conference will take in this respect.

I invite your attention to the fact that some 50 nations represented at Geneva are parties to a political instrument which provides expressly for the adoption, under certain circumstances, of means of pressure and when these nations met recently at Geneva to consider the present conflict between Japan and China, they definitely discarded the adoption of any such means and even took steps to avert public discussion of them. I invite your attention also to the purpose for which the Conference at Brussels was convened and to the fact that questions of methods of pressure against Japan are outside the scope of the present Conference.

I am giving such guidance as I can discreetly to the press at this end, but this would be inefficacious unless the character of the newspaper reports from Brussels is changed. I hope that you and your staff will do what you can to counteract what I am convinced is a general effort on the part of some of the states represented at Brussels to put the entire responsibility for action in the present situation upon this Government, in spite of their own unwillingness, made apparent to us repeatedly in private, to take definite action.

This entire situation is so much broader and more important than the specific responsibility for action taken or not taken that the only ones who will profit by an evidence of disagreement between us will be the very states whose action the peaceful minded states of the world are desirous of circumventing.

HULL

793.94 Conference/259 : Telegram

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

BRUSSELS, November 17, 1937—11 a. m.

[Received November 17—9:30 a. m.]

39. Potemkin,⁹⁸ the Soviet delegate who called on me yesterday, said Litvinov had telephoned him to discuss with me what action would be recommended to the Conference on Monday next. He was very insistent in urging us to recommend concrete measures against Japan as his Government was convinced that nothing [else] would stop the conflict. He reiterated that Soviet Russia would join in anything the British and ourselves might be prepared to do; that she did not wish to act alone but if there is to be no common action and she is left to act alone she would not feel able to do more than continue to

⁹⁸ Vladimir Potemkin, Soviet Vice Commissar for Foreign Affairs.

facilitate "in a discreet way" the shipments overland of arms and munitions to China.

I told him I doubted if any positive measures would be recommended now and that a decision [as to?] what is to be done will have to be made after further consultations upon the return of delegates at the end of the week. I also explained our general position and inability to make any commitments for common action.

DAVIS

793.94 Conference/262 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 17, 1937—noon.
[Received November 17—11:10 a. m.]

40. After the session Monday afternoon Wellington Koo called on us while Quo Tai Chi^{98a} was calling on the British delegation.

Koo seemed worried and spoke with great earnestness. He said he had urgent telegrams from Nanking and wished to inform us of certain facts in the situation in China: that the military situation on the Shanghai front is becoming grave; that the Chinese have had to make a much greater effort with more rapid expenditure of munitions than had been calculated a few weeks ago; that the concentration of Japanese forces in the Shanghai area has become formidable; the Chinese need time in which to reform their position and need replenishment of their military supplies; unless these can be had or some form of mediation be effected they may be compelled before a great while to give up Nanking, and they might have to consider seriously efforts which Germany and Italy are urgently making to inject themselves into the situation in some kind of a mediatory role. He wondered whether the Conference might not do something toward bringing about a military truce and facilitating acquisition by China of new supplies. He said that the French have for 3 weeks been holding up in Indo-China two German ships which have large cargoes of munitions, making the excuses, first, that there is a provision in the Treaty of Versailles⁹⁹ which prohibits manufacture of munitions by Germany, and second, that the Japanese have threatened to take Hainan and otherwise retaliate while Great Britain and the United States decline to give France an assurance of support against such possible action on the part of Japan. Assurance that new supplies would arrive within a few weeks would enable Chinese morale to

^{98a} Chinese Ambassador in the United Kingdom.

⁹⁹ Article 170 of the Treaty, *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 328.

retain its vigor. Could not the United States and Great Britain do something with the French and toward making supplies available to China? I said that this was a question which might best be taken up at Washington and London.

Koo summarized with three suggestions: (1) that the Conference take some action of a specific character showing that it takes the situation seriously, not providing for sanctions but providing for some form of help which would help to enable China to keep on fighting and preserve her morale; (2) some sort of a military demonstration on the part of the Soviet Union and a naval demonstration on the part of other powers; (3) making military supplies available. Action on these lines might, he felt, deter Japan from pressing on with a campaign directed at the taking of Nanking.

To an inquiry regarding the internal situation in Japan, Koo replied that there has been in Japan more dissensions with regard to general policy and strategy than is generally realized; but that the recent partial military successes of the Japanese Army have strengthened Japanese morale and tended to produce greater unity of view in Japan.

To an expression of surprise at hearing of imminent exhaustion of China's military supplies and power to resist in view of estimates heretofore given us by Chinese indicating that the exhaustion point would not be approached before January or even March, Koo said that he did not mean to intimate that approach to exhaustion was immediately at hand; that what he meant was that as it takes many weeks for supplies after expedition to reach China serious thought must be given to having the supplies on their way soon in order that they may arrive in time to meet the serious need which will exist a very few weeks hence; that while fighting one needs to have assurance that he can continue to fight so that he can make effective plans and his morale be maintained.

DAVIS

793.94 Conference/263 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 17, 1937—3 p. m.
[Received November 17—1:05 p. m.]

41. Your 62, November 15, 7 p. m.

1. I calculate that we can probably wind up the present phase of our work here by the 25th and am planning to sail on the first American boat after that, the *Washington* sailing December 2.

2. I shall be pleased to receive the draft of your ideas of what you feel should be incorporated in the final resolution of the Conference.

3. I bow to your judgment and hope that it will be possible to make such a strong reaffirmation of the principles which underlie international relationships that it will not fall flat. However, all of the large and most of the small powers believe that a mere reaffirmation of principles, after a week's adjournment, will not contribute to a solution of the concrete pressing problem which the Conference assembled to consider and which the actual situation in the Far East now presents and will be construed as clear evidence that the Conference powers do not intend to take any more positive steps toward making their views effective in a situation which [is?] constantly growing more destructive of their rights and interests and more difficult of a reasonable solution. Also they think that since Japan has so flatly rejected every effort to initiate even conversations we ought now either to drop the matter as gracefully as possible or do something more definite about it.

4. If you still think Japan may within a reasonable time agree to a tender of good offices or mediation I agree that we should delay taking any action which would be construed as hostile. The general opinion here, however, is that unless more firmness is shown and somewhat more pressure brought to bear Japan will continue to reject any mediation which would lead to a constructive settlement. We are unanimously of the opinion that it would be advisable and appropriate and we hoped it would meet with your approval that the final declaration in your resolution should include a reaffirmation of the non recognition policy reenforced by a policy of withholding loans and credits. However, as you apparently do not agree with us as to this it occurs to us that you might agree that it would be advisable at least to include something to the effect that if in the near future it is not possible to bring about negotiations looking to a settlement by agreement which it is still hoped may be possible it would then follow that (1) it would not be possible to recognize situations created in contravention of obligations and (2) confidence would be so shattered that the nations concerned would not feel justified in extending or encouraging loans and credits to the Japanese Government as long as it refuses to adhere to the obligations which it had assumed in treaties with them.

5. We fail to see how a declaration along the above lines which is intended to discourage continuance of hostilities and to help bring about a settlement by agreement would fall outside of the terms of reference of the Conference. We do not see how the fact that the nations of the League assembled at Geneva avoided the adoption of any such measures in any way bear upon the question of the functions and possible acts of the present Conference. The other principal

powers here who happen also to be members of the League do not seem to have any such concept. Moreover, the action taken by the League was that of not tackling the problem but passing it on to be tackled by this Conference. Furthermore, since the time of the Geneva meeting the situation has further unrolled and the need for serious positive effort on the part of the powers has increased and become more obvious.

DAVIS

793.94 Conference/257 : Telegram

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

TOKYO, November 17, 1937—4 p. m.

[Received November 17—5:30 a. m.]

546. Your 297, November 16, 4 p. m. Our belief that Great Britain is responsible for the impression in Japan concerning American initiative and leadership in connection with the Brussels Conference is based on a considerable volume of circumstantial evidence but this evidence does not offer conclusive proof and it is therefore at present insufficient to justify representations to any foreign government.

GREW

793.94 Conference/312

Memorandum by the Assistant Secretary of State (Wilson)

[WASHINGTON,] November 17, 1937.

The Chinese Ambassador called this afternoon and asked me what were the latest developments in Brussels. I told him that we had heard from Mr. Davis that the next meeting was to take place on Monday and that he anticipated that Delbos and Eden would arrive on Friday, in order to have conversations in anticipation of what attitude they would adopt on Monday.

Doctor Wang said that he had got the impression from the papers that the British and French Governments "desire to go as far as the United States Government in applying pressure on Japan"; he asked me if I could discuss this. I replied that it seemed to me the word "desire" was erroneously used, that some fifty nations, members of the League, had met in Geneva and conferred regarding this situation, that they had conferred under the Covenant, which contained express provisions for methods of pressure, that these provisions had not been adopted. Further, I said that he knew as well as I did that the situation in Europe was such as to give grave and even primary concern to Great Britain and France.

Doctor Wang then stated that he supposed Mr. Davis was awaiting advice from us as to his course of action and desired to have any information possible as to what our action would be in respect to the Neutrality Act. I told him that, as far as I knew, we were contemplating no action in respect to the Neutrality Act, that, of course, if Japan declared war or other violent circumstances arose, it might be necessary to re-consider the position. The Ambassador said that he always assumed that if Japan declared war, we would have to either apply the Neutrality Act or immediately ask Congress to suspend it. I replied that this was a reasonable assumption. He inquired as to what recommendation the Administration would make to Congress in the event that Japan declared war. I replied that he had dealt with us long enough to know how reluctant we were to answer hypothetical questions, that no man could foresee all the factors involved in a future decision and that, hence, it was idle to speculate on what course we would pursue.

Doctor Wang spoke of the grave situation they were in in China and of his hope that the nations at Brussels could do something positive; he hoped that the temper of the American people was such as to permit this. I replied that he knew how deep was the sympathy of the American people for China, but that the translation of such sympathy into positive acts always aroused apprehensions, traces of which he had no doubt seen in the press. Doctor Wang replied that he hoped the leadership could be such that the American people would acquiesce in positive action.

H[UGH] R. W[ILSON]

793.94 Conference/263 : Telegram

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

WASHINGTON, November 17, 1937—7 p. m.

71. Your 41, November 17, 3 p. m. I am sending you in a separate telegram¹ summaries of press despatches from Brussels. You will note that the press is tending to take a line unfortunate for the freedom of action of this Government and which will tend to circumscribe our ability to maintain a position in defense of our principles.

The President knows and I know that these attacks are unfair and unjustified, but I fear that their continuation will undermine your position.

Not only are the French and British Embassies in various capitals refraining from any effort to correct this impression, but I have reason

¹ Not printed.

to believe that in one capital at least they have endeavored to convey the impression of sole responsibility of the United States in this situation.

We can only keep within the scope of our policy as pursued from the beginning of this Far Eastern trouble. Further and apart from this, I might emphasize two things: (1) That at this moment the temper of this country is not disposed to favor a course of pressure or threat and (2) That the longer you stay in Brussels, the more the probability that you will be accused by the press of advocating such policies and trying to make them prevail at the Conference.

I am getting out suggestions to you tonight. I hope that it will be possible for you to utilize them without making it an American or still less a government initiative. I hope that, with the arrival of Eden and Delbos on Friday, it will be found possible to prepare the ground for the adoption of some such resolution early next week, on Monday preferably, and thereby close the present phase of the Conference activities.

I note that you could sail on the *Washington* on December 2nd and believe that in any case it would be advisable to leave Brussels as soon as practicable after the recess.

HULL

793.94 Conference/264: Telegram

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

BRUSSELS, November 17, 1937—8 p. m.

[Received November 17—6:40 p. m.]

42. Wellington Koo informed Hornbeck yesterday that there are considerable amounts of military supplies for China in addition to the two German shiploads which the French authorities are not allowing to pass; also that considerable amounts are at Hong Kong but are not passing into China and northward because of breaks in the railway.

Koo called on me today and went over the French position and related matters. He strongly urged that the Conference should not close without taking or arranging for action toward assisting China to obtain supplies needed for maintaining military resistance. He suggested the formation of a committee the function of which should be to devise policies and methods for assisting China. It was explained to him that we could not participate in action with such a declared purpose, that our policy in law and in fact is a policy of neutrality and that our intention and endeavor are to work for peace.

Koo urged that China needs arms and munitions; also funds; and he stated that the British have talked of possibly being able to give credits but not being able to sell arms (because of their own need in their rearmament program) and he wondered whether purchase of arms in the United States might not be facilitated. Reply was made that our market is open so far as purchase of arms is concerned. Koo repeatedly urged that the Conference should not end or take recess without first having taken some action which would give immediate encouragement to the Chinese fighting forces and ultimate practical assistance toward their continuance of military operations of resistance. I explained to him various limitations within which the American Government must function.

DAVIS

793.94 Conference/235: Telegram

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

WASHINGTON, November 17, 1937—9 p. m.

73. With reference to Department's No. 62, November 15, 7 p. m., paragraph 2, we suggest that the comprehensive resolution to be adopted by the Conference at the time of recessing might be in the form of a report to the participating governments.

The following memorandum, prepared by certain officers of the Department, is intended for your confidential information as of possible assistance in your participation in the drafting of such a report. While you will of course not take the initiative in the formulation of the report nor assume a position of special leadership in regard thereto, we feel that the report should not run counter to the points covered in the memorandum. The memorandum follows in numbered paragraphs.

1. The Conference at Brussels was assembled pursuant to an invitation extended by the Belgian Government to the parties to the Nine Power Treaty of February 6, 1922. The Government of the Soviet Union, in response to invitation, also participated in the Conference. A stage has now been reached in the work of the Conference at which it appears desirable to draw up a report for submission to the participating Governments and to go into a recess.

2. The Conference met as set forth in the terms of the invitation "for the purpose of examining, in conformity with Article 7 of that Treaty, the situation in the Far East and of studying peaceable means of hastening an end of the regrettable conflict which prevails there". With one exception, all signatories and adherents to the Treaty ac-

cepted the invitation and sent their representatives to Brussels for the purpose stated. Although an original signatory to the Treaty, the Japanese Government, alone among the parties to the Nine Power Treaty, declined the invitation. When the Conference convened, it expressed a desire that the Japanese Government participate in the Conference and it invited the Japanese Government to exchange views with representatives of a small number of powers, such exchange of views to take place within the framework of the Nine Power Treaty and in conformity with the provisions of that Treaty. This second special invitation was likewise declined by the Japanese Government.

The Brussels Conference has thus endeavored in every practicable way to secure Japan's cooperation in efforts to bring about peace by agreement. Despite the efforts of the Governments represented at the Conference, there appears to be no opportunity at this time for the Conference to carry out its terms of reference insofar as they relate to entering into discussions with Japan contributory to effecting peace by agreement.

3. The principal factors which have created this regrettable situation were made clear in the declaration adopted by the Conference on November 15. On that occasion, the Conference made the following statement:

“. . . The Japanese concept of the issues and interests involved in the conflict under reference is utterly different from the concepts of most of the other nations and governments of the world. The Japanese Government insists that as the conflict is between Japan and China it concerns those two countries only. Against this the representatives of the states now met at Brussels consider this conflict of concern in fact to all countries party to the Nine Power Treaty of Washington of 1922 and to all countries party to the Pact of Paris of 1928, and of concern in fact to all countries members of the family of nations.”

Before concluding its present session, the Conference feels it to be its imperative duty to state, in a calm and dispassionate but comprehensive fashion, the facts and the circumstances of the present situation.

4. In the winter of 1921-1922 there were signed at Washington a group of interrelated treaties of which the Nine Power Treaty, regarding principles and policies to be followed in matters concerning China, constituted a vital unit. The agreements were the result of full and lengthy deliberations and were entered into freely. These treaties, especially the Nine Power Treaty, were designed primarily to bring about conditions of stability and peace in the Pacific area.

The Nine Power Treaty stipulates in Article 1 that:

“The Contracting Powers, other than China, agree: [Here follow the four numbered paragraphs of article 1.]”

Under and in the light of these stipulations and of the provisions contained in the other treaties, the situation in the Pacific area was for a decade characterized by a substantial measure of progress toward the objectives envisaged in the treaties. In recent years a series of conflicts between Japan and China has upset this whole favorable trend. These conflicts have culminated in the hostilities now in progress.

5. The Chinese Government, in its communications to the Conference, claims that its present military operations are purely in defense of its own territorial and administrative integrity and that it has been prepared from the outset of the difficulties with Japan to adjust such difficulties by negotiation and agreement in accordance with the principles of pertinent treaties and of international law. (Please check this statement with especial care inasmuch as the Department does not appear to have on record the texts of any statements made to the Conference by the Chinese Delegate.) Also, China approached parties to the Nine Power Treaty, as contemplated under Article 7 of the treaty, and stated its willingness to seek an adjustment of the situation by peaceful means.

6. The approach of the Chinese Government to the other signatories to the Nine Power Treaty is in entire conformity with the provisions of Article 7 of the Treaty, which states as follows:

“The Contracting Powers agree that, whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the Contracting Powers concerned.”

7. The Japanese Government, in its communications to the Conference, has affirmed that “the action of Japan in China is a measure of self-defense . . .” and that “the present conflict has been caused by none other than the Chinese Government, who for these many years have been engaged as a matter of national policy in disseminating anti-Japanese sentiment and encouraging anti-Japanese movements in China, and who, in collusion with the Communist elements, have menaced the peace of East Asia by their virulent agitation against Japan.”

Neither before nor since hostilities began did Japan communicate under Article 7 of the Nine Power Treaty with the other signatories to the Treaty nor approach them with a view to exploring means of

adjusting its difficulties with China by peaceful means. On the contrary, Japan has proceeded to seek a solution by its own individual action and has declared the situation existing between itself and China as falling outside the framework of the Nine Power Treaty and the adjustment thereof as being, therefore, of no concern to the other signatories to the Treaty.

Japan now has large armies engaged in operations in Chinese territory and has effected military occupation of approximately 300,000 square miles of Chinese territory. Japan has also blocked the China coast to Chinese shipping. Japan's governmental leaders have announced the intention of the Japanese Government to deal a decisive blow against the Chinese Government.

8. It will serve no useful purpose for the Conference to go into the question of anti-Japanese policy and practice in China or of the origins and extent of the various political movements in that country. We register, however, our considered judgment that the existence of a particular political movement within a country is a matter for regulation by the government of that country. To admit the right of a nation to conduct widespread military operations on the territory of another nation solely because of internal conditions existing therein is to open the way for recurrent intervention by any country in the affairs of others, and thus to create a constant cause of international dispute. Japan itself would certainly never admit the right of other nations to interfere in its internal affairs on the ground that conditions existing within its borders warranted such action.

Such affirmations as have been made by Japan as to China's policy and attitude and internal conditions do not, in the opinion of this Conference, furnish evidence of a provocation sufficient to justify intervention on the plea of self-defense. Furthermore, the magnitude of Japan's military operations in China, the duration of those operations and the purposes thereof already declared by Japanese public authorities give rise to the presumption of more far-reaching objectives than the limited one of self-defense.

9. Nor can we agree with the contention of the Japanese Government that adjustment of the present situation in China is a matter of concern only to Japan and China. The present conflict between the two countries is a matter of legitimate and practical concern, not alone to the governments and peoples of China and Japan but to all the many powers which have interests in China. In relations with and in China, the treaty rights and the treaty obligations of the powers party to the Nine Power Treaty are, in general, identical. These powers have in China rights and obligations, a considerable number of nationals, property, and substantial commercial and cultural activities.

Paragraph 4 of Article 1 of the Nine Power Treaty specifically obligates the signatories "to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States and from countenancing action inimical to the security of such States." Whatever may be the terms of final settlement between Japan and China, it cannot be denied that protracted and widespread military operations on Chinese territory, undertaken by one of the signatories to the Nine Power Treaty, do in fact, at least for their duration, create conditions under which special rights and privileges are assumed by the nationals and authorities of the country which engages in such operations; the rights of the nationals of other states are abridged; and their legitimate interests are impaired.

10. In the light of these facts and considerations, there is no line of valid reasoning which would support the contention of the Japanese Government that Japan's action in China does not involve the principles and provisions of the Nine Power Treaty.

11. But even apart from the specific provisions of the Nine Power Treaty, the action of Japan in China raises questions of vital significance to all nations. The Conference deems it to be an important part of its task to bring these broader considerations to the attention of governments.

12. The Nine Power Treaty is a conspicuous example of numerous international instruments, by which the nations of the world accept self-denying rules in their conduct with each other. These various instruments constitute in effect solemn commitments on the part of nations to refrain from seeking political or economic domination over other nations; to respect the sovereignty of other nations; and to abstain from interference in their internal affairs. Together with the Pact of Paris, by the terms of which practically all nations of the world agreed "that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be which may arise among them shall never be sought except by pacific means," these international instruments constitute a framework within which national security and international peace are safeguarded without resort to arms and within which international relationships can subsist and develop on the basis of mutual confidence, good will, equality of economic treatment, and beneficial trade and financial relations.

13. Whenever armed force is employed in disregard of these commitments, the whole structure of international relations based upon the safeguards provided by treaties and agreements is disrupted. Nations are then compelled to seek safety in ever-increasing armaments and there is opened before mankind the tragic vista of recurring armed conflicts with all their disastrous consequences for the well-being of mankind.

14. When any nation embarks upon military projects designed to place it in a position of dominant control over wide areas of foreign population and soil, such action creates everywhere a feeling of apprehension and uncertainty. It destroys confidence. It creates the need for armed defense against possible encroachment upon national sovereignty and independence and against possible interference with free internal development of national institutions. It tends to convert the whole world into a series of armed camps, to impair and distort international trade and other economic relationships, and to divert the energies of mankind away from activities designed to promote material and cultural advancement.

15. On behalf of the Governments represented, the Conference strongly reaffirms the principles and provisions of the Nine Power Treaty, as well as those other basic principles which are essential to world peace and orderly progressive development of mankind. The validity of these principles cannot be destroyed by force; their universal applicability cannot be denied; and their indispensability to civilization and progress cannot be gainsaid.

16. The Conference recommends that, during its recess, the participating Governments continue to watch the situation closely; to exchange views in regard thereto; and to hold themselves in readiness to explore with the two parties to the conflict all peaceful methods by which a settlement of the dispute may be attained, on the basis of the principles and provisions embodied in the Nine Power Treaty and in conformity with the objectives of that Treaty.

17. The Conference requests its Chairman to communicate this report not only to the participating Governments but also to all governments and thus to bring to their attention the considerations set forth above as to the vital need of keeping alive in every practicable and effective manner the basic principles referred to in the report with respect to the present situation, as well as to all situations which may seriously threaten international order and world peace.

(If the Conference decides to set up a committee for the recess period, it will be necessary to supplement accordingly the statements made in paragraphs 1 and 16.)

HULL

793.94 Conference/269 : Telegram

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

TOKYO, November 18, 1937—10 a. m.

[Received November 18—8:55 a. m.]

548. Your 300, November 16, 8 p. m.

1. In a conversation with the Minister for Foreign Affairs at his residence at 9 o'clock this morning I fully carried out your instructions.

The Minister said that the clearing up of his misunderstanding concerning the inclusion in the Brussels declaration of the phrase "united action" went far to allay his "fears" which he had expressed to me the other day.

2. I talked extensively concerning the erroneous impression which had been conveyed to him and is being expanded in Tokyo concerning alleged American initiative and leadership in connection with the Brussels Conference and I urged him strongly in the interests of good relations between our two countries to make every effort to correct these unfounded rumors. Mr. Hirota said that he would take definite steps to do so and that he would also convey my information to his colleagues.

3. Mr. Hirota expressed pleasure at your message conveyed in paragraph numbered 3 and asked me to thank you for it. As Hirota's knowledge of English is not too secure, I am sending him at his specific request a close paraphrase.

4. Hirota has now informed me that the "diplomatic representative" mentioned in paragraph numbered 2 of my 544, November 16, 1 p. m., is in Brussels and not in Tokyo. We are informed from another reliable official source that the Italian delegate to the Conference has kept Kurusu² informed of every step taken by the Conference and it therefore suggests itself that Aldrovandi may have been the official whom Hirota had in mind.

5. So far as my colleagues here are concerned, we are aware from conversations with them and their staffs that some of them are apparently honestly convinced that the United States has taken the leadership in connection with the convoking and the proceedings of the Brussels Conference, and we are definitely aware that the impressions of those colleagues have been reflected in their conversations with prominent Japanese. In justice to those colleagues, however, I feel that I should withdraw even from the "strictly confidential" record the possible imputation conveyed in our word "expect" in paragraph numbered 15 of our 544 that those colleagues have been or are purposely working against the interests of the United States in Japan.

6. We are also informed from the second source referred to in paragraph 1 [4?] that Kurusu has excellent contacts with American correspondents covering the Conference, and that he has also been obtaining information, not only from the Italian delegation, but from "one or two" other delegations. To illustrate the current impressions in Brussels, our informant stated that Kurusu reported that, according to information which he had received from a Chinese source at Brussels, the American delegation had intimated to the Chinese delegation that something more than the moral support of

² Saburo Kurusu, Japanese Ambassador in Belgium.

the United States would be forthcoming if China should continue its resistance against Japan. Our informant commented that, in view of the original source of the report, Tokyo does not attach much credence to it. A Domei despatch from Paris published here this morning reports that "sources close to the Quai d'Orsay revealed" that the American delegation protested to the French delegation against the French embargo on exports to China through Indo-China of arms and munitions. The Japanese version of this despatch is calculated to give the impression that the American delegation is taking a more rigorous position than is the French delegation.

7. The comments in paragraphs numbered 4 and 6 above are given merely as illustrations of the efforts that are apparently being made in various quarters to ascribe to the United States the sole active and leading role in the Brussels Conference. The results of those efforts are of course reflected in Tokyo.

GREW

793.94 Conference/274 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 19, 1937—4 p. m.
[Received November 19—3:50 p. m.]

45. Your 68, November 16, 9 p. m., and 71, November 17, 7 p. m., and 72, November 17, 8 p. m.³ The first indication I have been given of unsatisfactory news dispatches from here has come in your 64, November 15, 9 p. m. I have done and shall do everything possible to give the press appropriate guidance both as to fact and as to interpretation. At the same time I should say that my surprise is not that there have been some unsatisfactory news stories but that there have been apparently so few.

To understand what has happened in regard to this Conference it is necessary to distinguish between what some press stories or editorials may say and what have been the official attitudes and efforts as known to us and shown in the records. In broad outline the Conference has gone through several phases. Before and at its beginning there was in Europe in some quarters at least great expectation of American leadership; also probably hope and intention to push us out in front. At the Conference from the first and throughout other delegations, especially the British, the French, and the Russians, have advanced the view that nothing short of some form of pressure action would do any good and have taken the position that their Governments are prepared to embark upon some such action provided the United

³ Telegram No. 72 not printed.

States would cooperate therein. (None of them except the Italians and finally with an indication of doubt the Norwegian, Swedish and Danish, have appeared at any time to hold the view that discussion of pressure measures would be outside the terms of reference or appropriate sphere of the Conference.) However, I successfully declined to be put out in front and insisted that I would not discuss even the possibility of pressure measures until every possible effort had been made to bring Japan into negotiations. The Conference then proceeded with such an effort. When that effort had failed other representatives tried to induce me to discuss possible cooperative pressure measures. This I still declined to do except academically and in terms of some future possibility. Then others tried to bring about a recess. That, acting under your instructions, I blocked in order to keep the Conference longer in session for the moral effect of its being so. There was thereupon set an interval of a week before the next meeting because the British, the Belgians and the French were preoccupied with public matters elsewhere. The next meeting is to be on Monday next.

When the Conference closes with a tacit decision against consideration of measures of pressure either positive or negative there will inevitably be made by every power represented a natural effort to divert from itself the onus of charges which will be made by those who believed in and wanted pressure action attributing responsibility for what those critics will declare to be the "failure". Incidentally it must be taken into account that in different quarters there are different concepts as to where measures of persuasion leave off and measures of pressure or of positive action begin. In many minds the mere holding of a conference is construed as a measure of pressure. The Japanese for instance seem to consider it so. In the field of measures of pressure there is room for substantial distinction between negative measures and positive measures.

Our delegation has at no time contemplated [or?] suggested any measures which we would regard as involving positive action and we have at no time initiated consideration in Conference circles of any measures of pressure.

As regards other delegations whatever may be various motives and objectives of their Governments respectively, none has at any time suggested that the United States act alone or assume an outstanding responsibility. In their discussion of possible resort to pressure methods, what they have suggested has been cooperative effort. They have stated that their Governments are prepared to proceed toward and embark upon such measures if the United States can and will cooperate but that they cannot do so if we cannot and will not cooperate. The British delegates especially Eden in particular have adopted my view that whatever decision is arrived at should be on the

basis of a conclusion reached in common, with attribution neither of credit nor of blame to any one power.

I understand perfectly and I accept without question your conclusion that with public opinion as it is at home you cannot adopt a position different from that which you are taking. Nevertheless, we should not disregard the fact that whatever the reasons and however conclusive the explanations—quite apart from any diplomatic procedures—inasmuch as other powers have advocated cooperative use of pressure and the United States has declined even to consider such a course the decisions made by the Conference, in the negative, will unquestionably be regarded by many as having been determined by the attitude of the United States.

I shall of course do everything possible to prevent misrepresentation and criticism adverse to the interests of the United States. I hope that we will be able to meet adverse criticism by insisting that we came here to participate only in efforts to bring about a peaceful settlement by agreement and that we have not been and are not prepared to consider questions of positive measures of coercion and that if through a failure to have brought about a peaceful settlement by other processes such measures may need to be considered, this, nevertheless, is not the time nor place to embark upon discussion of them. By following that course we would also avoid giving the impression that we are definitely opposed to taking up any such question hereafter.

I believe and I suggest that in whatever we say we should in order to be fair and to be on sure ground avoid discussion of "responsibilities" and refrain from attribution thereof to other powers.

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793.94 Conference/276 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 19, 1937—midnight.

[Received November 20—8:15 a. m.]

47. Wellington Koo asked to see me this afternoon and I arranged for Hornbeck to see him instead.

Koo gave an outline of views telegraphed by his Government for presentation to the American, the British and the French delegations and supplied a lengthy *aide-mémoire*. Hornbeck inquired whether a similar approach had been made at Washington. Koo had not been informed.

The principal points covered in the *aide-mémoire* are as follows: the Chinese Government has decided for the purpose of maintaining a

prolonged resistance to remove its seat to Chungking; ⁴ but it is fully determined to defend Nanking and areas west thereof. Although there have been intimations from other quarters of a desire to mediate the Chinese Government has declined to entertain them because it had already appealed to the League and the Nine Power Treaty powers. Unfortunately these agencies have so far confined their efforts to verbal representations which have been without effect. Economic and material aid has been given China in some amounts but transportation has been impeded and now transit facilities in Indo-China have been refused. Unless the powers have no intention to find a solution of the Far Eastern problem the present is the moment at which to solve that problem. The best methods of assisting China would be to give her supplies and impose restrictions against Japan or intervene with force. The former may already prove too late. A joint forceful demonstration of a united front in order to persuade Japan to modify her attitude would involve no risk. The Chinese Government understands that the hesitancy of the Soviet Union to assist China is due to the refusal of France, Great Britain and the United States to assure her their joint support. The Chinese Government considers the situation now critical.

In comment upon the *aide-mémoire* and replying to an express question, Koo said that Russia apparently would be willing to give China military assistance at least a demonstration if the powers would guarantee her against an attack in Europe. Hornbeck, of course, said that he was sure that Koo realized that the United States could do nothing of the sort.

There followed discussion of various aspects of the Conference. Koo urged the desirability of setting up a small committee to carry on with the question of giving aid to China and the problem of bringing about negotiations for a settlement. At one point he inquired whether the United States and Great Britain might not undertake media[tion] and later he asked whether the United States might not do it alone. Hornbeck suggested certain difficulties which might attend either of these procedures.

Koo said that whereas China had not really entertained any substantial hope of assistance from abroad until this Conference was called, the calling of the Conference had aroused a substantial hope and the course thus far followed by the Conference had already produced disappointment. He was afraid that if the Conference closed without any constructive results there would be produced in China a great sense of discouragement. He hoped that the Conference would take some action which would tend to prevent that. Hornbeck gave no encouragement for an expectation that this hope would be fulfilled.

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⁴ For details, see vol. III, pp. 682-706, *passim*.

793.94 Conference/313

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

[WASHINGTON,] November 20, 1937.

Mr. Suma, Counselor of the Japanese Embassy, called at his request.

He said that Mr. Hirota very much appreciated the Secretary's message as communicated to Mr. Hirota by Ambassador Grew.

Mr. Suma said that stories had come to the attention of the Japanese Government from both Brussels and Shanghai, principally from Shanghai, to the effect that the American delegation at Brussels had indicated to the Chinese delegation there that China might expect some sort of practical assistance from the United States in the way of supplying materials or something which would help the Chinese to carry on their fighting against the Japanese. Mr. Suma said that his Government did not place too much credence in these reports but that it was somewhat perturbed thereby. Mr. Suma said that reports of this nature did not seem to be entirely in line with the Secretary's message to Mr. Hirota. I said that I could make no comment in regard to the reports to which Mr. Suma referred; that Mr. Grew had stated to Mr. Hirota the general position of the American Government; and that the attitude and policy of the American Government were well known and had been made clear through various public statements and addresses.

Mr. Suma said that their information was to the effect that some definite step would be taken by the Brussels Conference on Monday. He asked whether our information was to that effect. I said that we understood that the Conference would convene again on Monday and I commented with a smile that Monday was only a short time away so that it would not be long until we had information in regard to such action as might be taken by the Conference.

Mr. Suma said that their information in regard to the military situation was that the Japanese had obtained control of Soochow and that a decisive phase in the operations had been reached. He said also that according to their reports Chinese governmental leaders had left Nanking. He said that this was very unfortunate. He then referred again to the Brussels Conference and said that if the Brussels Conference did not adopt a common attitude which would serve to encourage the Chinese and thereby cause them to prolong the fighting, he thought that very soon possibly an emissary from Chiang Kai-shek might go to General Matsui⁵ with a view to negotiating terms. He said also that it would be helpful if any common attitude taken by

⁵ Gen. Iwane Matsui, Japanese military commander in chief in Central China.

the Brussels Conference should not be of such a nature as to operate against a government possibly serving by means of its good offices in assisting in bringing together the Chinese and the Japanese into direct negotiations. He said that prolongation of the conflict would be unfortunate, both for Japan and China, but particularly for China. I said that Mr. Hirota had made comments along this line to Mr. Grew. Mr. Suma referred again to his belief that the taking by the Brussels Conference of action which would serve to encourage the Chinese would operate to make the situation worse. He said that he knew definitely that the convening of the Brussels Conference had caused the Japanese to redouble their military operations. I said that I could make no comment in regard to this other than to refer him to what I had previously said: that the general attitude and policy of the United States had been made known repeatedly and were a matter of public record.

M[AXWELL] M. H[AMILTON]

793.94 Conference/284a : Telegram

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

WASHINGTON, November 20, 1937—2 p. m.

76. We are still reading in the press stories from Brussels alleging American responsibility for "failure of the Brussels Conference". I wish that you would take occasion, in talking with your British, French and other colleagues in the next few days, to impress upon them the urgency not only of not disseminating such impression, but of actually combatting it. As stated in the last paragraph of Department's 68, November 16, 9 p. m. "This entire situation is so much broader and more important than the specific responsibility for action taken or not taken that the only ones who will profit by an evidence of disagreement between us will be the very states whose action the peaceful minded states of the world are desirous of circumventing." Furthermore, a feeling of injustice and unfairness will be engendered thereby in this country against our associates at Brussels with possibilities of unfortunate repercussions and of serious injury to future cooperation.

We have heretofore taken no public position as to this question of responsibility and hope to be able to avoid it. If we are driven to it, however, a strong case can be made from our own records of conversations and reports from Geneva, London and Paris to show that the states of the League assembled at Geneva made every effort to persuade Koo not to press for consideration of means of pressure provided by

the Covenant and over a period of 2 or 3 weeks stoutly argued in private conversations about the difficulty, if not impossibility of sanctions. The states of the League who are at Brussels should really be urging us to assume a share in the responsibility for non-application of sanctions rather than attempting, after their refusal to entertain the idea, to put the burden upon us. When the records show that they turned down sanctions at Geneva and when there is not a syllable of law to authorize our own Government to participate in sanctions, it is difficult for us from here to understand why the question of sanctions is a dominant theme of conversation at Brussels. If the other delegations persist in attempting to push responsibility upon us, we feel that, in your private conversations, you are so equipped with the facts as to squarely place them on the defensive.

We agree with the sentiment you express in section 3 of your No. 45, of November 19, 4 p. m., where you state "we came here to participate only in efforts to bring about a peaceful settlement by agreement". This is a tenable program and no one of the nations represented at Brussels should feel that it has to apologize or to evade responsibility for having tried and failed to bring about a peaceful settlement. These nations must maintain a solidarity of purpose in behalf of peace.

I feel that each peace seeking nation, through an appropriate program acceptable to it, should make every effort to educate its people as to the urgent importance of the principles of peace and that each such nation should give its constant and earnest attention to building up, through all practicable means, an understanding of the principles essential to orderly and healthy relations among the nations.

It seems to us that a real opportunity presents itself at this time for a dramatic call for efforts on the part of the nations along these lines. There is an opportunity to give greater importance to the report of the conference and to provide a broader basis for the support of the principles on which international relationships should be founded by including in the language of paragraph 17 of the memorandum sent you in our No. 73 of November 17, 9 p. m. an insistent appeal to the nations of the world to undertake definite and continued efforts to keep alive and vivid to their peoples these basic principles of international relationships and to continue to point out that peace can be maintained only on this basis.

The essential first step in building for peace is development of an understanding and awareness on the part of the peoples and governments of all nations of the vital importance of the principles indispensable to normal international relationships.

HULL

793.94 Conference/279 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 21, 1937—1 p. m.
[Received November 21—12:23 p. m.]

49. 1. Cadogan⁶ informed me Friday evening that Craigie was beginning to feel as a result of talks with the Vice Minister of Foreign Affairs that the Japanese might now accept a British-American offer of mediation at Tokyo⁷ and inquired whether, in case Grew concurred in that view, we would be disposed to consider such a move with the British outside the Conference. I told him I did not think we could consider anything of the sort at least not until after the Conference recessed and that in any event it would be necessary for the Conference to request us to do so or to leave the participating governments free to act independently or in concert in a search for ways and means of bringing about negotiations for a settlement. Cadogan felt that if there was any chance whatsoever of the possible success of mediation we should close this phase of the Conference without in any way slamming the door. He said, however, that the British favored a declaration of policy as to nonrecognition and the withholding of loans and credits to avoid the impression of failure and that Spaak had said to them in London he would favor that. I told him this seemed to me to be premature and that as long as there is a reasonable chance for mediation it would seem inadvisable to take any stand that might diminish that chance.

2. In conversations yesterday we encountered a good deal of resistance to the suggestions which we have in conformity with your recent instructions put forward.

3. In our talks with MacDonald, Cranborne, and Cadogan they expressed themselves as thinking it inadvisable to make any further declaration of principles, as they could not think of anything further to say that had not already been said. Also they were anxious to have something done here now which would give clear evidence that the recess does not mean the end of the Conference, because otherwise China will insist on taking this up at the League again, and British public opinion will be very critical of the Government's failure to persuade the Conference to do something effective. They did not suggest, however, any course other than that Britain and ourselves

⁶ Sir Alexander M. G. Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

⁷ See telegram No. 554, November 19, 9 p. m., from the Ambassador in Japan, vol. III, p. 700.

now might inform the Conference that we are ready and willing to tender our good offices and that this might give the Conference a reasonable basis for suspending its sessions. They also said that it was of the utmost importance to keep up the Chinese morale and not to take away hope that something might still be done. I told them it seemed to me unwise for the two of us to make a joint public tender of good offices now because it would be construed as taking upon ourselves a responsibility that belongs to all. I finally had to tell them that we thought the wisest course now would be to wind up this phase of our work here as soon as possible without any action or threat which would diminish the possibility of mediation in the near future but at the same time making it clear that the question is not being dropped; that a recess is being taken in order that the various governments may have more time to think the matter over and exchange views and then to reconvene when there is something more definite for the Conference to consider.

4. We then advanced the idea that the objection to repeating another declaration of principle might be obviated if it is put in the form of a report to the governments represented here which the Chairman might be requested also to transmit to all governments. This was a new idea to them; they did not at first take favorably to it; but wanted to think it over. We then discussed the possibility of adding a separate resolution making a strong appeal for an early cessation of hostilities and a peaceful settlement, practically calling on Japan and China to agree to do this, and indicating that the powers concerned might hold themselves in readiness to aid in this and that any of them might be free to act individually or jointly if they saw an opportunity to be helpful in bringing this about.

5. In the afternoon we all conferred with Spaak who has requested the British and ourselves to prepare a draft for a possible report by the Conference to the powers; then to consider this with the Belgians tomorrow afternoon. Spaak, however, took a defeatist attitude indicating that if the principal powers are unable to do something further to bring about a settlement either the matter would have to be taken up again in Geneva which would be in effect an admission of defeat and a burying of the question or else to suggest that Japan and China get together in direct negotiations, if possible with Britain and the United States sitting around the table, in order thus to protect China as much as possible but with the proviso that whatever settlement they might reach must be in accord with the Nine Power Treaty and that any other kind would not be recognized. MacDonald and I pointed out obvious objections to this.

6. After our meeting with Spaak three Chinese delegates called on us and the British delegation together and spent an hour making sub-

stantially the same representations which Dr. Koo had already made to us during the current week. Both MacDonald and I pointed out certain insuperable obstacles to doing most of what the Chinese suggested and I indicated to them the possibility that an attempt to do those things if made would put China in a worse position than if the attempt were not made. The Chinese expressed in strict confidence the view that it would be better for China to keep on fighting than to accept at this time a mediation which almost inevitably would call for the making of large concessions by China. They finally said in substance they would like a mediation with a cessation of hostilities at the earliest possible moment but an increased supply of arms in order to be able to keep up duration of resistance in case it should prove not possible through mediation to get a settlement which they could accept and which they believe not possible until Japan is convinced that she cannot conquer China; and that as between mediation and a supply of arms China would greatly prefer the latter.

7. None of the French delegation returned today as promised and we are now informed that De Tesson will not be here until Monday.

8. There is one considerable difficulty which is that whereas it is important for us to make it clear that our purpose here has been to adhere strictly to the agenda of seeking a peaceful settlement by agreement and that since our joint efforts here in this respect have thus far failed we consider that this is neither the place nor the time to consider departure from that objective. The British and the French on the other hand who are embarrassed by their membership in the League are fearful of the political reaction in their own countries if they admit that they were not prepared to consider the application of some sort of pressure after the conciliatory efforts failed.

9. We and the British will continue to exchange views today when we shall try to find some way to meet our respective preoccupations. We are meeting together with Spaak again this afternoon.

DAVIS

793.94 Conference/280 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 21, 1937—4 p. m.

[Received November 21—2:05 p. m.]

50. For the President and the Secretary of State. Your 76, November 20, 2 p. m. In order that you may have a clearer understanding of the press problem with which we have had to deal at this Conference, I give you a brief résumé of the various phases through which the thought of the American correspondents here has passed.

When we arrived the reasoning of the American newspapermen who despite the policies of the papers they represent virtually without exception have preconceived ideas about the necessity for firm action in opposition to the dictator governments was plain. The President in his Chicago speech had provided for leadership which had been lacking to the democratic group of powers; this apparently had been reinforced by the State Department; the Brussels Conference had as a consequence been called and we were going to take the lead in concrete action with regard to the conflict in the Pacific which would because the problems are interdependent have a strong wholesome effect on the dictator countries in Europe and deter them from a show of force in Central Europe which our men understood was contemplated.

With some difficulty we persuaded our men that our object in coming here was not to take the lead of a democratic group of powers but to seek with all the other powers at the Conference a peaceful solution of the conflict in the Far East.

There was then a concerted drive on the press from other delegations notably from the French to the effect that since evidently the American delegation was neither prepared to take the lead at the Conference for some sort of pressure action nor to furnish any guarantees of the *status quo* in the Far East, the Conference was of no value whatsoever and the sooner it was closed down on a basis of a face-saving resolution the better it will be for all parties concerned.

This we met by re-emphasizing that the Conference was at Brussels to seek a peaceful solution of the Far Eastern conflict, not to discuss guarantees or to take action which would require any one power to stand out in front or to lead in the direction of pressure action.

The enthusiasm of the American correspondents was by this time considerably dampened and a sour note was prevalent in their conversation and evidently in their despatches. Without exception they felt strongly and said as much that we had let down the democratic countries in Europe, that clearly recent speeches from Washington seemingly directed against the dictator powers had no substance and that American cooperation was meaningless and consisted exclusively of fine phrases.

By this time the Japanese had slammed the door to peaceful action in their reply to the Conference and Kurusu, the Japanese Ambassador here who made a point of cultivating our correspondents, made it plain to them that Japan had no interest in a peaceful solution of the conflicting accounts or in anything except in its good time a dictated peace in direct negotiation with China. As a consequence further discussion of the search for a peaceful solution of the conflict

in the Pacific fell on deaf ears with our correspondents and we were obliged to divert their attention to the declaration which was then preparing and which held their interest and recaptured a part of their enthusiasm.

Thereupon, Kurusu again saw the American correspondents and showed them a telegram from the Japanese Ambassador in Washington indicating that our Government was not behind the delegation here and that Congressional leaders who had returned to Washington were outspoken in the criticism of American participation in the Conference and drawing the conclusion that we would be instructed to close down with some more resounding phrases and to go home as speedily as possible. The French supported this impression by saying that they had received similar word from Washington and indicated at the same time that they were to all intents and purposes leaving the Conference which was a failure owing to the American attitude and that they would henceforth take no active part in it.

These reports confirmed the worst impressions of our newspapermen which were further strengthened by Havas and other agency despatches out of Washington indicating a strong isolationist trend and no action whatsoever on the part of the Administration to combat it. Our men complained bitterly of what they described as the lack of fair play on the part of our Government in raising the hopes of the peace-loving peoples of Europe who whether with reason or not feel that the dictator powers are merely biding their time to attack and then failing to follow up our words with even a mild form of action. They frankly said to us that in good conscience they could not support our attitude and served notice that they would have to cable stories which undoubtedly would not be to our liking.

We then made every effort to persuade our correspondents, taking on each one separately in turn, that we were here to seek a peaceful settlement, not to consider pressure action, and that should pressure action have to be considered this was neither the time nor the place.

Simultaneously, our men were hearing from the British and the French that they were ready to consider cooperative pressure action but that they were estopped from acting upon this basis by our negative position.

On this note the Conference, due to the pre-occupation of the British, the Belgians and the French with other matters, was interrupted. Before leaving, the other delegations took pains to make it clear that any further step depended exclusively on American initiative, specifically on instructions we might receive from Washington, and that the measure of their participation in the winding up process would be determined by the indication they might receive from their

Ambassadors in Washington regarding the state of mind prevailing there.

We are doing everything in our power to combat this impression but it has been heightened by the unfortunate inability of Eden to return and particularly by the pointed failure of the French to have any representation here at all until some time next Monday. Incidentally the French have informed their correspondents in Paris that it will not be worth their while to return to Brussels.

In spite of possible indications to the contrary, I really believe the British delegates have tried to play fairly on this question of responsibility or blame and this in spite of the fact that whereas our public opinion does not wish us to go beyond the search for a peaceful solution of the conflict in the Far East, the British public opinion is insistent upon pressure action if conciliation fails.

I have just had a very frank and satisfactory talk with MacDonald impressing upon him the importance of avoiding any appearance of any difference of opinion and of objective in order to avoid unfortunate repercussions and any feeling which would endanger fruitful cooperation. I impressed on him also that the situation now had become such that it is important that he instruct his press officer actively to combat the dissemination of any impression of any difference. This he assured me that he would do at once.

DAVIS

793.94 Conference/280 : Telegram

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

WASHINGTON, November 21, 1937—6 p. m.

77. Your 50, November 21, 4 p. m. I am very glad to have your comprehensive statement in regard to the press problem with which you have had to deal there. I realize the difficulties of the situation and I appreciate very much the efforts you are making to remove from the minds of the press representatives misconceptions and erroneous ideas and to give them an accurate understanding of the situation. I feel that your continued efforts along this line will be most helpful.

Here I have been asking the press representatives to come in to see me in small groups or singly and have explained to them the facts of the situation, our policy and our attitude, and have endeavored to give them a correct understanding of and perspective in regard to the whole matter.

HULL

793.94 Conference/284b : Telegram

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

WASHINGTON, November 21, 1937—7 p. m.

78. The *New York Times* this morning carries an Associated Press article from Brussels with the headline "Brussels Debates New Davis Draft" and containing a statement that "the draft was submitted to the Belgian Foreign Minister prior to discussions that Mr. Davis had with the British delegates". An article by Edwin L. James in the *Times* characterizes the Conference as a "fiasco" for which "the United States naturally gets the greatest blame". Today's *New York Herald Tribune* carries an article from Brussels by Elliot stating that "the American and British delegations here, with some help from the Belgian Foreign Minister, were busy today preparing to give the Nine Power Treaty Conference a first-class funeral", that "the American delegation is very clear and firm that this particular baby is not to be laid on its doorstep", and that "the Americans think the best thing to do under the circumstances is to write off the Conference as a total loss".

The *Washington Post* today carries an editorial which strikes a much more constructive note. The editorial is entitled "The Achievement At Brussels." The editorial states *inter alia* "There will be little reason for surprise and still less for recriminations among the participants, if the Brussels conference at its adjournment announces complete inability to mediate the Sino-Japanese conflict"; "attendance at the Brussels Conference was obligatory on all the signers" (of the Nine Power Treaty); that the Japanese refusal "in one sense . . .^s doomed the Brussels meeting to futility. But in a deeper sense it made the Conference completely successful"; "By making the issue clear-cut the Brussels Conference has proved anything but futile"; and "Certainly it will not be the fault of the Conference if the participants fail to draw the logical conclusions from Japan's treaty-smashing attitude".

We feel it important that the constructive achievements of the Conference be emphasized and be kept clear in mind and made apparent to the world. Among these achievements are (1) that the governments represented at Brussels met there pursuant to a treaty obligation; (2) that it is important that the governments are willing and ready to discharge a treaty obligation; (3) that the Conference represented a meeting of nations for purposes of conferring and

^s Omission indicated in the original telegram.

interchanging views; (4) that the carrying on of this cooperative idea pursuant to a treaty obligation is of prime importance; (5) that the Conference has served to bring into the forefront and make clear the issues involved which would otherwise not have been made so clearly manifest; and (6) that the Conference in recessing gives each government opportunity in its own way to take appropriate measures toward keeping alive and educating its people in regard to the fundamental importance of the principles involved in the situation, not only the principles of the Nine Power Treaty but also those broader principles and issues which are of world concern.

We desire that you bring these constructive achievements of the Conference discreetly to the attention of press correspondents and that you endeavor in your conversations with members of the other delegations to point out to them the importance of the Conference recessing on a constructive rather than on a defeatist note.

HULL

793.94 Conference/285 : Telegram

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

BRUSSELS, November 22, 1937—midnight.

[Received November 22—10:05 p. m.]

51. After conferences and drafting all day yesterday the British and the American delegations agreed early this morning on tentative drafts of a report and a declaration. These drafts were today shown to various other delegations individually with explanations. The French delegation asked to associate itself with the British and the American delegations in sponsorship and this was agreed on. Late this afternoon both drafts were circulated by the Chairman at a private meeting of the Conference. The Chinese delegation made a blanket reservation with regard to both. The report was given a first reading which provoked considerable discussion. It was agreed that all delegations which wished to offer amendments or suggestions shall send them to the Belgian Secretariat tomorrow.

The next meeting of the Conference is set for Wednesday afternoon. Meanwhile several delegations will consult their Governments.

The text of the report is confined to a résumé of facts and events relating to the Nine Power Treaty and the Conference. I anticipate little trouble in its being adopted.

The text of the declaration will probably elicit a good many suggestions for amendment and perhaps lengthy discussion. To get a

meeting of minds with the British we had to permit some cutting down of statements of principle. As the draft now stands the concluding paragraphs read as follows:

“8. This Conference strongly reaffirms the principles of the Nine Power Treaty as being among the basic principles which are essential to world peace and orderly progressive development of national and international life.

9. The Conference believes that a prompt suspension of hostilities in the Far East would be in the best interests not only of China and Japan but of all nations, and that with each day's continuance of the conflict the loss in lives and property is bound to increase and the ultimate solution of the conflict to become more difficult.

10. The Conference therefore strongly urges the Chinese and Japanese Governments to suspend hostilities and resort to peaceful processes.

11. The Conference believes that no possible step to bring about by peaceful processes a settlement of the conflict should be overlooked or be omitted.

12. In order to allow time for the participating governments to exchange views and further explore all peaceful methods by which a settlement of the dispute may be attained consistently with the principles of the Nine Power Treaty and in conformity with the objectives of that Treaty the Conference has taken its decision to suspend for the present its sittings.

13. The Conference will be called together again whenever its Chairman or any two of its members shall have reported that they consider that its deliberations can be advantageously resumed.”

DAVIS

793.94 Conference/294: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 24, 1937—midnight.

[Received November 24—11:40 p. m.]

52. 1. The Conference recessed this evening after adopting with only Italy abstaining, a single report, the full text of which follows in the next telegram.⁹ This will be sent to all governments for their authentic information.

2. I am planning to leave for Paris tomorrow evening and shall probably remain there or in the vicinity until the sailing of the *Washington*, December 2.

DAVIS

⁹ For text of report, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 417.

793.94 Conference/296 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

BRUSSELS, November 25, 1937—4 p. m.

[Received November 25—3:10 p. m.]

54. MacDonald before leaving Tuesday on account of his father's funeral pressed me rather strongly to go by London for a day or so. He said the Prime Minister wished very much to have a talk with me before I return to Washington and also that Eden who was unable to return to Brussels because of his health would like to have a final talk. I told him that I would like very much to do so but that there were two difficulties in the way. First, my wife is not at all well; in fact not well enough for me to run the risk of taking her by London. Second, if I should go by London for further consultation just now, particularly with the impending visit of Chautemps and Delbos, I was fearful that there would be so much press speculation that it might possibly have a harmful reaction at home which would not be compensated by the advantages to be gained in further discussions.

Yesterday afternoon some of the British press told Pell¹⁰ they understood that the Prime Minister had invited me to see him in London and inquired when I was going. Pell told them he knew nothing about it but that he understood that for personal reasons I was planning to proceed direct for home. A London despatch in the *Paris Herald* today states that a Downing Street spokesman said that MacDonald had suggested that I return home by London.

Last night Cranborne pressed me to go via London. I repeated to him what I had told MacDonald and added that until I returned home and discussed matters fully with the President and you, it was difficult to see what further useful conversations we could carry on except to exchange views more fully as to the manner and the terms under which a possible eventual mediation or conciliation might be offered. This was a subject which we had not been able to explore fully here because of the strain of more pressing work. Cranborne, Cadogan, Hornbeck and I had a tentative exploratory conversation on this subject. The British told me that Craigie had been telegraphing quite a bit of late on the subject of mediation but that they would not have the details of his telegrams until they got back to London. In essence, however, they indicated that the attitude of Japan on this score was less hopeful than a few days ago but they still considered it useful for us to consider this together more fully in order to be prepared if and when something can be done.

¹⁰ Robert T. Pell, press officer of the American delegation at the Brussels Conference.

I suggested that it might be possible to send Hornbeck for a day or two in London just before sailing to have further conversations with Cadogan without any commitment on this subject. I hope this will satisfy the British. Although my judgment is against visiting England at this time because of possible adverse opinion at home and is certainly against going while the French are there I feel I should point out that an unfortunate impression of unresponsiveness on our part might arise if I refuse under all circumstances to go by London as the British are greatly disappointed that our cooperation here has not assumed a more substantial character. I should be glad, however, to receive your guidance. Hornbeck plans tentatively to go with me to Paris then to The Hague and thence on Tuesday to England where he would visit the Foreign Office informally unless you object. Moffat¹¹ will stay with me in Paris.

DAVIS

793.94 Conference/302 : Telegram

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

BRUSSELS, November 25, 1937—midnight.

[Received November 25—10:30 p. m.]

56. The British are strongly in favor of a joint Anglo-American offer to mediate between Japan and China. They admit that the time is probably not yet opportune but think it may come in the near future. They also think that as long as Japan is unwilling to make a constructive or reasonably just settlement she would discourage mediation by the two of us and perhaps try to work it around for Germany and Italy to mediate believing that she would thus put the other interested powers in an embarrassing position and be able to effect a settlement more favorable to herself than if other powers were the mediators. I have told the British in substance that I would be glad for us to see the thoughts of our two Governments working along parallel lines as to methods of approach and possible terms of settlement which would be a *sine qua non* to safely attempting mediation, but that we should then be guided by developments and I would want to confer with Washington before reaching any conclusion or making any tentative commitment. The British evidently feel as we do that Japan will jockey on the question of mediation. The Japanese Ambassador here sent me word that he was confident his country would be glad to have American mediation particularly if we would act through Grew. He told the British that he was sure that his

¹¹ J. Pierrepont Moffat, Adviser to the American delegation at the Brussels Conference.

Government would be favorable to British mediation alone. He told the Italians that he was prepared to recommend to his Government on his responsibility that they accept mediation by the Shanghai Committee. Aldrovandi has in conference approached me several times here and suggested that Great Britain, France, Italy and the United States mediate as members of the Shanghai Committee and said he believed that they could induce Japan to accept this. That is quite possible. On the other hand the British are opposed to this because they feel satisfied that the problem of composing the difference between the members of such a mediating committee would be about as great as that of bringing Japan and China together. We suspect that the strong opinion expressed by the Japanese and reported by Craigie and Grew against joint Anglo-American cooperation was in line with Japanese strategy of trying to keep us apart just as in the preliminary naval negotiations they tried to drive a wedge between us by playing one off against the other. They unquestionably feel that as long as they can keep us from standing together they are safe from outside pressure. I feel that the more the Japanese think that the British and ourselves are cooperating closely and earnestly for a fair and peaceful solution and are not making threats the greater are the chances of success. I realize, however, that it is important to avoid giving any erroneous impression that we are playing the British game or committing ourselves to join in coercive measures.

The Chinese are standing off Italian proffers of mediation and probably also German.

We suggest that you take no moves and make no commitments on the subject of mediation until we shall have had an opportunity to discuss it with you in Washington.

DAVIS

793.94 Conference/296 : Telegram

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

WASHINGTON, November 26, 1937—6 p. m.

590. Following telegram is for Mr. Davis. If he is still in Brussels, please repeat to him.

Personal for Norman Davis. Your 54, November 25, 4 p. m. from Brussels. I am distressed to hear of Mrs. Davis' ill health.

I think your answer to MacDonald was wise and that the press speculation aroused by your visit and consultation with Chamberlain and Eden would be harmful here and to you personally. I, therefore, concur in your judgment against going to London.

On the other hand, I believe that Hornbeck could usefully make the trip, especially if he answers inquiries by stating that he is visiting London for personal reasons on his way home.

HULL

793.94/11412 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, December 2, 1937—4 p. m.
[Received December 2—1:10 p. m.]

369. Minister's 41, October 8 [7?], 3 p. m.¹² Opinion in Geneva is that no meeting of Sino-Japanese Advisory Committee will be called at least before January Council meeting. Secretariat officials feel that League did its part adopting the Committee's resolution condemning Japan and the Chinese think no useful purpose would be served by referring the matter back to the Committee when the Brussels Conference itself was unable to take more direct action. Hoo indicates that the present Chinese plan is to endeavor to obtain any possible aid from individual governments as a result of either joint all [*or?*] individual agreement and in the meantime to wait upon events.

BUCKNELL

793.94 Conference/347

*Memorandum of Conversation, by the Chairman of the American Delegation (Davis)*¹³

PARIS, December 2, 1937.

Ambassador Koo called at 10:30 by appointment, which Mr. Hornbeck had previously arranged, to see me at the Hotel Bristol.

Koo said he came to say goodbye and to leave with me two memoranda¹⁴ which he had told Mr. Hornbeck he would prepare. The first contained unofficial confidential suggestions as to possible basis for a settlement between Japan and China. The second was a list of requirements to enable China to continue to defend herself. Dr. Koo doubted if the militarists in Japan were yet prepared to agree to any kind of settlement which would be fair and reasonable, and said that his chief concern was to keep up the morale of China, which could best be done by securing the means with which to defend herself. He nevertheless thought that there was a possible chance that Japan would now accept mediation if proposed by the United States and Great Britain, and that those two powers might be able to exercise enough influence to bring hostilities to an end and induce Japan to agree to a settlement which China could afford to accept. He felt that the United States could save the situation if it would act quickly and energetically, and that otherwise the alternatives which faced

¹² Not printed.¹³ Copy transmitted to the Department by the Chairman of the American delegation in his covering letter of December 16.¹⁴ Not found in Department files.

China would be to continue guerrilla warfare in the hope that they could thus defeat Japan's will to conquer China or accept mediation through Germany and Italy, which would not be to the best interests of China or to a constructive solution. I told Mr. Koo that we were most desirous of doing anything we could within practical limits to bring about a cessation of hostilities and a peaceful solution by agreement; that I would talk the matter over when I got home, and by that time we could probably tell better whether Japan will be amenable to mediation.

I then remarked to Mr. Koo that I had been informed that he had said that the French had proposed to me at Brussels the imposition of an oil embargo against Japan, and that I had declined to consider it. He replied that he had made this remark and that two or three of the French ministers had told him they had made such a proposal. I told him that I was sorry to have to deny the accuracy of such a statement, but that no such proposal had been made to me, although if it had been made I would have had to decline to consider it, primarily because the Conference had not been called for the purpose of imposing sanctions but for the purpose of seeking a peaceful settlement, and that we were not prepared to consider sanctions. I told him I thought it was unfortunate and unwise for any power to try to place upon the United States the blame for its failure to do so. I told him that there had been some academic and theoretical discussion or speculation among various delegations as to the ultimate possibility of economic sanctions; that the small powers had particularly been concerned at first for fear that some such proposals would be advanced, to which they were opposed because they had gotten their fingers so badly burnt in the Ethiopian affair, and that they were relieved to be told that such a contingency was not being considered by the larger powers, or at least by the United States. There had also at some time been a reference as to the advisability or practicability of an oil embargo, but that it was never seriously proposed or considered, insofar as I knew. I also told him that if he would stop and think, he could easily see why it would not have been considered seriously, because in the first place it is probable that Japan has enough oil reserved to run her for at least six months, and in the second place that meant really Great Britain, the Dutch East Indies, and the United States; and in the last analysis the Dutch would not agree to this unless the United States and Great Britain would agree to guarantee the Dutch East Indies, which would mean a definite war measure, which I was sure no one was prepared to consider unless the United States would agree to assume the main burden; and that I certainly had no authority and no desire to consider it. I told him it was a mistake for any power to impute blame to another, and that we must continue to work together

to try to bring about a solution through peaceful means. I also pointed out to him that in the declarations which the powers had made at Brussels they had rendered a real service to China, particularly in reaffirming their adherence to the principles of the Nine Power Treaty, and insisting that this was a matter in which they have rights and interests which they are not prepared to surrender.

793.94 Conference/342

*Memorandum by the Chief of the Division of European Affairs (Moffat) of a Conversation With the Japanese Ambassador in the United Kingdom (Yoshida)*¹⁵

[PARIS,] December 2, 1937.

I called on Mr. Yoshida at the Hotel Meurice by appointment and explained how disappointed Mr. Davis was at not being able to see him. The doctor, however, was adamant and refused to allow him to have any interviews and insisted upon his remaining in bed until his ship sailed.

Mr. Yoshida expressed great regret, the more so as he had come to Paris for the sole purpose of seeing Mr. Davis. He said that he was not allowing one day to go by without doing everything he could on behalf of peace. At the moment he, Ambassador Sugemura and Ambassador Kurusu were working in close touch with one another even at the risk of being branded as defeatists in their own country.

He said that a week or two ago he had seen Mr. Eden and Mr. Cadogan and had tried to convince them that the moment was ripe for British and American mediation, either joint or separate. Mr. Eden had immediately remarked, "I wonder what America would think of the idea." In fact, said Mr. Yoshida, throughout all of his talks during the past few months Mr. Eden has been so preoccupied with American reaction to the Japanese problem that he sometimes jokingly questioned whether Mr. Eden was Foreign Secretary of Great Britain or the United States.

Mr. Yoshida regretted that Japan had rejected both the first invitation to the Brussels Conference and the second invitation to appoint representatives to discuss matters with a small group of delegates. He said, however, that the Japanese had developed a complex against conferences. They felt that every time they had gotten into an international gathering their delegates had lost out and he briefly reviewed the history of the gatherings at Washington and at London. But although Japan had rejected the two invitations,

¹⁵ Copy transmitted to the Department by the Chairman of the American delegation in his covering letter of December 16.

he insisted that this did not mean that she was no longer interested in mediation. He felt that the present moment was a peculiarly valuable one psychologically. Japan had won an enormous victory at Shanghai. She was moving on Nanking, which she could take very easily. If, however, it were possible to bring about a cessation of hostilities before Nanking fell, it would be much easier for China to "save face" than if she waited until her capital had been conquered.

As a matter of fact, sometime back Mr. Hirota had mentioned the subject of peace to both Mr. Grew and Sir Robert Craigie. Perhaps he did so in rather veiled terms, but nonetheless he had made his meaning clear. The Japanese were very disappointed that a few days ago, when Mr. Grew brought Ambassador MacMurray¹⁶ to call on Mr. Hirota, he had not reraised the subject of peace or mediation. The fact that Mr. Hirota had sent a telegram to that effect to Mr. Yoshida struck the latter as significant. He had been casting around in his mind to think up reasons why we had not accepted the suggestion of Mr. Hirota and one reason which had occurred to him was that Ambassador Saito in Washington had not reinforced the suggestion in any talks with Mr. Hull. He said that, of course, Mr. Saito may have had his reasons, or he may have been just timid!! But [be] that as it may, Mr. Yoshida felt, speaking entirely personally, that Mr. Davis could do both countries a big service if he could help bring about closer and friendlier contact between Mr. Hull and Ambassador Saito.

Mr. Yoshida asked me if I knew of Sir Robert Craigie's talk with Mr. Hirota. I asked him which one. He said a recent talk in which Sir Robert Craigie, speaking entirely personally, had asked whether the Japanese would accept Great Britain not as a mediator but as an intermediary and would submit to him the Japanese terms of peace provided the Chinese would do the same to his colleague in China. After considerable thought, Mr. Hirota had declined this suggestion, pointing out that it would be impossible for Japan to negotiate at present except directly with China. Mr. Yoshida was afraid that Craigie might have taken this remark too literally. In Mr. Yoshida's opinion it would be necessary for political reasons to initiate direct negotiations, but he felt that once this first step were passed it would be an easy matter to enlarge this to include other powers having rights and interests in the Far East.

He then said that the British had shown considerable anxiety lest Japan's peace terms should prove unduly onerous. He felt that the world would be surprised at Japan's moderation. He said that Japan had voluntarily withdrawn from Shanghai in 1932 and he was convinced that she would do likewise in 1937. In the north of China the situation was more difficult and Japan might have to ask greater

¹⁶ John V. A. MacMurray, Chairman of the Joint Preparatory Committee on Philippine Affairs.

concessions, but the difficulty there arose from the fact that Nanking had been unwilling to recognize "Manchukuo" and the Japanese were forced further to protect "Manchukuo". As to economic terms, he thought that Japan would not only be liberal but positively helpful as she knew that her ultimate prosperity depended upon the creation of a rich and prosperous Chinese market for her exports.

He then came back and made another and most pressing plea that the United States and Great Britain, jointly or separately, should again suggest mediation. I asked if he could be a little more specific in describing how he envisaged such a move. Mr. Yoshida was vague, saying that the details were not the essential, but he left no doubt in my mind that what the Japanese thought when they spoke of mediation was that Great Britain and America, either jointly or separately, should persuade China to enter into direct negotiations with Japan, reserving the right later on to join in these conversations after they marked progress.

Mr. Yoshida throughout was perfectly frank in saying that he was not speaking on behalf of his Government but in a personal capacity. He said, however, that he had been studying the situation for years and that he was convinced that what he said contained so many elements of truth that the broad picture was undoubtedly correct. All Japan wanted peace, the public because it was unhappy over the dislocation of hostilities, the militarists because they were sufficiently realistic to know that the sooner they could close the present campaign the more certain they would be that the Russian menace would not materialize.

In closing, Mr. Yoshida again urged that Mr. Davis interest himself personally in the matter, and that, if he had any ideas or suggestions as to how he, Mr. Yoshida, could be of help in London, that he write him privately and off the record.

P[IERREPONT] M[OFFAT]

793.94 Conference/342

*The Chairman of the American Delegation (Davis) to the Japanese Ambassador in the United Kingdom (Yoshida)*¹⁷

PARIS, December 3, 1937.

MY DEAR MR. YOSHIDA: It was a source of disappointment to me not to be able to see you yesterday, but I was under strict doctor's orders. Mr. Moffat, however, gave me a very full account of his interesting talk with you and I feel that I have a clear picture of the situation as you see it as well as the chances of a possible successful

¹⁷ Copy transmitted to the Department by the Chairman of the American delegation in his covering letter of December 16.

mediation by Great Britain or the United States acting either jointly or individually. I am sorry that the Japanese Government declined the two invitations to cooperate in our work at Brussels, as the purpose was definitely to be helpful and to bring about a peaceful settlement by agreement. The real crux of the difficulty throughout seems to be that the Japanese Government still desires to maintain the thesis that this is a matter that concerns only Japan and China, and that at least in its early stages it should be dealt with by direct negotiations between Japan and China. On the other hand, the powers with treaty rights and interests which are affected by the Sino-Japanese conflict are unable as a matter of principle to accept this thesis. Judging by past experience, they are unable to believe that it is possible for Japan and China to compose their differences and to reach a constructive settlement on a just and mutually satisfactory basis by themselves alone. Furthermore, it would seem that China is opposed to direct negotiation. As you realize, China and Japan have been trying for some years through direct negotiations to compose their differences in a peaceful way but armed conflict ensued which created a situation in which the rights and interests of other powers became directly involved. I realize to the full the local preoccupations of your Government in desiring only direct negotiations, but the importance of a combined effort is so vital that I hope that those who feel as you do will not hesitate to emphasize and re-emphasize it.

It is a comfort to know that you and many who think like you are actively working for peace. My own interests in this same problem will not flag and as soon as I reach Washington I am going to canvass the situation anew with my Government.

Very sincerely yours,

NORMAN H. DAVIS

MEASURES TAKEN BY THE UNITED STATES FOR THE PROTECTION OF AMERICAN LIVES AND PROPERTY IN CHINA RESULTING FROM HOSTILITIES BETWEEN JAPAN AND CHINA¹⁸

793.94/8953

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Suma)

[WASHINGTON,] July 22, 1937.

Mr. Suma called at his own request at 3:30 this afternoon.

Mr. Suma said that in continuation of giving us such information as his Embassy had received he wanted to tell me that they had been informed of an apparent inclination on the part of the Nanking au-

¹⁸ For related correspondence, see *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 487 ff.

thorities to give countenance to the concluding of an agreement by local authorities in the north, and that there seemed to be progress toward the making of an agreement; also, the Nanking authorities seemed to be ready to dismiss certain officials in the north and to withdraw certain troops from certain points. Mr. Suma said that this gave warrant for hope of an amicable adjustment.

I said that I was glad to have this information and that we very greatly hoped that there would be an adjustment without further hostilities.

Mr. Suma then said that, with regard to the "incident in which two American ladies were involved" in Peiping, his Embassy had been informed that the American Embassy in Peiping had sent a memorandum to the Japanese Embassy and the Japanese Embassy had sent a memorandum in reply explaining what had occurred. Mr. Suma asked whether I had the same information. I said that we had been informed of the American Embassy's memorandum but not of the Japanese Embassy's memorandum; that we have received, however, quite a little information, including the following: that an officer of the American Embassy had taken to the Counselor of the Japanese Embassy the memorandum of the facts and the Japanese Embassy had undertaken to take the matter up with the commanding officer of the Japanese guard; that thereafter the commanding officer of the Japanese guard, on the occasion of a call by the commanding officer of the American guard, had expressed regret over the incident; but that apparently no expression of regret had as yet come from any Japanese diplomatic source. Mr. Suma said that he thought that the matter had been taken care of completely between the two Embassies. I went on to say that we did not wish to make an issue of the matter but that I would like in all friendliness to call attention to certain aspects of the case. I asked whether Mr. Suma had read the newspaper accounts here in Washington. Mr. Suma said that he had. He also said that he had been called up by many newspaper correspondents with regard to the matter. I then said that, this being the case, he would realize that the matter had aroused quite a little attention here. Mr. Suma nodded assent. I said that of the two young ladies involved one was a daughter of an American naval officer, now deceased, who was well known and widely connected here and in Virginia and whose widow has been employed for many years in the Navy Department here. I said that American opinion habitually reacts with unfavorable criticism to news of any rough treatment of women; that the two women involved in this case were young and perhaps full of curiosity, but that a charge that they were engaged in spying upon or looking into "military secrets" of an Embassy in the Legation Quarter in Peiping could not fail to evoke expressions of annoyance

and ridicule from the American public. Mr. Suma nodded assent. I then said that, speaking unofficially and with the thought that he should not make what I said a matter of record, I wondered whether it might not seem to him, upon reflection, that, in such cases, a contribution could be made toward promoting good will and averting ill will between the nations whose nationals are involved, by prompt and graceful expression of regret by diplomatic agencies. I said that we here were not acting on the case, that I was not suggesting or requesting that the Japanese Government act, but that I was offering to Mr. Suma, as between friends and observers, an insight into my own reflections on the general subject involved.

Mr. Suma said that he understood. He said, reverting to the Chinese-Japanese situation, that he hoped that he would be able to bring continually encouraging news. I said that I reciprocated that hope. And the conversation there ended.

793.94/8993 : Telegram

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

WASHINGTON, July 27, 1937—1 p. m.

128. Department is informed from London ¹⁹ that British Embassy at Peiping states that the senior commandant has been informed by the Japanese liaison officer that the Japanese intend to launch, regardless of whether the withdrawal of the 37th Division is proceeding satisfactorily, a general attack against all Chinese forces both within and without the city of Peiping.

Please confer immediately with the British Embassy and, in your discretion, take action on lines parallel with British Embassy's action toward dissuading Japanese authorities from proceeding with any plan for military operations which would be likely to endanger lives of American nationals. You may use, as a part basis for such action, the fact of the presence of large numbers of American nationals in Peiping, rights of this country along with other countries under the Boxer Protocol,²⁰ and assurances given by the Japanese Government during the present crisis, especially an assurance given this Government in writing, when the Japanese Ambassador, on July 12, called on me and gave me a memorandum ²¹ from the Japanese Government, numbered paragraph 6 of which concludes:

"In any case the Japanese Government is prepared to give full consideration to the rights and interests of the Powers in China."

¹⁹ See telegram No. 505, July 27, 1 p. m., vol. III, p. 271.

²⁰ Signed at Peking, September 7, 1901, *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312.

²¹ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 318.

The Department has sent a similar telegram to the Embassy at Peiping²² with the request that Peiping report immediately to the Department and repeat its telegram to you.

Report by telegraph and repeat your telegram to Peiping.

HULL

393.1115/24 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, July 27, 1937—3 p. m.

[Received July 27—5 a. m.]

304. Reference paragraph 1 Embassy's 302, July 27, 1 p. m.²⁸

1. Americans resident in Western Hills and Yenching University neighborhood have been warned to come into Peiping. The question of bringing Americans resident in Peiping to the Legation quarter was fully considered this morning, after consultation with the command of the guard and military and naval authorities and after consultation by Commandant with Commandants of British and French guards, and it was decided that the situation has not yet reached the stage which would warrant calling Americans into the Legation quarter. All plans to that end have been made, however, the Embassy keeping in frequent touch with Japanese and Chinese and with other Embassies' officials. A census of Americans resident in Peiping concluded within the past few days indicates that there are approximately 700 Americans here at present, exclusive of a few tourists and the enlisted men of the guard. It is planned to bring Americans into the Legation quarter at the first sign of any developments which might endanger their lives.

2. The German Embassy, basing its action principally on the action taken by the Japanese Embassy with respect to its nationals, has advised German residents of Peiping to remove to the Legation quarter.

Repeated to Nanking and Shanghai. For the Minister.

LOCKHART

793.94/9037 : Telegram

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

TOKYO, July 28, 1937—5 p. m.

[Received July 28—11:05 a. m.]

230. Department's 128, July 27, 1 p. m.

1. The British Chargé d'Affaires and I saw the Minister for Foreign Affairs²⁴ separately this morning. I carried out your instruc-

²² The Embassy office at Nanking likewise was informed July 27 and 29.

²³ Vol. III, p. 270.

²⁴ Koki Hirota.

tions fully and with emphasis. In the course of my representations I made the following oral statement:

“Information issuing from various authoritative Japanese sources indicate that military operations may be imminently initiated by the Japanese military command in North China.

Since the initiation on July 7th of the current incident in North China, the Japanese Government has on various occasions and in various ways taken cognizance of the presence of American nationals, along with nationals of other foreign countries, in the affected area, and of the existence in that area of the rights and interests of the United States, along with rights and interests of other foreign countries, which are based on the Boxer Protocol and on other international instruments. There are cited in this relation a memorandum of the Japanese Ambassador which was delivered to the American Government on July 12th by the Japanese Ambassador at Washington numbered paragraph 6 of which concludes: ‘In any case the Japanese Government is prepared to give full consideration to the rights and interests of the powers in China’; and to the statement issued yesterday by the Cabinet, in which there is contained the statement: ‘It goes without saying that Japan will make every effort to give protection to the vested rights and interests in China of other foreign powers.’

It is earnestly hoped that the Japanese Government will give effect to the assurances which it has directly and indirectly conveyed to the American Government and that it will take effective measures toward dissuading the Japanese command in North China from proceeding with any plan for military operations which would be likely to endanger lives and property of American nationals.”

2. The Department’s directions specified precisely that I was authorized to dissuade the Japanese authorities from proceeding with any plan for military operations “which would be likely to endanger lives of American nationals” or to jeopardize the rights and interests of the powers in China. I therefore placed the emphasis accordingly rather than on the avoidance of hostilities per se.

3. In this respect there seems to be a discrepancy between the instructions as expressed in the Department’s 128²⁵ and your statement in press conference as reported in the Department’s 129²⁶ which does not appear to mention the factor of the protection of foreign nationals’ rights and interests.

4. I have declined to make any statement to the foreign or local press correspondents here, feeling that such statements should be issued only by you in Washington and by the Minister for Foreign Affairs in Tokyo. Otherwise, there is liable to be a crossing of wires.

5. The Minister for Foreign Affairs stated to me categorically that it is not true that the Japanese intend to launch a general attack against all Chinese forces both within and without the city of Peiping

²⁵ July 27, 1 p. m., p. 238.

²⁶ July 27, 6 p. m., vol. III, p. 274.

regardless of whether the withdrawal of the 37th Division is proceeding satisfactorily. He said that over 2 weeks' warning had been given to the Chinese troops to withdraw from Peiping on the basis of the agreement of July 11 and that since this warning had not been acted upon it had finally become necessary to set a time limit at noon today and that a Japanese attack would be carried out only if withdrawal of the 37th Division has not already taken place. He said he had no news today as to whether this withdrawal had been effected. The Minister appeared to ignore the sporadic Japanese attacks already reported from Peiping.

6. The Minister gave me explicit assurances that every effort would be made to protect the lives and property of American and other foreign nationals and the rights and interests of the United States and other powers in the affected area and he has confidence in General Kazuki who, the Minister says, has complete control of his troops. The Minister added however that the Japanese Consulate in Peiping had informed other foreign Consuls that Japanese subjects in outlying districts had been advised to concentrate in the Legation quarter in Peiping. The Minister thought that similar steps would therefore have been taken by the other foreign Consuls with respect to their own nationals.

7. Whatever may be the results of the repeated American and British representations in Washington, London, and Tokyo, the British Chargé d'Affaires and I are convinced after most careful thought that no step has been left untaken by our respective Governments or ourselves which might have averted the present crisis. As matters have developed, the crisis was inevitable but having seen many serious crises in the Far East overcome I cannot yet conclude from this angle that the situation is hopeless or that general warfare may not still be avoided.

Repeated to Peiping.

GREW

793.94/9087 : Telegram

*The Secretary of State to the Ambassador in China (Johnson),
at Nanking*

WASHINGTON, July 30, 1937—7 p. m.

121. 1. Under date July 30 Tientsin telegraphs as follows:

"Although I consider disorder unlikely in Peitaiho, I suggest that in view of the large number of Americans there without telegraph or rail communications in this direction an American war vessel be temporarily stationed at Peitaiho or Chinwangtao to assist in telegraphic communication, allay anxiety of Americans and possibly render some other assistance.

"British sloop *Grimsbey* at Tangku has taken aboard at least one American stopped there on train from Peitaiho which could not proceed further."

2. Department assumes that Tientsin sent identic telegram to you and that you will take matter up with American naval authorities there.²⁷ If you wish Department to approach Navy Department here, please radio to that effect.

HULL

793.94/9119a : Telegram

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

WASHINGTON, August 2, 1937—noon.

125. Please telegraph immediately your estimate of probability of extension of military operations to points south of Peiping and Tientsin where American nationals are located; also, your thought on the subject of the possible advisability of advising to our nationals evacuation from points likely to be involved of women and children.

HULL

793.94/9132 : Telegram

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

NANKING, August 2, 1937—2 p. m.

[Received 7:50 p. m.]

354. 1. Following from Tsinanfu:²⁸

"August 1, 4 p. m. Since the entrance into Shantung of Central Government troops as reported in my July 31, 8 p. m., the local situation has become serious. A large number of Chinese have attempted to leave the city and it has been necessary to turn many of them back.

The Japanese Consul General stated in conversation this afternoon that he had not yet given up hope of a peaceful settlement but that it was necessary to prepare for the worst. Many of the official records of the Japanese are being sent to Tsingtao and only approximately 650 Japanese are still in the city. The Consul General further stated that he had heard this morning that Central Government troops had arrived in Tsinanfu today and that if such troops are stationed here in the province it was deemed a cause for Japanese troops to come in. He mentioned an unconfirmed report that Han Fu Chu²⁹ left here for the south yesterday to meet General Pai Chung-hsi.³⁰ He gave it as his private opinion that foreign women and children should leave Tsinanfu.

²⁷ The Ambassador reported in telegram No. 350, July 31, 6 p. m., that the U. S. S. *Tulsa* had been ordered to Peitaiho (793.94/9115).

²⁸ From John M. Allison, Consul at Tsinan.

²⁹ Chairman of the Shantung Provincial Government.

³⁰ Vice Commander, Chinese 5th Route Army.

Unless I am instructed to the contrary I intend to urge American women and children at interior points to go to Tsingtao or Tsinanfu and I shall advise same in this city to be prepared to evacuate at a moment's notice."

2. Embassy has replied :

"August 2, 11 a. m. Your August 1, 4 p. m. I approve of steps which you have already taken. Embassy appreciates your constant efforts to keep it already [*always?*] advised of local situation."

3. Tokyo being informed.

JOHNSON

793.94/9313

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Suma)

[WASHINGTON,] August 3, 1937.

Mr. Suma called at his own request at 12:15 today.

Mr. Suma said that, with regard to the incident of the two American ladies at Peiping, his Embassy had received word this morning direct from Peiping that an officer of the Embassy there had now expressed regret to an officer of the American Embassy. He inquired whether we had had any report. I said that we had not. He said that he thought that we would receive one.

Mr. Suma then said that a representative of an American film company had come to his Embassy yesterday about one of the representatives of the company who had been detained in Peiping by Japanese (Mr. Suma said "our people"). He said that the Embassy had sent an inquiry to Tokyo and that Tokyo had replied that they were looking into the matter. Mr. Suma inquired whether we had had word of this incident. I replied that we had been informed yesterday that an American engaged in photographing, together with his wife, had been detained by Japanese and that we had sent an inquiry to Peiping but had not yet received an answer. Mr. Suma said that he thought the matter would be taken care of appropriately.

Mr. Suma then said that, with regard to the incident of an unfortunate contact between Japanese soldiers and the French soldiers at the bridge at Tientsin, the Japanese military authorities had made appropriate expression of regret to the French military authorities and the matter was settled.

Mr. Suma then said that, with regard to the incident in which the Soviet Consulate at Tientsin had been raided "by some of our people" (*sic*) and some of their archives "taken", the newspapers had reported

that this might lead to serious trouble between Japan and the Soviet Union; but that this was not true, the matter had already been settled amicably.

Mr. Suma then inquired whether we had had reports of any other unfortunate incidents. I said that we had not; but that we had had reports to the effect that some Japanese are alleging that Chinese military refugees have made their way into the French and the British Concessions at Tientsin. I said that this was unbelievable on its face; that it was our understanding that the British and the French armed detachments are preventing the entry of any Chinese refugees into their Concessions; that all accounts have stated that thousands of refugees were turned back on Saturday and that something like 40,000 refugees had gone around to the former German Concession area and, on pressing on a region which the American troops are guarding, were being refused entry there. I said that it would be very unfortunate for all concerned if Japanese troops made hostile contact with or any hostile moves against the foreign troops, who are simply protecting their own nationals in small areas which cannot possibly serve any military purpose. Mr. Suma said that such a development would certainly be most unfortunate and that he knew that the Japanese were trying to prevent any such thing. He said that the Japanese Embassy here is constantly warning against there being permitted to occur any unfortunate incidents involving American or other foreign nationals, and that his Government seems to be taking his Embassy's representations in good part.

Mr. Suma said that there was a matter which he would like to bring up informally: he had seen in the newspapers a story to the effect that at Los Angeles a certain man who had been an aviation adviser to Chiang Kai-shek was talking of recruiting American fliers for service in China; the paper had given the figure 182; the Japanese Consul General at Los Angeles had reported to the Embassy that the "atmosphere in Los Angeles seemed to be opposed to this" project but that the promoter seemed to be going ahead with it; Mr. Suma asked whether we had received any information about it. I replied that I had seen in the press the story to which Mr. Suma referred but that I had no other information.³¹ Mr. Suma then went on to say that the going of American aviators to serve in Chinese military forces would have a very unpleasant effect upon Japanese public opinion. He mentioned the incident of an American flier who took part in operations at the time of the Shanghai incident in 1932.³² He said that this had created "heat" among the Japanese people. He spoke at some length on this subject in a way which indicated that

³¹ For information on American aviators in China, see pp. 520 ff.

³² See *Foreign Relations*, 1932, vol. III, pp. 451 ff.

he was very solicitous that American fliers should not go to China. He asked whether, if the report proved true, the State Department would take any action. He wanted an expression of my personal opinion. I replied that I could not venture to say what the Department might do and that in any case action, if taken, would presumably be by some other agency of the Government than the Department of State. Mr. Suma said that he was speaking only informally but that he thought the matter was of importance.

Mr. Suma then said that he hoped that we would keep him promptly and fully informed if we get news of any incidents. I said that I would be glad to do so.

S[TANLEY] K. H[ORNBECK]

793.94/9168 : Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, August 4, 1937—10 a. m.

[Received August 4—5 a. m.]

1. The following joint letter dated August 3 has been sent to Chairman of Hupeh Province and Japanese Acting Consul General respectively. Letter was signed by Consuls General for Germany, United States of America and Great Britain and Consuls for France and Italy.

“In view of the state of tension now unfortunately existing in Hankow, we, the undersigned, have the honor to invite your attention to the tax on our nationals here in respect to their lives, property and shipping. We express the earnest hope that due regard will be given by the authorities concerned to these interests in the present situation.”

2. Letter dated August 3 sent by Senior Consul on behalf of consular officers mentioned in paragraph 1 to Dean of the Diplomatic Body, Nanking, describing local situation and expressing hope that means may be devised by Diplomatic Body to avoid hostilities. Letter concludes as follows: “Should diplomatic representations prove of no avail we would nevertheless be greatly obliged if the Ambassadors could obtain assurance from both sides that if possible notice should be given to the Hankow Consuls in time to ensure that they should be able to give due warning to their nationals.” Copies by mail.³³

3. Sent to Nanking, repeated to Department and Peiping.

JOSSELYN

³³ Not printed.

793.94/9178 : Telegram

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

NANKING, August 4, 1937—11 a. m.

[Received 3:30 p. m.]

366. Department's 125, August 3 [2], noon. I am not convinced that Chinese Government intends or plans to take any aggressive action against Japanese forces in North China or elsewhere. Indications lead me to believe that Chinese will fight rear guard actions wherever advancing Japanese forces come into contact with Chinese armed forces no matter where those may be. See in this connection my 347, July 31, noon,³⁴ as well as my 343, July 30, 2 a. m.³⁵ Thus initiative rests and remains with the Japanese whose immediate plans are still obscure. Under these circumstances it has not seemed to me necessary that steps should be taken to evacuate Americans generally as we have no means of discovering where hostilities may take place and ordinary concentration points might be more dangerous than interior points from which they might be evacuated. Embassy is endeavoring to keep Consuls currently informed in order that each office may be forewarned of possible dangers and take necessary and customary measures to get Americans to places of safety. At the moment, many Americans from the interior are at customary summer resorts. Time may soon come when it may be advisable for various reasons to suggest that they remain temporarily at those places rather than return to areas which we can identify as danger zones.

There is no anti-foreign feeling evident. Embassy believes that Americans should not be more likely to suffer damage or danger in areas of conflict than occurred in Manchuria in 1931. The Embassy is watching situation narrowly from day to day and will cooperate with Consulates should further steps be deemed necessary.

JOHNSON

793.94/9156 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, August 4, 1937—noon.

[Received August 4—6 a. m.]

373. Embassy here has repeated to Hankow by radio dated August 4, 11 a. m., the first sentence of Tientsin's 11, August 3, 3 p. m.,³⁶ and all of Tientsin's 12, August 3, 4 p. m.,³⁷ with the following statement.

³⁴ Vol. III, p. 306.³⁵ *Ibid.*, p. 298.³⁶ *Ibid.*, p. 316.³⁷ Not printed.

"All places named above are in Hopei Province. Telegraph communication with them from Peiping and Tientsin is broken but it is believed that telegraph is open from Hankow. Unless you have received other instructions from Nanking please telegraph immediately to Americans concerned, warning them of danger from Peiping military activities and advising their withdrawal to places of safety."³⁸

LOCKHART

393.11/1972: Telegram

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

NANKING, August 4, 1937—3 p. m.

[Received August 4—8:40 a. m.]

370. My 369, August 4, 2 p. m.³⁹ Following sent Tientsin and repeated to Peiping and Hankow:

"August 4, 2 p. m. Your August 3, 3 p. m.⁴⁰ and August 3, 4 p. m.³⁹ are being repeated to Hankow. Please furnish list of Americans and places of residence contained in your August 3, 4 p. m., and any others in your district concerning whose safety you may be in doubt to Japanese Consul General for information of Japanese military and with request that military take note thereof with a view to the protection of their lives and property in places where Japanese may be active."

JOHNSON

393.1164/202

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

No. 556

NANKING, August 5, 1937.

[Received October 11.]

SIR: I have the honor to refer to the Embassy's despatch No. 1143 of March 22, 1937,³⁹ reporting the decision of the Boards of Directors of the University of Nanking and of Ginling College, to register their land holdings in Nanking in the names of their respective Boards of Founders (American) in the United States and not in the names of their respective Boards of Directors (Chinese) in China.

The Embassy has just received a letter from the President of the University of Nanking, a copy of which is enclosed,³⁹ calling attention

³⁸ As the conflict spread, similar warnings to withdraw to places of safety, and later to leave China, were sent to Americans in places considered dangerous. In many cases the Americans concerned chose to remain. Numerous telegrams reporting on the carrying out of the policy of evacuation are not printed.

³⁹ Not printed.

⁴⁰ Vol. III, p. 316.

to the fact that all the land held by the University is American property; the Embassy has also received a copy of a letter dated August 4, 1937 from the President of Ginling College to the American Consul General at Shanghai, inviting attention to the fact that the college has almost completed the registration of its property in the name of its Board of Founders.

The President of Ginling College recently called at the Embassy and did not disguise the fact that when the Board of Directors decided to decline the generous offer of the Board of Founders of Ginling College to present the property held by the college to the Board of Directors, it was influenced by an anticipation that a crisis might arise when the ownership of the property by an American juridical person might prove to be a safeguard. In the Embassy's despatch of March 22, 1937 it was pointed out that the authorities of the University of Nanking in similarly declining a gift of the property used by the University were actuated by the same idea.

In Peiping an analogous situation has arisen in connection with Yenching University. Since arriving in Nanking I have been informed by Counselor of Embassy Lockhart that Yenching University wished to display the American flag. In reporting this circumstance Mr. Lockhart referred to the Department's instruction to the American Minister in Peiping, No. 871 of May 23, 1928,⁴⁵ and expressed the opinion that under that instruction it was difficult to see how the Embassy could intervene on behalf of Yenching University, an institution registered with the Chinese authorities and under Chinese control. I replied to Mr. Lockhart that I agreed with him and that I felt that the most the Embassy could do, if necessity arose, would be to inform the appropriate Chinese and Japanese authorities of the American interest in the institution.

The Department will recall that in its instruction of May 23, 1928 it re-affirmed its policy of refraining from intervening on behalf of American concerns unless the latter are under effective American control. This instruction was drafted, I assume, with a special reference to intervention between American institutions and the Chinese authorities. Nevertheless, the policy of declining to assume responsibility for institutions not under American control would seem to be on an equally sound basis in the case of intervention between such institutions and the Japanese authorities. All the indications are that the Japanese military now completely dominate the Peiping area. It is well-known that the Chinese student class are very much imbued with Nationalistic ideas. It would be hard to predict the dilemma into which the Embassy, or American Consulates, might be led if American intervention were to go to the length of attempting to make

⁴⁵ *Foreign Relations*, 1928, vol. II, p. 570.

American-owned property a place of asylum where Chinese students and others might be able to carry on anti-Japanese activities immune from Japanese control extending over the surrounding area. I understand that a question of this sort confronted American schools and the American Consulate in Tsingtao during the period of Japanese occupation of that port during the Great War.

It is too early to attempt a forecast whether Japanese control will be extended over Nanking, but if that occurs, it is my intention to limit intervention on behalf of institutions which, although using American-owned property, are Chinese juridical persons to placing on record with all the authorities concerned the nature of the American interest involved. The problem of protecting American life is, of course, one that will receive paramount consideration in all circumstances.

Respectfully yours,

NELSON TRUSLER JOHNSON

793.94/9214 : Telegram

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

NANKING, August 6, 1937—4 p. m.

[Received August 6—2:03 p. m.]

378. I have today sent the following message to the Commander of the Asiatic Fleet.⁴⁴

“I have received no requests for presence of ships from following places, but I wonder whether it would not be advisable to have ships at Foochow, Amoy, Swatow and Canton for purposes of communication in case trouble should occur at any of those places.”

JOHNSON

125.0093/373a : Telegram

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

WASHINGTON, August 7, 1937—5 p. m.

135. 1. Although the Department desires that American diplomatic and consular offices in China be maintained at points where they can function in safety, the Department does not desire that the lives of the staffs be unnecessarily exposed to serious danger. Bearing the above in mind, the Department authorizes the closing of any offices where you may consider that the staffs become so exposed.

Consular officers should, as heretofore, urge that American citizens withdraw from danger zones.

⁴⁴ Admiral Harry E. Yarnell, Commander in Chief, United States Asiatic Fleet, at Shanghai.

2. Should emergency at any post arise which in your opinion would warrant such action, you may authorize the officers concerned to send their families temporarily to nearby places of safety. [The remainder of this paragraph and two additional paragraphs concern instructions as to expenses involved.]

HULL

793.94/9254 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, August 9, 1937.

[Received 10:20 a. m.]

The following unsigned memorandum was delivered to the Dean of the Consular Body today by the Japanese Consulate General.

Japanese Consulate General, Tientsin, China, August 9th, 1937.

The necessity for establishing an effective censorship on telegraphic and postal communications is keenly felt by the Japanese military authorities from the strategical point of view. Provided that such an effective censorship is put into force, they are prepared to give facilities for the speedy restoration of telegraphic and postal communications.

The Japanese military authorities intend to despatch a certain number of Japanese censors in plain clothes to the telegraph office in the French Concession from the 12th instant, and also to the branch postoffices in the French and the British Concessions from the 10th instant.

The Japanese military authorities have no objection to the despatch by the foreign authorities of one or more censors to these offices, in order that such censorship may be conducted in the form of a joint censorship.

The above mentioned censorship will not be applicable to the telegrams and mails despatched and received by the foreign consular and military authorities. As regards the telegrams and mails despatched and received by the foreign residents in general, they will be subjected to censorship only in suspicious cases. The Japanese military authorities intend to prohibit in telegraph communication the use of all secret codes other than commercial codes in general publication. This will, however, not be applicable to telegrams despatched and received by the foreign consular and military authorities. The Concession authorities are also requested to exercise an effective control over private radio telegraphic and radio telegraphic stations in their Concessions.

The Japanese military authorities may, in the event of a further development in the situation, adopt more effective measures than those described above themselves or may request the foreign Concessions authorities to take such measures.

It is to be hoped that information regarding the censorship in question be not published.

CALDWELL

793.94/9256 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, August 9, 1937—5 p. m.

[Received August 9—12:06 p. m.]

22. At Consular Corps meeting of August 7th Japanese Consul General made it clear that the Japanese military authorities consider it necessary to establish censorship of mails and telegraph communications in and out of Tientsin regardless of the fact that the telegraph office is in the French Concession and the post office is not functioning in the British Concession. French Consul and British Consul General state that they would not permit Japanese to function in their Concessions. French Consul suggested that negotiations be undertaken for an international censorship, concerning which British Consul General and Italian Consul neither objected nor concurred and regarding which no action was taken.

The British, French and Italian consular officials repeatedly expressed the hope that the Japanese military would not use force in the foreign Concessions but would negotiate regarding such matters as censorship. British Consul General and French Consul stated that against force they would use force and that if an employee of any administration in their Concessions were mistreated he would be protected by police and military if necessary.

The Bolivian Dean of Consular Body received from the Japanese Consul General an unsigned memorandum which is being telegraphed *en clair*.⁴⁵

At meeting of Consular Body this afternoon Japanese Consul General stated that he had understood the joint censorship was acceptable to other consular officials and that with after some 6 hours talk he had succeeded in persuading Japanese military to accept it; the memorandum was not intended to be an ultimatum; the Japanese military had agreed to the wishes of the Consular Body not to use force in the Concessions but to have joint censorship which must go into effect at once owing to the emergency of the military situation; that these were the Japanese military's last terms and that he could not ask them to reconsider or even postpone action until instructions could be received from the Embassies unless assured that the consular officers agreed to joint censorship and would ask their respective Embassies for instructions to put it into effect. This should be promised by anyone. As the Japanese Consul General in reply to questions did not withdraw any essential part of the memorandum and referred only to what he thought might have been unfortunate wording his statements really did not alter the situation.

⁴⁵ See *supra*.

The British Consul General and French Consul said that if plainclothesmen referred to in the memorandum appeared at offices in their Concessions they would be denied admission and prevented entering by police and military force if necessary pending instructions from the British and French Embassies which are being requested at once.

Japanese Consul General was urged to make every effort to have Japanese military postpone action threatened for tomorrow or at least to take action only of surrounding [omission?] and not in the Concessions. It is certain, of course, that Concessions can be isolated by the Japanese military and mail stopped between station or Taku and Concessions.

Japanese military have taken over central post office in third special area and seized part of the safes. Keys to the most important safes were demanded from Commissioner Caretti who asked Consular Body to take custody of them until he could get instructions from Nanking; this was refused and Commissioner today notified Consular Body the keys had been placed in foreign bank pending instructions from Nanking. I do not know which bank has accepted the keys.

CALDWELL

893.0146/550a : Telegram

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

WASHINGTON, August 10, 1937—noon.

138. In the light of a considerable amount of apprehensive speculation in certain quarters with regard to the safety of American nationals at various points in China and of concern regarding the mission of and possible involvement of our armed forces there, we are trying to make clear, in responsible circles, this Department's concept of the mission and function of the United States armed forces in China.

It should be realized and be kept in mind at all times that the mission of these forces has not been and is not one of offensive action against authorized armed forces of China or of any other country; and it is not one of coercion of the Chinese or any other foreign governments. The primary function of these forces is to provide special protection for American nationals. Incidental to protection of life comes protection of property, but protection of property as such is not a primary objective. These forces are in no sense expeditionary forces. They are not in occupation of an enemy territory nor are they defending territory of the United States. They are expected to protect lives but they are not expected to hold positions regardless of hazards.

They would be expected to repel threatened incursions of mobs or of disorganized or unauthorized soldiery, but they would not be expected to hold a position against a responsibly directed operation of occupation on the part of armed forces of another country acting on express high authority. Situations may arise in which, for the protection of lives, the logical procedure will become that of evacuation. Confronted with such a situation, the function of American official agencies would become that of calling for and making possible evacuation in an orderly manner and with a maximum of safety; the function of the armed forces would become that of assisting in the making of arrangements, of providing armed escort, facilities (including, where possible, means of conveyance, etc.), and of general assistance in the activities of evacuation as such. Presumably the necessity for such action, if it develops, will be sufficiently foreseeable, as regards time factor, to permit of appropriate communication between and among the appropriate agencies of the American Government concerned. Presumably, also, such necessity as may confront any one of the foreign countries concerned will likewise confront all, and constant consultation among their representatives on the spot and with their own governments in regard to developments will contribute toward making possible common and simultaneous action if and when called for in this connection.

It cannot be too often or too emphatically stated that the primary purpose for which American armed forces are maintained in China today is protection and safeguarding of the lives of our nationals. Protection of property may be incidental and in some situations directly contributory to safeguarding of life, but is a secondary objective and should in no circumstances be permitted to stand in the way of the carrying out of the primary objective.

In the performance of their respective functions, officers of the various agencies of the Government, aware of the concept outlined above, will conduct the operations for which they are respectively responsible on the basis each of his own best judgment, in cooperation with other agencies, of ways and means appropriate to his agency under the circumstances with which they find themselves confronted.

Please promptly repeat this telegram to Peiping, Tientsin, Shanghai, and Tsingtao, and instruct the officers in charge at those places to bring the contents of this telegram informally and in confidence to the attention of the commanding officers of American armed forces at those places, with explanation that this material is for general orientation of all American agencies concerned and is believed to be in no way inconsistent with but merely expository of existing orders

or instructions from the various Departments under which the various agencies respectively function.

HULL

393.11/1998a : Telegram

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

WASHINGTON, August 14, 1937—1 a. m.

214. In order that no possible measures of precaution may be omitted, it is suggested that you take steps towards seeing that American nationals at and around Shanghai be informed, through whatever agency you deem practicable, of sailing dates and accommodations available on merchant vessels, of which any who may desire to leave, especially women and children, might take advantage.

HULL

793.94/9386 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, August 14, 1937—noon.

[Received 4 : 50 p. m.]

Following from Tsinanfu :

“August 13, 4 p. m.

1. Local manager of the British-American Tobacco Company told me this morning that he had received orders from Tientsin to move his office to Tsingtao as a precautionary measure.

2. Japanese Consul General informed me today that he believed the local situation would not be directly affected by the Shanghai incident.⁴⁶ He has not yet ordered the evacuation from here of remaining Japanese but is considering doing so in the near future. The Japanese Vice Consul told me there is a possibility the Consulate General will also be closed if the situation becomes worse.

3. The Japanese Consul General also said that he does not believe the Japanese military authorities will consent to treat American schools and hospitals in the interior as neutral property because there cannot be any assurance that Chinese troops will not make use of such property and he advised me to tell Americans of this fact.

4. While I still do not believe there is immediate danger I do believe that, because of possible military activity and floods which are now threatening, communications may be cut off at any time and it will be impossible for persons to get to places from which they may be evacuated. I am therefore warning all Americans of these possibilities and again urging them to go to Tsingtao as soon as possible.

Repeated to the Department and Nanking.”

SOKOBIN

⁴⁶ See vol. III, pp. 364-418, *passim*.

793.94/9351

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs

[WASHINGTON,] August 14, 1937.

Texts of two priority telegrams received by the Navy Department which were read over the telephone to Mr. Ballantine by Lt. Welles Roberts at 9:05 a. m., August 14, 1937

From the Commander in Chief of the Asiatic Fleet to the American Embassy at Nanking.

August 14, 5:15 p. m.

Request you make vigorous protest Chinese Government of bombing American vessel Shanghai by Chinese planes. Two bombs dropped within 20 yards of *Augusta*. This bombing occurred at 4:40 p. m.

August 14, 5:27 p. m.

In case any further bombing of U. S. vessels will use anti-aircraft battery in self-defense.

793.94/9387: Telegram

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

SHANGHAI, August 15, 1937—11 a. m.

[Received 11:15 a. m.]

485. I now repeat for information of Department the substance of telephone message sent by me late yesterday afternoon to the Embassy at Nanking. Following is substance of my telephone message communicated to Counselor Peck⁴⁷ this afternoon^{47a} at about 6:20. He dictated what I said to the stenographer:

2. Chinese airplanes have been bombing Shanghai constantly today. They are violating the area of foreign refuge by flying over it. They are short dropping their bombs, two of which have landed near the race course, and others have hit the Palace Hotel and the Cathay Hotel. There are hundreds killed and wounded; some of them Americans, but we cannot yet ascertain who. Two bombs were dropped near the flagship *Augusta* as she was coming into port. There is no question as to the identity of these planes; they are Chinese planes. I urge you most emphatically to make representations at Nanking to respect the area of foreign refuge and to stop this wanton slaughtering.

3. Ambassador Johnson then came to the telephone and told me that they had heard some of this at Nanking over the radio, and that he had already been to see Generalissimo Chiang Kai Shek. I then told him that I had received, with instructions to repeat to him, a message

⁴⁷ Willys R. Peck, Counselor of Embassy in China at Nanking.

^{47a} August 14.

from the Department⁴⁸ while assuming that most strong representations had been made to the Japanese Ambassador. I added that I had been able to get through by telephone to him only after I had informed the American owned telephone company to say to the Chinese connections that I had ordered the suspension of their facilities to Chinese until I was permitted to get through to the American Embassy.

4. It had represented that there was no telephone connection with Nanking. I knew better and instructed the American Telephone Company in the Settlement to say to the Chinese connections that if necessary I would give orders to the American company to refuse connections at the Shanghai end for Chinese officials unless I were put on immediately uninterrupted. I obtained my connection within 5 minutes. I cite this as an example of the manner in which it has become necessary to deal with the situation.

GAUSS

793.94/9388 : Telegram

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

SHANGHAI, August 15, 1937—11 a. m.

[Received 2 p. m.]

486. Admiral Yarnell and staff held a conference this morning at Consulate General with Marine Commander and myself.

2. The *President Taft* which is off mouth of the Yangtze, homeward bound, is to come into Woosung and passengers will be sent down by tender. Advice will be given quietly that women and children should be sent away as rapidly as transportation is available. Other American ships expected in. Agents of ships will be advised to make available all possible facilities for those desiring passage. Americans to be given preference.

3. Yarnell plans to reinforce the east garrison here with what small number of men may be available from the Fleet. He also proposes to recommend that a force of about 1,000 marines stand by in the United States to be sent to Shanghai in the case of necessity to assist in defending the American sector against stragglers and to provide adequate relief for the present force. There is no thought of bringing in sufficient men to defend the foreign areas with [*against?*] an organized invasion by the Chinese Army. The idea is that our present forces are inadequate to carry out our obligations on the sector allocated to Americans. The increase in our force, if made, would be in proportion to what is being done by the British and French. I am thoroughly in accord with this view and heartily endorse it.

⁴⁸ See vol. III, p. 400, footnote 95.

4. Situation at Shanghai this morning much easier. There has been no further Chinese bombing. A typhoon is over the Shanghai area.

5. Japanese Vice Consul informs us this morning that several squadrons of Japanese planes from Formosa yesterday afternoon bombed the Hangchow and Kuangteh airdromes and destroyed a number of Chinese bombing planes. Planes from Japanese flagship were stated to have destroyed Hungjao airdrome near Shanghai. In regard to general military situation, he said Chinese attack had been repulsed and Japanese Navy could hold their positions for several weeks. Japanese Army reinforcements are stated to be preparing to come to Shanghai but have not yet left Japan.

6. Japanese Vice Consul informed me, for his Consul General, that he had received a reply from Tokyo in reference to the plans mentioned in my 473 of Aug. 13, 9 a. m. [*p. m.*],⁴⁹ and that in view of the development in the situation and stiffening of the attitude of the Japanese Navy nothing can be done in the matter.

7. Press reports will supply Department details of effects of the Chinese bombing operations over the foreign area yesterday. It is significant that the Chinese Air Force has accomplished absolutely nothing except the wanton killing of the Chinese refugees who flock the streets of Shanghai with no place to go.

Repeated to Nanking, Peiping, and Tokyo.

GAUSS

793.94/9376 : Telegram

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

NANKING, August 15, 1937—1 p. m.

[Received August 15—8 a. m.]

438. 1. Embassy has received from Foreign Office following English text dated August 14:

“Referring to the dropping of several bombs from two Chinese aeroplanes today in the International Settlement and the French Concession in Shanghai, which resulted in the death and wounding of a large number of innocent people, a spokesman of the Chinese Military Command said that it was a most deplorable incident which caused as much concern and regret to the Chinese authorities as to the foreign communities.

Upon investigation it was found out that the aeroplanes in question, while engaged in operations against Japanese warships and other military objects, were fired upon by Japanese anti-aircraft guns and as a result the pilots were injured themselves and their bomb racks were so damaged that the bombs released themselves, descending

⁴⁹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 346.

upon places which has [*had?*] never been intended as the objective of attack. The self release of the bombs was thus an unavoidable accident, not only without the slightest intention on the part of the aviators, but really against their own wish.

That innocent people should bear the consequences of war in such an unexpected manner, remarked the spokesman, is indeed most regrettable. It is all the more regrettable when it is learned that most of those killed and wounded by Chinese weapons of war are Chinese and that those few foreigners who unfortunately shared the same fate had been the friends of China.

Renewed orders have been given to the fighting forces, the spokesman said, to avoid hostilities as far as possible in that part of the International Settlement in Shanghai which is not being used by the Japanese as a base of operation and in the whole French Concession, and it is to be hoped that cases of an extraordinary nature, involving the loss of many innocent lives but beyond the control of the Chinese combatants, might not occur again."

2. Sent to the Department, Shanghai.

JOHNSON

793.94/9390 : Telegram

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

SHANGHAI, August 15, 1937—5 p. m.

[Received August 15—10:20 a. m.]

489. My estimate of the situation here is that there will be heavy fighting for some days. Chinese are massing forces in this area including Pootung shore where artillery is reported to be taking positions. Intelligence reports estimate 30 to 40,000 Chinese troops immediate Shanghai area with close by reinforcements up to 70,000. Japanese forces 4,000 with 60,000 reported ready to sail from Japan. Chinese will undoubtedly endeavor to wipe out Japanese forces before Japanese Army reinforcements arrive.

2. The most serious problem for us, in my opinion, is this area of refuge for foreigners. The reports persist that the Chinese will not indefinitely respect it, and if the Japanese are forced to retreat from their positions, they would also likely fall on it. Chinese claim that Japanese are using Settlement as a base; and disregard factor that the powers cannot prevent this. I think we should emphasize that we are not attempting to hold the Settlements but only an area of refuge. Having taken up our lines we cannot abandon any of them without giving an advantage to one side or the other.

3. If the Chinese or the Japanese overrun the area of foreign refuge, all that can be done will be to endeavor to protect our nationals at places of concentration, and then attempt a truce to take them out on any craft available.

4. Notwithstanding all that has already been done in the matter, my earnest and considered recommendation is that we continue strongly to urge both sides through their central Governments to respect the area of refuge established by the lines of the foreign forces, unless the powers are now prepared to consider proposals for the complete neutralization of the Shanghai area, both forces withdrawing.

5. If opportunity offers, I shall send away on any ship available, first, the wives of members of my staff who have children, and then other wives and women employees. I doubt whether it will be possible long, if at all, to use the river to get foreigners out except during truces. I am meeting with Admiral⁵⁰ and Chairman American Emergency Committee on question of evacuation tomorrow morning.

Sent to the Department, Nanking, Tokyo.

GAUSS

393.11/2004 : Telegram

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

SHANGHAI [undated].

[Received August 16, 1937—2:30 a. m.]

The Commander-in-Chief of the Asiatic Fleet and I have considered it necessary in the extreme emergency and without advance specific authorization from Washington to direct the Dollar Steamship Company's general manager for the Far East to divert their ships from regular schedules to evacuate American women and children from Shanghai to Manila. I respectfully request that any necessary action be obtained from Congress to support the emergency action we have taken. Details will be communicated later.

GAUSS

393.11/2008 : Telegram

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

SHANGHAI, August 16, 1937—4 p. m.

[Received August 16—2:50 p. m.]

495. Without any intimation to me, the British Commander-in-Chief and Acting Consul General yesterday broadcast a statement to their nationals advising women and children to evacuate and providing facilities by steamer leaving tomorrow.

2. As reported yesterday, Commander-in-Chief United States Asiatic Fleet and I had agreed that action should be taken quietly to advise American women and children to leave, and the *President*

⁵⁰ Admiral Harry E. Yarnell, Commander in Chief, United States Asiatic Fleet, at Shanghai.

Taft bound for Seattle has taken a number of American passengers, some of whom will land in Japan without visas.

3. The public action of the British without prior notice or consultation with us caused hysteria in the American community. I released a broadcast message last evening that we were conferring with Admiral this morning and would announce American plans today.

4. At meeting this morning Admiral, Commander of United States Marines, Chairman American Emergency Committee and myself it was agreed that we must take immediate emergency measures to provide facilities for American women and children to leave Shanghai for Manila. There was no possible moment to be lost for consultation with Washington or Nanking.

5. General Manager of the Dollar and American Mail Lines was summoned and agreed to cooperate fully provided he was given official orders.

6. Arrangements were made substantially as follows: *President Jefferson* arriving here today en route to the United States to be held, filled to capacity with American refugees, and returned direct to Manila. *President McKinley* due tomorrow from the United States, to be loaded to capacity and to proceed to Manila via Hong Kong. *President Hoover*, now at Manila, to proceed with all speed to Shanghai direct carrying only Marine detachment and upon arrival here about the 21st to be loaded to capacity and returned direct to Manila. First two sailings have been announced. Information concerning *Hoover* being reserved for the moment. Passengers to be prepared to pay expenses of transportation in cash or by arrangement acceptable to steamship company. Emergency destitute cases to be referred to American Emergency Committee who will, if necessary, provide transportation from funds allocated by me from the Red Cross appropriation. Preference is to be given to expectant mothers, women with small children, women and elderly persons, but men travelling with their families will be given consideration. Commander-in-Chief expected me to join with him in his directions to steamship companies and I have done so without hesitation, in view of emergency situation requiring that American women and children be given opportunity to remove from this war area. I will communicate text of joint order to the steamship line.

7. Criticism is heard that we have not provided evacuation at Government expense. I shall do everything possible to avoid heavy Government commitment without authorization, but in the name of humanity we could not do less than done.

8. Must request for the present that Department depend on press reports for information on local military developments, but air raids are almost continuous and the Settlement and French Concession are

hourly becoming more unsafe due to the stray bombs and shells, probably anti-aircraft, falling indiscriminately at intervals in this area. My staff under heaviest pressure is doing everything possible to handle the situation.

Repeated to the Department, Nanking and Tokyo.

GAUSS

393.11/2008 : Telegram

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

WASHINGTON, August 16, 1937—midnight.

237. From Hornbeck.⁵¹ Your 495, August 16, 4 p. m. Paragraphs 1, 3 and all: you have my sympathy.

Paragraphs 2, 4, 5, 6: I am sure action will be approved.

Paragraph 7, second sentence: Steps have been initiated to provide funds to cover emergencies.

I understand that Navy Department has sent message to Commander in Chief which I trust will be good news to both Commander in Chief and you. [Hornbeck.]

HULL

793.94/9437 : Telegram

The Consul General at Canton (Linnell) to the Secretary of State

CANTON, August 17, 1937—11 a. m.

[Received August 17—1 a. m.]

Japanese making complete evacuation of Canton today. Japanese gunboat and merchant vessel left this morning with most remaining residents and Consul General and staff leave tonight. With his departure I become Senior Consul. I have called meeting of foreign representatives for consultation and have circularized Americans discussing situation and advising them to come to Shameen at first sign of danger to facilitate evacuation if same becomes necessary.

LINNELL

793.94/9653

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] August 17, 1937.

Conversation: The Secretary of State;
The Chinese Ambassador, Dr. C. T. Wang.

Present: Mr. Hornbeck.

The Chinese Ambassador called on the Secretary at his own request at 11:30 this morning.

⁵¹ Stanley K. Hornbeck, Adviser on Political Relations.

The Secretary opened the conversation with a reference to the deplorable situation at Shanghai. He said that we had been doing everything possible by way of cautioning both sides against the arising there of such a situation. We had urged upon both sides that they should not come into conflict and that in particular they should not fight at and around Shanghai. The Ambassador then made statements attributing the responsibility to the Japanese. He said that the Chinese were simply defending what was their own. He said that the Chinese did not want a fight and that they had offered to withdraw their forces if the Japanese would withdraw theirs. He referred to the conversation in the early stages of the north China situation when we had asked him whether the Chinese had offered a cessation of hostilities and a common withdrawal of troops from the region of the Marco Polo Bridge. He said that the Chinese had actually begun a withdrawal, in part, but that the Japanese had continued and increased their attack. The Secretary asked whether the Chinese had made such an offer at Shanghai. Dr. Wang said that they had done so and that their offer stood good. He said that he would be glad to telegraph his Government suggesting such an offer now. He said that the Japanese had placed their forces at Shanghai in such a way that the operations there had resulted in most regrettable destruction of life. The Secretary said that so far as he was aware we had not received any very definite indication of the Chinese Government's regret. The Ambassador said that he himself greatly regretted the matter and that he knew that his Government did; but, upon being questioned, he said that he had received no instructions on the subject. He went on to say that a great many Chinese had been killed and at least one foreigner, who was a very dear friend of his (Dr. Rawlinson⁵²), had been killed. He did not know how many of his personal friends among the Chinese may have been killed. The Ambassador asked whether there was any information that we could give him. The Secretary replied that he had asked certain questions because we had not information on the points involved and that that was why he had asked the questions. The Ambassador said that he understood that the Secretary had conferred with the President yesterday. He wondered whether there was anything that the Secretary could tell him about measures considered. The Secretary then stated that we are taking steps toward providing a fund of \$500,000 on which to draw in connection with evacuations; the Secretary at once explained that he did not mean a general evacuation but he meant everything relating to the moving out of those of our people who go and whatever emergency needs may arise. The Ambassador said that he feared that there might be an epidemic; there might be interference with the

⁵² Frank J. Rawlinson, American (Protestant) missionary, editor, and author.

water supply; the weather is bad, hot; and there might be an interference with the electric light plant (he mentioned its American ownership). The Secretary stated that the whole situation is most distressing. He said that he was going to talk with the President again before his press conference⁵³ and that after the press conference, if there is anything to be told the Ambassador, he would see to it that the Ambassador is informed. The Ambassador echoed the Secretary's statement that the situation was most distressing and mentioned the fact that his own family, with the exception of his two daughters who are here, are in Shanghai.

S[TANLEY] K. H[ORNBECK]

793.94/9445 : Telegram

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

NANKING, August 17, 1937—1 p. m.

[Received August 17—10:55 a. m.]

454. [To Peiping:] Your 438, August 16, 4 p. m.⁵⁴ On August 16 in a letter requesting Chinese Government to instruct military authorities to avoid endangering Concession areas at Tientsin I also asked that Chinese military authorities remember the existence of the Legation quarter in Peiping in this connection.

JOHNSON

393.11/2008 : Telegram

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

WASHINGTON, August 17, 1937—3 p. m.

239. Your 495, August 16, 4 p. m.

1. I greatly appreciate the splendid work which you and your staff and other agencies of the American Government associated with you are doing in handling the tremendously difficult problems of a delicate and burdensome emergency situation. Please inform your staff and other agencies of this.

2. I am in thorough agreement with the steps which you have taken.

3. We are taking up with the American steamship companies and appropriate agencies of the Government the questions involved in connection with the action which the Commander-in-Chief and you have taken in directing the diverting of American ships for the purpose of providing facilities for American women and children to leave Shanghai. We expect to make appropriate arrangements.

⁵³ See press release issued by the Department of State, August 17, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 349.

⁵⁴ Not printed.

4. With regard to paragraph 7, second sentence, of your telegram under reference, we have initiated urgently steps toward obtaining funds to cover emergencies and hope to inform you soon of availability.

HULL

893.0146/559

*The Secretary of State to the Chairman of the Senate
Committee on Foreign Relations (Pittman)*

WASHINGTON, August 17, 1937.

MY DEAR SENATOR PITTMAN: I acknowledge receipt of your letter of August 16,⁵⁵ transmitting to me for my consideration and comment Senate Resolution 170⁵⁶ relating to the holding of American troops now stationed in China at Tientsin and Peiping.

In view of the service which the marine guard at Peiping and the army force at Tientsin have rendered during the recent and current situation of emergency in North China, in protecting the lives of American nationals, together with and including our diplomatic and consular establishments, and making possible the maintenance of uninterrupted communications with our nationals and our establishments in the area involved, it seems to me almost axiomatic that the presence of those forces has been and is in the best interest of the United States.

Sincerely yours,

CORDELL HULL

393.1163 Nantungchow/1: Telegram

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

SHANGHAI, August 19, 1937—2 p. m.
[Received August 19—6 a. m.]

512. Message dated 17th from Nancy Fry, American missionary at Central China Christian Mission at Nantungchow, north bank of Yangtze River in Kiangsu Province, states American Hospital, School and one residence bombed by Japanese. Americans safe.

Tokyo informed. Have protested to Japanese Consul General.

GAUSS

⁵⁵ Not printed.

⁵⁶ Introduced by Senator J. Hamilton Lewis, of Illinois (Democrat), on August 6, *Congressional Record*, vol. 81, pt. 7, p. 8351.

793.94/9503 : Telegram

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

NANKING, August 19, 1937—3 p. m.

[Received August 19—5 a. m.]

468. For the Commander in Chief.⁵⁷ Following oral message just delivered to me by the Minister for Foreign Affairs:⁵⁸

“The Chinese military authorities request all foreign warships and merchant ships in Shanghai to move to a distance at least 5 nautical miles away from any Japanese warship, failing which the Chinese military authorities would request the powers concerned to make the Japanese warships move away from their warships and merchant ships to a similar distance. If neither are complied with within 12 hours, the Chinese Government will not assume any responsibility for any damage which may be caused to the warships or merchant ships and they cannot be [held responsible?] during the engagements of the Chinese Air Force or other forces with the Japanese warships.”

Bearer of the communication could not say when the 12 hour period was to begin. I am discussing the matter with the British Ambassador and will send supplementary telegram.

Sent to Shanghai.

JOHNSON

793.94/9498 : Telegram

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

NANKING, August 19, 1937—5 p. m.

[Received August 19—7:30 a. m.]

470. With reference to my telegram 468, August 19, 3 p. m., I have just addressed the following letter to the Minister for Foreign Affairs⁵⁹ which letter quotes text of oral communication quoted in my telegram above referred to and says:

“I have lost no time in communicating this information to my Government and to the Commander in Chief of the United States Asiatic Fleet now at Shanghai, but I must inform you, and through you, the military authorities of the Chinese Government, that American naval vessels are present in the Whangpoo River for the purpose of protecting the lives of American citizens. They have no hostile intent against the forces of China or any other power. To request them to

⁵⁷ Commander in Chief, United States Asiatic Fleet, at Shanghai.

⁵⁸ Wang Chung-hui.

⁵⁹ In telegram No. 476, August 20, 11 a. m., the Ambassador in China transmitted the text of a similar reply from the British Ambassador to the Chinese Minister for Foreign Affairs (793.94/9542).

leave their present positions and to give up the protection of citizens of the United States legitimately residing in Shanghai, is an impossibility.

As I have stated above, United States naval vessels will use their guns in self defense, if attacked or otherwise endangered; and I must hold the Chinese Government responsible for any damage which may result.

We are at this moment exercising every effort to evacuate American women and children from Shanghai. Tenders are leaving the customs jetty tomorrow morning and will be occupied all day conveying American women and children to the S. S. *Hoover*, which will be anchored near the mouth of the Whangpoo, and I must ask that every precaution be given, both to those people, to the area of the Settlement south of Soochow Creek where they have taken refuge, and to the merchant ships in or out of the harbor.”

My 468, August 19, 3 p. m. repeated to Tokyo. Sent to Shanghai. Repeated to Department and Tokyo.

JOHNSON

893.48/1142a : Telegram

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

WASHINGTON, August 19, 1937.

161. 1. In view of the emergency which is making necessary the departure or evacuation of American citizens from China, and in certain cases their temporary relief, the Congress has been asked by the Department for a special appropriation through which assistance may be extended by our Government.⁶⁰ This assistance will be extended by the Consuls directly or at their discretion with and through American relief organizations under their supervision and control.

2. It is not intended that funds which our Government may make available shall be advanced to representatives or employees of American companies or organizations or to individuals having funds in the United States except in certain cases when circumstances may demand it in the form of temporary loans against promissory notes, in duplicate. Such temporary assistance may be necessary for persons not really destitute when funds cannot be sent from the United States or elsewhere through banking channels, because of closing of local banks, breakdown of communications, or similar situations. Authorization is hereby given to make such advances in the manner indicated

⁶⁰ Senate Document No. 111, 75th Cong., 1st sess.: *Communication from the President of the United States Transmitting Supplemental Estimate of Appropriation . . . August 17, 1937.*

to Americans who wish to proceed to Manila or other nearby places outside of China. The Department will continue to accept deposits in the United States for transmission.

3. In the case of destitute Americans, or when a nondestitute American who wishes to proceed to the United States may for some reason not have funds available without some delay, Government funds may be used to purchase transportation to home in the United States and to advance to each traveler a reasonable amount for subsistence en route. Every person so assisted should be required to give promissory note for amount expended in his behalf or advanced to him.

4. Funds may be used when necessary for the hire of such means of local transportation as may be available, hire and subsistence of escorts, chauffeurs, couriers, telegraph and telephone charges and all similar necessary expenses.

5. If concentration of refugees is found necessary, funds may be used for rent of temporary quarters and subsistence of refugees while awaiting evacuation or transportation.

6. An allotment of \$50,000 is hereby made for all offices in China and Hong Kong. You will instruct each office to draw on the Department against this allotment such amount as you may deem necessary, indicating on their drafts "Authorization No. 18". Instruct each office to which you make an allotment to telegraph Department direct for any additional sum that may become necessary, also keeping you informed. Telegraph immediately your distribution of this allotment.

7. Each office to which an allotment is made shall render separate monthly accounts supported by statement of amounts advanced to individuals and promissory notes in duplicate giving name and address in the United States of the beneficiary. These accounts should not be confused with those for expenditure of Red Cross or other unofficial relief funds or regular appropriations.

8. Promissory notes should read as follows:

"For value received I hereby promise to pay on demand to the Treasurer of the United States, Washington, D. C., the sum of \$ advanced to me or expended in my behalf by the American Consul at; this payment is to be credited to the fund for the relief of American citizens in China."

9. Further allotments to that made in this telegram are contingent upon the granting by this session of Congress of the special appropriation requested.

10. The Department wishes to be as helpful to you in this problem as possible, and will be glad to receive any comment or suggestions you may care to make.

HULL

793.94/9435 : Telegram

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

WASHINGTON, August 19, 1937—5 p. m.

162. Your 448 of August 16, 3 p. m., and Tokyo's 278 of August 18, 5 p. m.⁶¹ In view of large number of Americans at Kuling and of Japanese Navy Department's instruction to Japanese naval forces to refrain from bombing Kuling unless it is used as a base for Chinese military operations, please ask Chinese authorities to refrain from military operations which would be likely to bring hostilities into the neighborhood of Kuling.

HULL

393.1115/187a : Telegram

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

WASHINGTON, August 20, 1937—2 p. m.

166. Department's 135, August 7, 5 p. m. In view of the possibilities (1) that hostilities in China might be prolonged, (2) that hostilities might spread to areas not now affected, and (3) that present transportation facilities might become generally disorganized or suspended, the Department desires that you give special consideration to the question of instructing American consular offices in areas which you believe likely to be affected to inform Americans of the foregoing three possibilities and to advise them to withdraw from China. The Department has in mind particularly (1) Americans in the interior of the Tientsin and Hankow consular districts, (2) American residents of and Americans who have recently withdrawn to Hankow and Kuling, and (3) Americans who are concentrating at Tsingtao and Chefoo. The Department feels that American women and children, and men who can do so without great inconvenience, should withdraw from exposed and remote parts of China even though the areas in which they are located at present give appearance of being comparatively safe. In making this statement the Department has in mind, with reference to Americans in the interior, including Hankow and Kuling, the possibility that, although hostilities may not spread to interior points, facilities for withdrawal from those points might be interrupted; and with reference to Americans at Tsingtao and Chefoo, the possibility that a sudden outbreak of hostilities at those seaports might make it extremely difficult and perilous to get them out.

⁶¹ Neither printed.

If you feel that the foregoing considerations are applicable also to south China consular districts, particularly Amoy, Foochow and Swatow, the consular offices there might be similarly instructed.

As a step to be taken subsequent to the evacuation of Americans willing to leave, the Department desires that you also give consideration to the question of possibly closing offices at places where staffs are or might be not only endangered by hostilities but also threatened with isolation, such as Nanking and Hankow.

HULL

793.94/9539 : Telegram

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

NANKING, August 20, 1937—3 p. m.
[Received 7:51 p. m.]

480. My 448, August 16, 3 p. m. and Department's 159, August 18, noon.⁶²

1. My 448 was sent to Tokyo and the Department.

2. I made similar representations regarding Kuling to the Foreign Office here. I have now received the following reply from the Minister for Foreign Affairs, dated August 1 [*sic*]:

"I have received your letter of August 16, in which you expressed the hope that the Chinese military authorities would refrain from any local activities which might bring hostilities at Kuling where American citizens including women and children have taken refuge.

I have brought to the attention of the military authorities the fact that a large number of foreigners are now residing at Kuling. I have to state, however, that while due protection will be accorded to American citizens and other foreigners at Kuling as well as elsewhere, necessary defensive measures must be adopted when that otherwise peaceful mountain resort should be subjected to attack from outside."

Sent to the Department. By mail to Peiping, Shanghai.

JOHNSON

393.1163 Nantungchow/2 : Telegram

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

TOKYO, August 20, 1937—4 p. m.
[Received August 20—9:55 a. m.]

285. Reference Gauss' telegram of August 19, 2 p. m., regarding bombing by Japanese planes of American Mission at Nantungchow. Senior aide to Navy Minister called Assistant Naval Attaché to his

⁶² Neither printed.

office this noon to express regret and to give his assurances that it had not been deliberate, but probably due to bad weather (visibility) and indistinct bombing objectives. He asked for detailed list of places where Americans and American interests were centered in order that Japanese aircraft units might be given orders to take precautions. Such a list as furnished by Consul General Gauss and supplied by us this morning to the Foreign Office was given him.

Repeated to Shanghai.

GREW

893.48/1146 : Telegram

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

WASHINGTON, August 20, 1937—6 p. m.

362. Your 546, August 18, 7 p. m.,⁶³ particularly the concluding sentence of the third paragraph.

On August 18 the British Ambassador⁶⁴ here made inquiry under instruction whether, if required, accommodation could be found at Manila for British refugees from Shanghai and if so to what extent. On August 19 the Department made reply in substance as follows:

Refugees being evacuated from Shanghai who may come to Manila will of course be received in the Philippines. However, accommodations in existence are not expected to suffice for the present influx of American citizens who have already been or are at this moment being evacuated from Shanghai. Preparations are being made for emergency accommodation of these refugees and such as may arrive later. It may be assumed that some at least of the facilities provided will be on an emergency basis. If the British Government, with full understanding on its part and on that of its nationals of that fact, chooses to send British refugees to Manila, effort will be made by the American Government to see that such refugees be cared for along with and on the same basis as American refugees. It is assumed that so far as practicable the British Government would endeavor to have British refugees destined for Manila obtain the usual passport visas.

HULL

793.94/9549 : Telegram

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

TOKYO, August 21, 1937—10 a. m.

[Received August 21—9:40 a. m.]

290. 1. An official of the Foreign Office called under instructions this morning at the Embassy to express regret over the casualties

⁶³ Vol. III, p. 441.

⁶⁴ Sir Ronald Lindsay.

incurred by members of the crew of the *Augusta* now at Shanghai. The official stated that the Foreign Office had received no official report from Shanghai but that according to press reports the casualties were caused by a shell fired by the Chinese: that the Foreign Office is mindful, however, that the incident would not have arisen had there been no hostilities between the Japanese and Chinese forces: and that the Foreign Office desires to express its sincere regrets for the loss of life and the injury incurred by members of the American Navy.

2. We informed the official that we appreciate the action of the Foreign Office in instructing the official to call, and that the Department would be duly informed.

3. Repeated to Shanghai for relay to Nanking.

GREW

393.1163 Nantungchow/3: Telegram

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

TOKYO, August 21, 1937—2 p. m.
[Received August 21—8:45 a. m.]

294. My 285, August 20, 4 p. m. Reference Gauss' telegram of August 19, 2 p. m., regarding bombing by Japanese planes of American Mission Nantungchow.

1. The senior aide to the Navy Minister called on the Assistant Naval Attaché for Air this morning in connection with the damage to the U. S. S. *Augusta* and injury of certain of her personnel, which is reported to have occurred at Shanghai at about 7 last night as a result of shell bursting on the after deck of the *Augusta*.

2. Captain Kondo stated that the Navy Department has not yet received an official report on the matter from Vice Admiral Hasegawa, the Commander-in-Chief of the Third Fleet. According to Domei, there appeared to be some doubt as to whether the shell was of Japanese or Chinese origin. In any case the Navy Department wishes to express its regret for the occurrence and its sympathy and condolences for the victims.

3. Captain Kondo verbally acknowledges receipt of a communication from the Naval Attaché's office transmitting a list of places in China where American nationals and property are located, which information was to be sent to all naval aviation units for their guidance in taking precautions that American lives and interests should not be endangered. This list was a duplicate of that forwarded by the Embassy to the Foreign Office on August 20.

4. Captain Kondo stated that the information as given (names of cities) was of relatively little help; that they wished to know the specific location of the property within each city in order that their

flight maps might be corrected to include this. He suggested, however, that it would be helpful if clear nationality markings were displayed, such for example as large flags flown on poles or painted on roof tops. Finally, he pointed out that it will be necessary to carry out some night bombing and that therefore some means should be devised to indicate the same locations during period of darkness.

5. Lieutenant Commander Ofstie⁶⁵ informed Captain Kondo that his suggestions mentioned in previous paragraph would be communicated to the proper quarters for such action as might be practicable and that the Naval Attaché's office would further advise him of any developments along those lines.

Repeated to Shanghai for relay to Nanking.

GREW

793.94/9579 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, August 21, 1937—3 p. m.

[Received August 21—2:15 p. m.]

26. My 22, August 9, 5 p. m. Owing to attitude of the British, French and Italian consular officers, Japanese military have not endeavored to impose censorship within foreign Concessions by force but have been negotiating for a Japanese censorship. At a Consular Corps meeting yesterday afternoon Japanese stated confidentially that Italian Postal Commissioner will resume duties in Third Special Area Central Post Office today for ordinary mail matter and on the 23rd for money orders and parcels; that there will be a Japanese censorship which Postal Commissioner will not resist, accepting it as imposed by force; that conditions previously mentioned by the Japanese (see my telegram *en clair* August 9, paragraph 4) will be applicable: namely that official mail—diplomatic, consular, and military—will be immune, and that unofficial mail of foreigners will not be censored unless considered suspicious by the military.

British Consul General explained that he had continued to refuse to permit a Japanese censorship in the British Concession or to agree to any joint censorship in the Concession and that he had suggested the removal of the Central Post Office, which has recently been operating in the British Concession, to its previous quarters in the Third Special Area.

In view of present conditions please instruct whether protest should be made to censorship outlined by Japanese and forward above.

In my despatch No. 519, of August 17, to the Embassy, I reported that first class mail in Central Post Office had been opened and

⁶⁵ Ralph Andrew Ofstie, Assistant Naval Attaché in Japan.

partially destroyed while occupied by Japanese military between July 31 and August 3. Yesterday I was informed by Postal Commissioner in reply to my inquiry that, "All parcel mails awaiting delivery and despatch in the head post office building located in the Third Special Area, Tientsin, on the night of the 28th July, 1937 have, since that date, been under detention by the Japanese military authorities who have occupied the place, and that they cannot be delivered or despatched until work is resumed in the head office". In view of the Japanese's statement I presume that these parcels will be dealt with from 23rd in which case I will take no further action unless instructed to do so.

CALDWELL

793.94/9565 : Telegram

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

SHANGHAI, August 21, 1937—10 p. m.

[Received August 21—11:34 a. m.]

531. This afternoon at the request of Commander-in-Chief I informed the Mayor of Shanghai orally of the incident on the *Augusta* last evening when a small shell exploded on the deck killing one seaman and wounding 18 others. I added the request of the Commander-in-Chief that great care be observed by Chinese forces not to fire into area between the barrier in upper river and Soochow Creek (where a number but not all of the foreign men-of-war are moored). Mayor inquired whether this message implied shell had come from Chinese forces or whether similar message was being sent to Japanese side. I replied that the Admiral had informed me that he had communicated with Japanese naval authorities and desired me to inform the Chinese authorities.⁶⁶ I have yet to receive an expression of sympathy or regret from the Mayor.

Sent to the Department, Nanking, Tokyo.

GAUSS

793.94/9558 : Telegram

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

WASHINGTON, August 21, 1937—10 p. m.

158. Nanking's No. 485, August 21, 1 p. m. is repeated for communication by you to your German, British, French, and Italian colleagues, as follows:

⁶⁶ See telegram of August 22, 12:15 p. m., from the Commander in Chief of the U. S. Asiatic Fleet to the Chief of Naval Operations, p. 275.

"485, August 21, 1 p. m. Ambassadors of Germany, Great Britain, France and Italy in Nanking decided to ask through me their respective colleagues in Tokyo to inform Japanese Government that Japanese airplanes have twice dropped bombs inside the walls of Nanking, causing apprehension for the safety of their staffs, archives and of themselves. They believe that in order to relieve this anxiety on the part of the representatives of friendly powers whose duty requires their presence in Nanking, Japanese Government may desire to instruct Japanese bombers to avoid operations in the area outlined by a line from the Hansimen gate to the circle (Hsinchiehkou), thence to Peichiko (Meteorological Observatory), continue the line to the wall and follow the wall north to the point on the Yangtze located at the railway ferry. The area to the north and west of the line including the Yangtze and Hsiakwan from that point upstream to a point near Hansimen gate to be immune from attack. This line would include Yangtze River between city and Pukow where foreign naval and merchant vessels are anchored.

Communications between Nanking and Tokyo now consume 2 days. In view of this it is requested that the Department repeat this message to Tokyo for action."

The Department approves of your associating yourself with the diplomatic representatives mentioned in making appropriate representations to the Japanese Government in accordance with the foregoing.

HULL

393.1115/195: Telegram

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

NANKING, August 22, 1937—noon.

[Received August 22—6 a. m.]

486. In view of the possibilities (1) that hostilities in China might be prolonged, (2) that hostilities might spread to areas not now affected and (3) that present transportation facilities might become interrupted or suspended, you are instructed to advise Americans in your districts of these possibilities and to advise them to withdraw from China. This applies particularly to Americans (1) in the interior of the Tientsin and Hankow Consular Districts, (2) those who have recently withdrawn to Hankow and to Kuling and those who are concentrating at Tsingtao and Chefoo. American women and children and men who can do so without great inconvenience should withdraw from exposed and remote parts of China even though the areas in which they are located at present give appearance of being comparatively safe.

Please keep Embassy informed of progress of your efforts in getting Americans to leave places in the interior and also inform me of places of concentration. It is still possible for Americans concentrated at Hankow to proceed south to Canton and Hong Kong. It is also still possible to reach Tsingtao.

Sent to Chefoo, Tsingtao, Hankow, Tientsin.⁶⁷ Repeated to the Department referring to Department's 166, August 20, 2 p. m.

JOHNSON

793.94/9567 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*⁶⁸

[SHANGHAI,] August 22, 1937—12:15 p. m.
[Received August 22—6 a. m.]

0022. Joint letter signed by American, British and French Admirals⁶⁹ has been sent to Admiral Hasegawa protesting against presence of a Japanese destroyer about 300 yards down stream from *Augusta* and requesting that all Japanese vessels be kept below Hongkew Creek. Substance of reply will be communicated when received.

393.1115/196 : Telegram

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

NANKING, August 22, 1937—4 p. m.
[Received August 22—11:20 a. m.]

489. Department's 166, August 20, 2 p. m. The following telegraphic instruction has been sent to Tsinanfu August 25, noon:

"The following instructions are intended specifically for Tsinanfu. You should send a final warning to all American citizens in your district, advising them to proceed at once to Tsingtao or such other place of concentration as you may consider easiest and safest and stating that your office will shortly be closed. When you feel that you have done everything reasonably possible to effect withdrawal of Americans in your district, you should close your office, turning custody thereof over to Chinese authorities, and proceed to Tsingtao, with those members of your Chinese staff who wish to accompany you to that place."

JOHNSON

⁶⁷ This message was sent by the Ambassador on August 28 to American consular offices at Amoy, Canton, Foochow, and Swatow, and repeated for information to Peiping, Shanghai, and Yunnanfu.

⁶⁸ Copy transmitted to the Department by the Navy Department.

⁶⁹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 487.

793.94/9585 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁷⁰

[SHANGHAI,] August 23, 1937—9 a. m.

[Received August 22—9:15 p. m.]

0023. Admiral Hasegawa has orally agreed to keep Japanese men-of-war below a line between Soochow Creek and Pootung Point but requested that a similar agreement be secured from the Chinese forces not to use the area between the barrier off Nantao and the line mentioned for passage of hostile Chinese vessels. This will be taken up through Ambassador and Consul General.

793.94/9589 : Telegram

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

TOKYO, August 23, 1937—10 a. m.

[Received August 22—10:49 p. m.]

295. Department's 158, August 21, 10 p. m.

1. Message received late Sunday evening. Endeavors to establish contact with my four colleagues failed. Owing to urgency of message this Embassy communicated it informally to the Foreign Office immediately. This was not done in the form of representations but merely the communication of advance information pending associated action.

2. I shall in due course report whether the other four representatives act.

Repeated to Shanghai and [*for?*] relay to Nanking.

GREW

393.1163 Nantungchow/4 : Telegram

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

NANKING, August 23, 1937—noon.

[Received 5:42 p. m.]

493. Tokyo's 294, August 21, 2 p. m. Report here is that Nantungchow was bombed on August 17 at about 9:00 a. m. Six bombs dropped on or near Christian Hospital, with the result that main hospital building decidedly destroyed by bombs and fire, one missionary residence completely ruined, one girls' middle school gymnasium total loss and minor injuries to other buildings. Lives lost include 2

⁷⁰ Copy transmitted to the Department by the Navy Department.

Chinese doctors, several student nurses, about 30 patients and several workmen. The 2 Americans at the place unharmed.

With reference to paragraph 4 of Tokyo's telegram, it will be well nigh impossible for us to collect specific information regarding location of American property throughout areas now apparently subject to bombing, not only because of difficulty of communication, but because in many cases Americans are being evacuated.

As regards markings at night, we must be guided by local Chinese regulations which in the case of Nanking require us to darken our houses. Displaying lights contrary to local regulations would involve us in local difficulties, perhaps more dangerous than from bombs. Moreover effective illumination at night would be impossible in Nanking, and possibly elsewhere, because electric current is cut off during air bombardment.

Sent to Shanghai. Repeated to Department and Tokyo.

JOHNSON

793.94/9628 : Telegram

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

NANKING, August 23, 1937—5 p. m.

[Received 7:45 p. m.]

498. Commander-in-Chief's telegram August 23, 9 a. m. The Ambassadors of Germany, Great Britain, United States, France, and Italy this morning decided to make still another effort to diminish dangers to neutral areas and vessels at Shanghai and have sent the following letter to the Minister for Foreign Affairs:

"August 23. Dear Mr. Minister: Information has been received that Admiral Hasegawa, the senior Japanese naval officer at Shanghai, has orally agreed to keep Japanese war vessels below a line running from Soochow Creek to Pootung Point, but has requested that a similar agreement be obtained from the Chinese military authorities not to use the area between the barrier off Pootung and the line mentioned above, for passage of hostile allied [*naval?*] forces.

The section of the Whangpoo between the two points indicated is opposite the International Settlement and the French Concession and in it many foreign vessels are anchored. In the interests, therefore, of these areas and of the vessels mentioned, the undersigned Ambassadors would welcome an assurance that the section of the river described above will not be entered by Chinese craft for any warlike purpose."

It seems unnecessary to take up this matter in Tokyo.

Repeated to Shanghai.

JOHNSON

793.94/9622 : Telegram

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

SHANGHAI, August 23, 1937—7 p. m.

[Received 7:35 p. m.]

541. At about 1 o'clock this afternoon two air bombs landed in Settlement south of Soochow Creek; one near Standard Oil Building about one block from Consulate General and one on Nanking Road near Wing On Department Store. First mentioned bomb struck warehouse used by United States Navy and American firms but did not explode. This understood to be a 1,000-pound bomb. Other bomb exploded killing at least 200 Chinese and wounding several hundred more. Anthony J. Billingham⁷¹ of San Diego, California, bearer Shanghai passport 3885 issued March 18, seriously injured.

There is doubt as to nationality of bombing plane which is described but [by?] an observer as large silver colored monoplane which was seen to drop bombs at an elevation of about 5,000 feet. There was no anti-aircraft fire against plane but most Japanese men-of-war had left river to cover landing Japanese troops at Woosung. There were several Japanese planes in the air at the time but over another section of Shanghai. There is some suspicion bombing plane was converted China National Aviation field plane but there is nothing definite to support this.

Repeated to Department, Nanking, and Peiping.

GAUSS

793.94/9579 : Telegram

The Secretary of State to the Consul General at Tientsin (Caldwell)

WASHINGTON, August 24, 1937—4 p. m.

14. Your No. 25 [26], August 21, 3 p. m., in regard to Japanese censorship of mail at Tientsin.

While the Department realizes that, under the conditions now prevailing at Tientsin, a protest might not prove effectual, it feels that you should informally and as on your own initiative advise your Japanese colleague that the censorship of American mail by Japanese censors in Tientsin would be an unwarranted invasion of the rights of American nationals concerned, and express the hope that the Japanese will refrain from action which, if taken, would constitute grounds for protest by your Government on behalf of its nationals.

⁷¹ A representative of the *New York Times*.

Before taking the action outlined in the foregoing paragraph, you should endeavor to ascertain the attitude of your interested colleagues and consult the Embassy in the matter.

HULL

793.94/9657: Telegram

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

SHANGHAI, August 24, 1937—5 p. m.

[Received August 24—12:58 p. m.]

548. I have just discussed with the Commander-in-Chief the bombing in area of foreign refuge reported in my numbers 541 and 544 of August 23, 7 p. m. and August 23, 10 p. m.⁷² We are agreed that the weight of the available information suggests the likelihood of Chinese responsibility. Observers report that a large twin motor silver colored monoplane, believed by some to be a China National Aviation Company plane converted for bombing usage, escorted by one other plane, appeared out of clouds at a great height, and dropped bombs, at the time of the incident. An observer reports the plane had distinctive Chinese markings. There was no anti-aircraft fire from either side. It is true, however, that there were three Japanese planes in the air at the time at lower altitude.

We are exercising the utmost restraint and are making public no statements or information. We feel, however, that the responsible Chinese authorities of the Nanking Government should be informed quietly that there is substantial information, although no conclusive evidence, suggesting responsibility on the Chinese side. I do not say that there was a deliberate attack on the foreign area although there are those who believe honestly that the Chinese desire deliberately to involve the foreign powers in their troubles. The bombing operations, however, have brought death to hundreds of Chinese non-combatants and injuries to many more, death and casualties amongst foreign residents, and repeated danger to the area of refuge.

May I urge restrained but frank representations at Nanking stating that world opinion will condemn China if information suggesting Chinese responsibility continues to accumulate.⁷³

Repeated to Nanking.

GAUSS

⁷² Telegram No. 544 not printed.

⁷³ The Department "heartily" endorsed this recommendation, and the Ambassador in China on August 24 and 25 wrote the Chinese Minister for Foreign Affairs on this subject.

393.1115/242 : Telegram

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

WASHINGTON, August 24, 1937—6 p. m.

268. Reference Nanking 512, August 24, 6 p. m.⁷⁴ from which Department notes that the Ambassador at Nanking has asked you to communicate a message to the Commander in Chief which involves the question of diverting a steamer to Tsingtao for the purpose of evacuating Americans now at that place.

The Department considers that only the most extreme emergency could justify the diversion of an American flag merchant ship to Tsingtao for the evacuation of Americans. In addition to the three vessels of the Dollar Line which have already been diverted under instructions from you and the Commander in Chief, it is believed no further American merchant ships should be diverted without previous communication with the Department except in extreme emergency. In case of every such diversion of a merchant ship arrangements must be made in Washington for the exemption from the necessity for marine war risk insurance which at the present high rates may run in the case of each vessel to several hundred thousand dollars.

The Department raises the question as to whether, in case the evacuation of Americans in Tsingtao or other points becomes necessary and merchant vessels calling there in the usual course should not be available, it would not be more advisable to have such evacuation carried through by American Naval vessels. Please discuss this with the Commander in Chief.

HULL

793.94/9667 : Telegram

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

NANKING, August 25, 1937—10 a. m.

[Received August 25—5 a. m.]

518. My 498, August 23, 5 p. m. Following telegram has been sent to Shanghai:

August 24, 5 p. m. My August 23, 3 p. m. For the information of the Commander-in-Chief.

The following communication has been received from the Minister for Foreign Affairs:

"I have the honor to acknowledge the receipt of your letter of yesterday's date, requesting an assurance on the Chinese side that the section of the Whangpoo River between the barrier off Nantao

⁷⁴ Not printed.

and the line running from the Soochow Creek to Pootung Point will not be entered by Chinese vessels for any warlike purpose.

In reply I have to state that, while the Chinese Government must necessarily reserve its right which is inherent in China's territorial sovereignty, for the free use and passage of all kinds of Chinese vessels, for the whole length of the Whangpoo, the Chinese military authorities agree not to commit hostilities in the section of the river in question, provided that Japanese warships do not cross the Soochow Creek and Pootung Point line and refrain from taking hostile action in that section."

JOHNSON

793.94/9677 : Telegram

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

NANKING, August 25, 1937—1 p. m.

[Received August 25—10:50 a. m.]

519. Referring to Tokyo's 301, August 23, 7 p. m.,⁷⁵ the British Ambassador on August 23 addressed the following note to the Chinese Minister of Foreign Affairs:

"I have the honor, because of instructions from His Majesty's Principal Secretary of State for Foreign Affairs to inform Your Excellency's Government that His Majesty's Government must reserve all their rights as regards holding the Chinese Government responsible for damage to or loss of either life or property that may be incurred by subjects of His Majesty as a result of action taken by Chinese forces in the course of the present hostilities in China."

I request that the Department instruct me as to whether similar action should be taken by us. Repeated to the Department. This telegram has been repeated to Tokyo.

JOHNSON

793.94/9673 : Telegram

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

TOKYO, August 25, 1937—3 p. m.

[Received August 25—8:50 a. m.]

313. 1. The French Embassy states that it has information from Paris that the Chinese Government has accepted a proposal made jointly by the five Ambassadors to cease fighting in the Whangpoo between specified limits on condition that Japanese vessels withdraw

⁷⁵ Not printed; it reported a British note to the Japanese Minister for Foreign Affairs similar to the note quoted in this telegram. (793.94/9598)

and that the area be not used as the scene of Japanese fighting. The French Ambassador here is instructed to join "eventually" in action taken by his colleagues to urge the Japanese Government to accept the proposal.

2. We have as yet no information of this action of the five Ambassadors at Nanking.

Repeated to Shanghai for relay to Nanking.

GREW

393.1163 Nantungchow/6

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

[WASHINGTON,] August 25, 1937.

Mr. Suma, Counselor of the Japanese Embassy, called and said that he understood that the American Consul General at Shanghai had made certain reports in regard to damage to American mission property near Shanghai at a place called Nantungchow. Mr. Suma said that if it should develop that the damage to this American property was caused by Japanese airplanes, the Japanese Government would wish to do what it could toward adjusting the matter. Mr. Hamilton inquired whether Mr. Suma meant that in the event that investigation showed that Japanese airplanes were responsible for the damage, the Japanese Government would be prepared to offer compensation to the American owners of the property. Mr. Suma indicated assent and said also that if the Japanese Government could facilitate investigating the facts it would be glad to do so.

M[AXWELL] M. H[AMILTON]

393.1115/298a : Telegram

*The Secretary of State to the Ambassador in China (Johnson)*⁷⁶

WASHINGTON, August 25, 1937—7 p. m.

178. Department's 166, August 20, 2 p. m. In making estimate of possibilities and probabilities, Department finds conflicting indications in regard to the question whether military operations in China will spread further afield or will tend to be concentrated and restricted to certain areas. Department feels that the Embassy and Consulates might advantageously consider whether or not it is desirable that they give renewed and emphatic advice to Americans to withdraw from various areas as soon as possible. Department realizes that

⁷⁶This message was repeated to all American Consulates in China by the Ambassador on August 28 in a circular telegram for action and report.

some Americans will be very reluctant to follow any advice to withdraw but desires that Embassy and Consulates endeavor continuously to urge upon American nationals wherever there is or appears likely to be substantial hazard the desirability of withdrawing before peril becomes imminent.

HULL

793.94/9716 : Telegram

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

NANKING, August 26, 1937—10 a. m.

[Received 5:13 p. m.]

526. I have received following telegram from Tientsin :

“August 24, 4 p. m. Joint defense plan referred to in Legation’s despatch to the Department number 848, March 6, 1931,”^a is so clearly inapplicable under present conditions that no effort has been made to put it into effect, but Italian Consul, whose Concession is isolated from other Concessions, is urging adoption of modified joint defense plan by the British, French, Italian and American forces. Military commanders have stated that Italian Concession could not be included owing to lack of communication. Italians now urge that Japanese be asked to agree to control by an international force, excluding the Japanese, of a small area between the International Bridge and the Italian Concession but excluding the East Station. This is part of Third Special Area and is under Japanese control, but at the moment contains only police, Japanese troops being stationed in immediately adjoining parts of the Third Special Area, all of which was put under martial law temporarily by the Japanese night before last. I have agreed only to refer the proposal to the Embassy for instructions. I do not believe that the Japanese would agree to such a proposal and doubt the wisdom and necessity of making such a request.

This brings up the question of cooperation of American forces with the British, French, and Italian forces in joint defense measures in case there should be further serious disorder here. During the present trouble the British, French, and Italian troops have each patrolled their own Concessions only; the American troops have encircled their own barracks and adjacent American homes in the First Special Area, and when no police were on duty sent mounted patrols through that area and posted detachments at American homes and business establishments in the First and Third Special Areas. The American barracks, although in the First Special Area, adjoin[ing] the British area, are covering a section of the British boundary and making inevitable certain cooperation with the British, which, aside from that fact, would be necessary owing to the presence of this Consulate General and of many American residents in the British area. I should appreciate receiving any instructions which the Embassy or the Department may see fit to give in regard to not only the question raised by the Italians but also the matter of a new joint defense plan and cooperation of the American forces with the British, French, and

^a Not printed.

Italian forces. The key question is whether in case of serious disorder the Concessions, or at least the British and French, and the American barracks and immediate vicinity could be considered as a unit for defense purposes, insofar as troops assigned at the discretion of their commanding officer to sectors other than the immediate vicinity of their barracks and American property outside the Concessions."

And have sent following reply :

"August 26, 10 a. m. Your August 24, 4 p. m.

Problem presented is so complicated by local requirements that I feel I must be guided by you in cooperation with Commanding Officer of 15th Infantry. In reaching a decision you should be guided by Department's 138, August 10, noon, repeated to you August 18, 8 a. m.

The primary function of American armed forces at Tientsin is to provide special protection for American nationals. I understand that most American nationals live either in First Special Area or in British Concession. In case of emergency it would seem to me that some arrangement should be reached between you and the British whereby American nationals could be concentrated for safety in the British Concession, our forces cooperating with the British at least to the point of relieving British of the necessity of protecting American nationals until they could be evacuated if necessary to a place of safety. I must leave to you and to the Commanding Officer of the 15th Infantry the conduct of the operations for which you are respectively responsible, using each your own best judgment, keeping in mind the principles laid down in Department's telegram No. 138 of August 10, noon.

Repeated to Peiping."

JOHNSON

393.1115/315 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy) ⁷⁸

[SHANGHAI,] August 26, 1937—3:42 p. m.

[Received August 27—1:30 a. m.]

0026. During present emergency and without reference to Cincaf ⁷⁹ commanding officers vessels operating between ports Chinese waters are authorized to carry as passengers to the limit of suitable accommodations American nationals to further purpose of evacuation or for other urgent reasons. Number in each case to be decided by commanding officer. Priority to be decided by addressees in consultation with consular officials. Dependents of naval personnel under orders take preference. Personal baggage but not

⁷⁸ Copy transmitted to the Department by the Navy Department.

⁷⁹ Commander in Chief, Asiatic Fleet.

household effects may be taken. Explanation should be made of nature of accommodations and that no liability can be assumed for any loss or damage to baggage.

793.94/9673 : Telegram

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

WASHINGTON, August 26, 1937—6 p. m.

177. The substance of your 498, August 23, 5 p. m., and 517 [518], August 25, 10 a. m., has been repeated to Tokyo for communication by the Ambassador to his interested colleagues.

With regard to the question of possible action at Tokyo see Tokyo's 313, August 25, 3 p. m. The Ambassador there has been informed that the Department is inclined to concur with your view that it seems unnecessary to take up this matter at Tokyo, but he has been authorized in his discretion to participate in such action as may be considered desirable.

HULL

393.1115/311 : Telegram

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

SHANGHAI, August 26, 1937—6 p. m.

[Received 7:52 p. m.]

569. Reference Department's 268, August 24, 6 p. m. Commander-in-Chief states no further diversion of ships will take place without approval of Washington except in case of emergency; that there has been no intention of diverting a vessel to Tsingtao or other northern ports; that United States naval vessels will of course be utilized to their capacity to evacuate nationals in case of emergency; that Tsingtao and Chefoo are regarded as entirely safe for the present and there is no urgency about evacuating nationals from those ports; that there is absolutely no danger to merchant vessels from either Japanese or Chinese forces in visits to ports of North China; that the danger to merchant vessels in visits to the Yangtze River below Woosung or to the lower Whangpoo River is very small; that opposing forces have announced their intention to observe every precaution to prevent damage to neutral shipping and to his belief have done so; that there are no submarines or mine fields to endanger shipping; that there is some slight danger of vessels being struck by small arm bullets at present but this danger is decreasing and will probably disappear

shortly; that he will naturally exercise every care to avoid bringing merchant vessels into any areas which in his opinion are dangerous; and that the war risk insurance mentioned in the telegram appears exorbitant and entirely unjustified on this basis. I concur.

Repeated to Nanking.

GAUSS

493.11/2055a : Telegram

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

WASHINGTON, August 26, 1937—7 p. m.

184. In view of the present Sino-Japanese disturbances in China it would seem to be desirable that notification be sent to American nationals and concerns in China in relation to steps to be taken by them to obtain and put on record evidence of losses and damages suffered during the disturbances. It is suggested that such notification should be substantially as follows:

While the American Government cannot in advance and without examination of their respective merits undertake to espouse or to present claims against the Chinese and Japanese Governments which may be presented to the American Government by its nationals for losses, damages or injuries to life or property resulting from present military operations in China, nevertheless, with a view to making clear the essential requirements of the procedure for and the steps which claimants would be well advised to take with a view to possible eventual presentation of such claims,^{79a} suggestions are offered as follows:

Evacuated Americans should file with the Consulate inventories of property and best possible evidence as to exact location, quantity, and value of destroyed, looted, abandoned, or occupied property for which they may desire indemnity. In the case of those nationals and concerns who expect to remain on the ground unless forced to abandon their properties, it is of essential importance that they take immediate steps to make a careful inventory of their properties and that this inventory be supported by competent corroborative evidence, if procurable, and sworn to before the American Consulate. Where possible, corroborative evidence of eyewitnesses as to the destruction, looting, or forced abandonment, or occupation of property should be obtained and especially should effort be made to identify the persons or forces occupying or responsible for the losses or damages. Bills of sale, receipts, or other documents tending to establish the quantity

^{79a} In a written exchange of views (September and December 1937), the British Embassy and the Department of State presented their ideas on the subject of possible claims against Japan (493.11/2062, 2076).

and value of the property should be obtained or if already in the possession of claimants should be retained for future reference. Particular stress should be laid upon the necessity for first-hand evidence to establish the identity of the force or forces or individuals who caused the losses, and the extent of the losses. Where any goods or properties are taken over under requisition by either Japanese or Chinese authorities, requisition receipts should be obtained wherever possible.

In personal injury or death cases, evidence should be obtained whenever possible as to the identity of the persons or forces that caused the injury or death, and the sworn statements of persons, including attending physicians, who can testify of their own knowledge as to the injuries or their effects, or as to the death and its causes, should be obtained.

Please inform Peiping and consular offices in China, exclusive of Manchuria.

HULL

393.1115/278 : Telegram

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

WASHINGTON, August 26, 1937—7 p. m.

281. Your No. 554, August 25, 4 p. m.⁸⁰ The diversion of the Dollar Line passenger ships to Shanghai, under the instructions of the Commander in Chief and yourself and the present order to the Shanghai Dollar Manager that all Dollar Line vessels east and west bound shall touch at Shanghai, is raising many complications and may involve very large costs to our Government.

When the first three Dollar vessels were diverted, under your and the Admiral's instructions, to Shanghai the question immediately arose here of war risk insurance on the vessels. The Maritime Commission, which has practically 100 percent mortgage on Dollar Line vessels, found it necessary to insist upon war risk insurance. This insurance at prevailing rates would have amounted to about \$250,000 a vessel for each voyage which included a call at Shanghai. The Department was able to arrange that, as these vessels are practically government-owned, the Maritime Commission will waive the necessity for war risk insurance for each Dollar Line vessel calling at Shanghai, the Government as practically owner assuming all risks as in case naval vessels.

As was to be expected, the question of war risk insurance on cargo east and west bound has arisen. The present rate under rules of Marine Underwriters Association is 3 percent. Head offices of Dollar

⁸⁰ Not printed.

Line state that, if our Government does not assume costs of this war risk cargo insurance for every east and west bound Dollar Line sailing with call at Shanghai at our request, the Line will lose all cargo to ships of other flags not calling Shanghai and which therefore are not under necessity of covering cargo with this special insurance.

The Department is therefore faced with the necessity of either assuming for the Dollar Line the cost of this insurance on the cargo of every vessel calling at our request at Shanghai or of facing an ultimate claim from the Dollar Line for loss of freight which claim would probably be in excess of the cost of insurance.

You will appreciate that the cost of this insurance alone could very rapidly consume the whole of the fund which Congress has made available for the evacuation and relief of Americans.

The Department is now faced with the immediate question of making a decision on this point in reference to the *President Garfield* due to sail from San Francisco on August 28. As no further delay in decision is possible, the Department is informing the Dollar Line that for the present it does not desire that the *President Garfield* call at Shanghai on this voyage to Manila. In this way the necessity for placing war risk insurance on the cargo now is eliminated. If by the time the *Garfield* reaches Japan the situation at Shanghai is such that it appears imperative that the *Garfield* call there, the Department can reconsider the matter and it or you can request the Dollar Line to have *Garfield* put in at Shanghai in which case the Department would have to assume the cost of the war risk insurance on the cargo which would then have to be placed.

This same question of cargo insurance will arise in the immediate future with respect to Dollar Line sailings from Manila as the prescriptions of the Marine Underwriters Association becoming effective early this week will apply there as well.

A solution of the question of war risk insurance on cargo might be for the Dollar ships to anchor near the mouth of the Whangpoo River at sufficient distance out to avoid the necessity of taking war risk insurance on cargo, and to arrange for American nationals withdrawing from Shanghai to proceed from Shanghai to the anchorage on naval vessels. The question of practicability and safety of transferring from naval vessel to Dollar passenger ship arises, and your observations after consulting with the Commander in Chief on this point are requested.

Should this not be practicable, another possible way of avoiding necessity for war risk insurance on cargo and other possible claims by Dollar Line would be for American citizens to be evacuated from Shanghai to Hongkong or Kobe in United States naval vessels. War

risk insurance is not at present involved in case of calls by Dollar vessels at Japanese ports or Hongkong.

It is appreciated that all necessary steps, including diversion Dollar Line ships, must be taken for the evacuation of our nationals when emergency demands it, but Department believes you should know that the diversion of these ships, even under present instructions merely to call at Shanghai outlined in your No. 554, involves present and ultimate considerable expenditures which it may be possible to avoid.

Please discuss this whole situation urgently with Commander in Chief and inform Department by priority radio of your and his views and suggestions.

The contents of this telegram have been communicated to Admiral Leahy, who concurs.

HULL

493.11/2055b : Telegram

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

WASHINGTON, August 26, 1937—8 p. m.

185. The Department desires that you present a note to the Minister for Foreign Affairs reading as follows:

“Acting under instructions, I have the honor to inform Your Excellency that my Government reserves all rights on its behalf and on behalf of American nationals in respect of damages to or loss of American property or on account of death or injuries sustained by American nationals as a result of the activities of Chinese armed forces in the course of or incident to military operations now in progress in China.”

Similar instruction to Tokyo.⁸¹

HULL

793.94/9725 : Telegram

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

SHANGHAI, August 27, 1937—noon.

[Received August 27—11:04 a. m.]

577. Reference my 532, August 22, 11 a. m.⁸² As authorized by Department, data concerning location American Mission properties has been communicated to Japanese Consul General. I am also com-

⁸¹ See note of August 27 from the Ambassador in Japan to the Japanese Foreign Minister, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 490.

⁸² Not printed.

municating it to Shanghai office of the Chinese Ministry for Foreign Affairs. I have also sent to Japanese Consul General information concerning American property in Nanking received last night from Ambassador at Nanking.

Informing Tokyo. Repeated to Nanking.

GAUSS

793.94/9734 : Telegram

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

NANKING, August 27, 1937—6 p. m.

[Received August 27—3:40 p. m.]

538. Following communication has been addressed to the Minister for Foreign Affairs:

“Dear Mr. Minister: I have a telegram from the Commander-in-Chief of the United States Asiatic Fleet stating that at 2:50 this morning a bomb from an unseen plane exploded 200 yards from a submarine, *S-37*, of the United States Government, anchored at Middle Ground Buoy in the Yangtze River. Both horizontal and vertical national colors were illuminated by powerful lights. The submarine was en route from Tsingtao to Cavite and had come to the Yangtze to land a sick man who needed an emergency operation.

May I urge the necessity that orders be given to the planes of the Chinese Government not to drop bombs on unidentified or neutral vessels? Similar representations are being made to the Japanese.”⁸³

JOHNSON

393.1115/348 : Telegram

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

SHANGHAI, August 28, 1937—9 a. m.

[Received August 28—2:30 a. m.]

586. Reference Department's telegram No. 281, August 26, 7 p. m. Following is submitted after a consultation with Commander-in-Chief.

1. With departure *President Lincoln* from Shanghai today for Manila all Americans now desirous leaving south-bound will have gone and unless conditions become much more unsafe south-bound ships can omit this port.

2. Americans in Shanghai now wishing proceed to the United States, probably not to exceed 300, most of whom can be accommodated on *Hoover* and *McKinley* sailing August 31st and September 1st.

⁸³ The Department replied in telegram No. 188, August 27, 7 p. m.: “Care should be taken to avoid misuse of the words ‘neutral’ and ‘belligerent’.”

3. Suggestion that ships anchor at sufficient distance from Shanghai to avoid necessity of war risk insurance can be complied with; in fact all ships so far have anchored in Yangtze off Woosung or in the lower Whangpoo and have remained at anchor less than 4 hours in each case. No neutral merchant ships have been attacked or harmed. Definite information is requested whether anchorage in areas indicated will eliminate war risk insurance. We are definitely of the opinion that risks involved do not justify war risk insurance rates quoted.

4. Commander-in-Chief states he is concerned about number of our nationals in North China who total roughly 3,500. With the stoppage of coastal merchant traffic and the suggested elimination of Shanghai as port of call the removal of these nationals may become difficult. Naval vessels especially destroyers are generally unsuitable for transportation of civilians especially women and children owing to lack of any suitable accommodations. They can be used for short hauls of not over 31 hours in length. Use of such vessels for transporting any number of nationals from North China to Manila or Kobe is out of the question except in case of grave emergency.

Plans for homeward bound ships to call at Shanghai after departure *Hoover* and *McKinley* on August 19th [31st] and September 1st may be deferred until situation at Shanghai clarifies. There are substantial advance demands for passage for Americans from North China on *Lincoln* and *Grant* due here September 10th and 11th homeward bound. It is possible that shipping coastwise and foreign may be able fully to resume at Shanghai without Government's direction before any decision need be made on those vessels. Possibility of omitting Shanghai and substituting Tsingtao might be considered. Would war risk insurance be demanded [of] diversions to Tsingtao?
GAUSS

393.1115/347 : Telegram

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

SHANGHAI, August 28, 1937—10 a. m.

[Received August 28—7:30 a. m.]

587. With reference to incident involving British Ambassador,⁸⁴ I informed Japanese Consul General yesterday that a number of Americans in the interior in removing from places of danger must use their motor cars and that operations by Japanese Air Force to bomb and machine gun motor cars, not part of military columns or trains, is likely to endanger safety our nationals, it being impossible for

⁸⁴ See telegram No. 327, August 29, 9 p. m., from the Ambassador in Japan, vol. III, p. 494.

us to know in advance of their movements or to direct their safe passage.

2. I am endeavoring to warn Americans in interior in travelling by motor car to follow routes removed from areas of military operations, to avoid military columns and formations, to fly the flag and also place flag horizontally on top of car.

Sent to the Department. Repeated to Nanking and Tokyo.

GAUSS

793.94/9773 : Telegram

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

NANKING, August 28, 1937—noon.

[Received 5:42 p. m.]

542. On August 27, 4 p. m. Tientsin quoted the Department's 14, August 24, 4 p. m. to Tientsin in regard to censorship of mail at Tientsin and commented as follows:

"I have consulted all Consulates General except Japanese (Belgian, British, German, French, and Italian) and they will make similar representations upon being informed that I am doing it. I intend to make only oral representations to the Japanese Consul General in terms of the Department's telegram if the Embassy approves. Please instruct."

I have replied as follows:

"August 28, 10 a. m. Action proposed in your August 27, 4 p. m. approved."

JOHNSON

393.1115/359 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*⁸⁵

[SHANGHAI,] August 28, 1937—6:15 p. m.

[Received 9:40 p. m.]

0028. Situation in respect to evacuation our nationals is as follows: Shanghai about 2000 remaining mostly men, about 200 desire return United States. These will be accommodated *McKinley* and *Hoover* sailing end this month. Those remaining are in the main men whose business is here and no considerable number there will leave unless conditions get much worse. If arrangements can be made for Dollar vessels stop Shanghai evacuation from this port will present no problem. Yangtze Valley there are about 1400 located as follows:

⁸⁵ Copy transmitted to the Department by the Navy Department.

Kuling 400, Chikungshan 300, Hankow 150, with remainder in numerous and widely scattered points, total including large number missionaries very difficult determine number desiring return United States, estimate 400. Ambassador advising evacuation. However, do not believe any large exodus from Yangtze Valley will take place under present conditions. Still practicable leave via Hankow-Canton Railway. However, this railway will probably be subjected bombing attacks, continued operation uncertain. Endeavoring arrange open lower Yangtze for passage merchant vessels purpose evacuation. Outlook not promising. Socony-Vacuum has offered services their steamers for this purpose. Peiping, Tientsin, Peitaho are about 2000. Our nationals this area in no immediate danger. Transportation is available via Korea and Japan. Chefoo about 650 of which 450 are dependents naval personnel 200 desire return United States. Tsingtao about 1000 of which 500 are dependents naval personnel, total 200 desire return United States. South China including Hangchow, Foochow, Amoy, Swatow, Canton, and Ningpo 720. No information as to number who desire return United States. Our nationals this area in no immediate danger. At present no commercial transportation between Shanghai and North China ports is available. Due war risk insurance restricting movement vessels naval vessels will probably be required evacuate our nationals especially from Shanghai and North China ports. Naval vessels available are inadequate and unsuitable except for short distances. Consider risk involved to merchant vessels in making Shanghai port of call very small. It is recommended that all Dollar vessels be required touch at Shanghai the Government, if necessary assuming whatever risk involved. If Dollar vessels are not allowed to make Shanghai a port of call the problem of evacuation our nationals will become very much more complicated.

793.94/9776 : Telegram

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

NANKING, August 28, 1937—7 p. m.

[Received August 28—6:19 p. m.]

549. Acting upon request from Tientsin the German, British, French, Italian representatives and I addressed the following note to the Chinese Foreign Office August 27:

“We have the honor to state that a collective message has been received from the consular representatives of our respective nationalities and from the Belgian Consul General at Tientsin stating that in view of the recent aerial bombing of Shanghai and persistent rumors of contemplated bombing of Tientsin, which rumors cannot

be confirmed there but may nevertheless be of serious importance, the consular representatives have consulted together and have decided to request that representations be made both to the Chinese and to the Japanese authorities, in the hope of preventing any aerial bombing of Tientsin. They point out that such bombing must inevitably bring grave danger to all the foreign population of Tientsin.

We urge that the statements of the foreign consular offices be given most serious consideration by the National Government, in view of the gravity of the issues involved, and that suitable assurances be given by the National Government. We are communicating with our respective Diplomatic Missions in Tokyo, asking that similar representations be made by them and similar assurances be sought from the Japanese authorities.["]

My colleagues request that this telegram be repeated to the American Ambassador at Tokyo for transmission to the Diplomatic Missions of the nations listed in order that suitable representations may be made by them.

Sent to the Department. Repeated to Peiping and Tientsin.

JOHNSON

793.94/10414

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

No. 942

SHANGHAI, August 28, 1937.

[Received October 4.]

SIR: With reference to my telegram No. 548 of August 24th, 5 P. M., in which I stated that after discussion with the Commander-in-Chief, U. S. Asiatic Fleet, we were agreed that the weight of available information suggests that the Chinese Air Force was responsible for the bombing of the Sincere and Wing On department store area and for the dud-bombing of the U. S. Navy warehouse, within 100 yards of this Consulate General, I have the honor to enclose for the confidential information of the Department copies of the reports⁸⁶ of the U. S. Marine and U. S. Navy intelligence officers with supporting reports from Marine and Navy observers who saw the bombing plane and saw it drop one or more bombs.

It was our feeling that, while we could not positively identify the bomber as Chinese, the weight of the evidence points in that direction, and the attention of the Chinese Government authorities at Nanking should be drawn to that fact.

It is a matter of comment that the serious bombing of the foreign area on what is known here as "Bloody Saturday"—August 14th—was by Chinese planes. One can accept the explanation of the Chinese

⁸⁶ None printed.

Government authorities that the plane which released its bombs over the area at Avenue Edward VII and Yu Ya Ching (formerly Thibet) Road had been hit by anti-aircraft fire which had damaged the bomb-racks, and while the explanation has not been advanced, I would be willing to accept the statement that the pilot found it necessary to drop his bombs and sought to put them into the open area of the Race Course about a block away. His operations cost the lives of hundreds of Chinese (a late estimate is 1000 Chinese killed and wounded) and the death of the American citizens Rawlinson and Honigsberg (and Honigsberg's alien wife).

But it is difficult to accept any satisfactory explanation of the bombing of the Cathay and Palace Hotels. There the planes were flying in formation headed toward the Japanese Consulate General and the Japanese flagship *Idzumo*. The bombs of all planes were released on signal from the leading plane; the bombs from the outer planes dropped into the river, while a bomb or bombs from the inner planes of the formation dropped in the Cathay-Palace hotel areas causing death, injury and panic to the hundreds of Chinese refugees who were then roaming the streets of the Settlement.

It is of interest to note that a foreign pilot of the China National Aviation Company has stated that he was at the Nanking field when this expedition took off for Shanghai and that the pilots were well fortified with liquor for their exploit.

It should be recorded, in connection with the enclosures submitted by this report, that (1) the Douglas *DC-2* twin motor monoplanes of the China National Aviation Corporation—and also one formerly used by General Chen Chi-tang at Canton which is believed to have been taken over by the National Government, are silver colored; also (2) that the Chinese Air Force insignia is a white many-pointed star on a circular blue field.

Respectfully yours,

C. E. GAUSS

393.1115/370 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, August 29, 1937—1 p. m.
[Received August 29—3 : 30 a. m.]

493. Department's 135, August 7, 5 p. m., Nanking's 528, August 26, noon and 545 [546], August 28, 3 p. m.,⁸⁷ the latter quoting the Department's 178, August 25, 7 p. m., to Nanking.

⁸⁷ Telegrams Nos. 528 and 546 not printed.

A questionnaire which the Embassy caused to be sent to American residents of Peiping a few days ago revealed that only a small number desire to leave, a majority of these being American-born Chinese (see Embassy's 487, August 28, 1 p. m.⁸⁸). It is very evident that great majority of the Americans now here desire to remain because of official, professional, cultural or business affiliations and also because they feel that the military situation in this immediate area is well in hand. I am therefore extremely doubtful whether any considerable number would leave unless there should be some sudden and drastic change for the worse in the situation, in which case rail transportation would probably not be available. Briefly stated, only a few desire to leave under the conditions that now obtain here, the remainder feeling that the military lines to the south, west and northwest will be firmly held. I am facilitating as much as possible the departure of those who desire to leave, but if the Embassy at Nanking or the Department desire me to issue a formal official advice to withdraw from Peiping I would like to have a specific instruction to that effect. Otherwise I shall deal with the situation as it develops from day to day. It is to be recognized that the present situation is such that it is quite difficult to foresee the future course of events with any degree of accuracy. Unless the Chinese should resort to air attacks on Peiping and especially on the Legation quarter or there should develop unexpected strength or aggressiveness in the Chinese military lines established to the south, west and northwest, there is a good prospect of complete evacuation not becoming necessary. A clarification of the Department's and the Embassy's view on the North China situation, especially as regards evacuation, would be greatly appreciated. Sent to the Department and Nanking.

LOCKHART

793.94/9776 : Telegram

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

WASHINGTON, August 29, 1937—3 p. m.

192. Your 549, August 28, 7 p. m., has been repeated to Tokyo for communication to the interested Ambassadors. Ambassador Grew has been informed that the Department approves of his associating himself with his interested colleagues in an appropriate approach to the Japanese Government on this matter.

HULL

⁸⁸ Not printed.

793.94/9791 : Telegram

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

NANKING, August 30, 1937—4 p. m.
[Received August 30—11:04 a. m.]

563. Your [*Shanghai's*] 544, to the Department August 23, 10 p. m.;⁸⁹ also your [*Shanghai's*] 548, August 24, 5 p. m. I have just received following letter from the Ministry of Foreign Affairs.

“Referring to your letter addressed to the Minister for Foreign Affairs on August 24th regarding the falling of air bombs in that part of the International Settlement south of Soochow Creek on August 23d, I have the honor to state that it is most regrettable that a number of persons were killed or injured as a result of the incidents and that two American citizens also received injuries. After a preliminary investigation by the Chinese authorities concerned, it has been established that ever since the opening of hostilities in Shanghai the Chinese Air Force has never used any 800-kilogram bombs.”

Sent to Shanghai. Repeated to Department and Peiping.

JOHNSON

393.1115/427 : Telegram

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

NANKING, August 31, 1937—2 p. m.
[Received August 31—11 a. m.]

570. The Department's 166, August 20, 2 p. m. and 178, August 25, 7 p. m. regarding evacuation of Americans from China.

I feel that many American missionaries and members of business organizations will be unwilling to leave China altogether unless so directed by their American head offices. I suggest that the Department persuade home organizations to issue appropriate instructions to their personnel in the field.

JOHNSON

793.94/9810 : Telegram

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

TOKYO, August 31, 1937—3 p. m.
[Received August 31—6:08 a. m.]

330. Department's 178, August 29, 2 p. m.⁹⁰

1. All of my concerned colleagues to whom I circulated the recommendations from Nanking concerning Tientsin feel that since Japa-

⁸⁹ Not printed.

⁹⁰ Not printed; it repeated telegram No. 549, August 28, 7 p. m., from the Ambassador in China, p. 293.

nese are in control in that city it would be superfluous and unwise to appeal to the Japanese Government to avoid aerial bombing there. We all feel representations in this case would merely tend to weaken our representations in other cases where real danger is involved. We therefore do not propose to take action.

2. My colleagues will be glad if Johnson will communicate the foregoing views to his concerned colleagues in Nanking.

3. As my instructions from the Department are to act for [*in*] association with my interested colleagues I likewise shall avoid making representations unless the Department desires me to take action alone.

Repeated to Shanghai for relay to Nanking.

GREW

793.94/9822 : Telegram

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

SHANGHAI, August 31, 1937—6 p. m.

[Received August 31—11:40 a. m.]

620. Reference my No. 548, August 24, 5 p. m. and Nanking's No. 563, August 30, 4 p. m., opinions here differ as to the probable weight of the bomb, but the weight of the evidence continues to point to Chinese responsibility. Reports of Navy and United States Marines observers have been forwarded by mail. My British colleague tells me unofficially and confidentially that the British naval authorities are also of the opinion that the responsibility is with Chinese.

Sent to the Department and Nanking.

GAUSS

793.94/9828 : Telegram

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

NANKING, August 31, 1937—7 p. m.

[Received 7:11 p. m.]

575. Embassy's 536, August 27, 4 p. m.⁹¹

1. Following letter has been received from Vice Minister for Foreign Affairs:

“Dear Mr. Ambassador: With reference to your letter addressed to the Minister for Foreign Affairs on August 25, in which you stated that there was substantial information suggesting that the bombs which dropped in the International Settlement, south of the Soochow Creek, on August 23 were of Chinese origin, I beg to state that we did not fail to transmit the contents of your letter to the authorities concerned for investigation. I am now able to inform you that these

⁹¹ Not printed.

authorities emphatically deny that the Chinese Air Forces possess any twin motor silver colored monoplane or has converted any plane belonging to any aviation company for bombing purposes, as has been claimed by certain observers. The matter is still under investigation by experts. Sincerely yours, (signed) Hsu Mo.”

2. Sent to Department. Repeated to Shanghai, Peiping.

JOHNSON

793.94/9846 : Telegram

*The Ambassador in China (Johnson) to the Secretary of State*⁹²

NANKING, September 1, 1937—9 a. m.

[Received 5:13 p. m.]

579. In view of Japanese bombing of hospital at Nantung, it seems wise to ask the Department to communicate the following to Tokyo to the Japanese Government.

The American Mission hospital at Tsingkiangpu in northern Kiangsu is located in the extreme northeastern section of the city of Tsingkiangpu outside the city wall and in the corner of the outer earth wall. It is entirely separated from all strategic points and 2 miles from the local air field. Roofs are painted red and plainly marked U. S. A. and in Chinese characters 8 feet high “American hospital”. In addition hospital is flying an American flag from staff.

I am advising hospital to have flag painted on roof.

Repeated to Peiping, Shanghai.

JOHNSON

393.1115/309 : Telegram

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

WASHINGTON, September 1, 1937—noon.

199. Your 528, August 26, noon,⁹³ paragraph 2. The Department continues of the opinion that American nationals, particularly women and children and those men whose services are not urgently required, should as promptly as possible proceed to places of safety from all areas where danger threatens or where avenues of exit may cease to exist.

With reference to detailed plans for evacuation, the Department must, particularly in cases of emergency, leave the formulation and execution of such plans to the competent American officials on the spot. With regard to such matters as for example the possible use

⁹² The Department repeated this telegram to the Embassy in Japan.

⁹³ Not printed.

of "international trains," as mentioned in your telegram under reference, the Department believes that initial consideration and evolving of plans must be left to American officials in China in consultation with the concerned representatives there of other countries. The Embassy and consular officers in China should, of course, continue to cooperate and consult fully with each other and with other American officials, particularly the Commander-in-Chief.

HULL

793.94/9639 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, September 1, 1937—5 p. m.

229. Your 470, August 24, 5 p. m.,⁹⁴ paragraph 4. If it has not already done so please request Tientsin to repeat to you Department's 14, August 24, 4 p. m., and the exchange of telegrams between Tientsin and Nanking in regard to Japanese censorship of mails at Tientsin.

You are authorized to take up with the appropriate Japanese authorities in Peiping the matter of the censorship of mails. In doing so, you should be guided by the Department's 14, August 24, 4 p. m. to Tientsin.

HULL

793.94/9847 : Telegram

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

SHANGHAI, September 1, 1937—8 p. m.

[Received September 1—4:44 p. m.]

630. Japanese military spokesman informed foreign press correspondents today that Japanese Air Forces have now completed all necessary preparations and are ready to bomb and raid all Chinese military bases, air fields and lines of communications. He referred to the raid on Canton as a preliminary to more extensive operations.

In view of the likelihood of military operations extending into the interior, probably along the Shanghai-Nanking Railway and the Yangtze River, and the even more extensive bombing operations apparently contemplated by the Japanese, I have been advising Americans in the provinces of Chekiang and Kiangsu south of the Yangtze River to concentrate at Mokanshan and am informing them that transportation facilities by British vessel are available from

⁹⁴ Vol. III, p. 462.

Ningpo to Shanghai. As regards those citizens residing north of the river, I have thus far merely advised them to avoid troop concentration centers, air fields and fortified areas, however, at my request Admiral Yarnell has ordered a destroyer to proceed to Haichow, at the eastern terminus of the Lunghai Railway, to investigate the possibility of evacuating Americans through that port. In giving further advice to Americans in the latter area the Embassy's cooperation will be appreciated. Will keep the Embassy informed of further developments.

Sent to Nanking; repeated to the Department and Peiping.

GAUSS

793.94/9869 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
*to the Chief of Naval Operations (Leahy)*⁹⁵

[SHANGHAI,] September 2, 1937—11:57 a. m.

[Received 3:47 p. m.]

0002. Under present conditions neutral vessels operating in Chinese waters may be mistaken for enemy vessels and bombed by aircraft. Experience has shown that pilots of Chinese planes are very likely to make this mistake.

When planes are in sight which in the opinion of commanding officers may prove to be hostile, anti-aircraft batteries shall be kept manned. In case United States naval or merchant vessels are attacked by aircraft, commanding officers vessels this fleet are authorized to open fire on them. Attention is invited to the gravity of such action and this authority should be used with greatest care. Fire should not be continued longer than necessary to force attacking plane or planes withdraw to safe distance.

Every vessel should show both vertical and horizontal colors largest size available when there is possibility of being sighted by planes of either opposing forces.

393.1115/370 : Telegram

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

WASHINGTON, September 2, 1937—6 p. m.

206. Peiping's 493, August 29, 1 p. m. The Department has reviewed the instructions which it has already sent you in regard to the withdrawal of American citizens from China. The Department has also reviewed the information available to it which has a bearing upon

⁹⁵ Copy transmitted to the Department by the Navy Department.

the situation in China as it affects and may affect the safety of American citizens.

The extent and nature of future hostilities is of course unpredictable but there are signs which cannot be ignored that the conflict is widening and may be of extended duration. To the Department it appears that Americans (and other foreigners) in China must expect that their normal activities will be seriously disturbed and be subject to interference and that at almost any time their lives may become imperiled. This statement is, in the opinion of the Department, applicable not only to large cities in China but to smaller centers as well. Although remote parts of China may for the moment seem to be comparatively safe, the declared intention of the Japanese military to bomb all Chinese military encampments and the possible appearance from time to time of uncontrolled soldiers or bandits, especially at points in the interior, would be a constant source of danger to any Americans remaining at such points.

Under circumstances such as these, the likelihood is that governmental functioning will become less effective, that disorders will become more prevalent, that communications will be interrupted and that travel will become extremely hazardous.

The Department has given serious thought to the fact that most Americans now resident in China have their established occupations in that country and that withdrawal would mean serious dislocation of their work and would entail heavy sacrifice. However, the Department is of the opinion that over the course of the next few months American citizens in China will, as hostilities continue, be faced with a situation in which their work will—regardless of the choice they may make in regard to evacuation—necessarily be disturbed if not rendered impossible of continuance.

The American Government desires to fulfill its responsibilities toward all American citizens. We feel that the most appropriate and practicable method of fulfilling those responsibilities at this time is to point out to American citizens in China the hazards of the situation and to inform them that the American Government is at present in position to facilitate their withdrawal from China by means of naval vessels. We feel that American residents in China should be advised to avail themselves of these facilities while they are available. This advice to leave China applies of course only to the period during which the unusual hazards of the present situation obtain.

Such decision as American citizens may make must of course be on their own responsibility. American governmental agencies will continue to do everything practicable to facilitate the evacuation of American nationals but we cannot guarantee the safety of those who elect to remain in China under present conditions.

The Department desires that on the basis of the foregoing you issue a circular instruction to all American consulates in China (except Yunnanfu and offices in Manchuria) directing those offices to bring the situation as outlined above to the attention of American residents of their districts, emphasizing that the danger may increase and that it can not be guaranteed that existing opportunities and facilities for evacuation will continue indefinitely.

Please repeat to Shanghai with request that Shanghai furnish a copy to the Commander-in-Chief.

HULL

393.1115/511 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
*to the Chief of Naval Operations (Leahy)*⁹⁶

[SHANGHAI,] September 3, 1937—6:38 p. m.

[Received September 3—11:22 a. m.]

0003. Totals of Americans indicating desire leave China are Peiping-Tientsin area 71, Chefoo-Tsingtao area 270, Shanghai 100, river and interior 310, South China 40. Above numbers vary almost daily with changes in military situation and are only an estimate (see my 0028 1815 August). Commercial transportation is available to residents in Peiping-Tientsin area. Residents in Yangtze Valley can still leave via Hankow-Canton Railway. Asiatic Fleet distributed as follows: Peitaiho one destroyer, Chefoo *Blackhawk*, three destroyers, *Heron*, *Bittern*; Tsingtao *Canopus*, four destroyers, two submarines, *Pigeon*; Shanghai *Augusta*, *Isabel*, *Sacramento*, four destroyers, *Finch*; Pagoda anchorage one destroyer; Amoy *Tulsa*; Swatow *Asheville*; Canton *Mindanao*.

These dispositions governed by numbers of Americans in different areas and based upon the requirement that sufficient ships remain in ports where sudden developments may require taking of nationals at short notice to save them from actual violence.

Vessels which can at present be used for evacuating Americans to distant ports are a few destroyers and *Gold Star*. Destroyers are unsuitable for women and children except for short distances. River gunboats confined indefinitely in Yangtze by Chinese barrier. *Gold Star* now employed evacuate to Kobe but is unfitted for more than about 50 unless standee bunks in hold are used which is now being done by naval women and children. *Chaumont* and *Marblehead* will be used on arrival. A limited amount of transportation is available in small coastwise steamers and will take care of present situation

⁹⁶ Copy transmitted to the Department by the Navy Department.

at South China ports. There are a few sailings of larger vessels for Japan and the Philippines. About 25 of the passengers booked for the *Hoover* and *McKinley* have since left Shanghai on other vessels. The great bulk of our nationals will not leave China until the necessity becomes immediate and pressing and they realize that their lives are endangered and their business or occupation are permanently lost.

793.94/9887 : Telegram

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

SHANGHAI, September 3, 1937—7 p. m.

[Received September 3—3:03 p. m.]

597. Little change reported on the Liukue [*Liwho?*]-Woosung front. Japanese offensive has not yet commenced, apparently waiting on the landing of additional troops and artillery.

The comparative quiet which has prevailed in the Settlement and French Concession during the past few days was shattered this morning by a heavy exchange of fire. Chinese rifle, machine gun and artillery fire was directed from the Pootung area against the Japanese ship, the Japanese Consulate was hit by several shells, wounding a Japanese policeman and press correspondent, and a Japanese transport tied up near the Consulate was also damaged. In reply the Japanese flagship has subjected Pootung to a heavy bombardment for the past 6 hours from a point almost immediately in front of Garden Bridge and about 300 yards from the U. S. S. *Augusta*. Many buildings, wharves and godowns on the Pootung foreshore immediately opposite the Bund have been destroyed and set on fire while fragments of shells and machine gun and rifle bullets in considerable numbers have fallen in the Settlement south of Soochow Creek.

GAUSS

793.94/9895 : Telegram

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

SHANGHAI, September 4, 1937—10 a. m.

[Received September 4—7 a. m.]

648. The American, British and French Commanders-in-Chief have today directed a communication to the Japanese Admiral and the Chinese military commander in the Pootung area calling attention to the consequence of an artillery duel which took place about midday on September 3, between Chinese guns in Pootung and Japanese warships in sections 5, 6 and 7 of the Shanghai harbor. They point out that several shells fell in the International Settlement south of Soochow Creek and in the French Concession, causing 40 or 50 casualties,

and that serious damage was caused to property in Pootung. They contemplate that if these engagements continue and possibly become more general the safety of the foreign areas will be seriously involved and life and property further endangered. They, therefore, recommend and request that in order to avoid this state of affairs and in order to preserve the safety of the foreign areas under their protection, the Chinese and Japanese forces should be withdrawn as follows: (1) Japanese naval forces to withdraw below section 7 of the river. (2) Chinese forces in Pootung to withdraw to the eastward of Pootung Road and south of Changkadu Creek.

Sent to Nanking. Repeated to Department and Tokyo.

GAUSS

393.1115/521 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)⁹⁷

[SHANGHAI,] September 4, 1937—11:38 a. m.

[Received September 4—7 a. m.]

0004. In the past convoy has been provided by destroyers to tenders going down Whangpoo River with passengers and to ships well down Yangtze. It is intended provide destroyer escort to such of our merchant vessels or transports in future from entrance Yangtze to anchorage to provide medical or other assistance if required. There is no agreement with British in this matter nor has it been discussed with British Admiral.

393.1115/698

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

[WASHINGTON,] September 4, 1937.

MR. SECRETARY: In connection with the subject of our effort to get American nationals to come out of China, together with our effort to afford means of transportation, certain points mentioned in recent telegrams are significant.

In telegram 617, August 31, 4 p. m., from Shanghai,⁹⁸ Mr. Gauss states: "Naval vessels in these waters are not suitable for evacuation except in an extreme and desperate emergency."

In telegram 0003, September 3, from Shanghai, the Commander-in-Chief states: "The great bulk of our nationals will not leave China until the necessity becomes immediate and pressing and they realize

⁹⁷ Copy transmitted to the Department by the Navy Department.

⁹⁸ Not printed.

that their lives are endangered and their business or occupation are permanently lost."

In other telegrams from Shanghai, it has been reported that a group of more than 100 missionaries at Mokanshan (a summer resort in the hills of Chekiang Province, about 100 miles west of Shanghai) have informed Mr. Gauss that they will not now come out but will stay where they are through September watching developments.

Other telegrams indicate that it can be expected that almost no Catholic missionaries will come out.

We may make it our policy to "withdraw" from China, to get our nationals out, to remove this country from contact with or affirmative interest in the current hostilities and the outcome thereof in China; but, the traditional interest of the people of this country in China and the Chinese, the investments which the people of this country have made in China (a considerable portion of which is in the physical equipment of schools, hospitals and churches), the presence of several thousand of our nationals in China, etc., etc., will continue to be facts,—and nothing that we can say, nothing that we can do, no attitude that we can adopt, no outcries on the part of any part of our population will or can obliterate or eliminate those facts. We cannot by any process close our eyes to, turn our back upon, or wash our hands of the China situation and several problems which hostilities between the Japanese and the Chinese create and lay upon our doorstep.

Toward meeting responsibilities which we cannot avoid, presence of additional American cruisers in Far Eastern waters would, in the opinion of the undersigned, be useful.

S[TANLEY] K. H[ORNBECK]

793.94/9895 : Telegram

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

WASHINGTON, September 4, 1937—4 p. m.

191. Reference Shanghai's 648, September 4, 10 a. m., to the Department (repeated to you) with regard to recommendations that Chinese and Japanese military forces withdraw from certain areas near the Settlement.

If you have not already done so, the Department desires that you, in association with your British and French colleagues, bring the matter to the attention of the Japanese Foreign Office with expression of the earnest hope that the recommendations will be acted upon favorably. You should state that a similar approach is being made to the Chinese Foreign Office.

HULL

**The Ambassador in China at Nanking was sent similar instructions in telegram No. 215, September 4, 5 p. m.

793.94/9893 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Secretary of State

[SHANGHAI,] September 4, 1937—5 p. m.

[Received September 4—7:40 a. m.]

0004. It is recommended that every effort be made to get the Japanese and Chinese Governments to withdraw their forces as recommended in the American Consul General's Shanghai despatch 648 of 4 September.

793.94/9901 : Telegram

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

SHANGHAI, September 4, 1937—5 p. m.

[Received 11 p. m.]

652. The Reverend H. S. Smith of the American Church Mission who arrived in Shanghai this morning from Changshu, 50 miles northwest of Shanghai, reports that Japanese bombing of the city within the past week has been so severe that the Chinese inhabitants have been forced to scatter into the surrounding country. He describes these raids as indiscriminate bombings of all sections of the city accompanied by ruthless machine gunning of all the principal streets from a very low altitude. According to Mr. Smith, the property of the American Church mission which is located in the northeastern section of the city and is clearly marked has not been damaged thus far although one bomb fell within 50 yards of the premises. Property of the Methodist Episcopal Church was also intact although three bombs had exploded around the premises. Mr. W. M. Smith and son, of the Methodist Episcopal Church refuse to evacuate Changshu according to Mr. Smith but were forced by the severity of the bombing to take refuge in the country. Mr. Smith reached Shanghai with the greatest difficulty and reports that Japanese planes are systematically bombing and machine gunning all traffic on canals, roads and railways. No other Americans in Changshu. GAUSS

313.1115/556 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)¹

[SHANGHAI,] September 6, 1937—12:12 p. m.

[Received September 6—5 a. m.]

1106. American nationals evacuated to date: Shanghai 1729; Peiping-Tientsin area 177; Chefoo-Tsingtao area 99; Yangtze river

¹ Copy transmitted to the Department by the Navy Department.

ports and interior 31; Foochow, Amoy, Swatow 0; Kwangtung, Kwangsi, Kweichow Provinces, Hainan Island 0; American nationals remaining: Shanghai 2527; Peiping-Tientsin area 1585; Chefoo-Tsingtao area 1649; Yangtze River ports and interior 1257; Foochow, Amoy, Swatow 284; Kwangtung, Kwangsi, Kweichow Provinces, Hainan Island 756. Total evacuated 2036, total remaining 8058. Report includes civilians and Army, Navy, Marine dependents.

793.94/9917: Telegram

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

TOKYO, September 6, 1937—1 p. m.
[Received September 6—12:45 a. m.]

350. Department's 191, September 4, 4 p. m. and Shanghai's 648, September 4, 10 a. m. My British and French colleagues are taking no action pending receipt of instructions for which they have telegraphed to their respective Governments. As my instructions are to make representations "in association" with concerned colleagues, I am withholding action for the time being.

Repeated to Shanghai for information of Yarnell and for relaying to Nanking.

GREW

793.94/9936: Telegram

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

NANKING, September 6, 1937—2 p. m.
[Received September 6—1 p. m.]

612. Department's 205, September 1, 4 [9] p. m.,² and 214, September 4, 4 p. m.³ I went to see Minister of Foreign Affairs and informed him of action taken at Tokyo. Minister of Foreign Affairs assured me that Chinese had no desire to start hostilities at Tsingtao. When pressed to say whether Chinese national troops would not move into Tsingtao he asked to be allowed to check up and telephone me next day. On Saturday the Foreign Office when pressed stated that Chinese had no intention of starting hostilities at Tsingtao but that if attacked or if Japanese should attempt to land troops near Tsingtao Chinese Government could not be held responsible for the peace and safety of Tsingtao. It seems to me that no further good purpose is to be served by representations here. I still feel sure the safety of Tsingtao is dependent upon what the Japanese and Chinese may consider it necessary to do in that neighborhood from a military point of

² Vol. III, p. 505.

³ Not printed.

view and that we do not know and cannot find out what those necessities are or may be, and that Americans should not be encouraged to stay in that place.

Sent to the Department. Repeated to Tsingtao, Peiping and Shanghai for communication to Commander-in-Chief.

JOHNSON

393.1115/427 : Telegram

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

WASHINGTON, September 6, 1937—4 p. m.

217. Your 570, August 31, 2 p. m., and 604, September 5, 11 a. m.,⁴ paragraph 7. I have sent letters to the International Missionary Council and to the National Catholic Welfare Conference in regard to the evacuation of Americans from China. The letters were based upon and contained the general substance of the Department's 206, September 2, 6 p. m. The organizations addressed were asked to communicate the contents of my letter to missions with which they maintained connections.

I sent similar letters to the Standard Vacuum Oil Company and The Texas Company.

HULL

793.94/9918 : Telegram

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

TOKYO, September 6, 1937—7 p. m.

[Received September 6—6:44 a. m.]

351. Our 350, September 6, 1 p. m. Note presented this afternoon to the Foreign Office.⁵ The French Ambassador is doing likewise and the British Embassy is still awaiting instructions.⁶

Repeated to Shanghai for information of the Commander-in-Chief and for relay to Nanking.

GREW

793.94/9923 : Telegram

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

NANKING, September 6, 1937—7 p. m.

[Received September 6—9:40 a. m.]

617. Your [*Shanghai's*] 648, September 4, 10 a. m. Please inform Admiral that a joint note supporting action taken by him and British

⁴ Latter not printed.

⁵ For text, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 495.

⁶ The British note was presented September 7.

and French Admirals is being sent to Chinese Minister for Foreign Affairs today.

Sent to Shanghai; repeated to Department.

JOHNSON

393.1115/548 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)¹

[SHANGHAI,] September 6, 1937—8:22 p. m.

[Received September 6—1 p. m.]

0906. In furtherance of the Government's policy that United States citizens should leave disturbed areas where practicable it has been decided to evacuate from China all naval dependents as early as possible. Following plan will be carried out: after current visit *Gold Star* to Kobe all naval dependents will be evacuated to Manila from whence those so desiring will be transferred to the United States as rapidly as transportation becomes available. *Marblehead* will relieve *Canopus* about 22 September when latter will leave for Manila with dependents. *Chaumont* after discharging Shanghai will make Chefoo and Tsingtao then Manila via Hong Kong. *Canopus* and *Chaumont* will make additional trips as necessary. *Henderson* will arrive 16 October and make usual circuit of Asiatic Station before returning home. *Sacramento* will be used for evacuating from South China if required. Dependents in river ports leave through Canton and Hong Kong to Manila by naval or commercial ships.

Dependents will be instructed that evacuation is obligatory and not a matter of personal choice. Personnel may of course make private arrangements to leave by other means provided this does not delay departure. Many traveling by naval ships will necessarily be subjected to some discomfort due to crowding. Senior officers in areas will be allocated spaces and will see that assignments made are used except in real emergencies in which case dependents should evacuate earliest opportunity. It is expected that all hands will appreciate the difficulties of this situation and will carry out the plan with traditional efficiency and good nature. Details will be transmitted shortly.

¹ Copy transmitted to the Department by the Navy Department.

793.94/9934 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy) ^s

[SHANGHAI,] September 6, 1937—9:31 p. m.

[Received September 6—7:20 p. m.]

0006. The following letter was received from Admiral Hasegawa yesterday addressed to American, British and French Admirals:

“My Dear Admirals: I have the honour to acknowledge the receipt of your letter of September 4th in which you jointly draw my attention to serious consequences of the artillery duel of September 3d and suggested the removal of both Japanese and Chinese forces to certain points in order to safeguard the foreign lives and property.

I wish to state in reply that in view of the possibility of renewed attacks by the Chinese forces from outside the proposed demilitarized zone, and the defensive measures our warships will have to take in such event, the withdrawal of the Japanese and Chinese forces from the area such as you suggest will in no way effectively avoid the danger to which lives and property of the foreign area are exposed.

However, should you see your way to exert your influence to get the Chinese to agree to the complete evacuation of their armed forces (including the plain clothed snipers) from the undermentioned zone which I suggest, I shall be ready on my part to consider the nonbombardment of Pootung and Nantao by our men-of-war stationed above section 7.

I have the honour to be, your obedient servant, (signed) Kiyoshi Hasegawa, Commander in Chief, the Imperial Japanese Third Fleet. Suggested area.

Those parts of Pootung and Nantao within a radius of 6 kilometers from the Pootung point starting from the neighborhood of the International Dockyard (Wo Foong) on the right bank of the Whangpoo, extending as far as the southern border of the French Concession.”

The following reply will be sent:

“Dear Admiral Hasegawa: We have the honor to acknowledge receipt of your letter of 5 September in answer to our note of 4 September, recommending and requesting that Japanese naval forces withdraw below section 7 of the river and that Chinese forces in Pootung withdraw to the eastward of Pootung Road and south of Changkaou Creek. The senior Italian naval representative in Shanghai would like it understood that he approves the recommendation and request contained in our note of 4 September and would like to be considered as having signed that note.

We have considered your letter and would like to make the following observations: Whereas you on your part are proposing that the Chinese withdraw from a large area, you, yourself, are not offering any corresponding withdrawal of your forces. Moreover, it is not clear to us why you consider that our proposal would in no way effectively avoid the danger to which lives and property in the foreign

^s Copy transmitted to the Department by the Navy Department.

area are exposed. We would draw your attention to the fact that in our letter of September 4th we referred to that part of the International Settlement south of Soochow Creek and the French Concession to which we are endeavoring to prevent hostilities from spreading.

We therefore request once more that you earnestly consider our original proposal.

We have the honor to be sir, very sincerely yours, H. E. Yarnell, Admiral U. S. Navy; Charles Little, Admiral British Navy; LeBigot, Vice Admiral French Navy; V. Bacigalupi, Capitano di Frengata Italian Navy."

393.1115/574 : Telegram

The Consul at Hankow (Josselyn) to the Secretary of State

HANKOW, September 7, 1937—noon.
[Received September 7—9:35 a. m.]

Embassy's September 4, 4 p. m.⁹ In accordance with the Department's instruction No. 201 [206], September 2, 6 p. m., I have issued circular dated September 6 to Americans in this Consular District as well as South Hopei and Shansi emphasizing that danger may increase and that existing opportunities for evacuation will not continue indefinitely. However, I must point out that the means of transportation for Americans in Central and West China [who] would ordinarily withdraw to the coast are already greatly diminished. The only means still remaining, aside from long and dangerous journeys overland, is the Canton-Hankow Railway which is vulnerable to attack from the air. In these circumstances I strongly believe the hazards incident to withdrawal as compared with the hazards of remaining should be carefully considered by individual Americans. I am informed the British Consul General is advising his nationals at present not to withdraw via Canton-Hankow Railway.

Sent to Nanking, repeated to the Department and Peiping.

JOSSELYN

393.1115/585 : Telegram

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

SHANGHAI, September 7, 1937—7 p. m.
[Received September 7—12:40 p. m.]

666. A press report dated Washington September 6th published here today quotes the President as having stated that all Americans, without exception, had been warned to leave China, that sufficient time would be given them to take advantage of the facilities for

⁹ Not printed.

evacuation, and the Government would not be responsible for their protection if they chose to remain. Report concluded with statement that the President described the Sino-Japanese situation as an "awful mess".

2. I understand the American Chamber of Commerce has telegraphed the Department after a meeting today.

3. Consulate General has summarized the Department's 206 of September 2, 6 p. m., to the Embassy at Nanking, to Chamber of Commerce, Heads of Missions, and Emergency Committee at Shanghai. We have continued to advise withdrawal particularly of women and children but there is no large exodus. We are endeavoring to give our advice quietly and not to disturb the general situation here. We have lately been placing greatest emphasis on advice to Americans in the interior to withdraw. I have told inquirers that those of us who remain here do so on our own responsibility, pointing out that while our Navy and Marine Forces are doing everything possible for our protection no government can guarantee the safety of its nationals here or elsewhere in China.

Sent to the Department, repeated to Nanking.

GAUSS

393.115/41 : Telegram

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

SHANGHAI, September 7, 1937—8 p. m.

[Received September 7—1:45 p. m.]

667. For the Department's information, American businessmen here are becoming impatient because Japanese authorities will not permit them to enter the Northern District and bring out their goods stored there. Recently after repeated representations Japanese authorities established system of passes to permit foreigners to enter the district to inspect their cargo and property but the number of applications was very heavy and several hundred foreigners were in the district when Chinese renewed their shelling. Japanese Navy authorities thereupon shut down on the pass system until the situation improves. While we are doing all that we can to assist Americans in reference to their property and cargo in the fighting zone and were able even during the early days of the fighting to assist some of them in removing perishable cargo, very little can be done locally at present. Some Consulates are telegraphing Tokyo to urge action there to permit of access to property and cargo; others are cabling home governments. May I suggest that Tokyo might be asked to urge that facilities be given to Americans to remove cargo and inspect property as soon as the situation reasonably permits.

Repeated to Nanking.

GAUSS

793.94/9973 : Telegram

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

SHANGHAI, September 8, 1937—2 p. m.

[Received September 8—11 : 08 a. m.]

671. Reference my No. 648, September 4, 10 a. m., Mayor of Shanghai yesterday addressed Chinese reply to French, American and British Consuls General and handed it to French Consul General from whom it was received today. In translation it acknowledges the communication of September 4th and states that it was referred to Chinese military authorities. It then states:

“The Chinese military authorities are of the opinion that with Japan using the Settlement as its base of military operations for aggressive purposes against the Chinese Army, resisting Chinese troops have been caused to suffer hardship in every way. With a view to paying due regard to the life and property of Chinese and foreigners living in Settlement or Concession we have continued to deal with the situation with the utmost patience and forbearance. This we suppose is generally acknowledged by the various countries. Now because Japanese forces have attempted to land at Pootung, stray bullets or shells have fallen in the Settlement or Concession. Inasmuch as we are being attacked, it is naturally proper and fitting for us to take defensive measures within Chinese Territory. The responsibility entirely rests with Japan. The British, American and French authorities should be advised to devise means to cause the Japanese warships to withdraw and move out of the Whangpoo River. Then such incidents will not recur. I have the honor to indite this letter for your information and to request that you inform the Commanders in Chief of the American, British and French neutral countries.”

Commander-in-Chief informed, sent to the Department, repeated to Nanking and Tokyo.

GAUSS

393.1115/601 : Telegram

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

WASHINGTON, September 8, 1937—6 p. m.

222. Your 554, August 29, 1 p. m. and 626, presumably September 8,¹⁰ Tokyo's 353, September 7, 3 p. m.,¹¹ and Hankow's September 7, noon.

The Department suggests that the Embassy in its consideration of the question of effecting evacuation by means of “international trains” have in mind the desirability of there being made by repre-

¹⁰ Neither printed.

¹¹ See note No. 108, Asia I, September 3, from the Japanese Foreign Office, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 495.

sentatives of the interested powers a further approach to the Japanese Government with a view to obtaining assurances that the Japanese military would not molest such trains and would refrain from attempts to bring about interruption of operations of the railway until a reasonable time had been allowed to effect evacuation. Before the Japanese Government is again approached on this matter, however, it would seem to be desirable that you not only ascertain definitely the extent to which the Chinese Government would cooperate in supplying special trains and in other ways but also canvass the situation with a view to ascertaining the number of persons likely to avail themselves of such facilities and the earliest date within which it is expected that evacuation of such persons could be completed. You should confer in regard to this matter with your interested colleagues and also the Consul General at Hankow.

HULL

393.115/54 : Telegram

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

WASHINGTON, September 8, 1937—8 p. m.

333. Your 667, September 7, 8 p. m., has been repeated to the Embassy at Tokyo with the request that the Ambassador, after consultation with his interested colleagues, make in his discretion an appropriate informal approach to the Japanese Government.

HULL

393.1115/642 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, September 9, 1937—3 p. m.

[Received September 9—9:05 a. m.]

37. Nanking's September 4, 4 p. m.¹² Although Department's telegram No. 206, August [*September*] 2, 6 p. m. applies to the city of Tientsin itself as much as to any other area in China and I must assume that it was the considered opinion of the Department on the basis of the information available that this instruction should apply to Tientsin, my uncertainty as to the reasons prompting the instruction makes it difficult to decide precisely the degree of urgency applying to evacuation from Tientsin and the steps which are to be taken by this office following the issuance of the notification referred to in the Department's telegraphic instruction. After consultation with Colonel McAndrew¹³ I feel that the situation here is such as to

¹² Not printed.

¹³ Col. Joseph A. McAndrew, Commanding Officer 15th Infantry, United States Army, at Tientsin.

justify the slight delay in issuing the evacuation notice to Americans in Tientsin incident to an exchange of telegrams with the Department.

Japanese forces have already arrived in and passed beyond Tientsin in such numbers that further hostilities here seem improbable and with an expected decrease in Japanese troop arrivals transportation facilities at least as far as Tangku should gradually improve. It is realized that the Department is in possession of information not known to this office which may cause its misunderstood danger to Americans in Tientsin to differ from an estimate formed on the ground, but unless more information can be given to the Americans permanently resident in Tientsin than I have at present very few, except those already financially embarrassed for reasons unconnected with the present hostilities, will be willing to evacuate. It is realized that persons from the interior temporarily in Tientsin and vicinity, particularly at Peitaiho, would do well to return to the United States as it is unlikely that they will be able to resume their work in the near future, but it is the opinion of Colonel McAndrew and myself that any change in the military situation in North China which would make it necessary to evacuate Americans permanently resident in Tientsin could be foreseen sufficiently in advance to permit them to leave in safety. I have hesitated to make these representations in view of the fact that the Department's instruction seems clearly to apply to Americans resident in Tientsin, but the effect of the issuance of an evacuation notification would be such that I feel justified in asking that the Department again consider the estimate of the situation here of Colonel McAndrew and myself before the notification is issued locally. If the Department still desires that the notification be sent to Americans actually resident in Tientsin I shall comply at once upon being so instructed.

CALDWELL

893.48/1171 : Telegram

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

WASHINGTON, September 9, 1937—8 p. m.

335. Reference Department's 250, August 20, 6 p. m.,¹⁴ regarding accommodation for British refugees at Manila. Department has received an *aide-mémoire* from the British Embassy which states in substance that His Majesty's Government in the United Kingdom desire to assure the United States Government that funds will be made available for expenses that may be incurred in the Philippines as a result of the reception there of British refugees.

HULL

¹⁴ Not printed.

793.94/9997 : Telegram

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

SHANGHAI, September 9, 1937—9 p. m.

[Received September 9—1 : 50 p. m.]

678. Recent Chinese night air raids over Shanghai are reported to have been carried out by pilots obviously more skilled than Chinese. One raider flew very low over foreign area to escape Japanese anti-aircraft fire and when passing over American Country Club dipped his plane and flashed on and off his lights. There is strong suspicion this plane was piloted by one of the American aviators at Nanking. By flying over foreign area this pilot drew Japanese anti-aircraft fire and endangered lives of foreigners and Chinese noncombatants. Both Chinese and Japanese planes are flying over foreign area drawing anti-aircraft fire. This afternoon a Chinese anti-aircraft shell exploded within few feet of Consulate General injuring several Chinese. There are daily casualties in foreign area from anti-aircraft fire.

Sent to the Department, repeated to Nanking.

GAUSS

793.94/10010 : Telegram

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

NANKING, September 10, 1937—3 p. m.

[Received September 10—11 a. m.]

634. Department's 215, September 4, 5 p. m.,¹⁵ Shanghai 648, September 4, 10 a. m. and Commander-in-Chief's 0004—1700. Collective note was presented to the Foreign Office September 6th by American, British, French Embassies and following is Embassy's translation of reply dated September 8th.

"I have the honor to acknowledge the receipt of Your Excellency's formal note of September 6th, 1937 stating that in order to preserve the safety of the foreign areas, the Commander in Chief of the United States Naval Forces in Shanghai addressed to the Chinese Military Commander in the Pootung area and to the Japanese Admiral on September 4th [to] suggest that [*the?*] withdrawal of Chinese troops in Pootung and of the Japanese Naval Forces in the Whangpoo River, and you expressed the hope that the National Government might accept this suggestion, insofar as it related to the withdrawal of the Chinese forces.

From the beginning of the resistance of the Chinese Armed Forces against the attack of Japanese troops, the Chinese Government has at one time shared its best efforts to ensure the safety of the Settlement. It has now happened that, in the course of the Chinese opposition to the Japanese attempt to land troops in Pootung and the Japanese

¹⁵ See footnote 99, p. 306.

attack, stray bullets have entered the International Settlement, and the Chinese Government deeply regrets such unfortunate accidents.

The Chinese Government, however, is obliged to point out emphatically to Your Excellency again that the Chinese military operations in Shanghai area are purely self defensive measures occasioned by the necessity of preventing the invasion and illegal attacks of Japanese forces. Under the present circumstances, the Chinese Government believes that the only way to prevent the recurrence of such unfortunate accidents is to cause the Japanese warships to withdraw from the Whangpoo River.

With regard to the suggestion of the Commander in Chief of the United States and other naval forces that the Chinese forces in Pootung be withdrawn, as set forth in Your Excellency's formal note under acknowledgment, the Chinese Government regrets that it can not give any consideration to the proposal until the Japanese warships withdraw from the Whangpoo River."

Sent to Department, repeated to Shanghai for Commander in Chief.

JOHNSON

393.1115/688 : Telegram

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

NANKING, September 10, 1937—5 p. m.

[Received September 10—10:21 a. m.]

636. Department's 222, September 8, 6 p. m. Reactions of Embassies to proposed international train from Hankow to Canton are as follows: British generally against evacuation, Hankow Consul General has full powers. French have practically no nationals wishing to evacuate and are not interested. Italian and German will cooperate.

2. My 607 [626[?]], September 8, 6 p. m.,¹⁶ was addressed to Hankow for action toward obtaining definite information regarding number of American citizens willing to evacuate by train.

Department's September 8, 6 p. m., and this reply have been repeated to Hankow, Peiping and Shanghai.

JOHNSON

793.94/10013 : Telegram

The Consul at Swatow (Ketcham) to the Secretary of State

SWATOW, September 10, 1937—5 p. m.

[Received September 10—2:09 p. m.]

Referring to my telegrams September 6, 8 and 9,¹⁷ describing shelling and bombing of Swatow and subsequent meeting of the Consular Corps, I feel that bombardment of city which contains nothing of military importance excepting for a few machine gun

¹⁶ Not printed.

¹⁷ None printed.

emplacements, constitutes a grave danger to American and other foreign lives and property to say nothing of Chinese civilian population which latter has already suffered considerable casualties. Japanese attacks were without warning and Mayor's office and police headquarters both purely civilian organizations situated in center of city were deliberately singled out for air bombing attacks and both were struck. American and foreign homes and business interests are scattered throughout the city particularly near the water front and any bombarding or shelling seriously endangers them. Standard Oil Company as reported in my telegram September 9 [8], 5 [3] p. m.¹⁸ received bomb and shell fragments in attack of September 8th and a devastating fire could easily have occurred. Two bombs struck within 2 or 3 hundred yards of Company's property. In view of the foregoing it is respectfully suggested that Department and Embassy may consider it desirable to protest against continued bombardment Swatow.

KETCHAM

811.79690 Pan American Airways/99 : Telegram

The Secretary of State to the Ambassador in Japan (Grew) ¹⁹

WASHINGTON, September 10, 1937—6 p. m.

198. Please inform the Japanese Government that Pan American Airways Company is continuing its operations between Manila and Macáu and Hong Kong as an integral part of the Trans-Pacific route which it now operates under the provisions of Foreign Airmail Contract No. 14 between that company and the United States Post Office Department. The type of aircraft used is the Sikorsky *S-428*, which is being prominently identified as an American aircraft by painting an American flag on both the upper and lower surfaces of the wing as well as upon the sides of the cabin.

HULL

393.115/56 : Telegram

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

TOKYO, September 11, 1937—noon.

[Received September 11—5:05 a. m.]

361. Department's 194, September 8, 7 p. m.,²⁰ access by businessmen to Northern District Shanghai.

¹⁸ Not printed.

¹⁹ A similar telegram, No. 229, was sent to the Ambassador in China at Nanking; and on November 3 the Department advised the Ambassador (telegram No. 338, 5 p. m.) of a change in plans, to be repeated to the Embassy in Japan (811.79690 Pan American Airways/99, 115).

²⁰ Not printed; it repeated Shanghai's No. 667, September 7, 8 p. m., p. 313, and instructed the Ambassador that after consultation with his interested colleagues he might, in his discretion, make an informal approach to the Japanese Government (393.115/55).

1. A member of my staff took up the matter with Yoshizawa²¹ at the Foreign Office yesterday morning, leaving an *aide-mémoire*.

2. My British colleague proposes to act along the same lines. My French colleague will act if he hears from his colleague at Nanking. My German colleague has already made an oral approach on the basis of instructions from Berlin previous to the receipt of my letter to him. My Italian colleague made an oral approach yesterday.

Repeated to Shanghai for relay to Nanking.

GREW

793.94/10016: Telegram

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

TOKYO, September 11, 1937—2 p. m.
[Received September 11—6: 50 a. m.]

362. Department's 190 [191], September 4, 4 p. m. and Embassy's 351, September 6, 7 p. m., withdrawal of military forces from certain areas in Shanghai.

I have today received a note in reply from the Foreign Minister which the Embassy translates as follows:

"No. 112, September 10, 1937. Excellency: I have the honor to acknowledge the receipt of Your Excellency's note No. 708 of September 6.

The Japanese Government is of the opinion that arrangements of the kind proposed require first of all practical study by officers on the spot. With regard to the present proposal a reply has been received from the officer in command of Japanese Naval Forces at Shanghai stating that he has already informed the senior officers of the American, French, and British Naval Forces at Shanghai to the effect that even though Japan and China should mutually withdraw their respective warships and troops from the areas specified, it is very likely that Chinese forces would launch attacks from points outside those areas, and in that event Japanese warships would inevitably be obliged to respond, thus endangering quarters where nationals of third countries are residing in the Concessions, although Japan desires to avoid that danger. It is therefore deemed imperative that all Chinese troops, including plainclothes corps, be withdrawn from the areas of Pootung and Nanshih (translator's note: character for south followed by character for city) which are within a 6 kilometre curve with Pootung Point as center, in which the right bank of the Whangpoo includes an area from the vicinity of the Haifeng (translator's note: character for calm followed by character for plenty) shipyard to the southern boundary of the French Concession. If such withdrawal be carried out, the Commander is ready to give consideration to cessation of bombardment of Pootung and Nanshih by Japanese war vessels from above section 7 of the river.

I avail myself, et cetera, Koki Hirota."

²¹ Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

Repeated to Shanghai for information of Commander-in-Chief and relay to Nanking.

GREW

393.1115/642 : Telegram

The Secretary of State to the Consul General at Tientsin (Caldwell)

WASHINGTON, September 11, 1937—3 p. m.

34. Your 37, September 9, 3 p. m. The Department in formulating its instruction regarding the withdrawal of American citizens from China considered the situation in China as a whole with the exception of certain consular districts to which the instruction appeared wholly inapplicable. It is realized that there are differences in the relative degree of insecurity existing in various localities in China but it would obviously have been impossible for the Department to particularize as to the relative urgency as between one locality and another of effecting the withdrawal of Americans. The Department has given careful consideration to your estimate of the present degree of security at Tientsin; but, without taking issue with that estimate, feels that there is none the less a risk of the situation developing in such a way that Americans may be placed in peril at a time when means of evacuation could not be made available as they can at present. The Department desires that the Consulate General quietly bring to the attention of American citizens at Tientsin a general estimate of the situation as outlined in the Department's 206, September 2, 6 p. m., to Nanking, taking into account not only immediate circumstances but also probabilities over a period of months, and pointing out that the American Government in a desire to fulfill its responsibilities toward American citizens feels that it should bring the situation to the attention of American citizens. The Consulate General should point out also that the danger may increase and that it cannot be guaranteed that existing opportunities for evacuation will continue indefinitely; but that such decision as American citizens may make must, of course, be on their own responsibility.

HULL

393.1115/619 : Telegram

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

WASHINGTON, September 11, 1937—4 p. m.

233. Your 604, September 5, 11 a. m.,²² and other telegrams relating to problems of evacuation as involving missionaries and missionary organizations.

²² Not printed.

Department has had comprehensive conference with the Secretary of the International Missionary Council and has received lengthy statement signed by members of several missionary boards, on the basis of which the Missionary Council is sending out copies of a letter supplied by the Department together with suggestions and advice by the Council. It is believed that this action will go far toward meeting the problems mentioned in paragraph 7 of your telegram expressly under reference.

HULL

793.94/10030 : Telegram

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

SHANGHAI, September 11, 1937—5 p. m.

[Received September 11—2:35 p. m.]

689. Japanese early this morning launched heavy attack under cover of artillery barrage along the Lotien-Woosung front with apparent intention of forcing Chinese withdrawal from the civic center and Kiangwan area. Japanese reports of commencement of general Chinese withdrawal are not confirmed. Japanese are landing additional troops, artillery and supplies almost continuously.

Japanese naval vessels in Shanghai harbor subjected wide areas of Pootung to extremely heavy bombardment yesterday in an attempt to silence fire from Chinese batteries and snipers. Action not successful. Japanese aeroplanes continue very active around Shanghai and have been systematically and indiscriminately bombing communications leading into the interior. Chinese planes continue to make nightly raids on Japanese war vessels and military positions but without much effect.

Shells and bullets continue to fall in the Settlement and French Concession with resulting daily casualties. Seven Japanese shells fell on the 9th in the American Marine sector; the Japanese expressed regret.

GAUSS

793.94/10031 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy) ²³

[SHANGHAI,] September 11, 1937—11:45 p. m.

[Received September 11—3:27 p. m.]

0111. Following is translation letter dated 10, September from Admiral Hasegawa, Commander-in-Chief Imperial Japanese Third

²³ Copy transmitted to the Department by the Navy Department.

Fleet, addressed to Commanders-in-Chief American, British, French, and officer commanding Italian Naval Forces Far East :

“H. I. J. M. S. *Idzumo*, Flagship, Imperial Third Fleet. My Dear Admirals: I have the honour to acknowledge the receipt of your letter of the 6th instant in which you raised certain questions as to my views contained in my letter of September 5 regarding the proposed withdrawal of the Japanese and Chinese forces from Pootung area. In regard to the first point raised in your observations, I should like to point out that, in the first place to withdraw my naval forces from the present positions will impede the satisfactory performance of the duties of the Japanese Navy in that it will make it extremely difficult to afford adequate protection to the International Settlement north of Soochow Creek where the Japanese Consulate General and the principal residential quarters of the Japanese are located and that secondly ships as are situated at present cannot be blamed for the fact that on September 3 shells fell within the International Settlement but rather poor marksmanship of the Chinese or possibly their deliberate intention might well be regarded to be responsible for it. I am inclined to believe that past experience shows that the safety of the International Settlement south of Soochow Creek as well as the French Concession cannot be assured unless the Chinese forces are withdrawn from areas of considerable large extent.

In regard to the second point raised in your observation I should like to state that in the first place in order to assure the safety of the Settlement and the Concession it will be necessary for the Chinese forces to withdraw from area larger in extent than was specified in your original proposal and at least as extensive as was mentioned in my proposal because the Chinese or rather their intention might be taken into account and that deliberate intention might be taken into account²⁴ and that in the second place if such an inextensive area as was proposed by you is set for the withdrawal of the Japanese and Chinese forces there may arise the necessity for my ship to shell from points down river the Chinese troops situated just outside the said area and a situation may arise therefrom that our forces are unable to assure the safety of the International Settlement and the French Concession.

Under the circumstances I am constrained to think that the objects envisaged in your communication cannot be attained under the conditions as specified in your proposal.”

793.94/10029 : Telegram

The Consul General at Canton (Linnell) to the Secretary of State

CANTON, September 12, 1937—8 p. m.
[Received September 12—12:45 p. m.]

Japanese aeroplanes raiding Waichow this morning dropped six bombs inside compound of Seventh Day Adventist Hospital, blowing off roof of hospital and one residence, only American, P. V.

²⁴ Sentence apparently garbled at this point.

Thomas, uninjured; wife of Chinese doctor and nurse seriously injured. Mail copy to Hong Kong.

LINNELL

393.1115/744-5 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)²⁵

[SHANGHAI,] September 12, 1937—11 p. m.

[Received September 12—9:13 p. m.]

0012. Present plan of evacuation provides for removal of nationals including naval dependents from Tsingtao, Chefoo and Shanghai first in priority using *Gold Star*, *Chaumont* and *Canopus*. *Chaumont* will leave Chefoo 26 September, stop at Tsingtao, Woosung and Hong Kong, arrive Manila 6 October and then be ready for another cruise beginning at northern ports. *Canopus* leave Tsingtao 20 September, arrive Manila 25 September, then ready for another cruise. Believe that by the end of October all nationals who now desire to leave China can be taken to Manila on naval transports. Second schedule will be arranged to take nationals to Kobe who desire to go there instead of Manila.

Due crowded conditions Hong Kong none can be landed there. Manila also crowded but is only port available. If Government contemplates transporting nationals from China and Manila to United States, Army transports and chartered vessels will be necessary.

393.1115/739 : Telegram

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

SHANGHAI, September 13, 1937—noon.

[Received September 13—7 a. m.]

693. During a visit from Japanese Consul General this morning he informed me he had learned of proposals to evacuate Americans from Hankow by Canton-Hankow Railway, that the Japanese Navy does not wish to give any appearance of blocking egress of foreigners from interior and are agreeable to proposal, and that if proposal is carried out he hopes we will give him advance notice so that Japanese naval authorities can be informed. He added, however, that it is the hope that if this route is to be followed the evacuation will be carried out as soon as possible as the railway is known to be moving Chinese troops and military supplies.

Sent to Nanking, repeated to the Department and Hankow.

GAUSS

²⁵ Copy transmitted to the Department by the Navy Department.

393.1115/741 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)²⁶

[SHANGHAI,] September 13, 1937—1:34 p. m.

[Received September 13—7 a. m.]

1113. American nationals evacuated to date: Shanghai 1753; Peiping-Tsinan area 261; Chefoo-Tsingtao area 114; Yangtze River ports and interior 84; Foochow-Amoy-Swatow 4; Kwangtung-Kwangsi-Kweichow Provinces, Hainan Island 132. American nationals remaining: Shanghai 2505; Peiping-Tsinan area 1501; Chefoo-Tsingtao area 1675; Yangtze River ports and interior 1204; Foochow-Amoy-Swatow 280; Kwangtung-Kwangsi-Kweichow Provinces, Hainan Island 624; total evacuated to date 2348; total remaining 7789. Report includes civilians and Army, Navy, Marine dependents, above figures believed as close approximation as possible to obtain. There is considerable movement of nationals from port to port of which no report is received, this accounts for discrepancies.

393.1115/767 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)²⁶

[SHANGHAI,] September 13, 1937—5:30 p. m.

[Received September 13—1:55 p. m.]

0013. To enable largest possible number nationals to evacuate China ports via *Canopus*, *Chawmont* and *Gold Star* all officers' dependents proceeding United States will be left in northern ports, *Canopus* will return to northern ports via Hong Kong and Woosung, then proceed Kobe with these dependents proceeding United States commercially. *Canopus* will then return Manila via China ports evacuating nationals as necessary.

393.1115/796 : Telegram

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

WASHINGTON, September 13, 1937—7 p. m.

236. Your 636, September 10, 5 p. m., in regard to train from Hankow to Canton to evacuate foreigners and Shanghai's 693, September 13, noon.

Today the Counselor of the Japanese Embassy in conversation with an officer of the Department stated that the Japanese Embassy had last night received a telegram from Tokyo stating that, if arrangements

²⁶ Copy transmitted to the Department by the Navy Department.

could be made for a train carrying exclusively American and other foreign refugees from Hankow to Canton, the Japanese Government would be willing to undertake not to bomb the train or the tracks. The Counselor stated further that the Japanese Government desired to be notified of the date and hour on which the train would leave Hankow and that his Government also desired that the train be clearly marked.

Repeated to Tokyo.

HULL

393.1115/816 : Telegram

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

NANKING, September 14, 1937—3 p. m.

[Received September 14—2:04 p. m.]

654. Embassy and Consulates have been doing everything possible to urge American citizens now in China to leave the country. Means to that end, however, are becoming more uncertain every day. The port of Haichow is closed. Access to Shanghai by road is too dangerous. Route to Tientsin still open. Japanese activities at Bias Bay (Hong Kong's September 12, noon²⁸) and in Pearl River and statement made by Japanese Consul to Gauss reported in Shanghai's September 13, noon, raise doubt as to certainty of Hankow-Canton route remaining open much longer. Plan for an international train from Hankow to Canton has been abandoned because of lack of equipment and Hankow is using accommodations on regular trains as those trains become available. I am not at all confident that it is going to be possible for us to evacuate Americans still remaining at interior points and I anticipate the time when we will have to inform Americans that it may be better for them to remain at their stations except where driven out by actual hostilities than for them to congregate at places like Hankow or Canton whence it will no longer be possible safely to send [shipping?].

Repeated to Peiping.

JOHNSON

393.115 Standard Vacuum Oil Company/4 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, September 14, 1937—4 p. m.

[Received September 14—10:25 a. m.]

With reference to my telegram of September 11, 5 p. m.,²⁸ junks destroyed by Japanese warship carried no oil. However, shipment

²⁸ Not printed.

of American oil on 5 junks arrived safely with exception of 114 cases of kerosene which were confiscated by a Japanese warship.

Repeated to Nanking, Peiping.

SOKOBIN

124.93/354 : Telegram

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

NANKING, September 14, 1937—5 p. m.

[Received September 14—12:35 p. m.]

656. The Embassy is informed, and I am strongly inclined to believe, that the Government is determined to remain indefinitely in Nanking. I conceive the duty of the Embassy to be to keep uninterrupted contact with the Government and to maintain oversight of the thousands of American citizens who cannot be evacuated. Contact with the Government is most important because of the political effect and because it is essential to the performance of the Embassy's duties. A probability is therefore that the Embassy can and will remain indefinitely in Nanking.

In view, however, of the possibility that a situation might develop making it advisable to evacuate the buildings in the city I would be grateful if the Department would authorize me to make [*investigate?*] the possibility of chartering a vessel such as one of the Standard Oil river boats whereon Embassy might establish an office at least temporarily and still remain in contact with Chinese Government ashore. British maintain naval vessel with vacant Admiral's staff quarters for possible use of their Embassy offices. French have similar accommodations. Our river gunboats, of which there are two here, have insufficient accommodations except for emergency evacuation elsewhere. I have no intention of evacuating offices unless remaining in them would endanger lives of staff.

JOHNSON

393.1115/793 : Telegram

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

WASHINGTON, September 14, 1937—8 p. m.

207. Department's 202, September 13, 7 p. m.²⁹ The following telegram has been received from Hankow :

"September 14, 4 p. m. My September 10, 5 p. m., and Embassy's September 12, 11 a. m.,³⁰ regarding special train to Canton. Re-

²⁹ Not printed.

³⁰ Neither printed.

sponses received are 28 Americans from Kuling, 10 from Hankow and 8 from Kikungshan. I saw responsible official Canton-Hankow Railway this morning who stated that owing to lack of equipment it would be impossible to run special train. I have therefore taken 20 places each for Americans on regular trains leaving Hankow on September 20th, 22d and 24th. Sent to Nanking. Repeated to Department, Peiping, Shanghai, Canton."

The Department desires that you promptly communicate to the Japanese Foreign Office the information contained in Hankow's telegram and request that the information be brought at once to the attention of the appropriate Japanese military authorities. Please impress upon the Foreign Office the urgency and importance that the responsible Japanese military authorities be directed to exercise every precaution to the end that the route and trains by which American citizens evacuate from Hankow via Canton shall not be subjected to air bombing or to any other form of military action which might endanger the lives of those Americans.

HULL

498.11/2062

The Department of State to the British Embassy

AIDE-MÉMOIRE

With reference to the British Embassy's *aide-mémoire* of September 3, 1937,³¹ regarding the preparation and presentation of claims growing out of the present Sino-Japanese hostilities, the Secretary of State expresses appreciation of the courtesy of the British Government in making known its views on the subject.

While the Government of the United States has not undertaken, in the instructions sent to its officials in China, to classify into categories the claims that may result from the present Sino-Japanese conflict as is done in the Embassy's *aide-mémoire*, its views, from the standpoint of the legal liability of the Chinese and Japanese Governments, are in general accord with those stated by the British Government.

It is considered that legal liability clearly exists with respect to claims falling within the classes indicated under paragraph 2 (a) and (b) and paragraph 6 (b) of the Embassy's *aide-mémoire*.

As to claims of the character indicated in paragraphs 2 (c) and 6 (a), it is felt that, while such claims would not be sustainable against belligerent governments, inasmuch as the Japanese and Chinese Governments have not seen fit to assume a rôle as belligerents, they as a matter of law are not entitled to the benefits of such a status. Although the Government of the United States has not had occasion to announce its position with respect to this category of claims, it is

³¹ Not printed; see footnote 79a, p. 286.

inclined to agree with the British Government that as a practical matter there will be little hope of recovery on such claims unless there should be a general lump sum settlement of all claims making it possible to include them in the settlement and distribution.

On August 26 the American Embassies at Nanking and Tokyo, respectively, were instructed to inform the Chinese and Japanese Governments that the Government of the United States reserved "all rights on its behalf and on behalf of American nationals in respect of damages to or loss of American property or on account of death or injuries sustained by American nationals as a result of the activities of . . .³² armed forces in the course of or incident to military operations now in progress in China". On the same date the American Embassy at Nanking was instructed to notify American nationals and firms in China regarding the steps to be taken by them in obtaining and making of record evidence of losses and damages. They were to be informed that they should file with the American Consulate sworn inventories of property, and the best possible evidence as to the exact location, quantity, and value of destroyed, looted, abandoned, or occupied property for which they might desire indemnity; that they should obtain sworn statements of eye witnesses of the destruction, looting, or forced abandonment, or occupation of property, and that special effort should be made to identify the persons or forces occupying or responsible for the losses or damages; that where any property is taken over under requisition by either Japanese or Chinese authorities, requisition receipts should be obtained, if possible; and that, in personal injury or death cases, evidence should be obtained, if available, as to the identity of the persons or forces that caused the injury or death.

The Government of the United States is thoroughly in accord with the view of the British Government that protests should be made with respect to incidents falling under categories (a) and (b) of paragraph 2 and under paragraph 7 of the *aide-mémoire*.

WASHINGTON, September 15, 1937.

793.94/10087 : Telegram

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

SHANGHAI, September 15, 1937—2 p. m.

[Received September 16—2:30 a. m.]

711. Following communication has today been addressed *mutatis mutandis* to the Commander in Chief Japanese Third Fleet and to Mayor of Greater Shanghai by American, British, French, Italian and Netherlands Naval Commanders at Shanghai:

³² Omission indicated in the original *aide-mémoire*.

"For the past month the population of the International Settlement south of Soochow Creek and the French Concession have been subjected to the dangers of anti-aircraft fire and many people have been killed and wounded. This danger is brought about by the planes of both of the opposing forces flying over or very close to the International Settlement. Under such circumstances it is inevitable that a large amount of the anti-aircraft missiles land in the Settlement with the resultant killing and wounding of large numbers of non-combatants who are taking no part in this unhappy strife. We request and urge that steps be taken by those in command of the Japanese (Chinese) forces to prevent their planes from flying over or near the International Settlement, and to direct their anti-aircraft fire in such a manner as to avoid killing of innocent non-combatants. Similar representations are being made to the Japanese (Chinese) authorities."

The texts are being released to the press.

Sent to Department; repeated to Nanking and Tokyo.

GAUSS

393.1115/838: Telegram

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

NANKING, September 15, 1937—5 p. m.

[Received September 15—10:55 a. m.]

662. Your [*Shanghai's*] 793 [693], September 13, noon. Please inform Japanese Consul when giving him information contained in Hankow's September 14, 4 p. m.,³³ that Hankow will continue to send American citizens on down trains of Canton-Hankow line and that it is our hope that Japanese will do nothing to make this impossible.

Sent to Shanghai, Hankow.

JOHNSON

393.1115/875: Telegram

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

TOKYO, September 16, 1937—5 p. m.

[Received September 16—9:15 a. m.]

377. Embassy's 375, September 16, 11 a. m.,³⁴ evacuation of Americans from Hankow. The following telegram has been sent to Shanghai:

"September 16, 5 p. m., our September 16, 11 a. m. The Foreign Office informs us that the Navy Department has agreed to take no action against trains leaving Hankow with American refugees on September 20, 22 and 24, but that such undertaking will not hold with

³³ Quoted in Department's telegram No. 207, September 14, 8 p. m., p. 327.

³⁴ Not printed.

regard to operations which may be contemplated at any point between Canton and Hankow after midnight of the 24th. The Foreign Office suggests, therefore, that in view of probable delays in departure from Hankow and en route all Americans planning to leave on the 24th make arrangements to leave Hankow on the September 22 train.

2. The Navy Department undertaking is not contingent upon having information with regard to exact time of departure of trains from Hankow. The Foreign Office believes, however, that such information would be helpful.

Please rush relay to Hankow.[³⁵]

Repeated to Department.

GREW

393.1115/867 : Telegram

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

TOKYO, September 16, 1937—6 p. m.
[Received September 16—7:52 a. m.]

378. Following telegram has been sent to Shanghai:

"September 16, 5 p. m. Your 703, September 14, 3 p. m., to the Department.³⁵ Evacuation from Mokanshan. Following memorandum has been received today from the Foreign Office:

"The Imperial Government has completed necessary arrangements to safeguard about 150 American nationals now at Mokanshan near Hangchow, Chekiang Province, who will leave overland for Ningpo on September 22 and are due to arrive at Shanghai on September 23 on the British steamer *Hsin Peking*."

Repeated to Department."

GREW

393.115/61 : Telegram

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

SHANGHAI, September 16, 1937—6 p. m.
[Received September 16—5:42 p. m.]

718. Reference my No. 667, September 7, 8 p. m. and Tokyo's No. 361, September 11, noon. There has been little if any improvement in situation regarding facilities to American businessmen to have access to their property and to remove cargo from the Northern District. Foreign residents are now being given passes to enter the area and remove bedding and clothing but nothing more.

2. General Chamber of Commerce has made representations on the subject to the Consular Body which is again urging the matter on the Japanese Consul General.

³⁵ Not printed.

3. Shanghai Municipal Council is experiencing greatest difficulty in endeavoring to move food supplies from the Northern District. These supplies are needed by both foreign and Chinese population. It was intimated to the Council last evening that removal of food supplies for Chinese population would not be permitted. One-third of the rice supply needed for Chinese population is now stored in the northern area. A food shortage is likely to lead to a serious situation amongst the over-crowded and heavily increased Chinese population of the foreign areas. There is little if any chance of any such supplies reaching the Chinese Army. It is believed that the attitude above indicated has been dictated by the Japanese military.

4. At a meeting this afternoon of the American and British members of the Municipal Council, the American and British Admirals, and the American and British Consuls General, it was agreed that action should be taken to urge upon the Japanese authorities the right of foreign nationals to have reasonable access to their property and to remove cargo and supplies from the Northern District.

5. While the matter here is handled by the Japanese Consul General who is believed to be well disposed, he is of course under direction of the Japanese military and naval authorities and can divulge only what they permit him to do.

Repeated to Department. Repeated to Nanking and Tokyo.

GAUSS

124.93/354 : Telegram

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

WASHINGTON, September 16, 1937—7 p. m.

241. Your 656, September 14, 5 p. m. Department authorizes you to investigate the possibility of chartering a vessel. However, the Department raises for consideration the question whether, in case a situation should develop so fraught with danger as to cause evacuation of the Embassy buildings, it would be wise for the personnel of the Embassy to remain in the immediate neighborhood on a commercial vessel anchored in the river. In such a contingency it would seem to the Department that the Embassy personnel should seek refuge on the two American gunboats now stationed at Nanking which would afford a greater degree of safety than a merchant vessel, or should withdraw from Nanking.

The Department would wish, before the Embassy should charter a vessel, to be informed of the probable cost which would be incurred in so doing.

HULL

393.1115/910 : Telegram

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

NANKING, September 17, 1937—noon.

[Received September 17—6:50 a. m.]

670. Your September 16, 11 a. m.³⁶ Please relay following to Embassy at Tokyo.

“Your September 16, 5 p. m. Limitation as to time placed by Japanese Foreign Office would practically mean protection withdrawn from train leaving Hankow on 24th. I understand that accommodations due to limited rolling stock are such that passengers previously provided for on train leaving 24th could not be accommodated on train leaving the 22nd. In any case these down bound trains carrying passengers should be immune from attack. I wonder whether these considerations could not be brought to attention of Foreign Office.”

Sent to Shanghai. Repeated to the Department and Hankow.

JOHNSON

393.1115/931 : Telegram

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

NANKING, September 17, 1937—3 p. m.

[Received September 17—1 p. m.]

672. Department's telegram No. 233, September 11, 4 p. m. An officer of the Embassy has received a letter from a medical missionary in the field pointing out that while the International Missionary Council is widely representative, it has no actual authority over mission boards or their missionaries. He suggests that a letter be addressed directly to the various boards stating that the Department hesitates to go over the heads of the mission boards in taking the drastic step of telling missionaries to leave China and that it desires the individual boards to write their field staffs instructing them to evacuate in accordance with consular advice. This missionary states that several of his colleagues with whom he has discussed the matter agree that this method may be more effective in obtaining the evacuation of missionaries than merely working through the International Missionary Council.

JOHNSON

³⁶ Not found in Department files.

393.1163 Seventh Day Adventist/39 : Telegram

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

Tokyo, September 17, 1937—5 p. m.

[Received September 17—7:28 a. m.]

381. Department's 210, September 16, 5 p. m.⁸⁷ I called on the Minister for Foreign Affairs at his official residence this afternoon and while reading and leaving with him our note I discussed the deplorable details and aspects of the bombing of the American Missionary Hospital at Waichow by Japanese planes from the point of view of law and humanity. I spoke to the Minister of the seriously adverse impression which such incidents created not only on my Government but on the American public and I said I feared that the Japanese military and naval forces in China were doing their best to undo the work which he and I had been endeavoring to accomplish during the past few years. The Minister said he knew nothing about the incident or even of the locality mentioned but that he would take the matter up with the proper authorities. I asked him if I might inform my Government that he would urge those authorities to avoid similar incidents in future. He replied in the affirmative.

Repeated to Shanghai for relay to Nanking.

GREW

393.115/62 : Telegram

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

Tokyo, September 17, 1937—6 p. m.

[Received September 17—7:55 a. m.]

382. Shanghai's 718, September 16, 6 p. m. During my call this afternoon on the Minister for Foreign Affairs (see our 381, September 17, 5 p. m.) I took occasion again to urge emphatically the importance of the Japanese authorities at Shanghai being directed to respect the right of American nationals to have reasonable access to their property and to remove cargo and supplies from the Northern District of Shanghai. I left with the Minister an *aide-mémoire* covering the substance of Shanghai's telegram.

Repeated to Shanghai.

GREW

⁸⁷ Not printed; it instructed the Ambassador to deliver the note of September 17, 1937, printed in *Foreign Relations, Japan, 1931-1941*, vol. I, p. 498.

393.1115/957 : Telegram

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

NANKING, September 18, 1937—11 a. m.

[Received September 18—7:05 a. m.]

674. I have received following from the Commander in Chief:

“0017. There are recent indications that our nationals are returning to China from other countries. Should this practice continue and spread, the problem of evacuating will of course be difficult if not impossible. Do you consider it possible to prevent this procedure, 2140.”

I do not know how this can be stopped except by refusing passports to persons desiring to leave the United States. Where Americans are residing abroad and in possession of valid passports they cannot be stopped.

Sent to Cinc. Repeated to Shanghai and Department.

JOHNSON

393.1115/965 : Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, September 18, 1937—noon.

[Received September 18—7:05 a. m.]

It is now 3 weeks since on the Embassy's instructions I sent my first warning to Americans in this Consular District advising them to withdraw from China. Since then that advice has been reiterated in two circulars and in many letters and personal interviews. Results are negligible.

2. The Americans to whom this advice has been tendered are not casual visitors free of [to] concern themselves entirely with their own welfare. They are missionaries and merchants charged with duties and entrusted with the care of interests and property for which they are responsible to supervisors [*superiors?*] in China and the United States and true [*ultimately*] to many thousands of supporters and stockholders at home. They cannot leave their posts, abandon the interests and property of their principals, and withdraw from the country without the sanction of those who are charged with the management of the affairs of the company or mission concerned.

3. Most of this Consular District, which stretches from Kiukiang on the lower Yangtze to Kashgar in Central Asia, is friendly [*remote*] and much of it will probably remain remote from the scene of conflict. The interior is quiet. Not for many years has China been so united or so anxious for the friendship of the United States and Western

nations. Prolongation of the struggle may breed internal disorder and anti-foreignism but these have not yet developed and the possibility of their doing so, even when coupled with the possibility of egress from China being eventually cut off, is not enough to persuade our nationals, who are accustomed to dangers and difficulties, to leave the country.

4. Our warning to all Americans to leave the country conveys an impression of indifference to our rights and interests that can serve us but ill. The implied assumption that China cannot protect our nationals is a blow to China's friendship. Premature and wholesale evacuation of our people and abandonment of our interests will encourage further aggression against China and against our rights and property in China. No such step has yet been taken or advised [by] any other government.

5. The advice which we have been instructed to give will not be widely heeded if conditions remain as they are at present. I believe it is wise to recognize this and to direct our efforts toward accomplishing what can readily be achieved in the present circumstances and temper of our people here. I have suggested to the representatives of several missionary societies the possibility of reducing their personnel in this country and putting their establishments on an emergency basis. As practical steps in this direction I have suggested that they obtain the sanction of their boards for the immediate evacuation at the mission's expense of all dependent women and children and of all workers who will be due for furlough or retirement within the next 12 months. These suggestions have been well received and a number of missions have taken steps to implement them. If generally adopted, they should reduce materially the number of Americans in this country without involving a complete abandonment of American interests, enterprise and property, remove those who in an emergency would be most difficult to care for, bring about the withdrawal of more Americans than are at present willing to take part in a general evacuation, and enable us to conserve and protect our long established rights and interests in China.

Sent to the Department, Peiping, Shanghai, Tientsin and Canton; by air mail to Nanking.

JOSSELYN

893.115/64 : Telegram

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

SHANGHAI, September 18, 1937—4 p. m.

[Received September 18—11:20 a. m.]

723. Reference my number 718 of September 16, 6 p. m. American and British Commanders-in-Chief yesterday saw the Japanese Ad-

miral who stated that question of removal of foodstuffs and cargo from area north of the creek is being hampered by Japanese Consul General. The two Commanders-in-Chief accompanied by American and British Consuls General this morning saw the Japanese Consul General who stated that matter is being studied and he hopes within a few days to find a solution and he will do his best. It was developed, however, that he is not a free agent but is under direction of military and naval authorities. Attempt to obtain appointment with General Matsui the Japanese Military Commander met with response that it would be difficult to arrange as he is somewhere in the rear near Woosung. As to foodstuffs for the Chinese population the Japanese Consul General stated that the aims of the Japanese Government are not directed against the Chinese people, but he admitted that as to rice supplies the Japanese military and naval authorities fear they might reach the Chinese forces although it was pointed out that this is practically impossible. The right of foreign businessmen to have access to their properties and to remove cargo was also stressed. Japanese Consul General admitted that the only problems there are safety of the areas and confusion resulting from numerous foreigners entering the areas. He stated this matter is also being "studied".

2. We do not feel that much has been accomplished except to impress upon Japanese authorities our insisting upon reasonable and early facilities. I hope that the representations being made at Tokyo may assist to that end.

Sent to the Department, repeated to Tokyo and Nanking.

GAUSS

793.94/10127 : Telegram

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

SHANGHAI, September 18, 1937—8 p. m.

[Received September 18—10:21 a. m.]

726. As the Japanese Consul General was leaving my office this evening he told me quietly that he was very much worried about safety at Nanking and that perhaps he would be coming to see me in a few days.

Sent to the Department; repeated to Nanking.

GAUSS

793.94/10089 : Telegram

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

WASHINGTON, September 18, 1937—5 p. m.

215. Your 379, September 16, 7 p. m.⁸⁸ The Department has received in strict confidence an intimation from a reliable source that the Japa-

⁸⁸ Vol. III, p. 530.

nese may be contemplating action soon which might seriously affect safety at Nanking.

The Department desires that you have this possibility in mind in emphasizing to the Foreign Office, as on your own initiative and as opportunity presents itself, the importance of there being avoided any Japanese bombing or other military operations at Nanking which would imperil the safety of the American Embassy and American nationals.³⁹

HULL

393.1115/939 : Telegram

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

WASHINGTON, September 18, 1937—6 p. m.

216. Your 377, September 16, 5 p. m., 384, September 18, noon, and 386, September 18, 1 p. m.⁴⁰ Please at once again point out to the Japanese Foreign Office that American citizens are withdrawing from Hankow by train via Canton on September 24, as well as on September 20 and 22; that it is obviously impossible for those Americans withdrawing on the train leaving Hankow on the 24th to reach their destination by "midnight on the 24th"; and that this Government emphatically urges that the Japanese Government direct the responsible Japanese military authorities to exercise every precaution to the end that the lives of Americans withdrawing from Hankow via Canton by train shall not be endangered by Japanese military action. You may in your discretion also point out that this Government perceives no military necessity for attacks on southbound trains from Hankow to Canton which are providing means for foreigners and other non-combatants to withdraw from China.

HULL

393.1115/931 : Telegram

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

WASHINGTON, September 18, 1937—7 p. m.

249. Your 672, September 17, 3 p. m., and supplementing Department's 217, September 6, 4 p. m., and 233, September 11, 4 p. m. The Department has been informed that copies of its letter addressed to

³⁹ Further instructions were sent in telegram No. 217, September 19, 2 p. m., to use Shanghai's telegram No. 728, September 19, 1 p. m. (*Foreign Relations, Japan, 1931-1941, vol. I, p. 499*), "as basis for immediate representations in regard to the safety of the American Embassy and American nationals at Nanking" and to inform Ambassador Grew's interested colleagues.

⁴⁰ Telegrams Nos. 384 and 386 not printed.

the International Missionary Council in regard to evacuation have been communicated to all Protestant mission organizations in the United States having missionaries in China; that there was held in New York on September 8 a meeting of the representatives of mission boards having headquarters in New York, including a representative of the American Board, of Boston, at which meeting this matter was considered; and that a statement representing the consensus of judgment of those present was prepared and sent to all mission organizations in the United States. The Department therefore feels that the matter of evacuation has been placed before all mission organizations and that at this time no further action on the Department's part is necessary.

According to the tenor of messages which have been received from mission boards for transmission by the Department to their organizations in China, it is noted that the mission boards are taking action in general along lines suggested by the Department.

HULL

393.1163 Seventh Day Adventist/41: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁴¹

[SHANGHAI,] September 18, 1937—9:30 p. m.

[Received September 18—6:54 p. m.]

0018. Following letter received from Vice Admiral Hasegawa dated 18, September, 1937:

"My dear Admiral Yarnell: I have the honor to acknowledge receipt of your letter of the 15th instant concerning the air raid on the American Hospital at Huiyang [*Waichow*].

Investigations made in this matter have revealed that three aeroplanes of the Imperial Japanese Navy, on the morning of the 12th September, 1937, made a flight with the object of bombarding the wireless station of the Chinese Navy at Huiyang and raided a building with two wireless poles there.

As you may be aware, the Imperial Japanese Navy, in conducting aerial bombardment, select solely as their objectives military establishments, while doing their utmost to safeguard the interests of third powers, particularly life and property of noncombatants.

According to a report submitted to me by the aviators concerned, they made a scouting flight once over the town but not finding any such structure as might be taken for a wireless station except the building above mentioned, they further made a circuitous flight over the said building. They confirmed that there was no mark, nor any national flag on that building, and so they carried out a raid thereon.

⁴¹ Copy transmitted to the Department by the Navy Department.

They report that when raiding the said building, they were fired upon from the sector nearby.

Such being the truth of the case, I should think that this aerial bombardment may possibly have given rise to the incident as mentioned in your letter. I consider it most unfortunate that a few noncombatants were more or less seriously wounded and the hospital building was badly damaged as the result of the attack, for which I have to express my profound regret.

I wish to inform you that I will do my utmost to avoid the repetition of incidents of this nature in the future so as to comply with your request.

I shall be gratified if you will be so good as to furnish me with information as to the whereabouts of the American property and to induce the American citizens [to] put up distinct marks, clearly visible from the air, upon their property and buildings.

I am, yours sincerely, K. Hasegawa, Vice Admiral, Commdr-in-Chief Imperial Japanese Third Fleet."

793.94/10141 : Telegram

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

WASHINGTON, September 19, 1937—2 p. m.

250. Department has repeated Shanghai's 728, September 19, 1 p. m.⁴² to Tokyo with request that Ambassador make immediate representations in regard to the safety of the American Embassy and American nationals at Nanking.⁴³

HULL

393.1115/977 : Telegram

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

SHANGHAI, September 19, 1937—7 p. m.

[Received September 19—2 : 15 p. m.]

729. A naval message which I have asked the flagship to repeat to you directly reports that the ship boats from the destroyer which arrived off Haichow this morning were driven off by Chinese rifle fire; that Dr. Reed, American missionary who accompanied destroyer, was later able to land in Chinese merchant tug to arrange evacuation; that about 19 refugees were expected from Haichow about 3 o'clock this afternoon; that at 5 o'clock they had not appeared and no word had been received from Dr. Reed. The destroyer is remaining off port to await further word.⁴⁴ I cannot but protest against the irre-

⁴² *Foreign Relations, Japan, 1931-1941, vol. 1, p. 499.*

⁴³ For report of representations, see memorandum by the Ambassador in Japan, September 20, *ibid.*, p. 500.

⁴⁴ The Consul General at Shanghai in his telegram No. 730, September 19, 10 p. m., reported all refugees on board the destroyer proceeding to Tsingtao (393.1115/976).

sponsible manner in which the Chinese authorities regard their obligation toward neutrals after full notification of the purposes of the visit of the American destroyer had been given through the Embassy. I request that representations be made to the Foreign Office for the protection of the Americans at Haichow and for their safe evacuation to the American destroyer standing off that port. The firing on the ship's crew in my opinion is inexcusable and suitable amends should be forthcoming.

Sent to Nanking. Repeated to Department.

GAUSS

393.115 Standard Vacuum Oil Company/5: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*⁴⁵

[SHANGHAI,] September 19, 1937—8:15 p. m.

[Received September 19—10:27 a. m.]

0019. During air raids by Chinese planes evening 18 September five incendiary and one fragmentation bomb were dropped inside compound Standard Vacuum Oil Company at Pootung.⁴⁶ Three oil tanks were pierced, one godown set afire, another godown badly damaged and four company employees slightly injured. This compound and the destroyer alongside the company dock are plainly marked with United States colors both day and night. Request that this be brought [to] attention Chinese authorities with request that Chinese planes be directed exercise greater care refrain from dropping bombs U. S. property.

793.94/10139: Telegram

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

NANKING, September 19, 1937—11 p. m.

[Received September 19—2:15 p. m.]

687. Warning of Japanese authorities is being communicated to American citizens in Nanking.^{46a} Short time remaining before September 21, noon will not permit of measures to enforce safety of American Government quarter. While I am reluctant to face interruption to contact with Chinese Government and to abandon public and private property in the Embassy, I shall, unless otherwise in-

⁴⁵ Copy transmitted to the Department by the Navy Department.

⁴⁶ See also telegram No. 738, September 20, 11 p. m., from the Consul General at Shanghai, p. 345.

^{46a} See telegram No. 728, September 19, 1 p. m., from the Consul General at Shanghai, *Foreign Relations, Japan, 1931-1941*, p. 499.

structed, endeavor to take refuge with my staff on the U.S.S. *Luzon* before the hour set. I request Department ascertain earliest date on which I may return to resume my duties which for the time being must obviously be largely discontinued.

JOHNSON

393.1115/983 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*⁴⁷

[SHANGHAI,] September 20, 1937—9:15 a. m.

[Received September 20—7:30 a. m.]

0020. Am advising Admiral Hasegawa that our naval vessels will remain Nanking as long as any of our nationals are in the city and warning him to advise his aviators accordingly.

124.93/357a : Telegram

The Acting Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, September 20, 1937—10 a. m.

251. Your 687, September 19, 11 p. m. Department leaves entirely to your discretion the taking of precautionary measures, including withdrawal of yourself and staff from the Embassy quarters. Department approves the course outlined in your telegram under reference.

MOORE

793.94/10146 : Telegram

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

SHANGHAI, September 20, 1937—11 a. m.

[Received September 20—9:30 a. m.]

731. My No. 711, September 15, 2 p. m. Following is pertinent portion of reply of Japanese Admiral dated September 18th:

"I am in complete agreement with you on the fact that from humanitarian point of view it is most regrettable that large numbers of non-combatants in the above districts have been either killed or wounded by anti-aircraft missiles. The Imperial Navy of Japan has so far ordered its airplanes to refrain from flying over the International Settlement south of Soochow Creek and the French Concession and has been and is doing all within its power for taking every precaution as to the direction of its anti-aircraft fire. Nevertheless, when con-

⁴⁷ Copy transmitted to the Department by the Navy Department.

fused with Chinese airplanes making air raids from time to time, we have occasions [on] which we have no alternative but to protect ourselves with gun fire. On such occasions we are placed in a difficult position to exert sufficient consideration as regards the direction of our high angle gun fire, according to the moving progress of Chinese airplanes. I take it for granted that you would realize such possibility. In conclusion, I have to add that the contents of your letter has been duly transmitted to the Commander-in-Chief of the Imperial Japanese Army."

Sent to the Department; repeated to Nanking and Tokyo.

GAUSS

393.1115/991 : Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, September 20, 1937—3 p. m.
[Received September 20—10:50 a. m.]

Shanghai's September 19, 8 p. m. and previous regarding trains to Canton. After consulting by telephone with the Embassy at Nanking yesterday, I have warned Americans that dangers of travel via Canton-Hankow Railway will probably increase after September 24th.

The efforts of the Tokyo Embassy to obtain from the Japanese promise to refrain from attacking September 24th train from Hankow are appreciated but it should be understood that few of the American population of this district have evacuated and that the intimation from the Japanese authorities that they will feel free after midnight of September 24th to take action against the railway, not excluding attacks on passenger trains, will serve as a formidable deterrent to further evacuation.

Sent to the Department and Nanking, repeated to Shanghai.

JOSELYN

393.1163 Seventh Day Adventist/42 : Telegram

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

TOKYO, September 20, 1937—5 p. m.
[Received September 20—8:55 a. m.]

392. Our 381 September 17, 5 p. m. war bombing. We have just received the reply of the Foreign Office, the complete text of which will be telegraphed as soon as translated.⁴⁸ The reply expresses the "sincere regrets" of the Japanese Government for the occurrence

⁴⁸ Not printed.

which was said to have been due to confusion of hospital with Chinese wireless station and it adds that the Japanese Government is prepared to give favorable consideration to indemnifying the hospital and its employees.⁴⁹

Repeated to Shanghai for relay to Nanking.

GREW

393.1115/989 : Telegram

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

TOKYO, September 20, 1937—7 p. m.
[Received September 20—8:12 a. m.]

394. Our September 20, 6 p. m., to Shanghai is repeated.

"September 20, 6 p. m. Our 390, September 19, 5 p. m., to the Department.⁵⁰ Hankow evacuation.

We are informed by the Foreign Office that instructions have been issued to the Commander-in-Chief of the Third Fleet now at Shanghai directing that no offensive operations shall be undertaken against the Hankow-Canton Railway, its bridges and rolling stock carrying refugees before 10 o'clock in the morning of September 26.

Please rush relay to Hankow and Nanking. Repeated to the Department. ["]

GREW

124.93/355 : Telegram

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

WASHINGTON, September 20, 1937—10 p. m.

220. Under date September 20 Ambassador Johnson telegraphs from Nanking as follows:

"I have come aboard *Luzon* and *Guam* with entire commissioned staff with exception of Paxton⁵¹ who volunteered and with my approval is remaining to maintain contact with Chinese authorities. I shall keep in touch with Paxton by telephone from Wuhu from which place I can reach Nanking in 2 hours. About 17 American citizens including press, doctors and nurses remain in Nanking. Would appreciate if you will inform Tokyo Paxton's presence on Embassy premises location of which should be well-known to members Japanese Embassy at Shanghai who can inform Commander of Japanese forces."

Please appropriately inform Japanese Foreign Office.

MOORE

⁴⁹ A check in settlement of this claim (Chinese \$7,957.00) was received by the Embassy from the Japanese Foreign Office in April 1938 (393.1163 Seventh Day Adventist/70).

⁵⁰ Not printed.

⁵¹ John Hall Paxton, Second Secretary of Embassy in China at Nanking.

793.94/10168 : Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*⁵²

[NANKING,] September 20, 1937—10:27 p. m.

[Received September 21—7 a. m.]

0020. Approximately 30 Japanese bombing planes raided Nanking from 0930 to 1300 today dropping many bombs in various parts of city. One bomb fell in river immediately ahead of foreign man-of-war anchorages. Ambassador and staff, less one secretary at Embassy, embarked on board *Luzon* and *Guam* departing tomorrow for anchorage near Wuhu. All United States nationals except 17 who intend remain departing for up-river ports before noon September 21st on river steamers.

793.94/10163 : Telegram

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

SHANGHAI, September 20, 1937—11 p. m.

[Received September 20—8:33 p. m.]

738. My 724, September 18, 6 p. m.⁵³ Military situation. With clearing weather Japanese have renewed strong pressure in the vicinity of Lotien and are reliably reported to have made substantial gains. Shelling of Chapei and Kiangwan continues intermittently but no infantry attacks launched on these sectors during the past 2 days.

Spectacular Chinese air raids occurred nightfall 18th, planes attempting to bomb Japanese war ships, Japanese Consulate, and Japanese barracks in Shanghai. Objectives were undamaged but incendiary bombardment dropped in Hongkew District did much damage to neutral property, mainly British. Standard Vacuum Oil Company's property on the Pootung side was also damaged; three oil tanks being pierced, one godown set afire and another badly damaged.

Japanese yesterday commenced extensive bombing operations between Shanghai and Nanking, dropping bombs on Sungkiang, Kashingkun, Shanghai, Soochow, and Kiangyin. Continued and more intensive bombing of interior points is anticipated.

Madame Chiang Kai-shek visited Shanghai on the 18th and left for Soochow that night in company with T. V. Soong. Reliably reported that a military conference was convened at Soochow the following day at which the Generalissimo was present.

Sent to the Department. Repeated to Nanking and Peiping.

GAUSS

⁵² Copy transmitted to the Department by the Navy Department.

⁵³ Not printed.

393.1115/1019 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁵⁴

[SHANGHAI,] September 21, 1937—8:50 a. m.

[Received September 21—7 a. m.]

0021. Orders have been given Comyangpat⁵⁵ to keep a gunboat at Nanking as long as there are any United States nationals there who may require assistance or protection.

793.94/10188 : Telegram

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

SHANGHAI, September 21, 1937—9 a. m.

[Received 8:55 p. m.]

739. Reference my No. 711, September 15, 2 p. m. and No. 731, September 20, 11 a. m. following is pertinent portion of reply of Mayor of Greater Shanghai, dated September 20:

“With Japan making use of the International Settlement and the heart of the Whangpoo River as the bases of her aggressive operations against China, the Chinese Air Force has been compelled to take defensive measures in our own aerial domain. This, the Chinese authorities are confident, should receive the sympathetic consideration of the friendly powers. The Chinese authorities also regard it as most deplorable that Chinese and foreign lives and properties in the International Settlement and the French Concession should have been thus endangered, and with a view to ensuring security to those areas, the military authorities have already issued strict orders to the Air Force as well as to other forces that care be taken to avoid, whenever possible, such action as may cause danger to the non-combatants in the Settlement and the Concession.

As the fundamental cause of the danger to the non-combatants in the Settlement and the Concession lies in fact that the Japanese forces are making use of the Settlement as the base of their hostile operations, I have the honor to request that the American, British, French, Italian, and Netherlands naval authorities will, in the interest of the areas involved, take such steps as will remove the fundamental cause of danger.”

Sent to Department. Repeated to Nanking and Tokyo.

GAUSS

⁵⁴ Copy transmitted to the Department by the Navy Department.

⁵⁵ Commander, U. S. Yangtze Patrol (Marquart).

124.93/358 : Telegram

*The Ambassador in China (Johnson) to the Secretary of State*ON BOARD U. S. S. "LUZON,"
NANKING, September 21, 1937—noon.

[Received 1:03 p. m.]

694. Reference Department's 251, September 20, 10 a. m. and my 693, September 20.⁵⁶ I appreciate the authority given me to decide upon precautionary measures for the Embassy. Paralleling this discretion I desire to explain the motives which guide me. The Department's instructions and the published statements of responsible American officials lead me to think that our Government has two principal objectives. The first is to ensure the safety of American citizens. The second is to avoid any situation which might involve the United States in the present conflict. The Embassy has urged on American citizens the policy of withdrawal from China to a point which has elicited protests from them that the danger does not justify withdrawal and that withdrawal means unwarranted abandonment of the rights and responsibilities of American citizens. To avoid possibility of injury to myself and my staff as a result of hostile operations which might place a strain on the relations of the United States with China or Japan, I decided on receipt of the warning of the Japanese Commander-in-Chief of the 19th to withdraw with my staff to an American naval vessel. This I did in spite of extreme reluctance to forego my right to continuous and immediate contact with the Chinese Government and to perform without interference my important duties. My withdrawal from the Embassy premises has aroused the scarcely veiled resentment of the Chinese and the open disapproval of some of our citizens. The reply sent by the British Chargé d'Affaires to the warning of the Japanese Commander-in-Chief was that he would remain at his post and would hold Japanese authorities responsible for any injury inflicted by them on the Embassy. The wording of the Japanese warning communicated September 19, noon, warranted the inference that the Diplomatic Missions would be granted at least the short period before September 21, noon in which to comply with the warning and withdraw in safety. On the contrary an air craft raid unprecedented in wide extent and length of time began at 10 in the morning of the one day allowed for withdrawal and was not ended until 1 in the afternoon. The warning was thus deprived of any character of courtesy and good will which otherwise it might have had. It is my present intention not to go to Wuhu but to remain in Nanking

⁵⁶ For latter, see Department's telegram No. 220, September 20, 10 p. m., to the Ambassador in Japan, p. 344.

waters. Admiral Marquart willingly concurs in this plan and as opportunity presents will bring the vessel back to the harbor to permit of telephone contact with Paxton. I do not intend however to follow this course independently and after a reasonable time and when circumstances render it possible I propose to return with my staff to the Embassy premises and resume my usual relations with the Chinese Government.

Repeated to Peiping and Shanghai for information and repetition to the Commander-in-Chief.

JOHNSON

124.93/362 : Telegram

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

WASHINGTON, September 21, 1937—7 p. m.

255. Your 687, September 19, 11 p. m., last sentence. Department considers it desirable that, toward putting an end to confused reports, unfounded inferences and speculation, you return to the Embassy premises as soon as in your opinion this can be done consistently with the principle of avoiding imminent danger.

HULL

393.1115/965 : Telegram

The Secretary of State to the Consul General at Hankow (Josselyn)

WASHINGTON, September 21, 1937—7 p. m.

Your September 18, noon, paragraph 5. The suggestion which you made to representatives of several mission societies is in substantial accord with instructions issued by a number of mission boards to their organizations in China in response to the Department's letters to the International Missionary Council and the National Catholic Welfare Conference, copies of which were sent by those organizations respectively to all Protestant Mission Boards and to all Catholic religious communities in the United States having workers in China.

HULL

393.1162/94 : Telegram

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

WASHINGTON, September 22, 1937—11 a. m.

258. Your 667, September 16, 10 a. m.⁵⁷ Reference your paragraph 1. Whether the status of the hospitals under reference would

⁵⁷ Not printed.

be materially affected by acceptance of financial support from the Chinese Government would seem largely to depend on whether such support would be granted on conditions which would place the institutions substantially under the control of the Chinese Government. In such an event the hospitals could not reasonably be regarded as American institutions while Chinese control continued.

However, if the institutions to which you refer are bona fide American hospitals and if the acceptance of financial assistance from the Chinese Government would not involve any surrender of the American management and control of the hospitals and would enable them to continue their normal service to all persons whom they now serve irrespective of nationality, the acceptance of financial assistance from the Chinese Government could reasonably be regarded merely as a recognition by the Chinese Government of an obligation to compensate the hospitals for the abnormal burden placed upon them in the treatment of Chinese soldiers and would not therefore appear to have any material effect on the status of the hospitals as American institutions.

Reference your paragraph 2. You are requested to state to the Minister of Health and Medical Services that, as he is doubtless aware, American official personnel in China and American radio communications are greatly overtaxed and that it would be extremely difficult for this Government to afford an affirmative response to the Minister's inquiry. However, in the event that other means of communication become unavailable this Government would assist by accepting, for transmission by its facilities, during periods of such interruption, the texts of messages from and to the Chinese Red Cross strictly of the type indicated.

HULL

393.1115/1113g : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, September 22, 1937—3 p. m.

277. As you are aware the Congress at the closing days of the last session placed limited funds at the disposal of the Department⁵⁸ which may be used to assist in the evacuation and temporary maintenance of Americans having to leave China due to developments there.

It will be appreciated that the aid which can be given is limited not only in scope but in time and is definitely of an emergency nature.

⁵⁸ Third Deficiency Appropriation Act, approved August 25, 1937; 50 Stat. 755, 770.

The funds available to the Department are so limited that while advances on promissory notes may be made to Americans without immediately disposable funds for their temporary maintenance awaiting transportation, it is not contemplated that such assistance shall be on a per diem basis. It is understood that our officers in Japan and the High Commissioner in the Philippines, under instructions and authorizations already issued, will, where necessary, make such temporary loans for maintenance at a minimum cost to our Government. Such Americans receiving assistance should be informed that this is necessarily on a temporary basis and that they should return to the United States as rapidly as arrangements therefor can be made by them or for them.

As it is obviously impossible under existing circumstances for the Department or for the officers in China to forecast definitely how long the present situation in the Far East may continue, the Department is of the opinion that officers should bring to the attention of those Americans who are not in need of Government assistance but who have left China and are residing temporarily in Japan or in the Philippines that it may be in their own interest to return to the United States as soon as they may conveniently be able to make arrangements to that end.

The foregoing considerations, it is deemed necessary, should be brought to the attention of all officers in China and Japan and to the authorities of our Government in the Philippines for their background and guidance.

Americans failing to make use of available opportunities for return to the United States cannot depend indefinitely on loans for maintenance abroad.

The Department is prepared, if it is found absolutely essential, to make grants within the limitations imposed upon it to the War and Navy Departments for reimbursement to Army, Navy, and Marine Corps personnel of unavoidable extraordinary expenses incurred in evacuation not payable from other appropriated funds. This phase is being handled in Washington by the Department with the other Departments concerned.

The foregoing does not in any way affect the instructions of the Department with regard to the general accounting procedure or the specific practice which has been outlined in previous telegrams with respect to the aid extended in this emergency and with respect to the taking of promissory notes in all cases for aid extended.

Please repeat this telegram to concerned offices in China and to Hong Kong and Tokyo for dissemination in Japan. Repeated by Department to Manila and copies furnished War and Navy Departments.

793.94/10186 : Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*⁵⁹

[NANKING,] September 22, 1937—5:56 p. m.

[Received September 22—9:03 a. m.]

0022. Nanking raided at 1050 and 1345 today by large number light and heavy bombers. Many bombs dropped in various parts of city including vicinity railway station near water front. One shell apparently anti-aircraft exploded in American Embassy compound near Ambassador residence doing no damage. Two fires started in native city near water front. Chinese report casualty list small and consisting entirely of civilians. *Luzon* and *Guam* with Ambassador and staff on board remained at usual anchorage. Ambassador returned to Embassy early afternoon and will remain there. Other members staff returning tonight or tomorrow morning.

124.93/360 : Telegram

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

NANKING, September 22, 1937—6 p. m.

[Received September 22—12:25 p. m.]

700. Department's 255, September 21.

1. I returned today to Embassy premises with staff.

2. Department's September 21, 5 p. m.⁶⁰

(a) I have not been to Wuhu.

(b) I and staff with exception of Paxton who remained at office to keep contact with ship and authorities ashore have been on *Luzon* which at all times has been anchored off bund within 20 minutes ride by motorcar of Embassy premises. Wuhu was considered as a possible destination if Japanese bombed harbor and waterfront as then seemed probable, as there is telephone connection between Wuhu and Nanking.

(c) I have been in communication with Paxton at all times by telephone from river front 10 minutes from ship.

(d) Associated Press statement is incorrect in saying I was going on board of *Luzon* under orders of the Department. I did say that I was unhappy as it was the first time I had left my office in 30 years service. I said that under the circumstances I did not feel I could remain at my post on premises and subject my [staff?] to possible danger and that for this reason I was taking them with me and expected to maintain offices afloat at Nanking and contact with Government. I tried to make it clear that I was not leaving Nanking.

⁵⁹ Copy transmitted to the Department by the Navy Department.

⁶⁰ Not printed.

(e) I hope that the Department will make it clear that I had returned to premises prior to receiving Department's 255, September 21.

(f) Bombs from Japanese aircraft had fallen within walls of Nanking on the 19th, see my 686, September 19, noon, and my 688, September 20, 8 a. m. and on the 20th, see my 691, September 20, 2 p. m.⁶¹

(g) I had not consulted my colleagues before sending my September 19, 11 p. m., I later informed them of my decision. They themselves told me that Italian Embassy would go aboard merchantman previously chartered; German would remain having no vessel; Soviet Ambassador would remain for same reason; French were already sleeping on French gunboat; British were staying. British subsequently put staff on gunboat, Chargé d'Affaires Howe and Military Attaché remaining ashore prepared to come off if conditions required.

JOHNSON

393.1115/1057: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁶²

[SHANGHAI,] September 22, 1937—6:30 p. m.

[Received September 22—1:35 p. m.]

1422. The policy of Cincaf during the present emergency is to employ United States naval forces under his command so as to offer all possible protection and assistance to our nationals in cases where needed. Naval vessels will be stationed in ports where American citizens are concentrated and will remain there until it is no longer possible or necessary to protect them or until they have been evacuated. This policy based on our duties and obligations will be continued as long as the present controversy between China and Japan exists and will continue in full force even after our nationals have been warned to leave China and after an opportunity to leave has been given. Most American citizens now in China are engaged in businesses or professions which are their only means of livelihood; these persons are unwilling to leave until their businesses have been destroyed or they are forced to leave due to actual physical danger. Until such time comes our naval forces can not be withdrawn without failure in our duty and without bringing great discredit on the United States Navy. In giving assistance and protection our naval forces may at times be exposed to dangers which will in most cases be slight but in any case these risks must be accepted.

⁶¹ None printed.

⁶² Copy transmitted to the Department by the Navy Department.

893.48/1225 : Telegram

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

NANKING, September 24, 1937—11 a. m.

[Received September 25—11:05 a. m.]

706. Tientsin has raised the point that the Department's 161 of August 19 to Nanking authorizes the expenditure of funds on behalf of destitute Americans only when such destitute citizens are being sent to the United States and that the Department has not authorized the expenditure of funds to assist destitutes to nearby places of safety.

It is my understanding that the Department's 161 was based upon the premise that in the case of citizens who were destitute half way measures would not suffice and that the Government was therefore prepared to make it possible for such citizens to return to the United States. As I interpret the instruction under reference it was not intended to preclude the granting of any assistance to destitute citizens which might properly be accorded to nondestitute citizens. The Department's 235, September 11⁶³ would seem to support this view but I should appreciate specific confirmation.

JOHNSON

793.94/10163 : Telegram

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

WASHINGTON, September 24, 1937—1 p. m.

261. Reference Shanghai's 738, September 20, 11 p. m., second paragraph, last sentence. The Department assumes that in cases in which American property is damaged as a result of the activities of the Chinese or the Japanese forces you are making, or causing to be made, whenever warranted and practicable, appropriate representations to the concerned authorities, Chinese or Japanese.

HULL

393.1115/1123 : Telegram

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

NANKING, September 24, 1937—3 p. m.

[Received 4:25 p. m.]

708. I desire to point out to the Department with reference to the question of those American citizens still remaining in China, either because they have not had time to get to concentration points such as

⁶³ Not printed.

Tsingtao, Hankow or Canton, or because they have not chosen to comply with repeated warnings from the several Consulates, that the possibility of evacuating these Americans from China at the present time grows rapidly more difficult. The Tsinpu Railway as far south as Hsuechowfu is subject to attacks from the air. The Lunghai Railway is similarly dangerous, the port of Haichow being now closed and having already been bombed. The road from here to Shanghai is too dangerous. The railway from Hankow to Canton is liable to attack. The railway between Peiping and Hankow has been attacked several times. The question arises as to whether the Consulates should continue to advise Americans to leave their present places of comparative safety for places the safety of which we are not certain and over transportation routes which we believe to be increasingly unsafe. The situation is further complicated by the fact that there is no accommodation for such refugees in Hong Kong or Manila and transportation from those places to the United States is so irregular that it is practically impossible for us here in the field to know what to advise evacuees to do. I wonder therefore whether the time may not have arrived when the Department may wish to reexamine its instructions on the subject of evacuation of American citizens from China in the light of the above and perhaps modify them in some respects. The general tone is we are still advising all Americans to leave but we are doubtful as to what advice to give them as to routes or destination.

JOHNSON

393.1115/989 : Telegram

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

WASHINGTON, September 24, 1937—6 p. m.

227. Your 408, September 24, 6 p. m.; 394, September 20, 7 p. m.;⁶⁴ and Department's 216, September 18, 6 p. m., in regard to Hankow's evacuation.

Please immediately inform the Japanese Foreign Office that, in the light of Japanese undertaking to refrain from offensive operations against the train and route by which Americans are evacuating from Hankow by train via Canton, this Government finds it extremely difficult to understand reports of Japanese air bombing directed against the Canton railway station; and that this Government again urges the Japanese authorities to exercise every precaution to the end that the lives of Americans withdrawing from Hankow via Canton shall not be endangered by Japanese military action.

HULL

⁶⁴ Neither printed.

393.1163 Am 3/225 : Telegram

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

WASHINGTON, September 24, 1937—7 p. m.

263. Your 707, September 23, 2 p. m.⁶⁵ On September 23 the Department instructed Tokyo to make appropriate representations in regard to the endangering of the American personnel of the mission⁶⁶ and on the same day authorized Tientsin to confirm in writing its oral protest to the Japanese Consul General.

HULL

393.115/78 : Telegram

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

NANKING, September 25, 1937—11 a. m.

[Received 1:15 p. m.]

Circular to all Consulates in China except Harbin, Mukden, Tsinan. Consular proclamations may be issued covering property of American individuals and organizations worded as follows:

“The Consulate or Consulate General of the United States of America at insert place

Hereby notifies all concerned that these premises and/or articles stored therein belong to insert owners name—an American insert owners status. Official record has been made of the rights of ownership and the American Consulate or Consulate General recognizes the property in question as American-owned.” Stamp of the Consulate or Consulate General and date.

Chinese text follows: [Here follows Chinese text in code.]

Inventories on file in your office may be considered as official records. Repeated to Peiping and Department for information.

JOHNSON

393.1163 Am 3/228 : Telegram

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

Tokyo, September 25, 1937—1 p. m.

[Received September 25—6:20 a. m.]

412. Department's 225, September 23, 7 p. m.⁶⁵ My French colleague knows nothing of the date or details of the bombing of the French Catholic Mission at Sienhsien. He has received only a brief

⁶⁵ Not printed.⁶⁶ Precious Blood Monastery.

telegram from the French Consul in Tientsin stating the bare fact of the bombing and he informs me that representations have been made to the Japanese in Tientsin. He proposes to take no action here in the absence of instructions from his Government.

It is not perfectly clear from the Department's instruction whether I am desired to take action in the absence of French action here. Assuming that the interests concerned are predominantly French I shall withhold action until either (1) the French Ambassador acts here or (2) the Department directs me to act alone.

GREW

393.1163 Am 3/228: Telegram

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

WASHINGTON, September 25, 1937—3 p. m.

230. Your 412, September 25, 1 p. m. Although interests concerned are predominately French, in view of the fact that American nationals are endangered, the Department desires that you take action irrespective of whether the French also act.

HULL

393.1115/1147: Telegram

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

TOKYO, September 26, 1937—9 a. m.

[Received September 26—1 a. m.]

415. Our 411, September 25, noon.⁶⁸ Foreign Office has replied that any report that the Japanese airplanes have bombed railway station at Canton is untrue and that the Japanese Navy's undertaking with regard to evacuation of Americans from Hankow to Canton may be relied upon.

Repeated to Shanghai for relay to Nanking.

GREW

393.115/77: Telegram

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

TOKYO, September 26, 1937—4 p. m.

[Received September 26—7:15 a. m.]

417. Our 398, September 21, 5 p. m.⁶⁹ Following telegram has been sent to the Consulate General at Shanghai:

⁶⁸ Not printed.

⁶⁹ Not printed; it reported British representations (393.115/67).

“September 26, 4 p. m. Vice Minister for Foreign Affairs has sent me today a memorandum of which translated text is as follows:

“With reference to representations with regard to the question of nationals of third countries freely entering the Northern District of Shanghai and removing goods the Japanese authorities have since the beginning of the hostilities in the Shanghai area placed restrictions upon the entry of nationals of third countries into the Northern District only because of military necessity and of concern for the lives of foreigners as well as of Japanese. It is believed, therefore, that when conditions of order have been restored and when safety can be assured, restrictions such as those under reference will be abolished.

Recently when Chinese guns in Pootung were temporarily silent and conditions in the area north of Soochow Creek appeared to be somewhat settled Japanese nationals and nationals of third countries were permitted for 4 days beginning September 16 to remove their personal effects. Although the moderating of the above mentioned restrictions is to be decided only on the basis of conclusions reached by Japanese officials on the spot, according to a report from the Japanese Consul General at Shanghai these Japanese officials are now studying measures whereby nationals of third countries may remove goods stored in warehouses in the Hongkew, Wayside Road and Yangtzepoo area and it is intended that after giving consideration to the policing, communications and sanitary conditions in such area these officials will be directed to decide upon and put into effect the necessary measures.

September 25, 1937.

Repeated to the Department.”

GREW

125.0093/411c: Telegram

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

WASHINGTON, September 26, 1937—4 p. m.

266. Reference your telegram No. 694, September 21, noon. The Department is glad to have the benefit of this statement.

The Department is preparing a circular instruction for the assistance of diplomatic and consular officers in connection with temporary closings under conditions of imminent danger of diplomatic and consular establishments.

Meanwhile, Department suggests that you prepare and send to consulates at offices in China at which the question of possible emergency closing may arise a brief instruction indicating that, if and when such a situation arises, the chiefs of office should follow a line of procedure somewhat as follows: Consult with and ascertain what are the views and intentions of their colleagues; if possible, report the situation to and ascertain the views of the Embassy; send out at the earliest possible moment their own dependents and those of members of their staffs; urge all American nationals to leave; when they themselves decide to leave, file with the local authorities a statement of their reasons for withdrawing, and, in circumstances where the filing of a protest with authorities of the country responsible for the situation which makes withdrawal necessary would be practicable, take that action; in withdrawing, plan to remove to a nearby point of safety;

make arrangements for maintaining as far as practicable contact with the officials at the point from which they withdraw; proceed on the expectation of returning promptly when imminent danger no longer exists; report promptly and fully to the Department all circumstances, action taken, and plans made.

HULL

393.1163 Am 3/230 : Telegram

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

Tokyo, September 27, 1937—6 p. m.
[Received September 27—11:45 a. m.]

422. Our 419, September 27, 3 p. m.⁷⁰

1. I began the note which I addressed today to the Minister for Foreign Affairs by setting forth the circumstances of the bombing of the Catholic Mission at Hsien-hsien. I then referred to the assurances of the Japanese Government set forth in the note of September 20⁷¹ and concluded with the following paragraph.

“I am directed by my Government to protest emphatically against an unwarrantable attack on a humanitarian establishment which endangered the lives of Americans and other noncombatants, and to express the hope that the Japanese Government will take immediate steps effectively to prevent further occurrence of acts of this character on the part of the Japanese forces in China.”

2. The French Ambassador has just addressed the following note to the Minister for Foreign Affairs on the same subject.

Translation. “Mr. Minister, the Government of the Republic has been greatly moved by the news that Japanese airplanes bombarded the French Catholic Mission of Hsien-hsien in the Province of South Hopei and caused considerable damage. This mission which is situated 80 kilometres from the railway comprises a group of important charitable institutions, hospitals and schools. The aggression of which it has been a victim clearly cannot be justified by any strategic consideration in view of its character and location.

The Government of the Republic has already instructed the French Consul at Tientsin to protest to the Japanese Consul General against the bombardment at Hsien-hsien. It instructs me further to inform Your Excellency of the feelings which it entertains concerning this act and of the formal reservations [*representations?*] which it intends to make regarding the rights of our charitable institutions to recovery for damages caused to them.

Please accept, et cetera. (Signed) Charles Arsene-Henry.”

GREW

⁷⁰ Not printed.

⁷¹ See telegram No. 392, September 20, 5 p. m., p. 343; see also first paragraph of memorandum of September 20, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 500.

393.1164 Tungchow/13 : Telegram

*The Secretary of State to the Counselor of Embassy in
China (Lockhart), at Peiping*

WASHINGTON, September 29, 1937—noon.

289. Department's 163, August 2, 4 p. m., and your 485, August 27, 6 p. m.,⁷² in regard to Tungchow mission damages.

On September 8 an officer of the Department handed the Counselor of the Japanese Embassy a statement of the damages suffered by the mission.

On September 25 the Counselor orally informed an officer of the Department that the Japanese military were making an investigation of the matter and were prepared to make a "consolation payment" and to effect a settlement on the spot with the head of the American mission. The Counselor was informed that we had presented this matter to him in response to an approach made by him to us; that we had not gone into the question of rights on the part of this Government or on the part of the American mission concerned; and that without endeavoring to pass on the question of those rights we would for the moment probably take no action other than to communicate to our Embassy at Peiping the information which he had just given us.

On September 28 the Counselor of the Japanese Embassy informed an officer of the Department by telephone of a final settlement on the spot between the Japanese military and the mission authorities.

Please make inquiries in regard to this matter and inform the Department by radio.

HULL

494.11/30 : Telegram

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

TOKYO, September 29, 1937—1 p. m.
[Received September 29—6:55 a. m.]

430. Department's 205, September 14, 6 p. m.;⁷³ and our 371, September 15, 4 p. m.,⁷⁴ reference reservation of rights.

1. Yoshizawa called Dooman⁷⁵ to the Foreign Office this morning and referred to our note of September 15. He said that a similar second note had been received by the Foreign Office from the British Ambassador. The bureau in the Foreign Office dealing with relations with Great Britain did not share Yoshizawa's view that no reaffirma-

⁷² Neither printed.

⁷³ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 497.

⁷⁴ Not printed; it reported delivery of note to Foreign Office.

⁷⁵ Eugene H. Dooman, Counselor of Embassy in Japan.

tion of the Japanese Government's position with regard to indemnification for damages resulting from Japanese military operations in China was called for, and yesterday a reply was sent to the British Embassy. Yoshizawa then gave Dooman in confidence a copy of the reply of the Foreign Office to the British Ambassador and stated that it was to be understood by us that the Japanese Government had not altered the views expressed in the Foreign Office note of August 25 [31] (see our 337, September 2, 4 p. m. [*a. m.*] ⁷⁶).

2. The Foreign Office note to the British Embassy, tendered in Japanese, reads in translation as follows:

"Excellency: I have perused Your Excellency's note number 141, dated September 9, in which it is stated that the British Government maintains the position set forth in the note, dated August 21, of Mr. Chargé d'Affaires Dodds that the British Government reserves the right to claim indemnification in respect of injury to the persons and property of British nationals caused by operations of the Imperial forces in China.

The Imperial Government, for its part, adheres to the view which is set forth in its note in reply No. 149, dated September 3.

I avail myself, et cetera."

Repeated to Shanghai.

GREW

893.48/1225 : Telegram

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

WASHINGTON, September 29, 1937—[5 p. m. ?]

280. Your 706, September 24, 11 a. m. Your interpretation is correct. The object to be kept in view is maximum assistance to our citizens in withdrawing from China at a minimum charge against the Department's limited funds.

HULL

393.1115/1123 : Telegram

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

WASHINGTON, September 29, 1937—6 p. m.

281. Your 708, September 24, 3 p. m. Department's instruction No. 206, September 2, 6 p. m., envisaged our offices in China bringing to the attention of American citizens there the dangers to which they may be subjected in remaining in China during the period of the present emergency, and advising them to withdraw from China while

⁷⁶ Not printed; it quoted Japanese note of August 31, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 492.

facilities for their withdrawal are still available. The views expressed in that instruction remain unaltered.

The Department realizes that there may exist or might at any time develop in some parts of China situations which would render the evacuation of American nationals from particular areas difficult, impracticable, or extremely dangerous. In the light of such situations, our officers should not urge immediate evacuation at all costs but rather they should quietly advise evacuation when and where feasible.

The Department understands that accommodations are available at Manila (which should be regarded as a concentration point for persons awaiting steamship sailings rather than as a place of final destination) for any number of American refugees likely to go there, and that steamship facilities, although some schedules may be irregular, do exist. The local offices of the Dollar Steamship Lines state that their ships are maintaining regular schedules except for the omission of Shanghai as a port of call. It should be possible to obtain current information in regard to sailings of these and other lines from the Consulate General at Shanghai.

The Department, naturally, at this distance is not in position to instruct you in regard to details of procedure but is confident that the Embassy, in consultation with the consulates concerned and the Commander-in-Chief, will be able to formulate and execute practicable plans for further assisting in withdrawals.

HULL

393.115 Standard Vacuum Oil Company/7

Memorandum by the Legal Adviser (Hackworth)

[WASHINGTON,] October 1, 1937.

Since Japan has refrained from declaring war against China and has not claimed the status of a belligerent, nor issued a list of contraband, it would seem to be clear that the alleged "confiscation" of the 114 cases of American-owned kerosene oil⁷⁷ could not constitute an act of belligerency under the rules of war. Accordingly, Japan has the legal obligation to pay for the seized goods, and it would seem rather improbable that she would question that obligation or contend that the existing situation legally justifies "confiscation" of any American property.

Under the circumstances it would seem to be appropriate to ascertain the value of the seized property and to demand payment therefor from the Japanese Government.

⁷⁷ See telegram of September 14, 4 p. m., from the Consul at Tsingtao, p. 326.

711.93/380½

Memorandum by President Roosevelt to the Secretary of State

ABOARD PRESIDENTIAL SPECIAL, October 2, 1937.

I am disturbed by the newspaper story of a few days ago which apparently was issued by the Navy press room, with the approval of the General Board of the Navy and the Chief of Operations. I cannot understand why this statement by Admiral Yarnell,⁷⁸ relating to American policy in China, should have been handled by the Navy press room, nor do I know whether its release had your approval beforehand or not.

Will you let me know confidentially just what happened and whether the announcement was made with your approval or not?

F[RANKLIN] D. R[OOSEVELT]

393.1164 Tungchow/16: Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 4, 1937—5 p. m.

[Received October 4—9:11 a. m.]

616. Embassy's 614, October 2, 4 p. m.⁷⁹

1. Japanese military authorities at Tungchow handed October 3 to James Hunter of the American Board Mission \$3000 local currency as solatium for damages to property; and the case is considered closed.

2. Delay has been due to difference of opinion as to what the amount of solatium should be and as to the presence or absence of Chinese on the property at the time the gate house was destroyed. Settlement upon the spot referred to in the Department's telegram 289, September 29, noon, was repudiated by the Japanese headquarters at Peiping. Japanese then proposed solatium of \$2500, which was eventually raised to 3,000 at the instance of the Embassy. This amount is satisfactory to the mission, although \$432 less than the mission's second estimate of damage done. Japanese military insisted until yesterday that Chinese soldiers were in the gate house, rendering necessary its destruction. A compromise was arrived at by the mission representatives admitting that Chinese soldiers may have been on the mission property at the time.

3. Letters were exchanged yesterday. Letter of the Japanese military states that damage of property was unavoidable because of pres-

⁷⁸ See Admiral Yarnell's telegram of September 22, 6:30 p. m., p. 352.

⁷⁹ Not printed.

ence of Chinese troops on the mission property; that the \$3000 is a solatium; that neither party will bring any further complaints in regard to the matter; and that this settlement will not form a precedent in dealing with similar cases in the future. The letter of the mission's representative accepts the Japanese explanation of the necessity of the Japanese military action which resulted in damage to the mission property, expresses appreciation of the granting of the solatium, and agrees that it is understood that neither party will bring further complaints in regard to the matter.

4. The mission representatives request that the headquarters of the mission be informed of the settlement.

5. Despatch follows.⁸⁰

LOCKHART

711.93/3804

*Memorandum by the Secretary of State to President Roosevelt*⁸¹

[WASHINGTON,] October 4, 1937.

Referring to your memorandum of October 2, relative to the published statement of Admiral Yarnell⁸² as to policy in China, the simple facts are as follows:

The Navy Department received, on a certain afternoon, a telegram from Admiral Yarnell giving the text of the statement under reference. Admiral Leahy promptly called Mr. Hornbeck on the telephone and read to Hornbeck the text. The statement was in fact an instruction which Admiral Yarnell had issued to officers of the Asiatic Fleet. It was so phrased, however, as to serve for purposes of a public statement and had apparently been made public in China. Admiral Leahy stated that he did not understand Admiral Yarnell's having uttered a statement of policy, but that, inasmuch as it was known in China that he had done so, the press correspondents here would in all likelihood soon be asking about the matter; and he inquired what action the Navy Department should, in that event, take. After some conversation, Admiral Leahy and Mr. Hornbeck came to a meeting of the minds to the effect that, if correspondents here inquired with regard to the matter, there would be no use in making a denial and no useful purpose would be served by declining to give them the text; that, in fact, inasmuch as Admiral Yarnell's statement began, "The policy of the Commander-in-Chief of the Asiatic Fleet is . . .,"⁸³ it would be better to give out a text than to withhold a text and leave

⁸⁰ Not printed.

⁸¹ Sent to the White House on October 9.

⁸² See Admiral Yarnell's telegram of September 22, 6:30 p. m., p. 352.

⁸³ Omission indicated in the original memorandum.

it to the newspapers to write that this was a statement of American governmental policy.

While that conversation was being held, copies of Admiral Yarnell's telegram reached the Department. Mr. Hornbeck called my attention to the text and informed me of the conversation between himself and Admiral Leahy. I discussed the matter with Mr. Wilson⁸⁴ and Mr. Wilson discussed it with Mr. Hornbeck. It was felt that the matter was one into which, the action already having been taken by Admiral Yarnell, this Department should not intrude; that the matter lay on the one hand between the Navy Department and Admiral Yarnell and on the other hand between the Navy Department and the President as Commander-in-Chief of the Armed Forces. Thereafter, thirty-six hours went by without event. Then, on the morning of the third day, press correspondents did address inquiries to the Navy Department and the Navy Department did give out the text. I understand that this was done without comment. Shortly thereafter, the correspondents asked me to make comment, and I withheld comment: I simply said, "I have nothing new in mind as to the policy of our Government relative to the protection and evacuation of Americans in China."

I then had Judge Moore,⁸⁵ Mr. Wilson and Mr. Hornbeck take the matter up with Admiral Leahy. It was agreed that the Navy Department would send Admiral Yarnell an instruction that he was not to make statements of policy without first having consulted the Navy Department; and Admiral Leahy voluntarily stated that when any such matter came up the Navy Department would consult this Department. The Navy Department then sent Admiral Yarnell an order reading:

"Reference your 1422-1830 regarding 'policy of Cincaf during the present emergency' it is desired that hereafter any statement regarding 'policy' contemplated by the commander in chief Asiatic Fleet be referred to the Secretary of the Navy for approval."

393.1163 Am 3/237: Telegram

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

NANKING, October 5, 1937—3 p. m.

[Received October 5—12:10 p. m.]

760. Your [*Shanghai's*] 738, September 20, 11 p. m. Commander-in-Chief's 0019-2015⁸⁶ and Department's 263 [261] September 24, 1 p. m., to Nanking. Foreign Office replying to Embassy protest of Sep-

⁸⁴ Hugh R. Wilson, Assistant Secretary of State.

⁸⁵ R. Walton Moore, Counselor of the Department.

⁸⁶ September 19, 8:15 p. m., p. 341.

tember 21 denies that Chinese Air Force dropped bombs in Pootung on 18th but states instructions have again been issued to various forces to pay strict attention to foreign property in Shanghai.

Sent to Shanghai, repeated to Department.

JOHNSON

393.1163 Am 3/236 : Telegram

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

TOKYO, October 5, 1937—7 p. m.
[Received October 5—8:30 a. m.]

450. Our 422, September 27, 6 p. m., bombing of Hsienhsien Roman Catholic Mission. The following is text in translation of the reply of the Foreign Office.

“Number 124, Asia 1, Tokyo, October 4, 1937.

Excellency: I have the honor to acknowledge receipt of Your Excellency's note number 781 of September 27 with respect to bombing by Japanese military airplanes of a French Roman Catholic Mission at Hsienhsien, Hopei Province.

The Japanese Government has received this information with deep concern. According to reports on the incident from the Japanese General and military authorities at Tientsin, Hsienhsien is situated on a line extremely important from the standpoint of military operations in North China. At about 10:20 a. m. on September 21, Chinese forces massed to the northeast of Hsienhsien opened heavy fire, whereupon six Japanese airplanes responded by bombarding the Chinese forces. It is understood that at this time some damage was inflicted on the Catholic Mission. It is highly regrettable that, since no information had been previously received as to the existence of the mission at Hsienhsien, special warning had not been issued to the Japanese aviators.

The Japanese Government is of the belief that it is utterly impossible that Japanese military airplanes should intentionally bomb such a religious establishment. The Japanese Government is making consistent efforts to prevent as far as possible the occurrence of such accidents consequent upon military operations in China, and the Japanese Army at Tientsin, immediately upon receiving a report of the present incident, has issued, in connection with bombing in the Hsienhsien District, instructions calling particular attention to the existence of this mission.

Under date of September 29 the Japanese Government addressed notes to various powers concerned requesting maps showing the location of religious and humanitarian establishments in China. This request having been based on the sincere desire to prevent just such damage to establishments of third nations as was incurred in the present incident, the Japanese Government will be indeed gratified if the American Government sees fit to extend cooperation to the efforts which Japan is making in this regard.

I avail myself, et cetera. Koki Hirota.”

393.115 Ida Kahn Women's Hospital/2: Telegram

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

WASHINGTON, October 7, 1937—7 p. m.

256. Reference Department's 240, September 29, 12 p. m.⁸⁷ The Department has received the following telegram from Hankow:

"Information just received that on September 24 during Japanese air raid Nanchang four bombs landed in and near compound Ida Kahn Women and Children's Hospital belonging to Women's Foreign Mission Society of Methodist Episcopal Church, Nanchang. Building not directly hit but so shaken that interior wrecked and building abandoned by hospital staff."

The Department suggests that you make appropriate representations to the Japanese Government in regard to the bombing under reference.

HULL

393.115 Ida Kahn Women's Hospital/3: Telegram

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

TOKYO, October 8, 1937—4 p. m.

[Received October 8—6:40 a. m.]

457. Department's 256, October 7, 7 p. m. On the basis of telegram received from Hankow yesterday the Embassy delivered the following memorandum to the Japanese Government this morning before receipt of Department's instructions.

"Information has just been received that on September 24 during a Japanese air raid at Nanchang, four bombs landed in and near the compound of the Ida Kahn Women and Children's Hospital belonging to the Women's Foreign Mission Society of the Methodist Episcopal Mission at Nanchang. While the building was apparently not directly hit it was so shaken that the interior was wrecked and the building was abandoned by the hospital staff.

The American Government, adhering to the views which it has previously expressed to the Japanese Government concerning unwarrantable attacks upon humanitarian establishments and noncombatants, protests against an attack which exposed to grave danger the lives of Americans and other noncombatants."

Repeated to Nanking.

GREW

393.1115/1415: Telegram

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

TOKYO, October 8, 1937—7 p. m.

[Received October 8—9:03 a. m.]

460. Following telegram has been sent to the Consulate General at Shanghai:

⁸⁷ Vol. III, p. 558.

"October 8, 7 p. m. Your August 5, 5 p. m. Japanese Navy Department has confirmed through the Foreign Office offer communicated by Hasegawa⁸⁸ to Yarnell to facilitate evacuation to Shanghai of Americans from Yangtze Valley either by water or by direct land route.

Repeated to Department."

GREW

793.94/10657: Telegram

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

SHANGHAI, October 14, 1937—10 p. m.

[Received October 15—2:50 a. m.]

854. It is estimated this evening that 35 Chinese were killed and 40 or more injured in the foreign protected area today by Japanese bombs and Chinese and Japanese anti-aircraft and machine gun fire and shells. Chinese planes again raided over Shanghai this evening sheltering over the foreign areas in approaching and leaving. German Consul General tells me three German residences were damaged, one badly in Western District near defense lines today by Japanese Army bombs directed against a Chinese train which shelters on the Shanghai-Hangchow Railway line just in front of the British defense lines in the Western District.

Repeated to the Department. Repeated to Nanking and Peiping.

GAUSS

393.1163 Seventh Day Adventist/48: Telegram

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

SHANGHAI, October 18, 1937—5 p. m.

[Received 5:24 p. m.]

865. Last night during the course of an air raid on Hongkew and Yangtzepoo areas, Chinese planes dropped one or more incendiary bombs on the property of the Seventh Day Adventist Mission, located at 526 Ningkuo Road, Yangtzepoo. One large two storied brick building was struck by incendiary bomb and completely destroyed by fire. It is requested that Embassy bring this to the attention of the Chinese Government with a protest on the bombing and destruction of American property by Chinese planes.

2. During their several raids last night Chinese planes again flew over the foreign protected area at Shanghai thus drawing Japanese anti-aircraft fire and endangering foreign and Chinese noncombatants

⁸⁸ Vice Admiral Kiyoshi Hasegawa, Commander in Chief of Japanese Third Fleet.

to a repetition of the frightful slaughter of bloody Saturday, August 14.

Sent to Nanking. Repeated to the Department.

GAUSS

793.94/10725 : Telegram

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

SHANGHAI, October 18, 1937—7 p. m.

[Received October 18—5:08 p. m.]

867. From reports from official sources it appears that 1990 Chinese and 16 foreigners have been killed and 2800 Chinese and 27 foreigners have been injured in the neutral foreign protected areas at Shanghai from August 13 up to October 10 from airplane bombs and anti-aircraft and other missiles. Of the 16 foreigners three were Americans.⁸⁹ These figures do not include the dead and injured during recent days.

For your information it is also reported that 15 Chinese and 3 foreigners were killed and 69 Chinese and 8 foreigners were injured in assaults by Chinese mobs. Of the 3 foreigners killed, 2 were Japanese and 1 Portuguese mistaken for Japanese. Of the 8 foreigners injured, 2 were Japanese, and 1 Korean, 1 Formosan, 3 Russian and 1 British.

Sent to the Department. Repeated to Nanking, Peiping.

GAUSS

793.94/10777 : Telegram

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

NANKING, October 20, 1937—3 p. m.

[Received October 20—2:55 p. m.]

840. Shanghai's 797, October 2, 10 a. m.,⁹⁰ and 865, October 18, 5 p. m. October 6 I sent the Foreign Office memorandum stating *inter alia* "it is requested that instructions be issued to the Chinese Air Force to exercise great care when engaged in bombing operations in the Yangtzepoo area since it contains much valuable property belonging to American citizens and firms". October 19 the Foreign Office replied *inter alia* that the matter had been referred to the appropriate authorities and then observed "the Chinese Air Force exhausts all possible efforts to avoid damage to property belonging to the people and firms of the United States and other friendly powers; nevertheless, the Minister believes that the American Embassy is fully aware that the Japanese use the Yangtzepoo area as a base of

⁸⁹ Killed August 14 by bombs from Chinese airplanes.

⁹⁰ Not printed.

military invasion, with the result that accidental losses are occasioned to third parties through the necessity imposed on the Chinese Air Force to take defensive measures". In a note to the Foreign Office October 20 I acknowledged receipt of this communication and said "it is with regret that I convey to Your Excellency a new report which seems to show that the Chinese Air Force is not exercising the caution which the memorandum asserts is being displayed" and then quoted substance of paragraph 1 of Shanghai's October 18, 5 p. m. The note continued "in reference to the general subject of operations by Chinese planes over Shanghai, I regret to state, also, that Chinese military planes not infrequently pass over those areas in which the citizens of the United States and of other countries not concerned in the present hostilities have gathered with the especial object of avoiding danger. This action by the planes in question not only brings peril to the residents by attracting anti-aircraft shells which explode over or fall into the areas concerned, but also by incurring the risk of a repetition of the disasters already caused through mistaken or unintended release of Chinese airplane bombs in those areas. On behalf of the American citizens affected, I have strongly urged that Chinese military planes avoid passing over the areas in question. The great need for this precaution is on the authority of the following statistics received from an official source in Shanghai:" the statistics given in Shanghai's 867, October 18, 7 p. m., were then set down.

Sent to the Department, repeated to Peiping, Shanghai, Tokyo.

JOHNSON

793.94/10819 : Telegram

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

SHANGHAI, October 24, 1937—7 p. m.

[Received October 24—3 p. m.]

887. Admiral Yarnell has today directed the attention of Vice Admiral Hasegawa of the Japanese Third Fleet⁹¹ to the numerous instances in which shells from Japanese guns, shrapnel from Japanese anti-aircraft fire, and bombs from Japanese planes have fallen in the sector of the International Settlement guarded by the United States Marines, with resulting loss of life and injury to non-combatants. He also pointed out that Japanese planes loaded with bombs have at times flown over that part of the Settlement. He urged and requested that steps be taken to prevent the recurrence of such incidents.

Inasmuch as representations were recently made to the Chinese Government by the Embassy at Nanking on the flying of Chinese

⁹¹ See *Foreign Relations, Japan, 1931-1941*, vol. I, p. 512.

planes loaded with bombs over the foreign protected areas, and publicity was given to such representations by press sources which obtained their information at Nanking, it would seem most desirable that representations now be made also at Tokyo with a view to urging impartially on both sides the necessity of avoiding action endangering the safety of noncombatants in the foreign protected areas at Shanghai.

Sent to the Department. Repeated to Nanking, Luzon, Tokyo.

GAUSS

793.94/10840 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Secretary of State

[SHANGHAI,] October 26, 1937—4:20 p. m.

[Received October 26—7 a. m.]

0026. Following instructions given Commanding General Second Marine Brigade this date:

“In case of attack on the defense forces or noncombatants in the United States sector by planes of any nationality fire may be opened on such planes in self defense.”

This is an extension of the order already given to vessels of the United States Asiatic Fleet authorizing them to take such action in case of attack.

793.94/10849 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)²²

[SHANGHAI,] October 26, 1937—9:05 p. m.

[Received October 26—12:30 p. m.]

0026. Reference orders regarding opening fire on planes in self defense, do not believe such attacks probable but issuance and publicity of this order will undoubtedly result in more care being observed in avoiding such action by planes of opposing forces. Commanding General has been advised gravity of such action and that authority should be used with greatest care.

793.94/10819 : Telegram

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

WASHINGTON, October 27, 1937—11 a. m.

269. Shanghai's 887, October 24, 7 p. m. and Nanking's 840, October 20, 3 p. m. Department desires that you consult with your interested

²² Copy transmitted to the Department by the Navy Department.

colleagues and in your discretion make an approach to the Foreign Office on the basis of the first paragraph of Shanghai's telegram under reference.

HULL

793.94/10856 : Telegram

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

TOKYO, October 27, 1937—4 p. m.

[Received October 27—8:55 a. m.]

495. Shanghai's 887, October 24, 7 p. m. Today Dooman read to Yoshizawa the first paragraph of the telegram above cited and urged that the commanders of the Japanese naval and military forces at Shanghai be directed to see to it that lives of foreigners and other noncombatants in the foreign protected areas at Shanghai are not endangered by Japanese gun fire and by the flying of Japanese airplanes carrying bombs over such areas.⁹³ Yoshizawa expressed regret that the actions of the Japanese forces should have made further representations necessary and said that he would at once take up this matter with the appropriate authorities.

Repeated to Shanghai for information of Nanking and Yarnell.

GREW

393.1164 Tungchow/19 : Telegram

The Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, October 27, 1937—5 p. m.

345. Your 671, October 18, 3 p. m.,⁹⁴ in regard to settlement of the Tungchow damages. Suma informed the Department on July 29 that his Government would be prepared to make reparation for damages to the Tungchow Mission. (Department's 163, August 2, 4 p. m.⁹⁴). Suma's offer was not made in response to a request or suggestion from the Department.

On September 8 Hamilton handed Suma a memorandum setting forth the losses of the mission. Suma stated that anything which the Japanese might do in reference to cases such as that at Tungchow would be done as a separate matter.

The Department's 289, September 29, noon, gives the substance of conversations with Suma on September 25 and 28.

The statement that "the matter might be settled with special consideration quite separately from all other questions regarding the

⁹³ The British Embassy made similar representations October 28 (793.94/10873).

⁹⁴ Not printed.

compensation of damages" is not clear. It was understood that the proposed settlement was viewed as an unofficial one between the parties immediately concerned, and it is not impossible that it is this understanding to which Suma makes reference.

In view of the circumstances, the Department feels that there is no warrant now for taking official cognizance of an unofficial settlement, that the question of precedent does not arise, and that therefore it is neither necessary nor advisable for the Embassy to confirm with the Japanese Embassy that the Embassy "agrees to consider this settlement as one not forming a precedent in dealing with similar cases in the future".

If you feel that a response to the Japanese Embassy's note is called for, you may in your discretion inform the Japanese Embassy informally that the Department has considered and continues to consider the Tungchow settlement as an unofficial one between the parties immediately concerned.

HULL

494.11/38

The Consul General at Tientsin (Caldwell) to the Secretary of State

No. 217

TIENTSIN, October 28, 1937.

[Received November 29.]

SIR: I have the honor to enclose a memorandum dated October 20, 1937,⁹⁷ reporting the statements made orally by a Japanese consular officer to Vice Consul Stone concerning the responsibility to be accepted by the Japanese Government for damages inflicted by the Japanese military to the property of American nationals in China, and the method for settling claims for which the Japanese accept responsibility.

According to these statements, the Japanese will not consider claims for damages that are the direct results of hostilities, such as Japanese bombing or shelling; but claims for damages indirectly due to the hostilities, such as the commandeering of motor vehicles and junks, the taking over of buildings for barracks, etc., may be settled by the Japanese Consulate General here through negotiations either direct with the claimants or through this office.

The Japanese consular officer stated that this subject had been under discussion between the Japanese Foreign Office and the American, British and French Embassies in Tokyo.

As of possible interest in this connection, there is enclosed a memorandum⁹⁷ outlining the more important American claims for dam-

⁹⁷ Not printed.

ages due to the present hostilities which have been presented to the Japanese Consulate General, and concerning which the assistance of this office has been requested.

It may be stated in this regard that I have found the officers of the Japanese Consulate General engaged in this work cooperative in their attitude towards claims taken up through this office, and, while delays have been experienced in some cases, they are believed to have been due to the great number of claims presented for settlement, and, possibly to a certain lack of cooperation on the part of the military.

Respectfully yours,

J. K. CALDWELL

393.115/90 : Telegram

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

SHANGHAI, October 29, 1937—5 p. m.

[Received October 29—3:30 p. m.]

904. I went with my British, French and German colleagues yesterday afternoon to urge on the Japanese Consul General that as all Chinese authorities have withdrawn from proximity to the Hongkew and Yangtzepoo areas of the International Settlement those districts should now be thrown open without delay or restricted so that merchants may remove or otherwise deal with their cargo and look after their factories, plants and other properties. The Japanese Consul General agreed in principle and said he would do his best to urge the military and naval authorities to the desired end, but it could not be accomplished immediately. He pointed out that the Chinese forces in Pootung continue to shell into these areas and that they are also subject to bombing by Chinese air raiders. We urged that pending the complete opening of the areas there should be immediate and substantial increase in the present facilities for the removal of cargo. Present facilities are much restricted and have resulted in much complaint from our nationals. He promised that the facilities would be widened. While I am thoroughly satisfied that we have been receiving equally as favorable treatment as other nationalities, it is imperative that these facilities be substantially increased. We are now able to move out not more than 200 truck loads a week and have applications on file for a total of over 5000 truck loads.

My colleagues are reporting to their Governments or to Tokyo requesting support of the efforts we are now making here. I trust we may have the support of our Embassy at Tokyo.

Sent to the Department, repeated to Nanking and Tokyo.⁹⁸

GAUSS

⁹⁸ The Embassy in Japan made oral representations on November 1 (393-115/91).

793.94/10906 : Telegram

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

SHANGHAI, October 30, 1937—4 p. m.

[Received October 30—12:11 p. m.]

912. My No. 900, October 28, 8 p. m.⁹⁹ There has been little change in the military situation since the Chinese withdrawal from Chapei to the south bank of Soochow Creek. Both sides appear to be consolidating their positions. The Chinese have erected new defense works in the extra-Settlement area south of the creek beyond the British defense lines but military observers are not yet certain whether the Chinese intend to make a serious effort to hold these present lines. In any event the position of the contending forces endangers the western residential district which last night was thrown into a panic when shells burst in this area killing three British soldiers and wounding two and killing and wounding a number of Chinese. It has not been definitely determined whether Chinese or Japanese batteries were responsible but from the direction of fire it is thought that the shells were fired by a Japanese battery located north of Soochow Creek. British military authorities have advised that residents of certain sections avoid exposing themselves and be prepared if necessary to withdraw therefrom. I have advised that Americans follow advice of the British military authorities protecting the area.

Sent to the Department. Repeated to Nanking and Peiping.

GAUSS

793.94/10909 : Telegram

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

SHANGHAI, October 31, 1937—8 p. m.

[Received October 31—11:44 a. m.]

916. This noon at the instance of Admiral Yarnell I requested the Japanese Consul General to communicate to General Matsui, the Japanese Military Commander in Chief, the request of the American, British and French Admirals and Italian and Dutch Naval Commanders for a meeting to discuss the serious situation in the Settlement areas resulting from indiscriminate firing. It was requested that the meeting be arranged for today or tomorrow morning, the Admirals being willing if necessary to go as far as Woosung for the purpose. This evening at 5:40 o'clock the Japanese Consul General informed me that a special officer sent by the Military Attaché of the

⁹⁹ Not printed.

Japanese Embassy to communicate the request to General Matsui had just returned with Matsui's reply to the effect that he regretted very much that because of military exigencies he can not have the pleasure of meeting the Admirals before November 10th. I report matter at the request of the Commander in Chief.

Sent to the Department. Repeat to Embassy at Tokyo.

GAUSS

125.956/37 : Telegram

*The Consul at Tsinan (Allison), Temporarily at Tsingtao,
to the Secretary of State*

TSINGTAO, November 8, 1937—2 p. m.
[Received November 9—7:22 a. m.]

After several days personal investigation in Tsinanfu and interviews with American citizens, it is my opinion that the Consulate should be reopened for the following reasons:

(1) Many Americans who had left the district have now returned and they have expressed the feeling, in personal interview and by letter, that the presence of an American Consul at Tsinanfu would be of material assistance to them as well as make their work easier by adding to the prestige of the United States which they say has suffered while the Consulate has been closed.

(2) Certain specific matters of interest to American trade, such as the confiscating by the Shantung Provincial Government of motor trucks sold by Americans on the installment plan, need Consular attention and can only adequately be taken care of in Tsinanfu, the provincial capital.

(3) The presence of an American Consul who can make independent reports might have a discouraging effect on possible indiscriminate bombing of the crowded city of Tsinanfu.

(4) It is the opinion of competent observers that the likelihood of large scale hostilities taking place in the city of Tsinanfu itself is slight and the possible danger to Consular staff is not such as to warrant keeping the Consulate closed now that American citizens are beginning to return.

I therefore request that I be given authority to reopen the Tsinanfu Consulate and that transportation expenses from Tsinanfu to Tsingtao and return be approved so that Consular records may be obtained.

Sent to the Department, repeated to Nanking, Peiping.

ALLISON

125.956/37

The Acting Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, November 9, 1937—7 p. m.

346. Reference Allison's Nov. 8, 2 p. m., from Tsingtao. Provided you consider it advisable, the Department has no objection to Allison's

remaining temporarily at Tsinan to handle any urgent and important matters which require attention, but feels that he should, upon the completion of emergency duties, return to Nanking to report and to discuss with you the subject matter of the telegram under reference.

WELLES

393.1115/1862: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*¹

[SHANGHAI,] November 10, 1937—10:18 a. m.

[Received November 10—8:41 a. m.]

1110. American nationals evacuated to 6 November: Shanghai 2,083; Peiping, Tientsin area 517; Chefoo, Tsingtao area 1,203; Yangtze River and interior 361; Foochow, Amoy, Swatow 93; Kwangtung, Kwangsi, Kweichow Provinces, Hainan Island 374, total evacuated 4,631. American nationals remaining: Shanghai 2,346; Peiping, Tientsin area 1,048; Chefoo, Tsingtao area 567; Yangtze River and interior 1,147; Foochow, Amoy, Swatow 216; Kwangtung, Kwangsi, Kweichow Provinces, Hainan Island, 433, total remaining 5,757.

Civilian nationals returning in increasing numbers, further evacuation by naval vessels unnecessary under present circumstances. Naval dependents remaining in China as follows: Peiping officers 18, enlisted 23 that area placed on voluntary evacuation basis; Chefoo officers none, enlisted 4, all aliens; Tsingtao officers, 1 wife of British nationality, enlisted 2, both aliens; Shanghai officers none, enlisted 40 of whom 13 will leave on *Henderson* 10 November and 17 are aliens; Yangtze Valley officers none, enlisted 3, all aliens; Canton, Hong Kong officers 21, enlisted 18 that area placed on voluntary evacuation basis. This report will be discontinued unless further emergency arises.

393.1115/1872: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 11, 1937—3 p. m.

[Received November 11—11:50 a. m.]

71. Department's 90, November 9, noon.² List of Americans in Honan Province, as given in Hankow's November 6, 1 p. m.,² has been communicated to Japanese authorities with request that they take appropriate steps to avoid injury to lives and property of Americans.

CALDWELL

¹ Copy transmitted to the Department by the Navy Department.

² Not printed.

393.1163 American Church Mission/9 : Telegram

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

SHANGHAI, November 11, 1937—9 p. m.

[Received November 11—1:50 p. m.]

959. The American Church Mission reports that its property at Sungkiang was bombed and destroyed by Japanese airplanes on November 2nd. I have made representations to the Japanese authorities here and request that the matter be brought to the attention of the Japanese Foreign Office.

Sent to the Department. Repeated to Nanking and Toyko.

GAUSS

793.94/11073 : Telegram

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

NANKING, November 12, 1937—11 a. m.

[Received November 12—3:18 a. m.]

907. The Rev. H. A. McNulty of Soochow has come to me as the foreign chairman of the Soochow International Relief Committee to inform me that the Japanese military through notices dropped from planes have warned Soochow that after November 13th they will bomb Soochow indiscriminately. Soochow is filled with civilian population and civilian refugees from country involved in hostilities. Will you and the Admiral get in touch with Japanese Embassy and military for me³ and see whether anything can be done to prevent such a disaster or at least to give time for some arrangement to be made between Japanese and Chinese military for a mutually agreed-upon safe area for refugees to be taken to. Present plan is for Committee to take refugees to Eastern Hill adjacent to lake and Western Hill, an island near by and in the lake.

Sent to Shanghai; repeated to Department and Tokyo.⁴

JOHNSON

393.1163 American Church Mission/11 : Telegram

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

NANKING, November 12, 1937—noon.

[Received 12:54 p. m.]

908. Doctor Lee of Wusih telephoned from Wusih at noon stating that American Church Mission, Saint Andrew's Hospital and a sep-

³ For Admiral Yarnell's letter, see his telegram of November 12, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 516.

⁴ The Ambassador in Japan on November 13 reported that representations had been made the previous night to the Japanese Foreign Office (793.94/11088).

arate compound containing church building both marked clearly with American flags painted on roof were bombed this morning by Japanese planes. Five American residents safe.

Shanghai please inform mission headquarters. Repeated to Tokyo.

JOHNSON

393.115 Methodist Episcopal Mission/3: Telegram

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

TOKYO, November 12, 1937—9 p. m.

[Received November 12—10:17 a. m.]

537. Our 504, October 30, 5 p. m.,⁵ Methodist Mission at Sungkiang. The following is text in translation of Foreign Office reply.

“No. 139, November 11, 1937. *Note verbale.* With reference to the memorandum of October 30 of the American Embassy in Tokyo to the effect that the property of the Methodist Episcopal Mission at Sungkiang southwest of Shanghai was bombed by Japanese planes on October 29; that the girls' school belonging to the said church was destroyed; and that other buildings on which the American flag was clearly displayed were bombed, the Imperial Ministry of Foreign Affairs has taken note of the circumstances in the Embassy's communication and has caused the authorities concerned in the incident to make an investigation. It is recognized that Sungkiang is close beside the area of Japanese military operations and that a large body of Chinese troops were there concentrated. Although the Japanese forces in acting as combatants and in carrying out their bombing of this area were of course duly heedful of foreign rights and interests they had at the time of the bombardment no data concerning the location of the property of the American church in this area. For the sake of safety, flying at a very low altitude had to be avoided in the vicinity of the area occupied by the Chinese forces. On this account the Japanese forces could not recognize the markings of the said school and other buildings. It is very sincerely regretted but it is clear that the incident was wholly due to a mistake.

Furthermore, the Imperial Ministry of Foreign Affairs on behalf of the Imperial Government has the honor to state that whereas it has been particularly mindful of noncombatants and humanitarian establishments it will exert its best efforts not to repeat actions of this kind and that it is ready to give adequate consideration in regard to the damage to the above mentioned school and buildings.”

Repeated to Shanghai.

GREW

⁵ Not printed.

793.94/11084 : Telegram

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

SHANGHAI, November 12, 1937—9 p. m.

[Received November 12—1:40 p. m.]

964. Reference Nanking's number 907, November 12, 11 a. m. Immediately upon receipt of this message a copy was sent to the Admiral and the matter was presented orally and by memorandum to Japanese Embassy through the Consul General-Counselor.

Sent to Nanking, Peiping.

GAUSS

793.94/11116 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO [undated].

[Received November 15, 1937—6 a. m.]

Following from Allison:

"November 14, midnight. Information believed to be reliable has just been received that Japanese forces have reached a point 22 miles north of Tsinanfu and that Japanese irregulars have appeared within 8 miles northeast of the city. It is also reported that Provincial Government offices are moving to Taian at 4:00 p. m. tomorrow the 15th.

After further consultation with Americans and others I believe that presence of American Consul here will (1) be of assistance to Americans who may decide to leave at this time and (2) have a mitigating effect on Japanese actions toward American citizens and property if Tsinanfu is captured. At present there are approximately 30 Americans in the city of whom 20 are women and children, including 11 Catholic Sisters. I, therefore, request permission to remain here for at least 2 weeks more or until Americans have evacuated. It is also requested that Consulate General at Tientsin inform Japanese entering of the presence in Tsinanfu of American lives and property and if bombing or shelling of city is contemplated warning is requested as was given at Soochow, according to press reports.

Sent to the Department. Repeated to Nanking, Peiping, Tientsin."

SOKOBIN

793.94/11135 : Telegram

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

NANKING, November 16, 1937—3 p. m.

[Received November 16—8:50 a.m.]

921. My 907, November 12, 11 a. m. I have just talked with McNulty by telephone at Changchow. He states that Chinese military

have agreed to respect areas mentioned in my November 12, 11 a. m. as places of refuge. He asks that this information be repeated to Japanese. He states Soochow was severely bombed Sunday. I promised to transmit this information for him. He has returned to refugee camps and I can of course not get in touch with him. He informed me that Americans have evacuated Puchow to refugee camp and that Americans at Changchow were evacuating that place for Nanking tonight. Please inform Admiral.

Sent to Shanghai. Repeated to Department and Tokyo.

JOHNSON

123 Allison, John M./149 : Telegram

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

NANKING, November 17, 1937—11 a. m.

[Received November 17—7:30 a. m.]

926. Following from Allison, Tsinan.

"November 16, 5 p. m. Your November 16, 11 a. m., quoting Department's 354.⁷ I intend to leave for Tsingtao tomorrow night. At a meeting of local Americans this afternoon I informed them of latest developments in situation and urged them to evacuate immediately. Most of them expressed determination to remain. Letters being sent Americans at interior points."

JOHNSON

393.1163 American Church Mission/12 : Telegram

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

WASHINGTON, November 18, 1937—1 p. m.

301. Reference Nanking's 908, November 12, noon. The Department suggests that unless you perceive objection you make appropriate representations to the Japanese Foreign Office on the basis of the telegram under reference.

For your information the Department has received an inquiry from the mission headquarters, New York, in regard to this case.

Please report by telegraph.

HULL

393.1115/1950 : Telegram

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

WASHINGTON, November 23, 1937—7 p. m.

571. Your 982, November 18, 9 a. m.⁷ We have carefully considered your reasoned statement of the situation and, while anxious to avoid

⁷ Not printed.

doing anything which would encourage American women and children to return to Shanghai prematurely, are inclined to concur in your opinion that the question of returning is a matter for the exercise of individual discretion on the part of concerned Americans. We realize that the prolonged temporary residence in territories contiguous to China, such as Manila, of American women and children who are bona fide residents of Shanghai probably inconveniences many of them financially and otherwise, and therefore, in the absence of definite indications that the necessity for their subsequent evacuation will arise or that they would be seriously endangered by conditions at Shanghai, we do not wish to adopt an attitude which would cause a prolongation of the emergency conditions under which they are now living. However, we feel that those Americans who are not being subjected to serious inconvenience through continued absence from Shanghai should await a more decided improvement in conditions before returning.

You may in your discretion communicate the sense of the foregoing to the American Red Cross at Manila for its guidance in applicable cases but not for public announcement, and to Americans who may direct inquiries to you. You will of course also inform the Red Cross and such Americans that, inasmuch as conditions in Shanghai are not yet normal, as the danger factor is not entirely eliminated, as epidemic disease is a possibility, and as subsequent evacuation would constitute a very serious problem, those American women and children who return do so on their own responsibility in full knowledge of the risks involved. Government funds should not be advanced for return to China.

With regard to the return of families of consular officers and women clerks, although it does not appear advisable for the present to authorize their return to Shanghai, the Department has the matter under consideration and desires to receive your further comments on this point as the situation unfolds.

Please repeat by mail to Consuls at Manila (for information High Commissioner) and Hong Kong; also to Consul General at Tokyo for transmission to all Consuls in Japan.

HULL

393.1163 American Church Mission/14 : Telegram

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

TOKYO, November 27, 1937—1 p. m.

[Received November 27—5 a. m.]

570. Our 534, November 12, 1 p. m.,^s American Church Mission. The following is text in translation of the reply of the Foreign Office :

^s Not printed.

"No. 143, American 1, confidential. Tokyo, November 25, 1937 memorandum. The Japanese Foreign Office has the honor to acknowledge the receipt of memorandum of November 12th from the United States Embassy in Tokyo stating that on November 2nd the property of the American Church Mission at Sungkiang was bombed and destroyed by Japanese airplanes. Investigation of the matter by Japanese authorities discloses that, when Japanese naval planes bombed various military establishments of the Chinese Army at Sungkiang, those engaged in the action were duly solicitous of the rights and interests of foreign powers, but that as the day was rainy, visibility was low and any beacons or marks indicating the property of Americans were not distinguishable from the air. At that time the Japanese Army had advanced to the Soochow-Honan area and Sungkiang was within the zone of fighting; and it is believed that the United States Embassy will understand that mishaps are possible in spite of the strictest caution. It is clear that the present case was wholly the result of an error consequent upon low visibility. The Japanese Government hereby expresses profound regret for the occurrence and has the honor to state that it stands ready to give consideration to the matter of loss or damage thereby sustained by the mission."

Repeated to Shanghai.

GREW

393.1115/2130 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy) ⁹

[SHANGHAI,] November 29, 1937—10:26 a. m.

0029. In view of financial hardships in many cases, Commander in Chief offers no objections to the return to Shanghai of dependents of officers and men of the Navy and Marine Corps stationed permanently in that city. In such return consideration should be given to the far from normal conditions now existing.

793.94/11349 : Telegram

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

HANKOW, November 29, 1937—3 [4?] p. m.

[Received November 29—12:45 p. m.]

7. My British colleague has just given me the following message from British Consul ¹⁰ at Nanking:

⁹ Copy transmitted to the Department by the Navy Department; received, apparently, on December 6.

¹⁰ H. I. Prideaux-Brune, British Consul at Nanking and Chinese Secretary of the British Embassy in China.

"I am to evacuate British subjects and hope that it can be tomorrow except for Military Attaché and myself who will remain in Embassy for the present. There are 21 British subjects of whom 5 are accommodated on gunboat and the remainder on Jardine, Matheson and Company's hulk. At my German colleague's request I am admitting to hulk himself, 2 members of his staff and 11 others under protection of German Embassy. At my United States colleague's request I am admitting 5 American ladies and possibly several other Americans. Three Dutch nationals are also being admitted.

Unless outlook improves, Butterfield and Swire steamer *Whangpoo* due here November 30th will be detained and be near hulk to relieve congestion on latter which will be acute. Hulk lies 4 miles up river from Nanking Bund. It is inevitable that a certain number of Chinese craft will collect in its vicinity. I suggest that Japanese authorities be informed of location of hulk and of the fact that it is serving as place of refuge for British and other nationals as described above, and that they also be informed that at present members of your staff are remaining in Embassy and one of His Majesty's ships is lying off Nanking Bund."

I have sent following message to Atcheson: ¹¹

"November 29, 4 p. m., I have just seen a telegram addressed to the British Embassy by Prideaux-Brune stating that he is arranging to evacuate a number of people including five American ladies and other Americans by tomorrow. I do not want you or Paxton ¹² or Gassie ¹³ to remain on Embassy premises any longer than you feel safe. I want you to know that I appreciate the burdens which you are bearing at this time."

I think it would be timely if the Department could ask Embassy at Tokyo to request Japanese authorities to take particular interest in the presence at Nanking of Atcheson, Paxton, Roberts, ¹⁴ McHugh ¹⁵ and Gassie, and of the presence there of U. S. S. *Panay*.

JOHNSON

393.1163 Nantungchow/18

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

[WASHINGTON,] November 30, 1937.

During the course of a call by Mr. Suma on other subjects (see separate memoranda), I took occasion to hand to him the original of a memorandum of November 24 ¹⁶ on the subject "Damage to the American Mission at Nantungchow." I told Mr. Suma that I was

¹¹ George Atcheson, Jr., Second Secretary of Embassy in China at Nanking.

¹² J. Hall Paxton, Second Secretary of Embassy in China at Nanking.

¹³ Emile Gassie, clerk of the Embassy in China at Nanking.

¹⁴ Capt. Frank N. Roberts, Assistant Military Attaché in China.

¹⁵ Capt. James M. McHugh, Assistant Naval Attaché in China.

¹⁶ Not printed.

handing him this memorandum informally in response to the initiative which he had taken on August 25 in bringing up this case. I said that we regarded our action in presenting this statement to him as informal and I suggested that the Japanese authorities might care to work out informally a local settlement. Mr. Suma referred to the way in which an informal settlement had been effected of the damage to American mission property at Tungchow, near Peiping, and said that he thought that they might handle this in the same way. I emphasized again that I was handing him this statement in response to initiative taken by him.

M[AXWELL] M. H[AMILTON]

393.1115/2008 : Telegram

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

WASHINGTON, November 30, 1937—1 p. m.

324. The American Embassy at Nanking reports that there remain at Nanking about 40 Americans including 5 members of the Embassy staff who are at the Embassy. The U. S. S. *Panay* is also at Nanking. It is understood that a number of Americans together with a number of other nationals are being accommodated on Jardine Matheson and Company's hulk which lies 4 miles up river from the Nanking Bund.

Please bring the above to the attention of the Japanese Foreign Office with the request that the appropriate Japanese military and naval authorities be promptly notified.

HULL

394.1153 Feiting/1 : Telegram

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

SHANGHAI, November 30, 1937—9 p. m.

[Received November 30—3:35 p.m.]

1048. A Japanese naval detachment this afternoon seized a launch flying the American flag moored along the French Concession Bund. The flag was lowered and the launch towed away, the detachment stating that they would return later for others. This launch is one of those sold by the China Merchants Steam Navigation Company to China Foreign Steamship Corporation, as reported in my despatch No. 1071, November 15th, sent to the Department by air mail.¹⁷ The launch had not yet been documented under form number 35 but the flag was being flown and a notice was posted indicating ownership. Two Italian-owned lighters flying Italian flags were seized at about the same time. German launches were taken some days ago.

¹⁷ Not printed.

2. I have protested orally to the Japanese Consul General, emphasizing my disapproval of the action of any Japanese authorities in lowering the American flag over any property without the consent of the American Consulate General. I shall enter a formal written protest on the seizure of American property.

GAUSS

394.1153 Feiting/4 : Telegram

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

WASHINGTON, November 30, 1937—7 p. m.

593. Your 1048, November 30, 9 p. m. Associated Press report from Shanghai states that according to William Hunt, head of the American steamship company which owns the launch, the Japanese "deliberately pulled down the flag and tossed it in the river." Other press reports from Shanghai which are featured in the press here also state that the Japanese threw the American flag into the river. Please urgently telegraph facts in this regard.

The Department has not yet received your despatch No. 1071, November 15.¹⁸ Department desires to be informed by urgent radio (a) the date of the sale and transfer, (b) the consideration, (c) the reasons for the sale and (d) your considered opinion as to the *bona fides* of the transaction in the light of all the requirements of paragraphs 343-346 of the Consular Regulations. In your report also state by whom the notice indicating ownership was issued or signed. Have the Japanese given any reasons for their seizure of this launch?

The Department has no record of China Foreign Steamship Corporation and assumes that you are satisfied that it is a bona fide American concern.

The Department desires to receive as soon as possible information covering the foregoing points and any additional information which might be helpful in understanding all the pertinent facts and circumstances of this case.

HULL

394.1153 Feiting/3 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*¹⁹

[SHANGHAI,] December 1, 1937—9:50 a. m.

[Received December 1—8:51 a. m.]

0001. Following letter sent Vice Admiral Hasegawa, commanding Japanese Fleet in China:

¹⁸ Not printed.

¹⁹ Copy transmitted to the Department by the Navy Department.

"1 December 1937. My Dear Admiral Hasegawa: About 1400 on 30 November the Japanese naval landing forces boarded the steamship *Feiting*, owned by the China Foreign Steamship Corporation, a company registered at the American Consulate General, and took charge of the craft. They pulled down the American flag which the craft was flying and turned over the document regarding ownership of the craft to another vessel at the Kinlee Yuen wharf at the French Bund, at which wharf the steamship *Feiting* alongside.

I desire to protest strongly this seizure of American property and the action of Japanese authorities in lowering the American flag over any property without reference to the American Consulate General, and shall make representations to my Government regarding this matter.

Very respectfully,

H. E. Yarnell,
Admiral United States Navy,
Commander-in-Chief U. S. Asiatic
Fleet."

394.1153 *Feiting*/2: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)* ²⁰

[SHANGHAI,] December 1, 1937—2: 58 p. m.

[Received December 1—7 a. m.]

0001. In reply to letter re seizure of steamer, Rear Admiral Sugiyama, Commander *Fujino*, called 11: 15 today to apologize for seizure by Japanese naval personnel of launch *Feiting* and lowering her American flag. Sugiyama stated personnel has been instructed take over certain launches belong to Chinese and this launch appeared on their lists as Chinese owned; they regret very much their personnel took this action without investigating and admit their act in lowering American color was without justification; he stated, however, that question of ownership of launch was still open to question but until decided launch would be returned.

Sugiyama stated Vice Admiral Hasegawa now ill but he would come, express regrets in person soon as recovered. Consider this affair satisfactorily settled.

394.1153 *Feiting*/5: Telegram

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

SHANGHAI, December 1, 1937—4 p. m.

[Received December 1—7 a. m.]

1054. My 1048, November 30, 9 p. m. The launch has been returned by the Japanese with the flag restored. The written report made to

²⁰ Copy transmitted to the Department by the Navy Department.

me by the American company states that the Japanese sailors lowered the American flag and tossed it to the crew of an adjacent launch. The details required by your 593, November 30, 7 p. m. will follow later.²¹

Repeated to Tokyo.

GAUSS

793.94/11423 : Telegram

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

WASHINGTON, December 3, 1937—4 p. m.

607. Your 1074, December 3, 2 p. m.²² Press reports from Shanghai carry sensational items to the effect that following the throwing by a Chinese of a hand grenade Japanese troops immediately seized complete control of the area in which the incident occurred; that the Japanese troops aimed pistols at U. S. marines and British soldiers, pushed foreigners about with rifle butts, set up machine guns, extended the area which they seized until it had entered the U. S. Marine defense area; that hot words were exchanged between the U. S. marines and the Japanese; and that later the Japanese officers began giving the command to withdraw. The press reports state also that four U. S. marines, two of them dispatch riders on motorcycles, were threatened with drawn pistols by Japanese officers; that two truck loads of British soldiers were similarly treated; that a number of foreign civilians were pushed about roughly with rifle butts; and that an American and a British subject were beaten.

Please radio Department as soon as possible a report covering the items mentioned above and adding such further particulars as will enable the Department to evaluate the stories in the press.

HULL

393.1115/2081 : Telegram

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

TOKYO, December 3, 1937—5 p. m.

[Received December 3—7:10 a. m.]

592. Hankow's December 2, 11 a. m.,²³ safe conduct for party leaving Hankow by train December 10.

1. The Embassy took this matter up informally with the Foreign Office this morning and left a memorandum. The Foreign Office has replied this afternoon that the naval authorities state that the railway from Hankow to Canton is cut in several places due to bridges having

²¹ Telegram No. 1055, December 1, 5 p. m., not printed. The Consul General reported that after careful investigation he considered that the sale of the launch to the American company was made in good faith. (394.1153 Feiting/6)

²² Vol. III, p. 749.

²³ Not printed.

been bombed and that the route is impracticable; that they were therefore unable to accede to our request. They suggested, however, that the party be evacuated via the Yangtze route to Shanghai and said that request for safe conduct via this route would be given consideration.

2. I am informed by my British colleague that the British Chargé and a party left Hankow today on the railway for Canton and Hong Kong to proceed as best they could and without guarantees from the Japanese authorities other than their expressed intention to "do what they could" to protect the party from injury.

Repeated to Shanghai. Shanghai repeat to Hankow.

GREW

793.94/11434a : Telegram

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

WASHINGTON, December 4, 1937—1 p. m.

613. Press reports from Shanghai continue to be of a sensational character. For instance, Hallett Abend's article in today's *New York Times* under Shanghai date line December 4 states that:

"Colonel Price made a peremptory demand for the immediate removal of all Japanese soldiers, sentries and barricades from the American defense sector, threatening that if the Japanese did not instantly comply his Marines would clear them out. With many apologies, the Japanese Commander gave hurried orders and in 10 minutes all encroachments into the American sector were withdrawn."

Reports of this character and of the character of the press report that the Japanese threw the American flag into the river (see Department's 593, November 30, 7 p. m.) cause great misapprehension in the United States. It would therefore be very helpful if you could arrange with the correspondents there who make the reports to the press in the United States to keep you apprized as far as possible of what they are sending, and if you would then radio me a statement of the essential and official facts in regard to items likely to create misapprehension and embarrassment here.

HULL

793.94/11457 : Telegram

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

SHANGHAI, December 5, 1937—9 a. m.

[Received December 5—6:50 a. m.]

1088. Referring to Department's telegram No. 607, December 3, 4 p. m. and my 1081, December 3, 5 p. m.²⁵ I am informed by the

²⁵ For latter, see vol. III, p. 754.

intelligence officer of the Second Brigade, United States Marine Corps, that no Japanese troops aimed pistols at either American or British troops and that no Marine despatch riders were threatened with drawn pistols although both British and American trucks and at least [a few?] American despatch riders were diverted by the Japanese forces. He further states that it was necessary to talk forcefully to the Japanese guard placed in the American sector before the Colonel in command of the Fourth Marines and the aforementioned intelligence officer accompanying him were permitted through the lines to interview the Japanese Lieutenant Colonel in charge who had established himself on Nanking Road near the corner of Chekiang Road. As a result of the interview the Japanese guards in the American sector were shortly thereafter withdrawn at about 5 p. m. The withdrawal of the Japanese forces from the Cordon area to Hongkew was completed about 9 p. m., the 3d. Yesterday morning General Matsui sent officers to General Beaumont²⁶ to apologize for the incursion into the American sector.

I understand that an American by the name of Vaughan read currently²⁷ and a Britisher by the name of Maitland were manhandled either by Japanese soldiers or Japanese civilians; Maitland is alleged to have torn a Japanese flag from the hands of a Japanese spectator. I have requested the complete report of the Shanghai municipal police but have been informed that it will not be ready until Monday.

While the Japanese spokesman at the press conference yesterday morning is reported to have said that the troop movement was a transfer of troops and not a parade, groups of Japanese civilian men and women waving paper Japanese flags and shouting banzai lined the route of march at various places, especially on Nanking Road. Previously very few Japanese have been seen south of Soochow Creek in the Settlement.

GAUSS

793.94/11475: Telegram

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

SHANGHAI, December 5, 1937—5 p. m.

[Received December 5—1:20 p. m.]

1093. Your 613, December 4, 1 p. m. I have been endeavoring to ascertain and report exact facts. I enjoy cordial relations with the principal press correspondents, find them helpful and cooperative, have given them information and assistance where possible and proper,

²⁶ Brig. Gen. John C. Beaumont, U. S. M. C., commanding U. S. forces ashore at Shanghai.

²⁷ Sentence apparently garbled at this point.

have carefully avoided crediting sensational reports, and have noted no disposition on their part to do so.

The incident concerning the Marines and the Japanese was reported in the last sentence of the first paragraph of my number 1081, December 3, 8 [5?] p. m.²⁸ on the basis of information from the United States Marine intelligence officer who was with Colonel Price and informed me at his request of what had occurred. I have seen Colonel Price since receiving your No. 613. He tells me there was no peremptory demand and no threat. He informed the Japanese officer that his sentries had extended into the American sector and were blocking traffic with no apparent good reason and inquired why this was done. The Japanese officer apparently became [aware?] for the first time that he was extending into the American sector and stated that his men would be withdrawn immediately. This was done.

GAUSS

393.1115/2113 : Telegram

The Second Secretary of Embassy in China (Atcheson) to the Secretary of State

NANKING, December 7, 1937—10 a. m.

[Received December 7—8:40 a. m.]

1007. I feel that everything possible has been done for Americans here. Since the middle of August they have been urged to evacuate and until recently the water route to Shanghai was safe and open and river steamers were operating to Hankow until a few days ago. On November 22 the U. S. *Luzon* offered every American still here opportunity to proceed on that vessel to Hankow. The U. S. *Panay* has offered to take aboard every remaining American and the Embassy has urged those Americans to board the *Panay*. American property has been posted with proclamations issued by the Embassy as well as proclamations issued by the Defense Commander's headquarters and the Embassy has issued identification cards and arm bands to servants left in charge of American property. Ropes have been prepared for use of remaining Americans in case they later wish to escape from the city over the walls and arrangements are being made with the military authorities to facilitate such departure.

I have informed remaining Americans that my residence is at foreigners' disposal in case they are endangered in their own dwellings and this may provide them a refuge from looting and street fighting although probably not from artillery fire because of the situation of the Embassy on exposed elevated ground. To Doctor Bates,²⁹ one of

²⁸ Vol. III, p. 754.

²⁹ M. Searle Bates, Head of the History Department, University of Nanking.

the Americans remaining for purposes of the so-called safety zone, I am giving the use of my car for himself and the other Americans if needed and to facilitate escape to the walls.

ATCHESON

793.94/11498 : Telegram

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

HANKOW, December 7, 1937—11 a. m.

[Received December 7—8:50 a. m.]

19. Japanese planes bombed the waterfront at Wuhu and although the ships and other property damaged were not owned by American citizens the manner in which the raid was conducted made it a menace to the safety of American citizens and property and I suggest that the Embassy at Tokyo may think it advisable to enter a protest to the Japanese authorities. Features affecting American interests were that bombs were dropped on the British passenger steamer *Tuckwo* setting it on fire and causing it to drift against the hulk belonging to the same company which likewise caught fire. Both craft were completely gutted. Bombs were dropped also on the British freighter steamer *Tatung* and badly damaged both the steamer and the hulk to which it was moored. All ships were plainly marked with British flags. These ships were common carriers and were habitually used by American citizens for the transportation of themselves, their families and their property. So far as known at present no American citizens were injured. Whether there was American property loss has not been definitely ascertained. You will recall that in your [*Tokyo's*] telegram of December 3, 5 p. m., you reported that the Japanese Foreign Office itself suggested that the Yangtze route be used for evacuation. The attack on commercial facilities used by American citizens just described is on this account open to still more serious objection.

Sent to Tokyo through Peiping. Repeated to Shanghai, Peiping please transmit to Tokyo.

JOHNSON

793.94/11525 : Telegram

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

SHANGHAI, December 8, 1937—5 p. m.

[Received December 8—9:55 a. m.]

1114. The Senior Consul informs me he has received a communication from the Japanese Consul General which in substance states that it is the earnest wish of the Japanese forces that all foreign

nationals now remaining Nanking should stay away from the zone of actual fighting by evacuating from that city without delay.

Sent to Nanking, repeated to Hankow and Peiping.

GAUSS

393.1115/2135 : Telegram

The Second Secretary of Embassy in China (Atcheson) to the Secretary of State

NANKING, December 9, 1937—9 a. m.

[Received December 9—8 a. m.]

1019. Your [*Shanghai's*] 1114, December 8, 5 p. m.

1. As from the American Embassy please convey to the Japanese Embassy the following information.

2. The following 18 American citizens are planning to remain in Nanking indefinitely in connection with hospital, safety zone and newspaper work:

[Here follow names of 18 Americans.]

The American Embassy requests that in case of need the Japanese authorities give appropriate protection and facilities to these Americans.

3. Officers of the Embassy are ashore during day time and evenings.

4. In the absence of officers of the Embassy the building and two compounds of the American Embassy and a dugout at the Ningpo Road corner adjacent to the main premises are in the care of Messrs. T. C. Teng and Wu Yueh Chiao, Chinese clerks. Servants of the Embassy and of its officers, together with the servants families, are living on the premises, as well as 17 special police whom we are paying, and these various persons have been given identification cards. The American Embassy requests that the Japanese authorities give appropriate protection and facilities in case of need to all persons connected with the Embassy.

5. Sent to Shanghai. Repeated to Department, Hankow, Peiping. Peiping repeat to Tokyo with request that Tokyo communicate above information to Japanese Foreign Office. For the Ambassador.

ATCHESON

793.94/11542 : Telegram

The Second Secretary of Embassy in China (Atcheson) to the Secretary of State

NANKING, December 9, 1937—10 a. m.

[Received December 9—8 a. m.]

1021. 1. I received a message on the *Panay* this morning from an officer of the Defense Commander's headquarters stating that the

situation was serious and advising us not to go ashore. Since there were no other indications from the city of trouble within or fighting nearby, Paxton, Roberts and I proceeded to the Embassy where we learned from the officer by telephone that artillery and machine gun fire had been audible and he assumes that Japanese units yesterday reported in the area of Molingkuan, which town is some 17 miles south-east of Nanking, were now very near the capital.

2. At present Japanese planes are flying over Nanking presumably on reconnaissance; except for heavy anti-aircraft fire the city is [quiet?]; and no sounds of field artillery are audible from the Embassy.

3. Repeated to Hankow, Peiping, Shanghai.

ATCHESON

793.94/11550 : Telegram

The Second Secretary of Embassy in China (Atcheson) to the Secretary of State

NANKING, December 9, 1937—4 p. m.

[Received December 9—2:19 p. m.]

1024. Shanghai's 1114, December 8, 5 p. m., and my 1019, December 9, 9 a. m., and 1021, December 9, 10 a. m.

1. Contents of Shanghai's 1114 were communicated to all Americans in Nanking this morning who were also informed that list of their names and addresses was being furnished Japanese authorities with request that in case of need these Americans be given appropriate protection and facilities.

2. Shortly after noon there was considerable bombing in the Kwanghua Gate area, some bombs apparently falling inside city, and earlier two bombs were dropped in Hsiakuan section.

3. At urgent request of Chinese military authorities who stated Yi Chiang Gate to the Bund might close at any time, we returned to *Panay* at 3 p. m., after giving remaining Americans opportunity to accompany us. Prideaux-Brune of the British Embassy and London *Times* correspondent MacDonald accompanied us and later transferred to H. M. S. *Scarab* where British Embassy staff is quartered. Preparations to barricade the Gate were being made as we passed through and a wide section of Hsiakuan outside and near the wall was being fired. Just after we arrived on *Panay* the Pukow water front was heavily bombed, one of the smaller station buildings was hit and set afire, and three bombs fell in water opposite us. An anti-aircraft shell struck the water about 200 feet from *Panay* and this vessel subsequently proceeded up river about 2 miles to Sanchiaho off Asiatic Petroleum Company installation where American refugees from inside the city will proceed if they decide to leave and can do

so. H. M. S. *Scarab* and *Cricket* now at Sanchiaho will move at 5 p. m., up river about one-half mile where Jardine hulk is lying.

4. Repeated to Hankow, Peiping, Shanghai. Shanghai please inform Japanese authorities of position of *Panay*.³⁰ Peiping repeat to Tokyo.

ATCHESON

793.94/11545 : Telegram

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

TOKYO, December 9, 1937—5 p. m.

[Received December 9—7:15 a. m.]

609. Johnson's 19, December 7, 11 a. m., from Hankow. Japanese bombing at Wuhu.

1. Yesterday the British Ambassador³¹ called on the Minister for Foreign Affairs and "speaking informally in advance of instructions from London" expressed confidence that the British Government would take a serious view of the reported attack on two British merchant ships if the facts are as reported. Craigie referred also to the complete disregard of Japanese assurances with regard to safeguarding the lives and property of noncombatants. Today a telegram was received from London approving his representations and he will send a note to the Foreign Office stating his protest has been approved by the British Government and that he reserves the right to claim compensation.

2. As British interests are specifically and directly involved it was not my intention to make representations until my British colleague had acted. As, according to Johnson, "the manner in which the raid was conducted made it a menace to the safety of American citizens and property", we will tomorrow remind the Foreign Office of the assurances repeatedly given with regard to safeguarding lives and property of noncombatants, request that an investigation be made of the bombing of the Wuhu water front and urge that those responsible be severely dealt with.

Repeated to Peiping for relay to Johnson.

GREW

793.94/11545 : Telegram

*The Secretary of State to the Ambassador in Japan (Grew)*³²

WASHINGTON, December 9, 1937—5 p. m.

335. Your 609, December 9, 5 p. m. While no objection is perceived to your reminding the Foreign Office of the assurances re-

³⁰ This information was given the Japanese authorities December 10.

³¹ Sir Robert Leslie Craigie.

³² Repeated in telegram No. 391 for the information of the Embassy in China.

peatedly given with regard to safeguarding lives and property of non-combatants, the Department considers it inadvisable as no Americans are known to have been injured for you to request that an investigation be made or to urge that those responsible be severely dealt with.³³

HULL

793.94/11553 : Telegram

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

SHANGHAI, December 9, 1937—6 p. m.

[Received 6:53 p. m.]

1123. I have now received from Senior Consul full text of notification mentioned in my 1114, December 8, 5 p. m. It follows:

“In view of the imminent danger of the area in and around Nanking becoming directly involved in very severe and extensive fighting between the Japanese and the Chinese forces, I have the honor to inform you, for transmission to the interested colleagues, that it is the earnest wish on the part of the Japanese forces that all the foreign nationals now remaining in Nanking will stay away, as much as possible, from the zone of actual fighting by evacuation from that city without delay. This request is urgently made with a view to preventing any foreigner from becoming involved in the dangers of hostilities which may extend to that city at any moment, and I shall be grateful if you will kindly transmit, at your earliest convenience, the present information to the interested colleagues in order that necessary steps may be taken by them.”

The Senior Consul has today circulated the following letter of today's date received by him:

“I have the honor to enclose herewith a copy of the writing stating the intention of the Imperial Japanese forces regarding the security of foreign ships and vehicles to be found in and around the zone of fighting in the Yangtze Valley and shall be grateful if you will kindly take immediate steps to bring it to the notice of the interested parties through our honorable colleagues. I have the honor to be, etc., (signed) Suemasa Okamoto, Japanese Consul General.

(1) The Imperial Japanese forces, firmly subscribing to the principle of respecting the rights and interests of the Third Powers, have so often found themselves during the present conflict in a trying predicament when carrying out military operations against Chinese troops, who had deliberately established military works and structures

³³ The Ambassador in Japan in telegram No. 610, December 10, 11 a. m., reported no action was taken, but that “we will look for an early opportunity to remind the Foreign Office of assurances given regarding safety of lives and property.” (793.94/11555)

in the close vicinity of the interests of the Third Powers or tried to engage Japanese troops in such a way or in such a district as might easily involve the interests of the Third Powers in the hostilities.

(2) In view of the hostilities spreading all over the Yangtze Valley, the Imperial Japanese forces sincerely hope that the Third Powers will ungrudgingly cooperate in the efforts of the Imperial Japanese forces, not to cause molestation to the interests of the Third Powers, by keeping or removing their ships and vehicles, government owned or otherwise, as far away as possible from Chinese troops, either stationary or moving, and Chinese military establishments or, if possible, by taking them entirely out of the zone of fighting.

(3) It goes without saying that under any circumstances the Imperial Japanese forces will do their utmost to respect foreign ships and vehicles to be found in and around the zone of fighting but in case no cooperation is forthcoming from the Third Powers, or their nationals in such a way as is suggested in the preceding paragraphs, the Japanese forces are not in a position to ensure the security of such ships and vehicles and cannot be held responsible for whatever consequences that may involve them."

For the Ambassador. I have this evening received a letter direct from the Japanese Consul General enclosing a copy of the statement issued by the Imperial Japanese forces as given above and requesting on behalf of the Japanese Ambassador that it be conveyed to the American Ambassador and adding that Mr. Kawagoe would very much appreciate it if the American Ambassador would circulate the statement among the interested Heads of Missions.

Sent to Department. Repeated to Hankow, Nanking, and Peiping.
GAUSS

793.94/11547: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*³⁴

[SHANGHAI,] December 9, 1937—7: 55 p. m.
[Received December 9—11: 40 a. m.]

0009. Japanese have occupied Chinkiang, surrounded Nanking, advanced within 2 miles Wuhu. State will capture Nanking within 24 hours. In order avoid responsibility future damage foreign ships in Yangtze, Japanese issued warning keep clear vicinity Chinese military establishments, if possible leave zone hostilities. *Idzumo* fired several rounds at 1747. No Chinese planes sighted. Conditions Settlement unchanged.

³⁴ Copy transmitted to the Department by the Navy Department.

793.94/11551 : Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*³⁵

[NANKING,] December 9, 1937—8:30 p. m.

[Received December 9—7:30 p. m.]

0009. Nanking city gates closed, many fires burning both sides of river, waterfront area outside city walls practically deserted, intensive bombing by Japanese through day. *Panay* moved 2 miles up river from present anchorage to facilitate evacuation remaining nationals. U. S. S. *Guam* standing by Wuhu where 16 United States nationals remain.

393.1115/2139 : Telegram

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

SHANGHAI, December 9, 1937—10 p. m.

[Received December 9—10:40 a. m.]

1127. Hankow's December 2, 11 a. m.,³⁶ regarding party leaving Hankow for Canton December 10th.³⁷ Following reply received from Japanese Consul General:

"I hasten to communicate to you in reply to your letters of December 2nd and December 5th that necessary information about 70 foreigners of various nationalities leaving Hankow by train for Hong Kong at 10 a. m., on December 10th were immediately transmitted to our naval and military authorities and that necessary arrangements have already been made not to attack from the Japanese side the special train with the foreign party on board."

Sent to Hankow, repeated to Tokyo.

GAUSS

393.1163 American Church Mission/16 : Telegram

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

TOKYO, December 10, 1937—4 p. m.

[Received December 10—7 a. m.]

612. Our 552, November 19, 1 p. m.,³⁶ American Church Mission, Wusih. The following is text in translation of the reply of the Foreign Office:

³⁵ Copy transmitted to the Department by the Navy Department.

³⁶ Not printed.

³⁷ This party reached Hong Kong at 9 p. m., December 13.

"Tokyo, December 6, 1937, No. 150. *Note verbale*. The Japanese Foreign Office has the honor to acknowledge the receipt of the memorandum of November 19 from the United States Embassy in Tokyo stating that on November 12 the property at Wusih belonging to the American Church Mission and St. Andrew's Hospital, and a separate plot on which there stands a church, were bombed by airplanes of the Japanese forces.

Investigations which the appropriate authorities were instructed to make have revealed the fact that on November 12, when Japanese naval planes bombed military establishments of the Chinese Army at Wusih, the combatant personnel, as a matter of course, paid due attention to the rights and interests of foreign countries but that, as the day was cloudy and heavily overcast, they could not distinguish any designation or mark indicating the property of Americans, even though they endeavored to do so. Further, it was revealed that on that day the line of operations of Japanese forces had already extended to the east of Kunshan and that in view of the fact that Wusih was a basis [*base?*] of important military operation of the Chinese Army at that time bombing operations were repeatedly carried out against the Chinese military establishments and that in so doing it was necessary to maintain high altitude in order to avoid the intense anti-aircraft gunfire of the Chinese Army. In view of the foregoing, it is believed that the American Embassy will understand that incidents such as that under reference are liable to occur notwithstanding the exercise of great care. The occurrence of the present incident is wholly attributable to a mistake due to the imperfect range of vision. The Japanese Government hereby expresses regret and has the honor to state that it will do all in its power to prevent recurrence of such incidents and that it is prepared to give proper consideration with regard to the losses and damage inflicted on the American property involved in the present case."

Repeated to Peiping for Nanking.

GREW

393.1115/2150 : Telegram

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

TOKYO, December 10, 1937—6 p. m.

[Received December 10—8:25 a. m.]

614. Following telegram has been sent to Shanghai.

"December 10, 6 p. m. Nanking's number 1019, December 9, 9 a. m., American citizens remaining in Nanking.

Aide-mémoire left with Japanese Foreign Office this morning. Foreign Office this evening stated that telegram had been sent to Japanese Consul General Shanghai to take up question of protection of 18 Americans with army and navy authorities and suggested that you also take up question with Japanese Consul General.

Repeated to Department."

GREW

125.0093/430a : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, December 10, 1937—7 p. m.

393. With regard to the return to Peiping of the families of officers and employees who were evacuated to territories contiguous to China, the Department leaves to your judgment the question of the time when discretion may be given to the officers and the employees concerned for the return of their families, which should be on the understanding that they do so on their own responsibility in full knowledge of the risks involved.

Travel expenses for the return to Peiping of members of the families of Foreign Service officers as well as the families of employees who evacuated will be payable under Authorization No. 17, subject to the Travel Regulations.

The Department does not look with approval upon the return to China at this time of officers' families now in the United States.

HULL

393.1115/2160 : Telegram

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

SHANGHAI, December 11, 1937—10 p. m.

[Received December 11—4:33 p. m.]

1136. Reference Nanking's 1019, December 9, 9 a. m., Japanese Consul General has acknowledged receipt of my letter communicating names and addresses of Americans remaining in Nanking and stated that he has transmitted the information to the Japanese Ambassador but adds that it is the earnest wish on the part of the Japanese forces that all foreigners still remaining in Nanking should stay away as much as possible from the zone of fighting by evacuating from the city without delay and "I am directed by my Ambassador to request you to be good enough to take steps to evacuate all your nationals from Nanking with a view to avoiding any of them becoming involved in the dangers of hostilities".

Sent to Nanking. Repeated to Department, Hankow, and Peiping.

GAUSS

393.1115 Harsh and Neher/1 : Telegram

*The Counselor of Embassy in China (Lockhart) to the Secretary
of State*

PEIPING, December 12, 1937—4 p. m.

[Received December 12—12:05 p. m.]

814. (1) Mr. F. H. Crumpacher of the Church of the Brethren Mission at Pingting on the Taiyuan-Shihkiachuang Railway informed

the Embassy today of the disappearance of [on] the evening of December 2 of the American citizens, Mr. and Mrs. Alva Harsh and Miss Minneva Neher, of the Church of the Brethren Mission at Shouyang, which is between Pingting and Taiyuan. The Harsh's home address is Petersburg, West Virginia. That of Miss Neher is Lavern, California. Mr. Crumpacher heard on December 5 of the disappearance and went that day to Pingting. He was informed by Chinese of the mission that the three Americans left the mission at 7:30 p. m., to walk half a mile to the house of a Frenchman and never returned. The daughter of the Frenchman claims that they were at the house for half an hour and then set out for the mission. Reputable Chinese of the town, when questioned, stated that they had no knowledge of the presence of Chinese irregulars in the vicinity at that time. If this is true, the motive of the persons who caused the disappearance is obscure. Crumpacher states that he believes that the Japanese officials at Shouyang have knowledge of the affair which they have not revealed and that probably Japanese are in some way responsible for the disappearance.³⁹ A memorandum of the known facts of the case (omitting Crumpacher's opinion stated in preceding sentence) has been handed to the Japanese Embassy today with the written request that the Japanese authorities take all possible measures to discover the whereabouts of the three Americans and their present condition.

(2) Crumpacher states that the following Americans of his mission are safe at Pingting: Minerva Metzger, Mary Schaeffer, Myrtle Pollock, Corda Wartz, Mary Gauntz, Velma Ober, and Mrs. F. H. Crumpacher.

Although he has had no direct word from I. E. Oberholtzer at Liaochow, some 80 miles south of Pingting, nor from Mr. and Mrs. E. M. Wampler at Chinchow, some 170 miles southwest of Pingting, he believes them to be safe at those places, which are still in the hands of the old Chinese authorities.

(3) Crumpacher requests that the information contained in this telegram, with presumably the exception of that part which is only his personal belief reported in paragraph 1, be reported by telegram to the headquarters of the Church of the Brethren Mission at Elgin, Illinois.

Sent to Department. Repeated to Hankow and copy to Tientsin by mail.

LOCKHART

³⁹ Further investigation convinced the Embassy at Peiping that the three American missionaries had been killed but failed to reveal any conclusive evidence as to their fate.

793.94/11595 : Telegram

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

HANKOW, December 12, 1937—10 p. m.

[Received December 12—2 p. m.]

29. British gunboats *Scarab* and *Cricknet* with *Jardine* hulk and merchant ship *Whangpoo* loaded with foreign refugees were deliberately bombed this afternoon. No casualties reported but as there are American refugees from Nanking on hulk I hope Department will urgently instruct Tokyo to press the Japanese Government to issue instructions which will prevent this in future. Japanese informed British at Wuhu today that Japanese military forces have orders to fire on all ships on Yangtze. Unless Japanese can be made to realize that these ships are friendly and are only refuge available to Americans and other foreigners a terrible disaster is likely to happen.⁴⁰

Repeated to Peiping, Shanghai, information of Cincaf.

JOHNSON

793.94/11606 : Telegram

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

HANKOW, December 13, 1937—4 p. m.

[Received December 13—11:05 a. m.]

33. Please consult Commander-in-Chief and give him this message:

“Area covered by former British, Russian and German Concessions and present French Concession at Hankow and including Butterfield and Swire’s property adjoining custom house including bulk of foreign owned and occupied property here. In this area Consulates and Embassy staffs are now located. In river off this area are concentrated foreign naval vessels of British, American, French and Italian nationality and foreign flag river shipping. Recent events at Wuhu and Nanking have caused considerable apprehension as no [to?] safety of this area where are concentrated not only most of permanent residents but many foreign refugees from other parts of China. It would be difficult to shift population or shipping elsewhere. It would relieve present apprehension if assurance could be obtained from Japanese that area in question including river front immediately adjoining would be free of attacks. Could you consult with interested British, French and Italian colleagues with a view to exploring possibility of obtaining some assurance from Japanese military and naval commands at Shanghai controlling operations in this area.”

Sent to Shanghai, repeated to Department and Peiping. Peiping please repeat to Tokyo.

JOHNSON

⁴⁰ See also pp. 485 ff.

793.94/11727

*The Navy Department to the Department of State*⁴²

The following information has been received from the Commander in Chief of the Asiatic Fleet as of 14 December, 1937:

The French Ambassador [at] Shanghai has made representations to the Japanese Embassy regarding a safety concession in Hankow and I have conferred with British, French and Italian representatives on the same subject. In view of the recent incidents and the gravity of the situation I believe the safety of nationals not only in Hankow but all river ports should be taken up by Governments either individually or jointly with the Japanese Government. Incidents will probably continue until the Japanese Government impresses upon its army and navy leaders the necessity for some respect for neutral lives. A copy of your dispatch was delivered to each of the naval representatives with whom I conferred and these officers were to take the matter up with diplomatic officials.

793.94/11634 : Telegram

The Second Secretary of Embassy in China (Atcheson) to the Secretary of State

NANKING, December 15, 1937—6 p. m.

[Received December 15—6:30 a. m.]

American news correspondent from Nanking reports all Americans [and] other foreigners in city uninjured except German named Sperling whose injury we previously reported. Embassy employees safe and only damage to property suffered by Counselor Peck's⁴³ residence which was struck by shrapnel.

Sent Department, repeated Hankow, Peiping.

ATCHESON

393.1115/2217 : Telegram

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

SHANGHAI, December 16, 1937—3 p. m.

[Received December 16—2:10 p. m.]

1162. Referring to my 1156, December 15, 9 p. m.,⁴⁴ the First Secretary of the Japanese Embassy informed this office this morning that according to reports from the Japanese military in Nanking the 18 Americans who remained in that city are well and uninjured and that the Embassy buildings were not damaged.

GAUSS

⁴² Received in the Department December 15.⁴³ Willys R. Peck, Counselor of Embassy in China, then at Hankow.⁴⁴ Not printed.

393.1115/2227a : Telegram

The Secretary of State to the Consul General at Canton (Linnell)

WASHINGTON, December 16, 1937—6 p. m.

In view of indications that increased Japanese military activity may occur in the Canton area, the Department assumes that you are continuing to impress upon American citizens the advisability of withdrawing while means of egress are available.

HULL

124.93/407 : Telegram

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

HANKOW, December 17, 1937—5 p. m.

[Received December 17—1 : 10 p. m.]

78. I have just had conversation with a reliable foreign observer from Shanghai who informs me that foreign properties in the neighborhood of Shanghai and within Japanese lines were systematically looted by the Japanese military forces. This information leads me to fear that a similar fate may await foreign properties in Nanking and although Japanese have informed me that Embassy property has been untouched, I am apprehensive that unless we have some one to go to Nanking very shortly we may find that not only Embassy property but property of other Americans in Nanking may have been molested. Repeated to Shanghai.

JOHNSON

393.1115/2249 : Telegram

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

WASHINGTON, December 18, 1937—5 p. m.

15. Your 52, December 14, 11 p. m.⁴⁵ From the American point of view an important factor to consider is that there would arise almost inevitably, in the event of emergency at Hankow, the problem of policing any safety area established as the result of representations to Japan by the American Government. American forces available would presumably be called upon to bear a share in policing the area and this might involve a call for landing and maintenance ashore on Chinese territory of American bluejackets or marines. This Government desires to avoid such development. Your comment upon the foregoing is requested. The Department would welcome any further suggestions you may have in mind.

⁴⁵ Not printed.

Meanwhile, Americans should still and constantly be advised to withdraw.

How many Americans are now in Hankow?

HULL

393.1115/2256 : Telegram

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

HANKOW, December 19, 1937—2 p. m.

[Received December 19—11:30 a. m.]

87. Department's 15, December 18, 5 p. m. Scheme outlined in my 33, December 13, 4 p. m., does not contemplate policing by foreign forces of area specified as a safety zone. It merely contemplates obtaining assurances from Japanese military and naval authorities that area in question would not be bombed or machine gunned or otherwise molested in any attack directed on Hankow, thus affording security to lives, property and shipping, naval and commercial, of foreigners concentrated in this area; and also here British and French have a plan for landing sailors to police points on Bund, in the event of an emergency requiring concentration of foreigners, for protection of lives and possible evacuation but this is an old plan and quite independent of scheme outlined in my 33 above referred to. Under that scheme area designated would continue to be policed by Chinese as at present. There is no doubt but that it would eventually become flooded with Chinese refugees. It is hoped that actual hostilities would pass around it. Local Chinese cooperation would be sought to free it from Chinese military activities.

Consulate General continues to advise Americans to evacuate. Preparations are under way to evacuate a further lot by boat down river on Wednesday of this week and another lot by train perhaps at the end of week. But putting down of booms in river and expected attack on Canton threaten to cut off all means of evacuation and there are bound to be a number of people left here.

Proposal outlined in my 33 contemplates action jointly or simultaneously with British, French, German, Italian and other interested powers at Tokyo to obtain if possible assurances of respect for lives and property of foreigners along Yangtze and specifically in area mentioned at Hankow. Such assurances must be participated in by the Japanese Army.

JOHNSON

393.1115/2275b : Telegram

The Secretary of State to the Consul at Tsingtao (Sokobin)

WASHINGTON, December 20, 1937—3 p. m.

Press reports indicate that Japanese fleet may approach Tsingtao shortly. Department feels that evacuation should precede development of a situation of emergency and that notification should be given to American nationals that American Government urges evacuation, naval transportation will be available up to and on a given date, American naval vessels will depart on that date and affording of transportation and/or protection after that date cannot be guaranteed. Navy Department concurs. Please confer with senior naval officer present and report to Department by telegraph views and developments.

HULL

793.94/11764 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁴⁶

[SHANGHAI,] December 21, 1937—3 p. m.

[Received December 22—6 a. m.]

0021. Told Hasegawa today existing restrictions access Americans to their properties Hongkew, Yangtzepoo, Pootung causing much ill will, resentment; he said situation being studied with view relaxation. Feel Admiral sincerely anxious improve conditions but lacks full authority; well-founded reports indicate much graft, bribery connection entry property, removal passes Hongkew.

Advised him our only object in not acceding entry Nipponese Marines their mills our sector here was desire prevent incidents and if troops brought into area quietly, inconspicuously in small numbers, trucks also remained inside mills, I would offer no further objection. He approved this. We set 1st January such entry which agreement believed satisfactory, army has evidently pressed Navy send forces mills and latter's face will be saved by this arrangement.

Informed him that several press interview statements by General Harada not accordance facts, also couldn't understand how naval planes flying Nanking months with U. S. gunboats present unable recognize *Panay* this occasion; he cried [*replied?*] there was much confusion, his planes acting on army information, that Chinese vessels escaping up river from capital plus many aviators very recently changed and denied sea aircraft under orders military.

⁴⁶ Copy transmitted to the Department by the Navy Department.

393.1115/2267 : Telegram

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

SHANGHAI, December 21, 1937—4 p. m.

[Received December 21—9:50 a. m.]

1203. With reference to special train leaving December 23d, Japanese Consul General informs me that details have been communicated to the Japanese military and naval authorities in order that necessary arrangements may be made "not to attack from the Japanese side, he said, train with about 300 foreigners on board".

Sent to Hankow, repeated to the Department.

GAUSS

793.94/11769 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 21, 1937—5 p. m.

[Received December 22—7:05 p. m.]

Some looters were shot this afternoon. There has been a change in the police administration and heavily armed Marines are now guarding the streets. Some of the looting appears to have the sanction of the police. Chinese banks closed. Otherwise everything is very quiet and there has not been the slightest disorder in the section where Americans live.

2. At a meeting of the foreign Consuls in Tsingtao on Sunday, December 19, it was agreed to ask the senior naval officer present (British) to send the following message to the senior Japanese naval officer operating in this area :

"Edgewater mansions and approaches to the Huichuan Point will in case of emergency be the center of the foreign concentration area. Will you agree to respect this area as a foreign neutral zone?"

3. The above quoted message has not been seen [*sent?*] yet but it will be delivered by a foreign man-of-war when Japanese men-of-war are approaching Tsingtao.

Sent to the Department, Embassies, Shanghai.

SOKOBIN

793.94/11775 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 22, 1937—noon.

[Received December 23—7:25 a. m.]

The looting has ceased entirely and a really quiet situation prevails here with every appearance of control by the Chinese authorities.

There is still no sign of Japanese military activity along the Yellow River where they reached Tsinanfu more than a month ago, and as yet there is no sign of a change in the Japanese naval and military policy of abstention in respect to Tsingtao or the rest of Shantung, although naturally many expect such a change now that there has been a destruction of Japanese property in Tsingtao.

Up-to-date there has not been a single case of damage to American lives or property. The difficulties which now confront this port immediately are those arising from the strangling of its economic life. Rail traffic practically at standstill and maritime traffic extremely difficult. Harbor facilities practically nonexistent.

Sent to Embassies; Shanghai.

SOKOBIN

393.115/98 : Telegram

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

WASHINGTON, December 22, 1937—7 p. m.

686. Reference Commander-in-Chief's 0021-1500, first paragraph. An American firm has brought to the Department's attention a case in which a demand was made for 10 percent of the value of the goods for the release of certain cargo in storage in that part of the International Settlement under the control of the Japanese military, and has stated that it will direct its office in Shanghai to report details to you.

You should take appropriate action in regard to the matter and report to the Department.

The Department would be pleased to receive a report concerning the present status of Japanese restrictions, referred to in the Commander-in-Chief's telegram under reference and your 1029, November 28, 1 p. m.,⁴⁷ paragraph 4, and any comment or recommendations which you may care to make as to the advisability of representations at Tokyo.

HULL

393.1115/2305 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 23, 1937—11 a. m.

[Received 9 p. m.]

With further reference to my telegram of December 22, 6 p. m.,⁴⁸ I have the honor to report that the Captain of the *Marblehead* in his

⁴⁷ Latter not printed.

⁴⁸ Not printed.

telegram of December 21 to the Commander-in-Chief informed him as follows:

“Although no more military reason can be seen now than heretofore for Japanese capture, American Consul urging and listing evacuees and requests information about vessels for transportation. Have informed him that if actually in danger we would take our nationals but that I had no authority to run passenger service otherwise. Please advise your interpretation message mentioned.” (Department’s telegram of December 20, 3 p. m.)

The Department will appreciate that although the Consulate is endeavoring to evacuate Americans in accordance with Department’s instructions, the Department will note from the Captain’s message to the Commander-in-Chief that certain practical difficulties appear to stand in the way, i. e., the fact that naval authorities do not consider that American nationals are actually “in danger” at this time. Consulate can also appreciate position of naval authorities with regard to use of naval vessels for “passage service” when local Americans are so undecided from one moment to the next as to course of action they wish to take. The decision of Americans to evacuate is directly dependent upon state of tranquillity at any given time.

Sent to the Department, Embassies, Shanghai.

SOKOBIN

793.94/11774: Telegram

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

ТокYO, December 23, 1937—4 p. m.
[Received December 23—9:55 a. m.]

672. Reference Department’s 367, December 21, 7 p. m.,⁴⁹ area free of attack at Hankow. Upon receipt on December 15 of Ambassador Johnson’s telegram 33 of December 13, 4 p. m., I left with the Foreign Office a memorandum dated December 15th quoting Ambassador Johnson’s proposal and requesting the Foreign Office to take appropriate action in support thereof.

On December 18 the British and the German Embassies took similar action on the same proposal. The French Ambassador on the same day made representations regarding French shipping in the [Yangtze?] and the French Concession in Hankow. He will on the first opportunity support the general proposal. The Italian Embassy stated today that it associated itself with the proposal and would make appropriate representations tomorrow morning.

Repeated to Hankow.

GREW

⁴⁹ Not printed.

793.94/11805: Telegram

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

SHANGHAI, December 23, 1937—9 p. m.

[Received December 23—6:23 p. m.]

1219. Your 687, December 22, 7 p. m.⁵⁰ In a letter dated December 17 Dr. Robert W. Brown, American medical missionary at Wuhu, reports that Japanese troops upon entering Wuhu December 10 established a ruthless reign of terror, shooting unarmed Chinese civilians who had nothing of which they could be robbed or because they did not produce their women on demand. He states "the Japanese have not hesitated to invade foreign property flying the American flag and with Japanese posters on the gate forbidding them to enter. On the 13th they pulled down the American flag from a junk belonging to this hospital and threw it in the river. Governor rescued the flag and took it to two Japanese Commanders. They expressed regrets. About the same day they broke into our Methodist Mission School and ordered the caretaker to haul down the American flag, then disregarding a Japanese military poster forbidding them to enter, went in and searched the building and blasted open the school safe. They have treated the British flag and property in a similar way. So far there has been no attack or injury to foreign nationals. I have contacted the Japanese military authorities and they have assured me they do not allow their soldiers to do these things. A Japanese Consul arrived yesterday—we hope he may do something to help restore order and give protection."

2. A letter from another American missionary also dated December 17 just received states that Japanese soldiers entering Wuhu were guilty of depredations but it does not paint the lurid picture given by Doctor Brown. He says that practically all of the population have fled with the exception of about 2,000 refugees in mission compounds. A large part of the city has been burned and was thoroughly looted "both before and after the occupation"; that certain mission property was entered on 2 nights by Japanese looking for women and jewelry; they found neither and little was taken away. A drunken soldier brandished his sword at an American woman missionary who was trying to protect the Chinese gateman but in the face of her courage he desisted and no harm was done. "This rough lot of soldiers cleared out of the city this morning and the first lot of military police have arrived and so I hope the worst of our troubles are over. I called on the Japanese Consul and the commanding officer of the Japanese forces this afternoon and reported the depredations—they expressed regret and promised protection."

⁵⁰ Not printed.

3. Apparently the Japanese soldiers involved what [*were?*] those of Colonel Hashimoto though his name is not mentioned in either letter.

4. I have brought the reports to the attention of Japanese Consul General, protecting their source, and asked for immediate investigation, for protection for Americans and their property, and proper respect for the American flag. I am sending copy of information to Commander-in-Chief to ask that commanding officer U. S. S. *Oahu* investigate reports if his ship visits Wuhu in the near future.

Sent to the Department. Repeated to Hankow for information.

GAUSS

393.115/99 : Telegram

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

SHANGHAI, December 24, 1937—9 a. m.

[Received December 25—5 a. m.]

1221. Your 686, December 22, 7 p. m. I firmly believe such graft and bribery exist but no proof has been obtainable and unsubstantiated charges result only in resentment. Those involved are believed to be underlings working through indirect and obscure channels. We assisted in suppressing one foreign national connected with the rabble. While continuing to seek proof, we have devoted our energies principally toward getting as extensive facilities as possible for American interests and I believe we have been more successful than others having larger interests, but the situation remains definitely unsatisfactory. No orders for the removal of cargo have been obtainable since December 17th and no reason for the suspension of facilities has been ascertained.

2. In addition to removal of cargo we are facing other numerous pressing problems including (1) difficulty in obtaining permits to visit factories and plants, provide for repairs, for caring for machinery, and for stationing of watchmen and custodians; (2) impossibility of obtaining any permits for removal of cargo from certain important Chinese and Japanese wharves and warehouses in the area north of the creek (we have there several hundred thousand dollars worth of American goods; no one has been able to obtain delivery of cargo from such warehouses and wharves since outbreak of hostilities probably because they are still occupied and used by the military); (3) refusal of permission to American and other foreign nationals to return to their homes, hospitals, and missions in the Hungjao, Nantao and other areas, and until recently, inability to obtain permission to view and inspect such properties some of which have been occupied, looted, and pilfered

by Japanese as well as Chinese; (4) interference with wharf properties, et cetera.

3. Hongkew and most of Yangtzepoo Districts have been opened for residence by former foreign residents under rigid restrictions and permits but this concession is of little value. A very few Americans and some Filipinos have availed themselves of it principally because of cheaper living conditions.

4. We are continuing persistently to press all these matters with Japanese who, however, are undoubtedly obstructed by the naval and more especially the military authorities. While I have appreciated the efforts made at Tokyo and by representations they have been of no avail and I have been endeavoring to find the remedy by constant local pressure.

5. It is possible that our opposition to entry of Japanese armed forces south of the creek has had something to do with the disinclination to relax restrictions elsewhere, but I am firmly opposed to yielding in that direction. While it is largely a military matter I regret the assent given to stationing of Japanese armed forces in Japanese mills in the American sector as from January 1st. The mills have been well protected. If Japanese protection is desired it should be supplied by consular police or watchmen and not by their armed forces. I have urged my Japanese colleague to induce his military authorities to permit the hundreds of thousands of Chinese refugees in the areas south of the creek to return to their homes in the outskirts and surrounding country side so that the foreign areas may be returned to normal and special foreign military protection may be suspended and the whole port return to normal. I believe he agrees but his naval and particularly his military authorities do not yield readily. He has repeatedly assured me and my colleagues that he is doing his utmost to remove restrictions and I credit what little has been done to his efforts alone. The military and to a certain extent the navy apparently take the position that they are masters of Shanghai with rights of accession and all interests including foreign interests must be made to realize it.

6. British Ambassador at Tokyo is reported to be pressing for a general relaxation of restrictions on foreign business interests at Shanghai. It is possible that at this time when there is some disposition to make amends for the *Panay*⁵¹ and other incidents, American representations to the same end might be made but I believe they should be strong and made in the highest quarters by the highest authority.

⁵¹ See pp. 485 ff.

7. These and numerous other matters continue to keep the Consul General under the most constant and exhausting pressure. I am no more satisfied with the results of our efforts than are our nationals but the situation is exceedingly difficult and no others are making greater efforts or obtaining better results. We have obtained the release of personal and household effects of approximately 450 American nationals, the removal of about 3,000 truck loads of cargo, and the issuance of about 200 passes for indefinite visits to the areas. We need to move approximately 4,000 additional truck loads of cargo.

GAUSS

393.1115/2299 : Telegram

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

HANKOW, December 24, 1937—noon.

[Received December 24—9:23 a. m.]

Department's 15, December 18, 5 p. m., to Embassy, reference last sentence. After departure of 97 Americans on special train for Hong Kong December 23 (see my December 23, 5 p. m.⁵²) there remain in Hankow, Wuchang and Hanyang 221 Americans including 116 men, 84 women and 21 children. The second special train which is expected to leave December 30 will take approximately 120 Americans from Kuling and probably a few from Hankow and other places. Kiukiang Americans are not included in above figures for Wuhan.

Arrangements for two trains above mentioned are in the hands of a foreign transportation committee on which Consul Jarvis as secretary has with untiring energy and tact performed very efficient service.

Sent to Department. Repeated to Peiping and Shanghai.

JOHNSON

793.94/11806 : Telegram

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

SHANGHAI, December 24, 1937—6 p. m.

[Received 8:40 p. m.]

1225. Senior Consul has circulated communication from Japanese Consul General announcing imminent danger very severe and intense fighting at and around Hangchow and Shaoshing and asking that foreign nationals remove therefrom without delay. I have informed Japanese Minister I am unable to direct evacuation of American nationals and am not certain I can communicate with them to warn

⁵² Not printed.

of impending danger. I have directed attention to maps and data previously supplied showing location American mission and other property asking that instructions be issued that it be not bombed or attacked and that in event of Japanese military occupation Americans and their property be held free from molestation. I despatched telegrams last evening to Hangchow and Shaoshing urging evacuation. Information received this morning that Americans left Shaoshing several days ago and have arrived Shanghai safely. Small group of Americans remains at Shanghai [*Hangchow?*].

Repeated to Hankow and Peiping.

GAUSS

393.1115/2300 : Telegram

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

SHANGHAI, December 24, 1937—9 p. m.

[Received 9:45 p. m.]

1228. Japanese Consul General today acknowledged my letters of 22d and 23d and informed me that the information that the special train in question will leave Hankow at 9 a. m. on December 30th has been transmitted immediately to his naval and military authorities in order that necessary arrangements will be made not to attack from the Japanese side the said train with foreigners on board.

GAUSS

393.1115/2341a : Telegram

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

WASHINGTON, December 25, 1937—1 p. m.

694. 1. Department has telegraphed Tsingtao as follows:

December 19: "Department feels that you should again urge all Americans to evacuate at earliest possible moment while facilities are still available."

December 20: "It is the Department's understanding that American naval vessels are now at Tsingtao and are immediately available for evacuation of Americans. Department urges early evacuation."

December 20: "Press reports indicate that Japanese fleet may approach Tsingtao shortly. Department feels that evacuation should precede development of a situation of emergency and that notification should be given to American nationals that American Government urges evacuation, naval transportation will be available up to and on a given date, American naval vessels will depart on that date and affording of transportation and/or protection after that date cannot be guaranteed. Navy Department concurs. Please confer with senior naval officer present and report to Department by telegraph views and developments."

2. Please inform Commander in Chief immediately of the above. Please state in addition that the Administration desires that American nationals evacuate Tsingtao before Japanese naval and land forces now reported to be approaching reach Tsingtao and before any fighting starts; that Secretaries of State and of Navy desire that notification be given at Tsingtao by the Consul and the Senior Naval Officer that naval transportation will be available to American nationals desiring to leave Tsingtao on a date which shall be set by those officers but which is to be not later than December 31, and that naval vessels will carry American passengers prepared to leave on such date. Navy Department is issuing appropriate instructions to Commander in Chief.

3. Repeat paragraph 2 above to Tsingtao and Hankow.

HULL

793.94/11804 : Telegram

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

HANKOW, December 25, 1937—3 p. m.

104. Following from Shanghai:

“December 24, 6 p. m., Embassy’s December 23, 3 p. m. Information received from foreign correspondents who left Nanking after Japanese entry into the city and from Doctor Bates indicates that Japanese troops entered practically every building in Nanking except those occupied by foreigners and systematically looted residences and shops. There was wholesale plundering of the Chinese who remained in the city including those in the refugee zone and much indiscriminate shooting and killing.

According to reports received both from enforcement officials and from American correspondents, American property was only slightly damaged during hostilities. However, since Japanese entry into the city it is reliably reported that Japanese troops invaded the faculty houses of Ginling College and carried away food and valuables and also entered University Hospital and robbed the Chinese staff.

The Embassy was not damaged but McDaniels⁵³ informed me that Japanese soldiers had attempted to enter garages and take Embassy cars whereupon he had the cars driven out into the compound. I complained of the matter to the Japanese Consul General who came to see me with Hidaka⁵⁴ who explained measures he initiated while at Nanking for special protection of our Embassy[:] under an understanding with George Fitch⁵⁵ the Japanese Embassy borrowed three of

⁵³ Presumably C. Yates McDaniel, Associated Press representative at Nanking.

⁵⁴ Shinrokuro Hidaka, Japanese Counselor of Embassy in China, formerly at Nanking.

⁵⁵ American Y. M. C. A. secretary at Nanking.

the Embassy cars, including yours, Peck's and one other for which they will be responsible. He added he thought them safer in their hands."

[Sent to?] Peking. Peking please repeat to Tokyo.

JOHNSON

793.94/11809 : Telegram

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

TOKYO, December 26, 1937—10 a. m.

[Received December 26—7:40 a. m.]

682. Our 672, December 23, 4 p. m.

1. My British colleague, when sending me a copy of his informal note to the Foreign Office on the Hankow safety area, informs me that he has received further instructions, as follows:

["(a) To ask the Japanese Government to consider Kuling as a place of refuge and to take no action which might endanger the safety of British and other foreign nationals;

(b) To inform the Japanese Government that we look to them to give prior warning in the event of any area on the Yangtze becoming a danger area and to indicate to us the zones in which our nationals and shipping could be concentrated under a guarantee of safety. I am at the same time to remind the Japanese Government that we claim absolute freedom for our ships to move and trade freely on the river."

2. Craigie inquires whether I have information or instructions which would enable me to make representations on the above lines.

Repeated to Shanghai for relay to Johnson.

GREW

793.94/11807 : Telegram

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

[SHANGHAI,] December 26, 1937—11:42 a. m.

[Received December 26—7 a. m.]

1230. Japanese Consul General informs me this morning that he has received a message from the Japanese military at Hangchow saying that at 4 o'clock yesterday afternoon a representative of the foreign community reported all foreigners and foreign property at Hangchow safe and requested that this information be conveyed to the interested Consular representatives at Shanghai.

Repeated to Hankow and Peiping.

GAUSS

394.115 Panay/199: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Secretary of State*

[SHANGHAI,] December 26, 1937—11:42 a. m.

[Received December 26—7 a. m.]

0026. On 24th, General Matsui⁵⁶ called to express regrets over *Panay* sinking. As he is senior to me, call was probably directed from Tokyo. Call was returned yesterday.

Discussed with him present conditions in Shanghai due to restrictions imposed by Japanese Army, and gave him letter with enclosures giving many details of restrictions and hardships imposed. General stated that it was his desire to remove restrictions as soon as possible but care had to be taken to prevent entry of Communists, spies, etc., into Japanese areas. Had conference with Admiral Hasegawa 3 days ago on same subject. Letter to General Matsui read as follows:

"Shanghai, China, 24 December, 1937.

My Dear General: As a result of the hostilities that have been carried on in Shanghai and the Yangtze Valley for the past 4 months there has arisen a situation that has become critical for the population and the neutral business interests which sustain the life of the city.

It is a situation that demands frank statement and discussion. As you are a soldier, I am sure you would prefer that the matter be handled in that manner.

The Japanese Government has officially and repeatedly stated that it will respect foreign rights and properties in China. The restrictions that were placed into effect at the beginning of hostilities and still govern, regardless of statements to the contrary, lead one to doubt the sincerity of the above statement.

Only yesterday I was called on by an American to assist him in obtaining goods from godowns in Hongkew and Yangtzepoo which are vitally necessary in his business and which he had been trying for 4 months to obtain without success.

I have heard well founded rumors that policemen and sentries refused to honor passes issued by responsible Japanese officials for the entry into Hongkew and the removal of goods therefrom.

Commercial firms are restricted or entirely prevented from carrying on their normal operations in industrial and warehouse areas, such as Yangtzepoo, Point Island, and Pootung. A great apartment house stands empty within a stone's throw of Garden Bridge.

Residents are not allowed free access to their homes in residential areas such as Hongkew and the Settlement roads north and west of the International Settlement except under such onerous restrictions as to make living in these areas impossible.

Actual fighting ceased in the Hongkew and Chapei areas nearly 2 months ago but the restrictions still continue.

It is known that looting of properties in Hongkew, Yangtzepoo, and the residential areas west of the city has taken place, yet owners

⁵⁶ Japanese military Commander in Chief in Yangtze area.

are denied the right to occupy their properties or place proper guards over them.

I am enclosing copies of memoranda from the American, British, French, and Italian representatives in Shanghai and the Shanghai Municipal Council, which show the extent to which the intolerable conditions I have before pointed out prevail. These lists give many instances of neutral vessels seized without any warning or right other than of armed force, of denial of owners to their lawful property, of looting, denial of owners to enter their own homes and so on. These lists merit very serious consideration.

With reference to the city government of Shanghai, it is now carrying on under a tremendous burden. Revenues have diminished greatly, rendering the financial situation and the continuance of the necessary municipal activities difficult.

The city is crowded with hundreds of thousands of homeless refugees who must be fed and housed. The financial problem in connection with this work is a very great one. Many people of the Settlement and French Concession are devoting their entire time and energies to the solution of this great problem.

The attitude of Japanese soldiery towards Chinese non-combatants has produced a state of terror which prevents their return to their homes and farms. Your own proclamations state that the Japanese Army has no enmity towards the Chinese people. If the Chinese people could be convinced of the sincerity of these proclamations they might be induced to return to their homes.

The great problem confronting the people of Shanghai is whether its commerce is to continue to be strangled to a point where the business community that has made it one of the great ports of the world will be driven out of existence. The present situation is none of their seeking. These interests have suffered tremendous losses through fire, destruction, and the suspension of all business. The question now is how much longer this loss can continue without the final destruction of the city as a commercial port.

I have heard it stated that the real Japanese policy is to drive out of Shanghai all commercial interests except their own. This I cannot believe, since it is directly contrary to the repeated statements of the Japanese Government.

The people of Shanghai thoroughly appreciate and understand that the overwhelming force of the Japanese Army in the Shanghai area makes it possible for you to put into effect such decrees or regulations as you may desire. It did not require a march through the Settlement to impress that fact upon the neutral population.

But with power should go a scrupulous regard for the rights of innocent people. This is generally well realized by men of military training, for they know what misery and suffering that can be caused by the ruthless exercise of power unrestrained by an [any?] consideration for neutrals or non-combatants.

I request your earnest consideration of the contents of this letter and enclosures and would appreciate an early reply, with a statement of your policy regarding the points raised herein.

I am, very sincerely yours, H. E. Yarnell, Admiral United States Navy, Commander-in-Chief United States Asiatic Fleet."

393.1115/2311 : Telegram

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

HANKOW, December 27, 1937—11 a. m.
[Received December 27—9 a. m.]

108. Tokyo's 682, December 26, 10 a. m. Scheme covered in my 33, December 13, 4 p. m., was not intended to be called "safety zone" but was intended to cover the area at Hankow where foreign property and foreign individuals are concentrated. There are other foreign properties outside this area and we would expect protection for those properties also but area in question is well known to the Japanese Government and easily defined, and would in case of hostilities become concentration point for foreigners living at Hankow.

I have hesitated mentioning Kuling as a place of refuge as the fact that Americans and others were living in Kuling and that many expected to remain there, was communicated to Japanese Army in August or September through Embassy at Tokyo and we at that time received assurances that it would be respected as long as Chinese military activities were not carried on there. Every effort is being made at the present time to evacuate as many Americans as possible from Kuling and Hankow, but it will be impossible to evacuate all. Some will and must remain.

With reference to (b), if we are to subject ourselves to being told by the Japanese where we may go or where we may concentrate nationals or shipping for safety's sake, I fear that we will find ourselves in an impossible situation. This will be particularly true for Americans who have little or no shipping available. We would have to follow a plan here at Hankow of concentrating Americans in one of the buildings here in area designated in my No. 33 of December 13, 4 p. m., and depend upon the Japanese to respect us and refrain from attacking. If Japanese Army is to continue present practice of pursuing fleeing soldiers and Chinese civilians, conducting a kind of proscription among such civilians and soldiers, it will be difficult indeed to find any place where foreigners may be concentrated for safety.

Sent to Shanghai. Shanghai please repeat to Peiping.

JOHNSON

793.94/11814 : Telegram

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

SHANGHAI, December 27, 1937—noon.
[Received December 27—8:03 a. m.]

1234. Reference my No. 1121 [1221], December 24, 9 a. m., to the Department regarding Japanese restrictions on residence and trade at Shanghai. Japanese Consul General told me last evening and it has

now been announced in the press that all areas north of Soochow Creek including extra-Settlement area and Chapei are to be reopened for foreign residence and business commencing today.

Japanese Consul General also told me last evening that the Hungjao residence area will also be reopened shortly but that the foreign forces must first agree to withdraw their defense lines along the perimeter and Chinese police force under Japanese officers will take control in all areas outside the Settlement formerly under Chinese jurisdiction although as heretofore the municipal police will do everything possible to patrol the extra-Settlement roads.

Repeated to Tokyo, Hankow and Peiping.

GAUSS

793.94/11815 : Telegram

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

SHANGHAI, December 27, 1937—2 p. m.

[Received December 27—7: 55 a. m.]

1235. Reference my No. 1234, December 27, noon. The press in reporting the opening of areas north of Soochow Creek for foreign residents and (business) states that Japanese Admiral has announced strict penalties against any person interfering with Japanese military operations in areas in the Japanese defense sector or under Japanese occupation, such activities being punishable "according to Japanese military law". The list of prohibited activities is published and includes the following broad provisions: acts endangering or causing bodily harm to persons belonging to the Japanese Armed Forces and "all other activities designed to disturb the peace of the Japanese Armed Forces as well as to hamper their activities".

2. At Japanese press conference this morning foreign correspondents put questions which brought out the information that the Japanese maintain that Japanese military law is applicable to extraterritorial foreigners in their relations with the Japanese military. The matter is likely to be the subject of much local agitation.

Repeated to Tokyo, Hankow, Peiping.

GAUSS

793.94/11843 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 27, 1937—4 p. m.

[Received 7: 45 p. m.]

At a meeting of the local Consular Corps on December 25, which I was unable to attend, there was discussed the responsibility of preserving order in Tsingtao in the event of the departure of Chinese

municipal police and other Chinese authorities before the arrival of Japanese forces. The following appears in the minutes of the meeting:

"It was suggested and agreed that each Consul would send a circular to find out how many of his own nationals would act as special constables in case of need. They should wear a special brassard, which [should?] be prepared in advance, and would be armed with truncheon (baton). It was felt that the presence of foreigners and the men-of-war kept the Chinese from losing their heads."

Today the Senior Consul General (British) asked me to define position of this Consulate on the subject of the "constables". This Consulate replied that under no circumstances could it sanction the assumption of police powers by any group of American citizens in Tsingtao. Is this reply approved?

Sent to the Department, Peiping, Hankow.

SOKOBIN

793.94/11809: Telegram

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

WASHINGTON, December 27, 1937—9 p. m.

380. Your 682, December 26, 10 a. m. In regard to paragraph (a), the Department believes it inadvisable to take steps that would encourage Americans to remain in Kuling, particularly in view of its distance from the Yangtze, its known use as a resort by Chinese Government officials and its proximity to Nanchang.

In regard to paragraph (b), please consult your British colleague and when he has taken or is prepared to take substantially similar action, you are authorized to inform the Japanese Government that while we claim absolute freedom for our ships to move and trade on the River, we look to the Japanese authorities to give prior warning in the event of any area on the Yangtze becoming, through steps taken by them, a danger area.⁵⁸

Repeated to Shanghai for relay to Hankow.

HULL

893.0146/599

The Secretary of State to Senator Ernest Lundeen

WASHINGTON, December 27, 1937.

MY DEAR SENATOR LUNDEEN: I acknowledge the receipt of your letter of December 13, 1937,⁵⁹ in which you ask for information in

⁵⁸ The Ambassador in Japan in his telegram No. 690, December 28, 4 p. m., reported that he and the British Ambassador were taking similar action, as instructed (793.94/11848).

⁵⁹ Not printed.

regard to the number of troops, naval vessels and military supplies in the Far East.

When the present hostilities between China and Japan broke out last July the United States had armed forces at three points in China: at Peiping (528 U. S. Marines); at Tientsin (786 U. S. Army); and at Shanghai (1073 U. S. Marines). The American Government maintains the small detachments at Peiping and at Tientsin—and other interested governments maintain similar detachments—pursuant to the provisions of the so-called Boxer Protocol of 1901⁶⁰ which was concluded between China and the representatives of the interested governments, including the American Minister to China. The purpose of maintaining these troops is to provide protection to American nationals (including the Embassy personnel) and, in case of emergency calling for evacuation, making available an armed escort. At Shanghai, the Government of the United States has since 1927—as have various other governments—maintained in the International Settlement at that port a small detachment of armed forces for the purpose of assisting in protecting the large number of American citizens residing in that area from the dangers incident to serious disorders possibly beyond the control of the local authorities.

Also, when the present hostilities began between China and Japan, the United States had on duty in Chinese waters ten gunboats. Recently, one of these gunboats, the U. S. S. *Panay*, has been sunk, leaving a total of nine gunboats, with a total personnel of 69 officers and 896 men, on definitive duty in Chinese waters. These vessels form a part of the United States Asiatic Fleet based on Manila, and the distribution and movements of the vessels of this fleet are under the control of the Commander-in-Chief of that fleet. Normally, except in times of trouble in which American lives and property are endangered, the vessels of this fleet, with the exception of the gunboats—which are normally stationed at various Chinese ports—usually spend the summer months at certain Chinese ports in north China and the winter months in the Philippine Islands. Some of the vessels make courtesy visits from time to time to other countries in the Far East.

The United States along with other similarly interested countries has maintained gunboats in Chinese waters since the 1850's primarily for the purpose of protecting American citizens. The authority for stationing naval vessels in Chinese waters is found in the Sino-American Treaty of 1858⁶¹ and in provisions of somewhat similar treaties between China and other foreign powers which provisions inure to the benefit of the United States through most-favored-nation treatment.

⁶⁰ Signed at Peking, September 7, 1901, *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312.

⁶¹ Signed at Tientsin, June 18, 1858, Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 7, p. 793.

American armed forces in China are there for the protection of American nationals, primarily against mobs or other uncontrollable elements. They have no mission of aggression. It has been the desire and the intention of the American Government to remove these forces when performance of their function of protection is no longer called for, and such remains its desire and expectation. Developments in China during the years immediately preceding the outbreak of the present hostilities between China and Japan afforded the Government of the United States reasonable expectation that the armed forces of this country might soon be withdrawn from China in an orderly way and to the advantage of this and other countries. The normal trend of events, however, was interrupted when fighting broke out and spread to various parts of China. There then rapidly developed a situation presenting serious hazard to the lives of American citizens in China. In the face of these increased dangers the Government of the United States did what it has always done, not only in the Far East but elsewhere, namely, it took all practicable measures to afford appropriate protection to American nationals. It advised American nationals to withdraw. It sent a regiment of Marines from San Diego to Shanghai. It ordered various vessels of the United States Asiatic Fleet, whose base is at Manila but which had been spending the summer months at the ports of Chefoo and Tsingtao, to remain in Chinese waters.

The present number of American armed forces in China is as follows:

At Peiping (U. S. Marines)	528
At Tientsin (U. S. Army)	785
At Shanghai (U. S. Marines)	2600
Total	<u>3913</u>

Of this number approximately 1500 represent reinforcements sent to Shanghai as a result of and in order to cope with emergency problems occasioned by the present situation in the way of protecting American nationals. Two weeks ago, on December 10, the Navy Department orally informed press correspondents, in reply to inquiries, that the U. S. S. *Chaumont*, a naval transport, is going back to Shanghai in the course of its regular schedule; that the transport is due back at Shanghai about the end of January, and that at that time the Commander-in-Chief of the United States Asiatic Fleet will decide whether the situation then existing is such as to permit the withdrawal from Shanghai of the reinforcements which were sent there four months ago.

The present number of United States naval vessels in oriental waters is shown on the enclosed copy of a statement furnished me by the

Navy Department ⁶² containing information in regard to the position of ships on Asiatic station as of December 20. This includes the whole of our Asiatic Fleet. I am informed that the total personnel on all these ships comprises 4,884 naval officers and men and 167 Marines. Of the 43 vessels listed on the attached sheet only 14 are in Chinese waters and, as I have above stated, only 9, consisting of gunboats, are on duty exclusively in Chinese waters. The largest of the vessels of the United States Asiatic Fleet, the U. S. S. *Augusta*, a heavy cruiser, flagship of the Commander-in-Chief, was a short time ago about to proceed to Manila. The expected departure of this vessel has been delayed by the recent bombing of the U. S. S. *Panay* and American merchant vessels in the Yangtze River.

It is my understanding that the American military and naval forces in the Far East have sufficient supplies to maintain themselves for a comparatively short period, but, if you desire more detailed information in regard to military and naval supplies and equipment in the Far East, it is suggested that you address an inquiry on this subject to the Secretaries of War and the Navy.

I note with interest that you are in accord with the warning given to American citizens to leave the areas affected by the present Chinese-Japanese conflict. This Government and its officers in China have repeatedly and earnestly advised American citizens, in face of dangers incident to situations of danger, to withdraw, and in the present situation we are making every effort to provide safe means whereby they may depart. Furthermore, the Department of State is not for the present issuing passports valid for travel to and in China save in certain exceptional circumstances.

Sincerely yours,

CORDELL HULL

393.1115/2357 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 28, 1937—11 a. m.

[Received December 29—7:07 p. m.]

By commercial steamers there have departed from Tsingtao approximately 20 Americans since destruction of Japanese cotton mills on December 18. The U. S. S. *Sacramento* departed today for Shanghai with 27 Americans and dependents and probably 26 Americans will leave by commercial steamers tomorrow. There will then remain in the city of Tsingtao 159 Americans and in the Tsingtao Consular District outside the city 13 Americans, the latter all missionary

⁶² Not printed.

families, or a total of 172 remaining in the entire Tsingtao Consular District.

In the Tsinan Consular District this Consulate understands there are now approximately 110 Americans practically all missionaries.

SOKOBIN

393.115 Ida Kahn Women's Hospital/7 : Telegram

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

TOKYO, December 28, 1937—6 p. m.
[Received December 28—9:30 a. m.]

692. Department's 332, December 7, 6 p. m.⁶³ Ida Kahn Hospital. Reply⁶⁴ now received states bombing was a mistake, expresses the sincere regret of the Government and states that "rigid instructions have been issued . . .⁶⁵ to prevent the occurrence of such incidents". It concludes by requesting that American property in China be marked with flags and other markings of large size. No mention of indemnification. Repeated to Shanghai for relay to Johnson.

Translation will go forward⁶³ in next pouch about January 7.

GREW

793.94/11843 : Telegram

The Secretary of State to the Consul at Tsingtao (Sokobin)

WASHINGTON, December 28, 1937—7 p. m.

Your December 27, 4 p. m. On the assumption that it was your intention simply to indicate to the Senior Consul that the matter of Americans acting as "special constables" was one which you were not called upon to approve or disapprove, the Department feels that you might have added that although you were continuing to urge all Americans to withdraw from Tsingtao you of course would not wish to interpose any objection or obstacle to appropriate provisional measures which Americans and other foreigners who elected to remain in Tsingtao might find it desirable to adopt for their self-protection during a temporary period of emergency.

Please repeat to Hankow and Peiping.

HULL

⁶³ Not printed.

⁶⁴ Dated December 22.

⁶⁵ Omission indicated in the original telegram.

393.1115/2345 : Telegram

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

TOKYO, December 29, 1937—noon.
[Received December 29—2:35 a. m.]

696. Following has been sent to Shanghai:

“December 29, noon. Hankow’s 102, December 23, 1 p. m.⁶⁶ The Foreign Office states that the Navy Department has issued to forces in China instructions with regard to the second special train leaving Hankow December 30, 9 a. m. for Canton.⁶⁷ Please rush relay to Hankow.

Repeated to the Department.”

GREW

393.1164/220

*The Consul at Foochow (Ward) to the Ambassador in China (Johnson)*⁶⁸

No. 13

FOOCHOW, December 29, 1937.

SIR: I have the honor to refer to this Consulate’s despatch No. 12, dated December 16, 1937,⁶⁶ on the subject of the projected removal of missionary schools from Foochow to the interior, and further in that connection to enclose a copy of a memorandum of a conversation between Bishop John Gowdy of the Methodist Episcopal Mission and myself on that subject.*

The Embassy will not from the perusal of this memorandum that the Provincial Government here would now appear to have given up its immediate plan for the removal of schools from Foochow to the interior, in favor of one contemplating a rigorous course in propaganda activities which will employ higher middle school and college students from the close of the schools at the end of this term through the month of April, and in the course of which girls and boys alike will go into the villages of Foochow’s hinterland to preach Chinese nationalism and the necessity for resistance to Japan to the peasantry of Northern Fukien.

This change in the Government’s plan brought to a sharp issue the question of the use of American missionary property for purely patriotic purposes by the Chinese administrations of the schools to

⁶⁶ Not printed.

⁶⁷ This train left as scheduled carrying 300 foreigners including 167 Americans.

⁶⁸ Copy transmitted to the Department by the Consul at Foochow in his despatch No. 16, December 29; received February 2, 1938.

* See Enclosure No. 1. [Footnote in the original; enclosure not printed.]

which the property had been loaned, the president of Hwa Nan College having been simply informed by the Government of its intention to use the school for the training of students in anti-Japanese propaganda. Copies of a letter † from Bishop John Gowdy and its enclosure ‡ describing the situation are enclosed.

The following day I received a further communication from the Bishop in the same general connection, informing me that from December 18 to December 21 two hundred members of the Peace Preservation Corps, who were holding manoeuvres in the vicinity of the Fukien Christian University, had used the dormitories of that university as provisional barracks.

There is also enclosed a copy of this Consulate's reply to these communications.§

It seems clear to this Consulate that the closing by the Chinese administrations which run them of the schools and colleges which are now housed in American-owned properties in Foochow will greatly simplify the question of the protection of those properties by the Consulate in the event of a Japanese invasion of the Province. If, however, the properties vacated by the schools which they originally housed were to be turned over to the Chinese authorities to house propaganda-training groups or, worse still, members of militia or other armed bodies, the protection of those properties would become for all practical purposes absolutely impossible. The Consulate therefore intends to do everything it possibly can to prevent American properties from being so used, and will continue to keep the Embassy informed of the progress of its efforts.

Respectfully yours,

ROBERT S. WARD

793.003/888 : Telegram

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

WASHINGTON, December 30, 1937—3 p. m.

384. Shanghai's 1235, December 27, 2 p. m. The Department desires that, unless you perceive strong objection, on the occasion of your next call upon the Japanese Minister for Foreign Affairs, you make reference casually and as upon your own initiative to reports of statements at a Japanese press conference at Shanghai on December 27 to the effect that Japanese authorities there assert that Japanese military law is applicable and will be applied to extraterritorial foreigners in certain relationships with the Japanese military; and that, without inquiring whether there is basis for this report and without in

† See Enclosure No. 2. [Footnote in the original; enclosure not printed.]

‡ See Enclosure No. 3. [Footnote in the original; enclosure not printed.]

§ See Enclosure No. 4. [Footnote in the original; enclosure not printed.]

any way intimating that you or your Government take it seriously, you impart to Hirota the suggestion that your Government would not be able to recognize or give countenance to any attempt on the part of any Japanese agencies to exercise jurisdiction over American nationals in China.

HULL

793.94/11916 : Telegram

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

SHANGHAI, December 31, 1937—noon.

[Received December 31—9:30 a. m.]

1255. Reference my 1219, December 23, 9 p. m. regarding Wuhu incidents. Japanese Consul General writes me that he immediately ordered an officer to proceed from Nanking to Wuhu to investigate but due to shifts in military units it has not yet been possible to contact the military unit believed to have been involved. He is doing his best to contact the responsible unit. He adds that military authorities have issued instructions to the military unit now at Wuhu with a view to preventing recurrence of similar incidents in the future.

Repeated to Hankow.

GAUSS

793.94/11913 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, December 31, 1937—3 p. m.

[Received December 31—9:30 a. m.]

Situation in respect to possible danger to American lives and property from looters definitely easier at the moment.⁷⁰ A group of Chinese, following explanation by Consular Corps of situation, have organized "Tsingtao Provisional Merchant Corps" which will draw up plans for police protection of Tsingtao.

My Consular colleagues are asking their Embassies to inform their Embassies at Tokyo that Japanese Government be apprised of the fact that Tsingtao is a defenseless city.

Sent to Peiping, Hankow.

SOKOBIN

⁷⁰ The Consul at Tsingtao in his telegram of January 1, 1938, 4 p. m., reported that "American residents in Tsingtao [are] annoyed by sensational American press reports which have completely distorted the picture of a situation which did not cause great alarm among Occidentals here none of whom has suffered any loss of property, as far as this Consulate is aware." (793.94/11928)

393.115 Ida Kahn Women's Hospital/8: Telegram

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

WASHINGTON, December 31, 1937—3 p. m.

388. Your 692, December 28, 6 p. m. In similar cases involving the bombing of American missionary property as a result of alleged "mistake" Japanese Government has stated in effect that it was prepared to give proper consideration with regard to the losses and damages inflicted on the American property involved. See your 612, December 10, 4 p. m., also your 570, November 27, 1 p. m. and 537, November 12, 9 p. m. and your 397, September 20, 10 p. m.⁷¹

The Department suggests that matter be taken up with the Foreign Office with a view to obtaining similar assurances in case of Ida Kahn Hospital.⁷²

HULL

793.94/11921: Telegram

The Third Secretary of Embassy in China (Allison) to the Secretary of State

NANKING, December 31, 1937—6 p. m.
[Received December 31—5:20 p. m.]

Arrived at Nanking 2:30 p. m. today, waterfront a shambles and [distant?] rifle fire heard while small fires were visible at various points in city.

In company with Captain of *Oahu I* [called on?] Commander of H. M. S. *Bee*, who had just returned from his first interview with the Japanese military authorities which took place on a Japanese naval vessel. [Informed?] by the British officer that no foreigners had been allowed to land at Nanking and that according to the representative of the Japanese Military Commander none would be allowed to land before January 5. Reason given is that "mopping up" operations are still in progress and that it is unsafe. British are making no attempt to land before January 6. A British [diplomatic?] official is expected to arrive at Nanking on H. M. S. *Cricket* January 5.

Oahu expects to leave early on morning of the 1st of January for Hoshien and Wuhu.

Sent to Hankow. Repeated to Department and Shanghai. Shanghai please repeat to Tokyo.

ALLISON

⁷¹ Telegram No. 397 not printed.

⁷² The Japanese Foreign Office thereupon gave "oral assurances that the question of indemnification for damages and losses in this case will be given equal consideration with that in other similar cases and that reference to the question of indemnification was inadvertently omitted from the Foreign Office's reply of December 22." (393.115 Ida Kahn Women's Hospital/9)

793.94/11919: Telegram

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

SHANGHAI, December 31, 1937—[11 p. m.]

[Received December 31—3:20 p. m.]

1259. Following from the Ambassador:

December 31, 12 noon. Your December 30, 11 a. m. Will you communicate following to Japanese Ambassador as from me:

"My Dear Colleague: In view of recent unfortunate incidents growing out of the present hostilities being waged in the Yangtze Valley and with a view to the prevention of any similar situation developing should these hostilities be extended to include the Wuhan area in which the city of Hankow is located, I desire to bring to your attention the fact that the area covered by the former British, Russian and German Concessions and the present French Concession at Hankow, and including Butterfield and Swire's property adjoining the Customs House, includes the bulk of foreign owned and occupied property here at Hankow. In this area are located the Consulates of the foreign powers; in the river off this area are concentrated foreign naval vessels and foreign flag river shipping. In this area also will be found, not only most of the permanent American and foreign residents, but also many American and foreign refugees from other parts of China unable to leave or be concentrated at any other place.

It is my confident hope that in the unhappy event that military operations should extend to this area the military forces—land, naval and air—of your country would refrain from action which would jeopardize the lives and property in this area of Americans as well as of other foreigners. I am, my dear colleague,"

Please repeat to Tokyo. Johnson.

GAUSS

793.94/11925: Telegram

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

Tokyo, January 1, 1938—2 p. m.

[Received January 1, 1938—7:11 a. m.]

2. Tsingtao's December 21, 5 p. m.; Peiping's December 23, 11 a. m. [noon].⁷³ My British colleague yesterday addressed a letter to the Vice Minister for Foreign Affairs requesting that in the event of hostilities at Tsingtao, Edgewater Peninsula be regarded as a safety zone "subject to the understanding that Japanese responsibility to respect foreign lives and property outside such safety zone remains unimpaired".

⁷³ Latter not printed.

Copies of the British Ambassador's letter were sent to the French and the German Ambassador and to myself with the expressed hope that we may be prepared to support the British request.

Please instruct.⁷⁴

Repeated to Peiping.

GREW

NAVAL MEASURES TAKEN BY CHINA AND JAPAN ALONG THE COASTS AND IN THE RIVERS OF CHINA; EFFECT ON AMERICAN AND OTHER SHIPPING

793.94/9343 : Telegram

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

NANKING, August 13, 1937—3 p. m.

[Received August 13—1:11 p. m.]

418. Second paragraph of Embassy's 415, August 13, 8 a. m.⁷⁵

1. U. S. S. *Tutuila* which left down river from Nanking yesterday reports today that according to a merchant vessel the obstruction in the river is at mileage 80 above Woosung and it is picketed by Chinese gunboat. The *Tutuila* indicated that it had received directions insuring safe passage and has been asked by naval superior to report further. Formal notification of the blocking of the river has been issued to foreign Diplomatic Missions by the Foreign Office; substance will be reported later.

2. According to Japanese Embassy, Japanese merchant vessel proceeding down river which left Nanking yesterday afternoon carrying Japanese consular officers from Hankow and other up river ports, has returned to Chinkiang because of the blocking of the river and request is being made of Chinese naval authorities to permit the ship to pass to Shanghai.

Sent to the Department, Peiping, Shanghai, Hankow. Tokyo being informed.

JOHNSON

793.94/9340 : Telegram

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

NANKING, August 13, 1937—7 p. m.

[Received August 13—1:15 p. m.]

422. My 415, August 13, 8 a. m.,⁷⁵ second paragraph, and 418, August 13, 3 p. m. The following is translation made by Embassy of notification received from the Foreign Office date August 13.

⁷⁴ The Department's telegram No. 1, January 1, 1938, 2 p. m., authorized the Ambassador in Japan "to make representations similar to those made by the British Ambassador." (793.94/11925)

⁷⁵ Vol. III, p. 392.

"I have the honor to inform you that in view of present compelling circumstances the Chinese Government has closed the Yangtze River below Chinkiang to navigation. All navigation on that section of the river is therefore suspended. I have the honor to indite this formal note for your information and to request that instructions be issued to American residents uniformly [*sic*] to take note".⁷⁶

Nanking station vessel has been informed.
Repeated to Peiping, Shanghai, Hankow.

JOHNSON

793.94/9451 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy) ⁷⁷

[SHANGHAI,] August 17, 1937—10 p. m.
[Received August 17—2:25 p. m.]

0017. Problem of neutrality of Whangpoo River fronting the Settlement and its use by our vessels, naval and merchant, becoming serious. Japanese men-of-war occupy river from Garden Bend to lower limit and are engaged in bombardment of Chinese troop position on both sides of river at frequent intervals during day and night. Chinese have recently established batteries of medium caliber and machine guns on Pootung side which fire on Japanese vessels and Hongkew section in addition to their positions north of river. Chinese have established a junk boom at upper boundary of French Concession with small opening. All neutral men-of-war are up river from Garden Bend at naval buoys except *Augusta* which is at buoy 16-17. Intend to move *Augusta* up river off Bund just below British lower buoy. With the increase of Japanese and Chinese forces the river may become untenable to neutral men-of-war. Due to length of time necessary to evacuate nationals the situation may become very dangerous. It is considered of the utmost importance that strong representations be made by all the neutral interested powers to the belligerents to respect the neutrality of the river within the limits of the Settlement and to make it possible for these powers to have access to their nationals and to remove them from the area without incurring all the dangers of active war operations.

⁷⁶ On August 27 the Chinese Foreign Office replied to the American Embassy's inquiry of August 25 that the Yangtze would remain closed for the present to all shipping (811.30 Asiatic Fleet/336).

⁷⁷ Copy transmitted to the Department by the Navy Department.

793.94/9492: Telegram

*The Commander in Chief of the United States Asiatic Fleet
(Yarnell) to the Secretary of State*

[SHANGHAI,] August 19, 1937—1:41 p. m.

[Received 7:45 p. m.]

0019. Following received from American Consul General, Shanghai:

"Japanese Consul General has notified the Senior Consul that the Commander in Chief of the Third Japanese Fleet has ordered the closing of section 6, 7 and 8 of the river to Chinese vessels between 1900 and 0500 and that other vessels should notify the Japanese of their movements in advance in order to avoid any misunderstanding."

Following reply made to Japanese Commander in Chief via American Consul General:

"The American Naval Commander in Chief has considered the oral message received by the American Consul General from the Japanese Consul General through the Senior Consul, stating that sections 6, 7 and 8 of the Whangpoo will be closed from 1900 to 0500 daily to Chinese vessels and that other vessels should give due notice.

The Commander in Chief observes that Vice Admiral Hasegawa, Japanese Commander in Chief, has not conferred with him in regard to this matter.

He has guards of marines and blue jackets at properties below this area to which access is required at any time at short notice. He must also have free communication with his ships, both men-of-war and merchants at Woosung at all times of the day and night.

The Commander in Chief will therefore be unable to comply with the proposal that he should notify the Japanese Commander in Chief of any movement between 1900 and 0500. In order to facilitate identification, however, he will arrange [that] any United States man-of-war, ship, boat or merchant vessel proceeding after dark will burn her navigation lights and fly her ensign or national flag as the case may be and will pass as close as practicable to the first Japanese man-of-war encountered up or down stream, reducing speed while passing her."

British and French Commanders in Chief have sent identic messages.

793.94/9519: Telegram

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

NANKING, August 20, 1937—6 a. m.
[Received August 19—5:55 p. m.]

474. My 470, August 19, 5 p. m.⁷⁹

1. Please inform Commander-in-Chief I have communicated his 060619 to Minister of Foreign Affairs.⁸⁰ I now have following reply from him to my letter of yesterday's date:

⁷⁹ Not printed.

⁸⁰ See Admiral Yarnell's telegram of August 17, 10 p. m., p. 431.

“Referring to the note of today’s date of His Excellency the American Ambassador, regarding the question of the disposition of American war vessels in Shanghai, the Minister for Foreign Affairs has the honor to observe that China is now engaged in a life and death struggle with Japan through the latter’s repeated aggressive action and that the position taken by His Excellency conduces to the belief that Japanese war ships are allowed to take advantage of their proximity to other foreign warships to attack Chinese troops and avoid being attacked.

The Chinese Government still maintains much to its regret that under the present extraordinary circumstances it is necessary for the warships and other ships of friendly powers to leave the danger zone for their own sake, and should not in any way permit their presence to interfere with the legitimate action of the Chinese defensive forces. The Minister for Foreign Affairs has to reiterate that, while the Chinese forces will avoid as far as possible endangering the safety of the vessels of friendly powers, the Chinese Government will not hold itself responsible for any damage caused to them as a result of the noncompliance with the request of the Chinese military authorities.”

2. Vice Minister of Foreign Affairs explained to me that Chinese Government has no intention to attack ships of friendly powers but hopes that you will do everything possible to remain away from Japanese warships which will be object of attack. I can do no more here. I believe Chinese are desperate and will attack Japanese ships at whatever cost.

Repeated to Department, sent to Shanghai.

JOHNSON

793.94/9519 : Telegram

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

WASHINGTON, August 19, 1937—midnight.

249. Nanking’s 474, August 20, 6 p. m. [*a. m.*] to Shanghai which was repeated to the Department, and previous regarding notification by Chinese military authorities and Foreign Office of an impending attack on Japanese warships.

Realizing that the Commander-in-Chief is in a difficult and extremely delicate position, and confident that he will exercise utmost discretion and forbearance, Department nevertheless, after consultation with Chief of Naval Operations and with his full approval, calls attention to Department’s telegram No. 138, August 10, noon, to Nanking⁸¹ which, with knowledge and approval of the Navy and War Departments, conveyed Department’s concept of the mission

⁸¹ *Ante*, p. 252.

of the United States armed forces in China, and which carried instruction for repetition to Shanghai and other offices. The Department assumes that contents of that telegram were brought to the attention of the commanding officers of American armed forces.

You and the Commander-in-Chief will realize that this Government, while desiring that its nationals be protected, also desires to avoid becoming in any way involved in the conflict which is going on between the Chinese and Japanese, or in interference with their military operations. Therefore, it is assumed that, while remaining intent on the mission of protecting American nationals, our armed forces will to as great an extent as possible avoid coming into or remaining in line of fire between Japanese and Chinese armed forces and, if in such line of fire, will not make assumption that fire is being deliberately directed against them unless such is with reasonable clearness the case.

This is not an instruction or an order; it represents an effort to be of assistance to you and the Commander-in-Chief in connection with the many difficult problems which confront you.

Please bring the above to the attention of the Commander-in-Chief at once.

HULL

793.94/9696 : Telegram

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

SHANGHAI, August 26, 1937—10 a. m.

[Received August 26—7:45 a. m.]

565. Press reports state that Vice Admiral Hasegawa, Commander in Chief Japanese Third Fleet, late yesterday afternoon proclaimed that navigation along the lower Yangtze and along Central China coast from Shanghai to a point south of Swatow is closed to Chinese shipping. The prescribed area extends from 32.4 degrees north latitude and 121.84 degrees east longitude to 23.14 degrees north latitude and 116.48 degrees east longitude. The prohibition will be enforced by the Japanese Navy. It does not affect foreign or Japanese shipping.

I have verified from Japanese Consul General that this press report is correct.

Sent to the Department. Repeated to Nanking.

GAUSS

793.94/9705 : Telegram

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

Tokyo, August 26, 1937—5 p. m.

[Received August 26—10:20 a. m.]

316. Yoshizawa⁸² handed to Dooman⁸³ this afternoon a copy of the Foreign Office Statement^{83a} issued today with regard to the arrest and search of Chinese vessels, the text of which we understand has been transmitted to the United States by press correspondents. Dooman inquired whether, with reference to the last sentence of the statement, any consideration had been given to the status of Chinese vessels owned wholly or in substantial part by third party nationals and to the treatment of cargo so owned on arrested Chinese vessels. Yoshizawa declined to make any comment but he stated that the Foreign Office would be glad to give sympathetic consideration to any case involving property rights of American nationals, if and when such case should arise.

Repeated to Shanghai for relay to Nanking.

GREW

793.94/9730 : Telegram

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

Tokyo, August 27, 1937—7 p. m.

[Received August 27—12:21 p. m.]

322. Senior Aide to Navy Minister stated this afternoon to Naval Attaché as follows:

Question. What was meant when you stated "blockade aims principally at destroying the fighting power of the Chinese and will not unnecessarily seize Chinese vessels and confiscate the cargoes aboard them" and "Japanese will duly respect peaceful commerce being carried on by the third powers and will never interfere with it"?

Answer. The purpose of the blockade is to prevent war supplies getting to the Chinese forces. As no war exists Japan will not interfere with the commerce of any nation other than China. Interference with Chinese trade only to the extent of confiscating war supplies on Chinese ships. By "peaceful commerce of third powers" is meant ordinary commerce which now might include cargo of a warlike nature.

⁸² Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

⁸³ Eugene H. Dooman, Counselor of Embassy in Japan.

^{83a} For text of press statement by Japanese Foreign Office on blockade of China coast, see telegram No. 323, August 28, 9 a. m., from the Ambassador in Japan, p. 436.

A hypothetical question was asked as to what would happen to a Canadian Pacific or Dollar Line vessel bound for Shanghai with war material known to be destined for Chinese forces. The answer was "No interference would be made with that vessel". When asked as to the "status of Chinese vessels owned wholly or in part by third party", the answer was "war supplies, if on board would be confiscated, vessel and remainder of cargo would be subsequently freed".

Armies in Shanghai are consolidating positions while awaiting the arrival of supplies such as ammunition and, probably, artillery. Army transports were said to be used for this purpose. No offensive has been undertaken as yet, except as necessary to gain and maintain positions. Combined fleet has retired. They have had their inning and will undoubtedly not be used for this purpose again. No army aircraft are operating in Shanghai area yet, fields in that vicinity not having been completely prepared. When asked whether the army expected to move against Hangchow, the reply was that such was a general staff matter. When asked at [*as to?*] the purpose of landing troops in Hangchow Bay, Senior Aide stated landing there was only a rumor.

Situation in Tsingtao quiet, has not changed in the last 48 hours. Japanese nationals, however, are being evacuated.

Repeated to Shanghai for relay to Nanking.

Grew

793.94/9738 : Telegram

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

Tokyo, August 28, 1937—9 a. m.

[Received August 27—11:15 p. m.]

323. Department's 171, August 27, 3 p. m.⁸⁴ The following is complete text of statement issued to the press by the Foreign Office on August 26, 1937:

"Although Japan has been forced to adopt measures of self-defense in the face of lawless attacks upon her forces by Chinese Armies and their wanton disregard of Japanese lives and property and violations of Japan's rights and interests in China, it has always been the desire of the Japanese Government to minimize the scope of the present affair. However, the Chinese Armies by their repeated outrages and provocations have intensified still further the gravity of the situation.

In these circumstances, with a view to prompting China's reconsideration and to effecting a speedy settlement, the Japanese naval authorities found it necessary to close to traffic of Chinese vessels the Chinese sea coast from 32 degrees 4 minutes north latitude and 122

⁸⁴ Not printed.

degrees 44 minutes east longitude, to 23 degrees 14 minutes north latitude and 100 degrees 48 minutes east longitude, beginning at 6 p. m., August 25, 1937.

The above measure is solely one of self-defense against the lawless acts of the Chinese, and applies only to Chinese vessels. It may be added that peaceful commerce carried on by the third powers will be fully respected, the Japanese Navy having no intention of interfering with it."

GREW

793.94/9783 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*⁸⁵

[SHANGHAI,] August 30, 1937—6:35 p. m.

[Received August 30—8:22 a. m.]

0030. It is my intention unless otherwise directed to notify the Japanese Admiral that under existing conditions I cannot recognize the right of Japanese men-of-war to stop and search United States merchant vessels and that I shall instruct the vessels of my command accordingly.

793.94/9815 : Telegram

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

TOKYO, August 31, 1937—2 p. m.

[Received August 31—9:15 a. m.]

329. Department's 177, August 28, 4 p. m.⁸⁶

1. On August 28 the French Ambassador sent his Counselor to the Foreign Office in connection with the "China blockade" (1) to make "serious reservations [*representations?*]" concerning the attitude of the French Government and (2) to inquire as to the interpretation of the term "peaceful commerce" mentioned in the announcement. The Vice Minister professed entire ignorance of the announcement by the navy which gave the Ambassador the impression that the step had been taken without consulting the Foreign Office. Horinouchi said he would investigate and reply.

2. Yesterday the Vice Minister handed to the French Ambassador as an "oral" reply the following text:

(1) The closing of the traffic applies, as clearly stated in the declaration made on the 25th instant by Admiral Hasegawa, only to Chinese vessels and does not apply to the vessels of third powers.

⁸⁵ Copy transmitted to the Department by the Navy Department.

⁸⁶ Not printed.

Consequently, arms and ammunitions carried on board the latter ships do not come within the scope of the present measure. However, since the above mentioned declaration was issued, there have been Chinese ships flying foreign flags in order to evade the application of the declaration, and the Japanese Government are faced with the necessity of inspecting the suspected ships in order to identify their nationality. The Japanese Government, of course, do not want to create unnecessary misunderstanding with the ships of third powers and, so, they would find it convenient to have advance notice of the ships entering the prescribed area, as to their names, their captains, and the matters concerning the capital invested in them.

(2) As you are aware the Japanese Government have made it clear, in their statement of August 26th, that in the face of the present situation they were forced to adopt this measure with a view to prompting China's reconsideration and bringing about a speedy settlement. Under the present circumstances, if large quantities of arms and ammunitions were to be supplied to China from abroad, it would only strengthen both morally and materially her antagonism toward Japan, and thereby prolong and intensify the present conflict. The Japanese Government, therefore, hope that the Governments of the third powers concerned will appreciate the delicate situation, and refrain, as much as possible, from doing anything which is likely to encourage China in this direction.

(3) The present declaration, as stated above, does not apply in the case of ships of third powers, and the Japanese Government do not, for the present, contemplate taking any action to prevent the importation of arms and ammunition into China by foreign vessels. But in view of the fact that such importation of war supplies is bound to increase Chinese opposition against Japan, future developments may compel the Japanese Government to devise more effective and suitable measures to stop all importation of arms and ammunition into China. August 30, 1937.

3. Any inquiry from us would probably draw forth an identic reply. Therefore, if instructions from the Department to take action should cross this telegram I shall nevertheless delay action until this telegram has been received and acknowledged by the Department.

Repeated to Shanghai for relay to Nanking.

GREW

793.94/9815: Telegram

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

WASHINGTON, August 31, 1937—5 p. m.

184. Your 329, August 31, 2 p. m. In the light of the contents of telegram under reference and of your 322, August 27, 7 p. m., it seems to Department that further inquiry would be neither helpful nor desirable. Take no action.

HULL

793.94/9821: Telegram

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

NANKING, August 31, 1937—6 p. m.
[Received August 31—11:05 a. m.]

574. British, French, German, Italian, and American Embassies made representations regarding closing of Yangtze River today by joint note to Minister of Foreign Affairs⁸⁷ of which following important part is quoted:

"We understand that the purpose of the barrage is to prevent the Japanese Fleet from entering the river. While we do not deny the right of the Chinese Government to take such a step, we would point out that it was taken without any warning whatsoever to the governments represented by the undersigned, with the result that not only some of their merchant vessels and warships, but also large numbers of their nationals find themselves trapped in the river. With the rapid closing of other channels of communication it is becoming increasingly difficult for us either to evacuate our nationals from the river ports or to arrange for them to receive supplies.

It seems to the undersigned that it should not be impossible for the barrage at Kiangyin to be opened sufficiently to permit the passage of a ship, and for such length of time (which need not be more than a few days if sufficient notice is given to enable the necessary preparations to be made) as will enable those who so wish to leave and supplies to be brought in for the remainder, and we now have the honor to submit a request in this sense Excellencies [*for an?*] early reply.

As regards the difficulty of navigation below the barrage in the absence of marks, this is appreciated but experienced pilots are available and the risk would be faced."

JOHNSON

793.94112/9: Telegram

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

LONDON, August 31, 1937—6 p. m.
[Received August 31—2 p. m.]

569. Eden⁸⁸ sent for me this afternoon and referring to announced intentions of the Japanese to establish a blockade along the Chinese coast with all its contingent dangers for foreign shipping said that the French had raised the question as to how the situation might be met. The British Government, Eden added, is hopeful that Great Britain, the United States and France may agree on measures to safeguard their shipping. It is the opinion of the British Government

⁸⁷ Wang Chung-hui.⁸⁸ Anthony Eden, British Secretary of State for Foreign Affairs.

that it would be wise for all three powers to agree that their merchant ships may be stopped if called upon to do so by Japanese men-of-war acting in good faith and upon apparent cause but solely for the purpose of verification of their nationality and subject to strict understandings (1) that such verification is to be carried out by Japanese men-of-war only if a war vessel of the ship's own nationality is not readily available, and (2) that we can continue to accept right of verification by the Japanese only if cases of interference with foreign shipping are infrequent and if the Japanese do not abuse the concession of the privilege.

Eden said that in the view of his Government it would be wise to make this concession now which might meet the Japanese complaints of abuse of foreign flags and aid in deterring them from declaration of war or formal blockade which would clothe them with belligerent rights. He did not suggest joint action of the three powers but said that if we could all agree on the principle that we might then make separate approaches to the Japanese Government. He said that he did not wish to insist upon this suggestion and that if you had any other he would welcome it; although the matter had been brought up by the French they had only slightly anticipated him as the development of events in the Far East was becoming so threatening for British interests that he would have been compelled to make the suggestion himself. The French have been informed of this approach to the United States.

The Foreign Secretary concluded with a warm expression of his appreciation for the cooperation which has been given his Government by the United States since the beginning of the Far Eastern crisis; that he felt this cooperation was becoming even closer and the necessity for it increasingly apparent.

JOHNSON

793.94112/39a : Telegram

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

WASHINGTON, August 31, 1937—8 p. m.

185. The Department has received from the British Embassy an *aide-mémoire* dated August 31,⁸⁹ inquiring whether this Government would be prepared to ask you to concert with your British colleague in making an inquiry of the Japanese Government directed toward eliciting a precise statement of the measures which the Japanese Government intends to take against shipping on the China coast.

The Department has replied in an *aide-mémoire* of the same date⁸⁹ to the effect that the statement made by the Japanese Government seems to this Government sufficiently precise within its own limits.

⁸⁹ Not printed.

Reference was made in the reply to the Japanese statements mentioned in your 322, August 27, 7 p. m., and 329, August 31, 2 p. m., to the effect that interference with merchant vessels other than Chinese was not intended. The Department expressed the view that the intentions of the Japanese Government would not be likely to be altered by there being addressed to the Japanese Government a request for a more precise statement of its intentions, and that such an approach, if made now, would, in the light of the statements which have already been made by the Japanese Government, not be helpful or advisable.

HULL

793.94112/9 : Telegram

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

WASHINGTON, September 1, 1937—7 p. m.

374. Your 569, August 31, 6 p. m.

1. The Department has given very careful consideration to the suggestion which Mr. Eden, prompted by a query from the French, has offered for meeting the situation created by the Japanese announcement of a blockade along the coast of China.

Mr. Eden's suggestion, as we understand it, envisages an understanding on the part of the British, the French and the American Governments that they will consent to their merchant ships being overhauled by Japanese naval vessels acting in good faith and solely for the purpose of verification of nationality and subject to certain conditions and escape provisions; and, an offer by the three powers, either by a collective approach or by separate approaches, to the Japanese Government of such a concession, the whole arrangement to eventuate in and depend upon an agreement comprehending the points indicated. The British Government feels that this would be a wise course and that it might meet the Japanese complaints of the use of foreign flags and contribute toward deterring the Japanese from action which would clothe them with belligerent rights. Mr. Eden does not urge that this suggestion be adopted but he feels that the situation is so threatening as to warrant its being advanced, and he has informed the French Government of his approach to this Government. He feels that helpful cooperation has been forthcoming and that the necessity for cooperation is increasingly apparent.

2. In the announcement made by the Japanese Government of its intention to establish a blockade of a portion of the China coast and in statements which high Japanese authorities have made in explanation and exposition of what is intended, the Department finds that what the Japanese apparently contemplate is interference with movement of

Chinese vessels and Chinese commerce; it has been expressly stated that interference with merchant vessels other than Chinese is not intended; to an express question what would happen to a Canadian Pacific or a Dollar Line vessel bound for Shanghai carrying war material known to be destined for Chinese forces, the answer has been given: "No interference would be made with that vessel"; they have, however, charged that Chinese ships have been flying foreign flags and that Japan is faced with the necessity of inspecting suspected ships in order to be sure of their identity, and they state that they do not wish to create difficulties for ships of third powers and that they therefore would like to have advance notice of such ships entering the area of blockade, with certain details.

The Japanese of course have no right to overhaul vessels of third powers. Their desire to circumvent abuse of foreign flags is not unnatural. It may be expected that there will not be a large number of cases in which vessels actually of foreign nationality will be difficult to identify by mere observation. It may be assumed, in the light of Mr. Eden's suggestion, that the British Government does not contemplate insistence by itself and other powers upon the right of immunity from being overhauled which vessels of third powers possess in international law. There are two ways in which the problem as presented can be met: either by taking a definite step such as Mr. Eden suggests, involving the making of an offer of a concession and the concluding of an agreement providing for acquiescence, or, a simple acquiescence if and as cases in point occur. In the light of all the facts available and of our estimate of probabilities and possibilities, it seems to us that the practical advantages of following the suggested course of express concession and agreement would be outweighed by the possible disadvantages. Just as it has been our feeling that it would be better to rest on the statements which the Japanese have already made than to make further inquiries in regard to their intention in relation to their blockade, so, it seems to us that it would be better for the powers concerned merely to understand *inter se* that none of them expects to resist with force the overhauling of its merchant vessels for purposes of identification, which would still leave to each its right to object, than to waive this right and accord to the Japanese by express assent a privilege which is inconsistent with the rules of international law and which might easily be abused.

3. Inasmuch as Mr. Eden spoke with you, I hope it will be possible for you to take this up personally and in confidence with him. Read to him the above. Add that in the above we have discussed the suggestion on the basis of what seem to us to be its inherent practical merits; but that, in addition, we are influenced by two other considerations. First, there can be no assurance that, however limited Japan's

enforcement of a blockade may be at the outset, it will not soon become more extensive and involve operations more drastic, in which case the proposed action under reference would take care of only one of the various embarrassing questions which may arise. Second, participation by this Government in a procedure on the line suggested, followed, if and when, by a proclamation by us, under our neutrality legislation,⁹⁰ in consequence of developments in the Chinese-Japanese situation, of our neutrality would render the fact of our having so participated embarrassing both to us and to the other powers with whom we would have embarked upon that procedure. Please also say to Mr. Eden that I appreciate his message recorded in the last paragraph of your telegram under reference.

HULL

793.94112/21 : Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
*to the Chief of Naval Operations (Leahy)*⁹¹

[SHANGHAI,] September 2, 1937—4: 52 p. m.

[Received September 2—4: 33 p. m.]

0002. Following letter received from Japanese Admiral this date. Also copy of proclamation referred to.

“My Dear Admiral Yarnell: I have the honor to acknowledge the receipt of your note dated August 28 inquiring about the proclamation issued by me under the date of August 25.

For your information, I enclose herewith a copy of the text of the proclamation, which primarily does not apply to the vessels of third powers. In view, however, of the fact that there have been cases of Chinese ships flying foreign flags in order to evade the application of the declaration, ships under my command have been faced with the necessity of inspecting suspected ships in order to identify their nationality. Deprecating any misunderstanding in connection with the ships of a third power, I earnestly desire that advance notice of ships entering into or exiting from the prescribed area, stating their movement, names and their captains as well as matters concerning the capital invested in them, will be given either to me or to the appropriate officer under my command stationed on the spot.

I should like to add that our Government have already communicated with the governments of interested powers in this matter.

I have the honor to renew to Your Excellency my highest consideration.

With kindest regards, I am very sincerely K. Hasegawa, Vice Admiral IJN⁹² commanding Third Fleet.”

⁹⁰ Approved August 31, 1935, 49 Stat. 1081; amended February 29, 1936, and May 1, 1937, 49 Stat. 1152 and 50 Stat. 121.

⁹¹ Copy transmitted to the Department by the Navy Department.

⁹² Imperial Japanese Navy.

PROCLAMATION. I hereby announce that, commencing from 6 p. m. of August 25th, 1937, Chinese shipping, both Government owned and private, will be prohibited by the naval forces under my command from entering into or exiting from the Chinese territorial waters extending from 32.4 degrees north latitude and 121.44 degrees east longitude to 23.14 degrees north latitude and 116.48 degrees east longitude.

This prohibition will be applicable to all Chinese shipping but will not prevent vessels of third powers as well as those of Japan from entering into or exiting from the prescribed zone.

August 25th, 1937. Vice Admiral Kiyoshi Hasegawa, Commander-in-Chief of the Japanese Third Fleet, on board the *Idzumo*.

793.94112/22 : Telegram

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

LONDON, September 2, 1937—7 p. m.
[Received September 2—2:05 p. m.]

573. Your 374, September 1, 7 p. m., conveyed to the Foreign Secretary this afternoon. He said he appreciated the prompt response and expressed his agreement with your conclusions. He expressed specific agreement with the suggestions in final sentence your numbered section 2; (1) that the powers concerned merely understand *inter se* that none of them expects to resist with force the overhauling of its merchant vessels for purposes of identification; (2) that nothing is to be said to the Japanese about this decision. The Foreign Secretary will take the matter up immediately with the Board of Trade and other interested officials on the understanding that both the United States and British Governments would take parallel action along this line, and will give me a copy of instructions issued to British shipping. He has not yet received a reply from the French.

In concluding the Foreign Secretary asked if he might have an informal memorandum embodying the Department's views as set forth in the telegram. This I promised to give him tomorrow morning and he stated that he wished to inform Dominion authorities of the British action and would like at the same time to communicate to them the American views.

JOHNSON

793.94112/22 : Telegram

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

WASHINGTON, September 3, 1937—10 a. m.

375. Your 573, September 2, 7 p. m. I am gratified to know that Mr. Eden's opinion and ours coincide.

It seems to me not strategically desirable that this Government's view be communicated to other British or Dominion authorities or British shipping. I would suggest that Mr. Eden simply inform official circles that he has substantial reason to believe that the views and intention of the American Government are on the lines indicated. A negative intention surely does not need to be given publicity.

HULL

793.94112/23 : Telegram

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

LONDON, September 3, 1937—11 a. m.
[Received September 3—6:10 a. m.]

574. Although I believe that the New York and London *Times* have the same correspondent in Tokyo,⁹³ nevertheless I venture, with reference to the quoted statement in first part of paragraph numbered 2 of your 374, September 1, 7 p. m., to quote the following excerpt from today's *Times* account of Hirota's⁹⁴ interview with foreign correspondents:

"Mr. Hirota made it clear that foreign ships carrying munitions to China will not pass safely through the blockaded zones. Invited to define that 'peaceful trade' which the navy has promised not to interfere with he replied: 'Ships specifically employed to carry munitions of war to China cannot be regarded as engaged in peaceful trade'."

JOHNSON

793.94112/25 : Telegram

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

LONDON, September 4, 1937—noon.
[Received September 4—9:10 a. m.]

579. Your 375, September 3, 10 a. m. I venture to suggest possible error in transmission of my 573, September 2, 7 p. m., as the Foreign Secretary did not state that the American views would be communicated to "British shipping" nor did I intend to convey such a meaning. I did not gather from my conversation with the Foreign Secretary that he contemplates any publicity of the United States Government's views nor any specific publicity of the measures agreed upon. It was pointed out at the Foreign Office yesterday, however, that once the policy is put into effect publicity cannot be avoided as to the decision

⁹³ Hugh Byas.

⁹⁴ Koki Hirota, Japanese Minister for Foreign Affairs.

and that later it will probably be necessary to issue a statement. I had understood from the Foreign Secretary that in order to put into effect such measures as those indicated it would be necessary to consult with Board of Trade officials. The Foreign Office has since informed me that confidential weekly informatory summaries of important matters are required to be sent to the Dominions.

I likewise venture to suggest a possible error in transmission in second sentence second paragraph my 569, August 31, 6 p. m., which read "he did not suggest joint action of the three powers but said that if we could all agree on the principle that we might then make separate approaches to the Japanese" (refer final portion of second paragraph, numbered section 1, Department's 374, September 1, 7 p. m.).

JOHNSON

793.94112/27 : Telegram

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

SHANGHAI, September 5, 1937—noon.

[Received September 5—7:15 a. m.]

657. Following are texts of proclamations issued by Commanders in Chief of the Japanese Second and Third Fleets as communicated by Japanese Consul General to the Senior Consul today:

"I hereby announce that commencing from 6 p. m. on September 5, 1937 Chinese shipping both Government owned and private will be prohibited by the naval forces under my command from entering into or exiting from the Chinese territorial waters extending from 40 north latitude and 119.54 degrees east longitude to 34.30 north latitude and 119.55 degrees east longitude but excepting the port of Tsingtao. The present prohibition will be applicable to all Chinese shipping but will not prevent vessels of third powers and of Japan from entering into or exiting from the prescribed area. Vice Admiral Zengo Yoshida, Commander in Chief of the Second Fleet Imperial Japanese Navy."

"I hereby announce that commencing from 6 p. m. September 5, 1937 Chinese shipping both Government owned and private will be prohibited by the naval forces under my command from entering into or exiting from the Chinese territorial waters extending from 34.30 degrees north latitude and 119.50 degrees east longitude to 21.33 degrees north latitude and 108.03 degrees east longitude but excluding the waters belonging to leased territories of third powers. The present prohibition will apply to all Chinese shipping but vessels of third powers and of Japan will not be prevented from entering into or exiting from the prescribed zone. The present proclamation will replace the previous one issued by me August 25, 1937. Vice Admiral Kiyoshi Hasegawa, Commander in Chief of the Third Fleet Imperial Japanese Navy on board H. I. J. M. S. *Idzumo*".

Sent to Department, repeated to Nanking and Peiping.

GAUSS

793.94112/25 : Telegram

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

WASHINGTON, September 5, 1937—1 p. m.

380. Your 579, September 4, noon. It does not appear to the Department that the question of a possible error in transmission in any way alters the fundamental characteristics of the question to which the Department gave consideration or the factors on which the Department based its reply. The four statements made in Department's 375, September 3, 10 a. m., accurately express the Department's views. Please inform Mr. Eden of our suggestion made in the third sentence, adding by way of explanation, on the basis of the other three sentences, whatever elucidation may be called for. Department perceives no need for British Government to quote American Government in informing British agencies, whether official or unofficial, of British Government's views, wishes and intentions; and we consider that an inevitable consequence of following such a procedure would be publicity.

HULL

793.94112/39b : Telegram

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

WASHINGTON, September 5, 1937—2 p. m.

381. Department's 375, September 3, 10 a. m., and previous.

1. On September 4, an officer of the French Embassy presented an informal memorandum to the Department to the effect that the French Government considered that it would be dangerous to permit the hailing by Japanese men-of-war of merchant ships because such a procedure would be equivalent to acknowledging that a state of war existed in the Far East and would have serious repercussions in the Mediterranean; that the French Government was of the opinion that some other procedure which would not be in contradiction to the principles of international law would be more advantageous; that the French Government proposed that the entry of merchant vessels into the area controlled by the Japanese be notified to the Japanese naval authorities, such notice to cover the names of the ship and of the master and data with regard to the nationality of the vessel, and to be made by the master of the vessel or by the ship owner to the admiral of his nationality at Shanghai; and that the admiral at Shanghai would transmit this information to the Japanese admiral there, at

the same time stating that he intended to defend the merchant ships of his country. The memorandum concluded with the statement that the procedure suggested by the French Government could be effective only if simultaneously adopted by the French, British and American Governments and that the French Government would appreciate being informed as soon as possible with regard to the attitude of the American Government toward the French proposal.

2. On September 2, the American admiral at Shanghai received a letter from the Japanese admiral there in which the Japanese admiral stated *inter alia* as follows: "Deprecating any misunderstanding in connection with the ships of a third power, I earnestly desire that advance notice of ships entering into or exiting from the prescribed area, stating their movement, names and their captains as well as matters concerning the capital invested in them, will be given either to me or to the appropriate officer under my command stationed on the spot." So far as the Department is aware, the American admiral has made no reply to the Japanese admiral's letter. We incline to the view that the request of the Japanese admiral for advance notice need not be objected to, especially as such notification to both parties would serve as a valuable safeguard to merchant vessels against attack, particularly from the air, when they are near the coast; and this Government is considering authorizing the American admiral at Shanghai to make reply to the Japanese admiral to the effect that although the American admiral is not in position to give a commitment it will be our procedure, for the safeguarding and serving of American interests, to give the Japanese and Chinese authorities advance notice whenever such action is practicable.

With regard to that phase of the French proposal which contemplates an affirming to the Japanese admiral at Shanghai by the American, British and French admirals there of intention to defend the merchant ships of their respective countries, our attitude remains as indicated in the Department's 374, September 1, 7 p. m. The concept and the procedure indicated in that telegram are, in the opinion of the Department, free from the objections which the French Government entertains toward certain features of the original British proposition and in our opinion offer the most satisfactory procedure for dealing with the present situation.

3. We have informed the French Embassy here that the Department will make reply to the French Government through the American Ambassador at Paris. Therefore please repeat this telegram to the American Embassy at Paris with the request as from the Department that the Ambassador inform the French Foreign Office orally and in confidence of the Department's attitude as set forth in this

telegram and in the Department's telegrams 374, September 1, 7 p. m., and 375, September 3, 10 a. m., which you should also repeat to Paris. Please repeat to Paris also your 573, September 2, 7 p. m.⁹⁵

HULL

793.94112/29 : Telegram

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

TOKYO, September 5, 1937—3 p. m.
[Received September 5—6:02 a. m.]

345. Our 323, August 28, 9 a. m. The Navy Department issued at noon today an announcement of which the following is translation by the Embassy:

“As a measure of defense and in order to bring about as soon as possible a restoration of stable conditions, the Imperial Navy recently blocked navigation by Chinese vessels of waters off a portion of the coast of Central China. The extent of such waters has been enlarged and with the exception of foreign Concessions and of Tsingtao, the Imperial Navy will take measures to block navigation by Chinese vessels in waters off the coast of the remainder of China. These measures are based solely on a desire to hasten reconsideration by the Chinese of their attitude and to restore as quickly as possible conditions of stability. As in the past, there is no intention to interfere with the peaceful commerce of third countries.”

An announcement was issued at the same time by the Foreign Office, the following being translation by the Embassy:

“In order to liquidate the present situation and to restore conditions of peace and order, the Imperial Government recently took measures to block navigation by Chinese vessels of waters off a portion of the coast of Central China. That area is to be extended, and it has been decided that on and after noon of September 5, 1937, navigation by Chinese vessels in waters extending from latitude 40 degrees north and longitude 119 degrees 54 minutes east to latitude 21 degrees 33 minutes north and longitude 108 degrees 3 minutes east, with the exception of the foreign Concessions and of Tsingtao, shall be blocked. These measures are based entirely on a desire to hasten reconsideration by the Chinese of their attitude. The Imperial Government respects the peaceful commerce of third countries and has no intention to interfere with such.”

Repeated to Shanghai for relay to Nanking.

GREW

⁹⁵ The French Minister for Foreign Affairs on September 9 replied “that the French Admiral in China had already received orders to inform the Japanese Government with regard to the approach of French vessels.” He also expected the Chinese case to be presented to the League and believed the Advisory Committee would be called and the United States asked to take part. (852.00/6413)

793.94112/21 : Telegram

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

WASHINGTON, September 5, 1937—3 p. m.

325. Reference Commander-in-Chief's telegram 0002, received September 2, time groups 1649, 1650 and 1652, and text of Japanese admiral's communication requesting giving of notice of intended entry and exit of American commercial vessels.

It is the opinion of the Department that there need be no objection to the giving of such notifications, but that if and as notifications are given they should be given on the basis of courtesy and practical expediency rather than on the basis of a waiving of the right to immunity from interference which the giving of an express promise on our part would imply. Therefore, in replying to the Japanese admiral's request, the Commander-in-Chief should neither refuse nor agree to comply with the request; he should merely state, in substance, that, for the safeguarding and serving of the American interests involved, it will be our procedure to give notification to both Japanese and Chinese when and so far as practicable. Navy Department concurs. Please inform Commander-in-Chief immediately.

For your and Commander-in-Chief's additional information, in replying to representations from British and French Governments offering suggestions which in each case would in our opinion, if adopted, involve waiving of rights by giving express assent to action by Japanese inconsistent with international law, we have taken the position that we see no useful purpose to be served by giving express assent to such acts, if and when, by the Japanese.

HULL

793.94112/32 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, September 6, 1937—6 p. m.

[Received September 6—9:40 a. m.]

In view of the reported extension of the Japanese blockade,⁹⁶ the question has arisen whether the Standard Vacuum Oil Company should make shipment of kerosene and gasoline by Chinese vessels to Haichow, no other vessels being available. The Consulate has brought to the attention of the American company the notice served to Chinese and Japanese Governments on August 27⁹⁷ regarding

⁹⁶ Effective September 5, noon.

⁹⁷ For note to Japanese Foreign Office, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 490; for note to Chinese Foreign Office, see telegram No. 185, August 26, 8 p. m., to the Ambassador in China, *ante*, p. 289.

rights of American Government and its nationals in respect of damages to or loss of American property. Has the Department any instructions in respect to shipments of American cargo from Tsingtao or information as to the reported exception of Tsingtao from the blockaded zone and the implications of such an exception?

SOKOBIN

793.94/9965 : Telegram

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

NANKING, September 7, 1937—10 a. m.

[Received September 6—4:39 p. m.]

619. My 574 [August 31, 6 p. m.]. Reply of Minister for Foreign Affairs has now been received to the effect that river was closed because of absolute necessity of the situation, that alleged report regrets any future hardships thus resulting to shipping and nationals of friendly countries. British Embassy informs me that it appealed to Generalissimo to make it possible for British cruiser to leave river but that reply was in the negative. There seemed to me to be nothing more that we can do at this end in this matter.

Sent to the Department, Peiping, Shanghai.

JOHNSON

793.94112/32 : Telegram

The Secretary of State to the Consul at Tsingtao (Sokobin)

WASHINGTON, September 7, 1937—4 p. m.

Your September 6, 6 p. m. The Japanese Government on September 5 announced that Tsingtao was excluded from the area covered by the Japanese blockade of Chinese shipping. Haichow however is not mentioned. Although this Government has in no wise recognized the validity of such a blockade, the Department can, of course, give no assurances that shipments of American cargo from Tsingtao on Chinese vessels will not be seized by the Japanese.

HULL

793.94/9963 : Telegram

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

NANKING, September 7, 1937—5 p. m.

[Received September 7—12:15 p. m.]

The Embassy was informed yesterday by the Minister of Foreign Affairs that "The Chinese Government has, in view of the present tense situation, closed to navigation the mouth of the Min Kiang, in

Fukien Province, and that all shipping through that place has been suspended as from September 4”.

JOHNSON

793.94112/44 : Telegram

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

NANKING, September 8, 1937—4 p. m.

[Received September 8—1: 25 p. m.]

624. Following is Foreign Office translation of a memorandum dated September 8:

“In view of the blockade declared by the Japanese Government of the Chinese coast between Chinwangtao and Pakhoi, the Chinese Air Force and other defensive forces are compelled to take appropriate action against all Japanese naval vessels along the Chinese coast. In order to ensure safety as far as possible to the lives and property of third parties, the Chinese Government requests that the naval and merchant vessels of all friendly powers, when approaching the coast of China, exercise utmost care in avoiding to come within such a distance of any Japanese naval vessel or any Japanese military transport as will endanger their safety during the operations of the Chinese defensive forces.

It is further requested that the vessels of all third countries intending to come near the coast of China, have their respective national colors painted on their top decks in such a conspicuous manner as will make them easily recognizable from the air.

The Chinese Government will feel much obliged if the American Embassy will immediately transmit the above notification to the parties concerned.”

Sent to Department, Peiping, Shanghai for the Commander-in-Chief.

JOHNSON

793.94111/65

Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) of a Conversation With the Second Secretary of the Chinese Embassy (Tsui)

[WASHINGTON,] September 8, 1937.

Mr. Tsui of the Chinese Embassy called and said that the Ambassador wished to know what the attitude of the American Government is toward protecting American ships which call in China. I inquired whether Mr. Tsui could be more specific. Mr. Tsui then referred to

a statement which he had seen in the press to the effect that in the future when American ships called at Chinese ports they would be escorted by American naval vessels. He said that when Chinese purchasers of American goods in this country approached American steamship companies to carry these goods to China the American steamship companies were reluctant to take the shipments on the ground that the American Government would not accord them protection and that they would carry the goods at their own risk.

I told Mr. Tsui that some days ago I noticed a statement in the press to the effect that Admiral Yarnell at Shanghai had said, following the bombing of the S. S. *President Hoover*,⁹⁸ that in the future when American ships called at Shanghai such ships would be escorted by an American naval vessel. I said that if the newspaper story had basis in fact Admiral Yarnell probably had in mind the using of a destroyer to escort the barge carrying passengers from the International Settlement at Shanghai to the open sea where an American passenger ship might be anchored and that Admiral Yarnell may also have had in mind the sending of a destroyer to be present during transfer of passengers from the passenger barge to the American steamship. I said that this procedure presumably related exclusively to the departure from Shanghai of American refugees. I told Mr. Tsui also that up until the time of the bombing of the *President Hoover* Admiral Yarnell and the American Consul General at Shanghai had asked ships of the Dollar Steamship Line to make calls at Shanghai in order that American citizens might be evacuated but that following the *Hoover* incident Admiral Yarnell and the Consul General had withdrawn their request and that at the present time American ships were free to make their own decisions as to whether they would call at Shanghai (or other Chinese ports).

Mr. Tsui pressed me for a reply to his query whether if an American ship desired to call at a Chinese port American naval vessels would accord that ship protection. I told Mr. Tsui that that was a question in regard to which I could make no comment. I said that American naval vessels were in Chinese waters primarily for the purpose of according protection to American lives. I added that the American Government had, so far as I was aware, issued no special instructions to American merchant ships nor had the Government informed American ships that if they put in at a Chinese port they would do so at their own risk. I said that American ships were free to make their own decisions.

M[AXWELL] M. H[AMILTON]

⁹⁸ See pp. 473 ff.

793.94112/53 : Telegram

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

LONDON, September 9, 1937—10 p. m.

[Received September 9—5:15 p. m.]

588. My 581, September 6, 6 p. m.⁹⁹ I had a talk this afternoon with Cadogan¹ who has recently returned from a month's absence.

1. He stated that the Cabinet yesterday had finally agreed upon a policy for the protection of British shipping in the Far East. The Foreign Secretary, he said, had for several days held the view set forth in your 374, September 1, 7 p. m. (my 573, September 2, 7 p. m.) but that in discussing the matter with other responsible Government Departments it became evident that they had different views. I gathered from Cadogan that the main objections came from the Admiralty who resisted making any sort of concession to the Japanese without notification and placing conditions on the ground that it would merely encourage the Japanese to demand and effect further illegal exactions. Although Cadogan stated that the American view had been that held by the Foreign Secretary for several days, he gave no indication that the policy finally agreed upon by the Departments and approved by the Cabinet yesterday did not have the full concurrence of the Foreign Office. He then outlined to me in detail as follows the plan which the British Government has adopted:²

The British Government has decided to advise its shipping in the Far East that if a vessel flying the British flag which is suspected of not being entitled to fly that flag is requested to stop by a Japanese warship it will do so under the following conditions:

(a) If a British warship is present at the time she has instructions to request the master of the suspected ship to justify the right of the ship to fly the British flag;

(b) If no British warship is present the British Government will not stand on their rights (there being genuine reason to suspect that the vessel is not entitled to fly the flag), if the Japanese board the ship and examine the certificates of registry, provided that an immediate report is simultaneously made to the British naval authorities. The British Government, however, reserves the right to claim compensation for damages sustained by the owners of British ships delayed or stopped under this procedure.

The British Ambassador at Tokyo is being advised by telegraph of the foregoing and instructed to inform the Japanese Government that while the British Government does not admit the rights of the Japa-

⁹⁹ Not printed.

¹ Sir Alexander M. G. Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

² The French Embassy in the United Kingdom was likewise informed (793.94112/54).

nese Government in this matter it will in practice allow verification on the conditions formulated above but that it can acquiesce in no further interference.

Masters of British merchant ships will be advised that if they are requested to stop by a Japanese warship and no British warship is present they should allow the Japanese to board the ship and examine the certificates of registry provided that an immediate report is made to the British naval authorities.

2. Cadogan then said that he had just received information from the Chinese Ambassador here which caused him some concern. The Chinese Government, it was stated, intend to make an appeal at the present meeting of the Council of the League of Nations under article 17 of the Covenant,³ from which might arise great difficulties in the event that Japan under the procedure of the League should have to be invited to accept the obligations of membership in the League for the purposes of the dispute, for if Japan should refuse, the contingent obligations of article 16 would arise. Although Cadogan said it was none of his business he expressed to the Chinese Ambassador his strong personal disapproval of such a line of action. If it is persisted in and the procedure of article 16 finally invoked, it would raise the gravest practical difficulties for the British Government in its relations with Japan. He suggested it might be helpful if our representative at Geneva were informed of this proposed move of China with a view to keeping in contact with the British delegation for mutual exchange of information. He emphasized the extreme moderation of the British Government towards the Japanese throughout the development of the present crisis and particularly in the case of the attack on their Ambassador in China. He referred to the interim reply which has been received from the Japanese Government to the British note on this outrage and said that he was not encouraged to believe that the final reply would be at all satisfactory.

While the British are of course vitally concerned in the protection of their nationals and material interests in China they are proceeding with the utmost caution and Cadogan practically admitted that they are in no position to send armed forces to the Far East in sufficient strength to command the situation. It appears to me that the vital necessity for Great Britain of not becoming involved in an armed conflict in Far Eastern waters at the present time is a paramount consideration in the formulation of British policy. Conditions in Europe and in the Mediterranean particularly are so full of potential danger that any policy other than one of caution and conciliation in the Sino-Japanese situation is virtually impossible.

JOHNSON

³ See pp. 1 ff.

793.94/10203

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

[WASHINGTON,] September 10, 1937.

Conversation: The Secretary of State;
The Chinese Ambassador, Dr. C. T. Wang.
Present: Mr. Hamilton.

The Chinese Ambassador called by request. The Secretary opened the conversation by asking the Ambassador what news he had as to the general situation and the progress of the fighting. The Ambassador replied that the Chinese were putting up a very stiff fight and that they were holding their own. The Ambassador continued that he was very appreciative of the facilities already extended to China by the American Government (the Ambassador did not explain what he meant by this); and that China could continue to wage a successful fight against Japan if it could continue to obtain the facilities with which to carry on the fight. The Ambassador said that he was particularly concerned at the moment with regard to shipping facilities and he said that while no test case had as yet arisen, such a case would very likely arise soon and he wished to know what attitude this Government would take in case the Japanese should stop an American ship and exercise the right of preemption and remove from the ship goods belonging to the Chinese Government.

The Secretary replied that we had not yet reached that point. The Secretary then explained to the Chinese Ambassador at some length the fact and the implications of the existence of the Neutrality Act, the public opinion and beliefs of certain sections of the American people which were responsible for enactment of that act; that we had constantly before us the question whether the act should be invoked; and that we were operating on a 24-hour basis in regard to the question of invoking the act and in fact in regard to the whole Far Eastern situation. The Secretary explained briefly what invocation of the act would mean. He then referred to the notice recently issued by the Chinese Government the effect of which would be to warn foreign merchant ships of the present dangers along the China coast. He said that this Government had not as yet gone so far as to issue any warning to American merchant ships but that in reference to this whole situation we had to keep in mind not only the Neutrality Act but public opinion in this country. The Secretary said that he was endeavoring patiently to educate the American people in general away from adoption of a rigorous, storm-cellar, isolationist attitude but that he wished the Ambassador and his Government to realize the general situation in this country and the fact that the Secretary of

State could not take action which would run definitely counter to the general state of public opinion. The Secretary said that while we had not as yet issued any warning to American merchant vessels we were feeling our way in regard to that matter just as we were in regard to other aspects of the Far Eastern situation and we could not tell at what time we might have to make some further announcement of policy. The Secretary mentioned the procedure which the American Government had followed in the Italian-Ethiopian situation⁴ and pointed out that the administration had invoked the Neutrality Act, which represented the will of the people as expressed through Congress, and that invocation of the act put American merchant ships on notice that the American Government and the American people had no thought of sending armies or navies to protect American merchant ships. The Secretary said also that there was a very strong feeling in the United States opposed to the sale of munitions abroad and that if Congress were now in session it might very readily develop that Congress would pass a law prohibiting all sale of munitions abroad.

The Chinese Ambassador said that he realized the situation in the United States. He said that at the present time China was fighting for the principles of the open-door policy and China could put up a good fight on behalf of those principles and for its very existence if it could only continue to receive from friendly countries, especially the United States, the facilities with which to carry on the fight. The Secretary said that he was following the situation with the greatest sympathy. He stated again that the existence of the Neutrality Act and the pressure from various groups in the United States for immediate invocation of that act caused us to proceed on a 24-hour basis and we could not tell today whether some new indication of governmental policy might not be forthcoming at any moment.

At one point during the conversation the Chinese Ambassador said that the Chinese Government's recent notice in regard to precautionary measures which merchant vessels of third countries should take when along the China coast was designed to prevent recurrence of such incidents as the unfortunate bombing of the *President Hoover*; that in the case of the *President Hoover* there were Japanese warships nearby and the Chinese aviators had unfortunately mistaken the *President Hoover* for a Japanese troop ship. The Secretary remarked that without any thought of attempting to question the Ambassador's statement as to what had occurred he wished the Ambassador to know that some other quarters advanced the view that the circumstances of the bombing of the *President Hoover*⁵ were somewhat different from the circumstances which the Ambassador had described.

⁴ See *Foreign Relations*, 1936, vol. III, pp. 188 ff.

⁵ See pp. 473 ff.

The Secretary asked Mr. Hamilton whether he had any comment to make and Mr. Hamilton said that he had none.

The conversation ended with expression by both the Secretary and the Chinese Ambassador of the helpfulness of such frank and informal discussions. The Secretary told the Chinese Ambassador that he would be glad to see him at any time.

M[AXWELL] M. H[AMILTON]

793.94112/55 : Telegram

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

LONDON, September 10, 1937—6 p. m.
[Received September 10—1:45 p. m.]

590. My 588, September 9, 10 p. m. Cadogan has just informed me that the instructions to Tokyo were sent without change this afternoon. They had been delayed because the Foreign Secretary had found when he reached Paris yesterday afternoon that the French were proceeding along a somewhat different line. After communicating with London the Foreign Secretary authorized the despatch of the British instructions as they stood.

JOHNSON

793.94112/77

The British Embassy to the Department of State

AIDE-MÉMOIRE

His Majesty's Chargé d'Affaires at Tokyo reported to His Majesty's Government in the United Kingdom on the 24th August an interview which the United States Ambassador and he had with the Japanese Government on the 23rd August with regard to measures to safeguard the foreign Embassies and warships and merchant vessels anchored at Nanking. One of the points in the reply of the Japanese Government was a request that the foreign Powers should, as a precaution, mark their Embassies, warships and merchant vessels plainly, so that they might be easily identified from the air.⁶

2. His Majesty's Representative at Tokyo has now been instructed by telegraph to address a note to the Japanese Government to the effect that, having reported the interview of the 23rd August, he is now asked to make further enquiry as regards the following points:

3. His Majesty's Government consider that the request of the Japanese Government that the Powers, in anticipation of possible raids by Japanese bombers, should mark merchant vessels plainly, so that

⁶ See telegram No. 302, August 23, 9 p. m., from the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 489.

they may be easily identified from the air, would appear due to an intention to attack merchant vessels from the air. If there is no war, attack on merchant ships would be illegal. If there is a war, the position under international law is as follows: No merchant ship, whether enemy or neutral, may be attacked unless she fails to comply with a lawful request to stop in order that she may be visited and her identity established, or unless she thereafter resists lawful capture. In any case it is only permissible to use such force as is absolutely necessary to ensure compliance. Nor is it permissible to sink the vessel (if at all) unless the crew has been first placed in safety, except when such sinking has been rendered inevitable by the conduct of the merchant ship herself in offering resistance and when no less than use of force will suffice. Aircraft are in no way exempted from these rules, and must refrain from action against merchant ships, unless they can comply with them.

4. His Majesty's Representative has also been instructed to remind the Japanese Government of the submarine protocol which, in common with His Majesty's Government in the United Kingdom and other Governments, they signed last year,⁷ and to inform the Japanese Government that in the view of His Majesty's Government indiscriminate attack from the air without previous visit, etc. is as illegal as in the case of the submarines.

5. His Majesty's Representative has been asked to point out that His Majesty's Government cannot believe that the Japanese Government intend that, in the conduct of the present hostilities, their air forces should attack civilians and non-combatants, in disregard of the well-established rules of international law, and that were any such attacks made on British merchantmen, His Majesty's Government would be compelled to take a very serious view of the matter. His Majesty's Government must therefore ask for an explanation and clarification of the request made by the Japanese Government in so far as it relates to merchant vessels.

6. His Majesty's Representative has been instructed to inform his four colleagues who were present at the interview on the 23rd August of the tenour of the above instructions.

7. His Majesty's Government in the United Kingdom would be glad to learn whether the United States Government would be prepared to instruct the United States Ambassador at Tokyo to take parallel action in this matter.

8. A similar enquiry has been addressed to the German, Italian and French Governments through His Majesty's Representatives at Berlin, Rome and Paris.

WASHINGTON, September 11, 1937.

⁷ See *Foreign Relations*, 1936, vol. I, pp. 160 ff.

793.94112/63 : Telegram

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

LONDON, September 11, 1937—1 p. m.

[Received September 11—8:25 a. m.]

592. My 590, September 10, 6 p. m. Following is text of a notice sent yesterday by the Board of Trade to the Chamber of Shipping, Liverpool Steamship Owners Association and Lloyds relating to verification of identity of British ships trading with China. The text was received through the courtesy of the Foreign Office.

"The Japanese naval authorities have declared closed to Chinese shipping the whole Chinese coast from Chinwangtao to Pakoi, with the exception of the ports in leased territories and the port of Tsingtao; and the Japanese Government have stated that as there have been Chinese ships flying foreign flags, in order to avoid the application of the declaration, they are faced with the necessity of inspecting ships which they suspect of adopting this course, in order to identify their nationality.

In this connection masters of British ships in the Far East, bound for Chinese ports are advised that, if they are requested to stop by a Japanese warship and if none of His Majesty's ships is present, they should allow the Japanese naval officers to board the ship and examine the certificate of registry. It is understood that the Japanese warships will simultaneously make an immediate report to the British naval authorities in the area, and the report should also be sent immediately to those authorities by the master of the British ship concerned.

Should a British naval vessel be present, the verification of the identity of the British merchant vessel will, at the request of the Japanese warship, be undertaken by the British vessel."

JOHNSON

793.94112/65 : Telegram

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

WASHINGTON, September 11, 1937—4 p. m.

200. On September 10 the Department released to the press an announcement the first paragraph of which reads as follows:

"The conflict in the Far East has resulted in the creation of a danger zone along the coast of China which makes it dangerous for American merchant vessels to operate in the adjacent waters."

There then follow statements in regard to announcements made by the Japanese and by the Chinese authorities.

The complete text of the announcement⁸ is contained in the radio bulletin of September 10.

HULL

⁸ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 371.

793.94112/66 : Telegram

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

TOKYO, September 14, 1937—noon.

[Received September 14—1:27 a. m.]

368. Embassy's 363, September 12, noon.⁹ The British Ambassador¹⁰ yesterday called on the Vice Minister for Foreign Affairs and presented a memorandum covering his instructions concerning the marking of merchant vessels. The Vice Minister replied that while he took no exception to the Ambassador's raising these points of international law, nevertheless the action appeared superfluous because the Japanese forces had no intention of attacking neutral merchant ships whether marked or not. The Japanese Government had recommended plain marking merely to make assurance doubly sure and in order that the Japanese planes might give such ships a particularly wide berth and so that possible accidents might be avoided. The Vice Minister said that the Foreign Office would reply to the Ambassador's memorandum within a few days.

2. Craigie tells me that he conveyed his instructions not only to me but to our French, German and Italian colleagues as well and that they are consulting their respective Governments. He considers the action directed by his Government as "using a sledge hammer to drive in a tack."

3. In view of the foregoing the Department may consider action by me unnecessary. If affirmative instructions nevertheless cross this telegram I shall await a reply to this message before acting.

Repeated to Shanghai for communication to Commander-in-Chief and relay to Nanking.

GREW

793.94112/68 : Telegram

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

NANKING, September 14, 1937—10 p. m.

[Received September 14—1:12 p. m.]

657. 1. Following from Foreign Office.

"In view of the continued attacks of the Japanese Armed Forces in the vicinity of Woosung and Shanghai, the Chinese Defence Force are compelled to conduct necessary operations at night as well as in daylight. As it is practically impossible to distinguish between objects of a hostile and a non-hostile character during the hours of darkness, the Chinese Government requests that between the hours of 6 p. m. to 6 a. m. daily all vessels of third countries remain outside of

⁹ Not printed.¹⁰ Sir Robert Leslie Craigie.

the waters extending from the mouth of the Whangpoo River to the line where the 122 degree east longitude crosses the Yangtze River.

The Chinese Government will be much obliged if the American Embassy will immediately notify all parties concerned to the above effect."

2. Sent to Cincaf,¹¹ to AmConsul¹² Shanghai and SecState.¹³

JOHNSON

793.94112/66: Telegram

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

WASHINGTON, September 15, 1937—1 p. m.

208. Your 363, September 12, noon,¹⁴ and 368, September 14, noon. The British Chargé d'Affaires at Washington on September 11 handed an officer of the Department an *aide-mémoire* similar in substance to the communication quoted in your No. 363. Inquiry was made in the *aide-mémoire* whether this Government would be prepared to instruct the American Ambassador at Tokyo to take parallel action in the matter.

While this Government is in hearty accord with the desire of the British Government to keep alive in the Far Eastern area the principles of international law with regard to maritime commerce, and desires to continue the course of collaboration which it has pursued since the beginning of the Far Eastern crisis, the Department is of the opinion that the taking by this Government at this time of action parallel to that taken by the British in this matter would be inopportune, especially in view of the reply of the Vice Minister for Foreign Affairs, as reported in your 368, that the Japanese forces have no intention of attacking merchant ships of third powers whether marked or not. The Department is replying to the British Embassy in the sense of the foregoing.¹⁵

HULL

793.94112/77

The Department of State to the British Embassy

AIDE-MÉMOIRE

The American Government has given careful consideration to the British Embassy's *aide-mémoire* of September 11, 1937, containing the substance of instructions communicated by the British Government to its representative at Tokyo directing him to address a note to the

¹¹ Commander in Chief, U. S. Asiatic Fleet.

¹² American Consul General.

¹³ Secretary of State.

¹⁴ Not printed.

¹⁵ *Infra*.

Japanese Government with a view to inquiring as to the reasons for the Japanese Government's request on August 23 that merchant vessels of friendly powers be plainly marked. In the *aide-mémoire* inquiry was made whether the American Government would be prepared to instruct its Ambassador at Tokyo to take parallel action in the matter.

While this Government is in hearty accord with the desire of the British Government, as indicated by its instructions to the British Ambassador at Tokyo, to keep alive in the Far Eastern area the principles of international law with regard to maritime commerce, and while this Government desires to continue the collaboration which it has pursued with the British Government since the beginning of the Far Eastern crisis, this Government would be reluctant to take any action likely to lead to a discussion with the Japanese Government of belligerent or neutral rights, and thus possibly to afford an occasion for the Japanese Government to make a declaration of war which would clothe Japan with belligerent rights. From a conversation which the British Secretary of State for Foreign Affairs had on August 31, 1937, with the American Chargé d'Affaires at London on the subject of the Japanese blockade of Chinese shipping, it is the understanding of this Government that the British Government has had this consideration in mind.

Furthermore, in view of the time which has elapsed since the formulation on August 23 by the Japanese Government of its request for the marking of merchant vessels in the river at Nanking, and inasmuch as no merchant vessels of third states have since been attacked from the air by Japanese armed forces, this Government is inclined to doubt whether representations at this time to the Japanese Government on this subject would be opportune or would serve a useful purpose.

In this connection note has been taken of the reply made by the Japanese Vice Minister for Foreign Affairs to the approach made to him on September 13 by the British Ambassador at Tokyo that Japanese forces had no intention of attacking the merchant ships of third powers whether marked or not. This information was telegraphed to the Department of State on September 14 by the American Ambassador at Tokyo.

WASHINGTON, September 15, 1937.

793.94112/80 : Telegram

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

NANKING, September 18, 1937—9 p. m.

[Received September 18—2: 40 p. m.]

684. Following is from the Embassy's translation of note date September 18th from the Foreign Office:

"Japanese are at times employed as officers and sailors by foreign merchant vessels navigating to and from the ports of the sea coast of China. Since China is now resisting Japanese attacks the Chinese Government hopes that the American Embassy will instruct American merchant vessels navigating along the coast of China to refrain from employing Japanese nationals for the present in order to avoid misunderstanding."

Sent to Department, repeat to Shanghai for Cincaf.

JOHNSON

793.94/10133 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*¹⁶

[SHANGHAI,] September 18, 1937—11:26 p. m.

[Received September 18—7 p. m.]

0018. In view of attacks on lighthouse stations on South China coast and capture of Chinese customs vessels by Japanese Navy, operations of lighthouses has become uncertain. This matter has been taken up with Admiral Hasegawa by Admiral Little¹⁷ and myself and he has stated: "I myself deem it necessary in the interest of navigation in general that these lighthouses on the South China coast should be kept functioning and will therefore take such steps as to meet your request in consultation with the authorities of the Chinese Maritime Customs."

The coast north of the Yangtze is being blockaded by the Second Fleet under Admiral Yoshida and the same question may arise there. It is recommended that the State Department make strong representations to the Japanese Government as to the necessity in the interest of neutral navigation of not interfering with the operation of the Chinese coastal lights.

AmConGen Shanghai repeat to Tokyo.

793.94112/79 : Telegram

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

TOKYO, September 19, 1937—3 p. m.

[Received September 19—5:16 a. m.]

389. The following is text of statement of facts issued last night by the Foreign Office with regard to China blockade:

"With a view to bringing about a speedy settlement of the present affair and a stabilization on [of?] the situation, the Japanese Navy

¹⁶ Copy transmitted to the Department by the Navy Department.

¹⁷ Admiral C. J. C. Little, Commander in Chief of British Naval Forces, China Station.

previously took a measure to close, to the traffic of Chinese vessels, the Chinese seaports, excepting specified areas. In view of the fact that there are Chinese vessels which attempt to evade the enforcement of the above mentioned measure through the transfer of their nationality registration to third countries, the Japanese Government will not recognize the validity of such transfer made subsequent to the proclamation issued on August 25, 1937 by the Commander in Chief of the Third Fleet for the closing of the Chinese seacoast to Chinese shipping, unless the transfer has been made in accordance with the laws of the countries concerned and moreover it has been carried out fully in substance. In case there is any doubt as to whether vessels of this sort have satisfactory qualifications as regards the transfer of nationality registration, the necessary steps for verification such as inspection and detention may be taken."

Repeated to Shanghai for relay to Nanking.

GREW

793.94112/83 : Telegram

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

TOKYO, September 20, 1937—6 p. m.

[Received September 20—8:37 a. m.]

393. Our 389, September 19, 3 p. m. Foreign Office informs us that, although copies of statement were sent to the British, French and several other Missions here, none was sent us for the reason that no case has arisen of Chinese vessel acquiring American registration on and after August 25.

Repeated to Shanghai for relay to Nanking.

GREW

893.822/2 : Telegram

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

WASHINGTON, September 23, 1937—6 p. m.

224. Reference telegram 0018-2126 of Commander-in-Chief of Asiatic Fleet regarding representations to the Japanese naval authorities concerning the necessity in the interests of navigation by vessels of third powers that there be no interference with the operation of the Chinese coastal lights, which telegram the Consul General at Shanghai was requested to repeat to you.

The Department suggests that after consultation with your interested colleagues you approach the Foreign Office and point out that the attacks by the Japanese Navy upon lighthouse stations on the China coast and capture of Chinese customs vessels have rendered the operation of lighthouses uncertain. You should urge in the interests of navigation in general that these lighthouses be kept functioning and that the naval authorities be therefore directed to avoid

any measures which would interfere with the operation of these lighthouses.

HULL

793.94112/88 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell) to the Chief of Naval Operations (Leahy)*¹⁹

[SHANGHAI,] September 24, 1937—4:10 p. m.

[Received September 24—10:15 a. m.]

0024. There is evidence that Japanese are destroying or capturing Chinese fishing vessels and junks. Instances have been reported from Chefoo and Hong Kong and derelict junks have been sighted along the coast. This is of course in violation recognized international law and of Hague Conventions²⁰ to which Japan is a signatory.

893.822/3 : Telegram

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

TOKYO, September 25, 1937—noon.

[Received September 25—4 a. m.]

410. Department's 224, September 23, 6 p. m., China Coast lighthouses.

1. The French, German and Italian Ambassadors propose to take no action. Upon receipt of telegram from British Commander in Chief, the British Ambassador suggested to his Government that the British Naval Attaché here approach the Japanese Navy Department. He is now awaiting instructions.

2. In view of foregoing we made this morning an oral statement to the Foreign Office in the sense of the last paragraph of the Department's telegram under reference.

Repeated to Shanghai for information of Commander in Chief and for relay to Nanking.

GREW

793.94112/96 : Telegram

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

LONDON, September 29, 1937—5 p. m.

[Received September 29—2:10 p. m.]

621. My 592, September 11, 1 p. m. Following is text of informal note dated September 28 received today from the Foreign Office.

¹⁹ Copy transmitted to the Department by the Navy Department.

²⁰ See article III, Convention on Right of Capture in Naval War, signed at The Hague October 18, 1907, *Foreign Relations*, 1907, pt. 2, p. 1236.

“The Japanese Government has now replied to the communication which our Ambassador in Tokyo was instructed to make. The substance of the reply is that they welcome the proposed procedure. They request that if a vessel flying the British flag it [*is?*] visited for verification purposes by a British warship, the results of the investigation should be communicated to the Japanese naval authorities immediately; and they add an expression of hope that precautions will be taken to prevent the misuse of the British flag by Chinese vessels. As regards visits of investigation when no British warship is in the vicinity, the Japanese Government state that when a vessel flying the British flag it [*is?*] visited and it is established that it is a British vessel there is no objection to informing the British naval authorities by the quickest available means. They add in this connection that they hope that it will be appreciated that when Japanese warships carry out a visit a number of inspectors will be sent and the necessary ships’ documents will be examined.

This reply is not regarded by His Majesty’s Government as entirely satisfactory and Sir Robert Craigie has now been instructed to inform the Japanese Government that His Majesty’s Government require to be informed of any visit of inspection made by a Japanese warship to a vessel flying the British flag, whether or not the Japanese authorities consider after investigation that the vessel is entitled to fly the British flag. He has also been instructed to point out that the verification of a certificate of registry is a very simple matter and one which can easily be carried out by one man with a knowledge of English; the boarding of a ship by a number of inspectors would therefore be both unnecessary and unjustifiable.

Your Government will no doubt be aware that the Japanese Government have recently issued a statement to the effect that they will not recognize the validity of transfers of nationality of Chinese ships subsequent to the 25th August unless the transfer was effected in accordance with the laws of the countries concerned and fully completed; the statement adds that suspected ships may be detained and inspected for verification purposes. His Majesty’s Government have not felt able to let this announcement pass unremarked. Sir Robert Craigie has accordingly been instructed to inform the Japanese Government that the statement which they have issued is difficult to follow. If the transfer of a vessel to British registry in accordance with English law has not taken place the vessel in question does not fulfill the requirements entitling her to fly the British flag; and this fact would be duly revealed in suspicious cases by a visit for flag verification purposes. If a valid transfer has taken place, and the vessel is entitled to fly the British flag the fact that the transfer has taken place since 25th August is completely irrelevant. His Majesty’s Government, however, presume that the Japanese Government do not mean to imply that they will not recognize valid transfers subsequent to the 25th August; such an attitude would be inadmissible and His Majesty’s Government could not acquiesce in it. Nor can the legal validity of any transfer under English law be determined by any but British authorities. In making a communication on these lines, Sir Robert Craigie is to state orally to the Japanese Government that, in point of fact, measures have been taken which will ensure that any applications for transfers which may be made will be scrutinized with

the utmost care, with a view to making certain that all the necessary conditions are fulfilled."

JOHNSON

793.94/10335 : Telegram

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

NANKING, September 30, 1937—6 p. m.
[Received September 30—10:30 a. m.]

741. Commander-in-Chief reported in his despatch 0024-1610 attacks upon Chinese fishing fleets off southern coast. Further details are reported in Hong Kong's telegram of September 29, 4 p. m.²¹ This action, it seems to me, merits some comment by us in any case and representations [to] that effect made to the Japanese Government as being contrary to ordinary international practice.

JOHNSON

793.94112/96 : Telegram

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

WASHINGTON, September 30, 1937—7 p. m.

402. Your 621, September 29, 5 p. m. The Department suggests that you reply to the Foreign Office's note, either orally or in writing, substantially as follows:

On the basis of the considerations communicated to Embassy in the Department's No. 374 of September 1, 7 p. m., this Government has made no approach to the Japanese Government on the subject of visits, for verification purposes, by Japanese naval vessels to American merchant ships in Chinese waters. Our Embassy at Tokyo has been informed by the Japanese Foreign Office that, although copies of the Foreign Office's statement of September 18 regarding Japanese non-recognition of transfers of vessels to [*from?*] Chinese registry made subsequent to August 25, 1937, were sent to the British, French and several other missions at Tokyo, none was sent to the American Embassy for the reason that no case had arisen of Chinese vessels acquiring American nationality after the date mentioned. Consequently no occasion has arisen for discussion of this subject by this Government with the Japanese Government.

The courtesy of the British Foreign Office in informing this Government of its action in reference to this matter is appreciated.

HULL

²¹ Not printed.

793.94/10345 : Telegram

The Consul General at Canton (Linnell) to the Secretary of State

CANTON, October 1, 1937—9 a. m.

[Received 9 : 03 a. m.]

Canton River closed to navigation from 6 a. m. today by order of Military Headquarters. While river continues closed Canton-Hong Kong Railway offers only means of transportation between the two cities. It is officially stated, however, that a motor road is being constructed and is expected to be completed soon.

Hong Kong mail to Swatow.

LINNELL

893.822/6 : Telegram

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

TOKYO, October 1, 1937—5 p. m.

[Received October 1—8 : 08 a. m.]

440. Our 427, September 28, 11 a. m.,²² China coast lighthouses. The Foreign Office today replying [*replied?*] orally to the effect that the Japanese Navy has no intention of interfering with Chinese coastal lights, that it has not molested Chinese lighthouse supply ships, and that it is exercising utmost caution to avoid interference with coastal lights.

Repeated to Shanghai.

GREW

793.94/10544 : Telegram

The Consul General at Canton (Linnell) to the Secretary of State

CANTON, October 9, 1937—5 p. m.

[Received October 10—5 a. m.]

Reference is made to my October 1, 9 a. m., concerning the blocking of Pearl River. This morning by permission of the military authorities 18 foreign vessels which had been shut into river by the block were passed through the barrier for Hong Kong. Arrangements were made for an American tug and two tank barges loaded with oil, et cetera, belonging to Standard Oil Company to come through to Canton from Hong Kong. The block has been reestablished for the present.

LINNELL

²² Not printed.

793.94/10774 : Telegram

The Consul General at Canton (Linnell) to the Secretary of State

CANTON, October 21, 1937—3 p. m.
 [Received October 21—7: 55 a. m.]

Referring to my October 17, noon,²³ Pearl River was opened yesterday for vessels drawing not more than 7 feet, during daylight hours except Sunday. Standard Oil Company tug and four tank lighters came through from Hong Kong.

Air raid last night on Sheklung Bridge of Canton-Hong Kong Railway again unsuccessful.

Vernacular press has persistently carried statement that Hong Kong Government has demanded removal of Japanese warships from Hong Kong waters. British Consulate [at] Canton states that this is not true.

Mailed Hong Kong.

LINNELL

793.94/10902 : Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, October 30, 1937—10 a. m.
 [Received October 30—2: 22 a. m.]

Referring to my September 30, 7 p. m., and October 9, 4 p. m.²⁴ regarding activities of Japanese submarines near Hong Kong, although the Commission appointed by the Hong Kong Government to investigate the recent sinking of fishing junks by naval gunfire at Cheelong Light near Hong Kong has not as yet announced its findings, I have been informed by Sir Athoel MacGregor, Chief Justice of Hong Kong and Chairman of the Commission, that the Commission has found "that the sinking was caused by the barbarous, wanton, and unprovoked attack of a Japanese submarine". The Chairman further stated that the testimony of a British naval officer who appeared as an expert witness, but who had not actually seen the submarine, was very important factor in the Commission's findings with respect to the nationality of the submarine.

The Japanese Consul General declined to participate in the investigation in any capacity. The Portuguese Consul sat as an observer. All sessions of the Commission were public and conducted on judicial lines with strict regard to the laws of evidence.

²³ Not printed.

²⁴ Neither printed.

The Commission's report will not be made public for another 10 days but it is probable that an advance copy will be supplied to this office for transmission to the Department.

Repeated to Tokyo, London, Nanking.

DONOVAN

793.94/11701 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*²⁵

[SHANGHAI,] December 19, 1937—4 p. m.

[Received December 19—8:20 a. m.]

0119. An officer Japanese Navy informed Admiral Holt²⁶ at Nanking that the channels through Mudfort and Kiangyin barriers have been made solely for use of the Japanese forces and not for the use of neutral shipping and that passage of H. M. S. *Ladybird*, U. S. S. *Oahu* and others of that convoy cannot be taken as a precedent.

793.94/11718 : Telegram

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

HANKOW, December 20, 1937—10 a. m.

[Received December 20—1 a. m.]

90. My 87, December 20 [19], 10 a. m. [2 p. m.].²⁷ Have just received official notification from Foreign Office stating river has been effectively blocked below Kiukiang as of 12 noon today. Steamer connection between Hankow and Shanghai now cut off. Communication by rail and air remains.

Repeated to Peiping, Shanghai. Peiping repeat to Tokyo.

JOHNSON

793.94/11791 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*²⁵

[SHANGHAI,] December 24, 1937—6:34 p. m.

[Received 9:45 p. m.]

0024. Following letter dated 21 December received from Commander in Chief Japanese Fleet in China :

²⁵ Copy transmitted to the Department by the Navy Department.

²⁶ Commanding British naval forces in the Yangtze.

²⁷ *Ante*, p. 404.

“Admiral H. E. Yarnell, Commander in Chief United States Asiatic Fleet. My Dear Admiral: I have the pleasure of informing you that, in conjunction with the arrangement recently made for the passage down the Yangtze River to Shanghai of H. M. S. *Capetown* and Italian ship *Sandro Sandri*, the Japanese Navy is happy to render assistance to vessels of the third powers which are desirous of proceeding down stream from the upper reaches of Nanking to Shanghai under the following understanding: (1) Eight vessels will make one group and with our convoy proceed down once in every 2 or 3 days, (2) vessels will come down at their own risk. In this connection, I wish to make it clearly understood that since the above mentioned arrangement is being made temporary on the occasion of the passage of the two, British and Italian, warships, it is not to be considered by this that the Yangtze River is opened for free navigation. Moreover, in view of the fact that minesweeping operations as well as mopping up operations of the scattered Chinese troops are still going on along the river, it is the desire of the Japanese Navy that foreign vessels including warships will refrain from navigating the Yangtze except when clear understanding is reached with us.

I am, my dear Admiral, yours sincerely, Kiyoshi Hasegawa, Vice Admiral, Commander in Chief Imperial Japanese China Sea Fleet.”

The following letter dated 23 December sent in reply:

“Dear Admiral: We have the honor to acknowledge receipt of your letter of 21 December on the subject of navigation of the Yangtze River and wish to thank you for your assurance of the assistance of the Japanese Navy in convoying our shipping down river. We agree that such movements must be undertaken at the risk of the vessels themselves.

We agree that notification of the movement of all merchant shipping in the danger areas is necessary at present though we naturally hope for greater freedom as soon as the dangers are removed in accordance with our treaty rights.

With regards to the movement of warships we will of course notify the Japanese authorities on the river of intended movement whenever practicable and will in any case be particular to give information of any intended movements through the Kiangyin barrier for the present. We cannot, however, accept the restriction suggested by your letter that foreign men-of-war cannot move freely on the river without prior arrangement with the Japanese and we must reserve the right to move these ships whenever necessary without notification.

We have the honor to be, Sir, very sincerely yours, H. E. Yarnell, Admiral United States Navy, Commander in Chief United States Asiatic Fleet, Le Bigot, Vice Admiral in Chief, French naval forces in the Far East, Alberto da Zara, Capitano di Vascello, Commandante Superiore Navale in E. O., J. G. L. Dunbas, Captain H. M. S. *Folkestone*, Senior British naval officer present.[”]

THE BOMBING OF THE AMERICAN DOLLAR LINE STEAMSHIP
"PRESIDENT HOOVER" BY CHINESE AVIATORS

393.115 President Hoover/3: Telegram

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

NANKING, August 30, 1937—8 p. m.

[Received August 30—11:55 a. m.]

564. I have this evening sent following note to Minister for Foreign Affairs.²⁹

"Dear Mr. Minister: I regret to inform you that I am just informed by telephone from Shanghai that the American ship S. S. *President Hoover* was bombed today by Chinese planes while approaching Yangtze Light at the mouth of the Yangtze River 50 miles from Shanghai. The *President Hoover* which carried all possible identifications as an American ship was damaged above the water line and a number of people on board were injured, some seriously. I hereby protest this inexcusable assault upon an American merchant ship and state that I must hold the Chinese Government responsible for damage done."

JOHNSON

393.115 President Hoover/21: Telegram

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

WASHINGTON, August 30, 1937—4 p. m.

194. Reference Commander-in-chief's telegrams of August 30 (hours 1900, 2025 and 2054)³⁰ and press reports in regard to bombing of steamship *President Hoover*.

As the Commander-in-chief is apparently of the opinion that the bombing was by a Chinese plane or planes, Department desires that you at once make strong representations to the appropriate authorities of the Chinese Government, drawing to their attention the details set forth in the Commander-in-chief's telegrams under reference, particularly the fact that the *President Hoover* was anchored in the open sea 17 miles from the Chinese mainland; that there can exist no valid excuse for failure of even an untrained pilot to recognize the identity and nationality of the *President Hoover* which at the time of attack was engaged in the wholly humanitarian pursuit of removing refugees from the dangers, largely from misdirected bombing, which have existed and continue to exist in Shanghai. You

²⁹ Wang Chung-hui.

³⁰ None printed.

should add that your Government considers the bombing of the *President Hoover* a particularly flagrant example of wholly unlawful and unjustifiable bombing of non-combatants.

The Department has just received your 564, August 30, 8 p. m., and approves the action taken by you. The Department desires that you supplement the note which you have sent to the Minister for Foreign Affairs with a further note along the lines indicated above and as under express instruction from the American Government.

HULL

393.115 President Hoover/28

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] August 31, 1937.

Conversation: The Secretary of State;
The Chinese Ambassador, Dr. C. T. Wang;
Mr. Hornbeck.

The Chinese Ambassador called this morning at his own request on appointment made yesterday.

The Ambassador said that he had come to express the sincere regrets of his Government with regard to the bombing of the S. S. *President Hoover*. He was instructed to say that his Government greatly regretted this unfortunate occurrence, assumed full responsibility, and was prepared to make indemnification both in regard to damage to property and in regard to injuries to persons. He stated that according to his information the Chinese aviator involved had observed what he thought to be a Japanese transport; that there were two Japanese war vessels nearby; and that he had dropped his bombs under the impression that he was attacking an enemy vessel. The Ambassador said that he had intended to come to express regret before receiving instruction from his Government, but that now he had received the instruction and he was speaking for his Government. His Government greatly regretted what had happened.

The Secretary inquired how far off the coast the incident had occurred and how near were the Japanese naval vessels. The Ambassador replied that the *Hoover* was some distance off the coast but that he did not know how near to it the Japanese vessels had been; he assumed that they were at distances such as are usual in navigation.

The Secretary said that we had already had reports of five cases in which Chinese aviators had caused bombs to fall in places where they should not fall. The Ambassador gave an expression of surprise and inquiry. Mr. Hornbeck remarked that he could give the Ambassador the details. The Secretary made an observation to the effect

that careless dropping of bombs, especially bombing which resulted in taking the lives of non-combatants, was deplorable and reprehensible. The Ambassador replied to the effect that it was deplorable.

The Ambassador then said that he wished to speak of China's intention to make an approach to the League of Nations.³¹ His Government hoped that the American Government would look with favor on such a move and be inclined to cooperate with the League. The Secretary stated that this Government is still represented on the Advisory Committee, to which we send an officer who is authorized to participate in discussion and deliberation but without a vote.

The Ambassador repeated an expression of the regret of his Government over the bombing of the *Hoover* and an assurance of its willingness to make amends.

At the end of the above-recorded conversation, Mr. Hornbeck gave the Ambassador an account of bombs which had struck near various American naval vessels in the Whangpoo, made mention of the Chinese bombs which have dropped in the International Settlement, and said that such occurrences necessarily make a very bad impression and tend to aggravate and complicate the whole situation. The Ambassador said that in each case these things had occurred by accident or through misapprehension and that, so far as the ships in the Whangpoo were concerned, those ships were within the area of military operations. He expressed regret that any of the occurrences had occurred.

S[TANLEY] K. H[ORNBECK]

893.20/617 : Telegram

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

NANKING, August 31, 1937—4 p. m.

[Received August 31—2 p. m.]

572. My 566, August 30, midnight [12 noon].³² Please communicate the following to Commander-in-Chief Asiatic Fleet:

"I have following to offer regarding control, training and discipline of Chinese aviators after a conversation this noon with Malley, British adviser on aviation to the Chinese Government. Control has only been centralized during past year under an Aldermanic [*Aeronautical?*] Commission headed by Madame Chiang.³³ It was previously and for a considerable time shot through with petty politics. Ground command has been driving fliers continuously since beginning of hostilities who are now suffering from nervous tension and lack of sleep. This applies particularly to few youngsters who have shown some skill,

³¹ See pp. 1 ff.

³² Not printed.

³³ Wife of Generalissimo Chiang Kai-shek and Secretary General of the Commission of Aeronautical Affairs.

courage and nerve in their operations. I do not believe that what has been done has in the least been intentional on their part or due to defiance of instructions, discipline or control. The above is not offered as an excuse for incident to *President Hoover* but in an attempt to answer your 0030-2054." ^{33a}

Sent to Shanghai.

JOHNSON

393.115 President Hoover/15 : Telegram

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

NANKING, August 31, 1937—10 p. m.

[Received August 31—1:14 p. m.]

578. Department's 194, August 30, 4 p. m. Following reply dated August 31 to my note of August 30 has been received from the Ministry for Foreign Affairs:

"Dear Mr. Ambassador: I have the honor to acknowledge the receipt of your letter of August 30 informing me that the S. S. *President Hoover* was bombed yesterday afternoon by Chinese airplanes while approaching Yangtze Light at the mouth of the Yangtze River and that the ship was damaged, while a number of people on board were injured, some seriously.

As a result of an immediate investigation of the incident, it was found that a Chinese airplane mistook the *President Hoover* for a Japanese military transport and dropped two bombs which unfortunately hit the vessel. I think I need not assure you that nothing is further from the minds of the Chinese aviators than to direct any deliberate attack on any American ships.

The Chinese Government, which feels most regretful for this deplorable incident, accepts full responsibility therefor and is ready to take immediate steps for making amends."

In view of above and my telegram No. 565, August 30, 11 p. m. and my No. 568, August 31, 10 a. m.³⁴ which show that Chinese admit responsibility and are prepared to make immediate amends, does the Department still wish me to deliver note quoted in its telegram under acknowledgment?

JOHNSON

393.115 President Hoover/34 : Telegram

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

WASHINGTON, August 31, 1937.

198. Your 578, August 31, 10 p. m. General purport of Department's 194, August 30, 4 p. m., has been announced to press here and Department desires that you present note as soon as possible.

^{33a} Not printed.

³⁴ Neither printed.

You may inform Foreign Office orally that the note is based on instructions sent you on August 30.

HULL

393.115 President Hoover/25 : Telegram

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

NANKING, September 1, 1937—11 a. m.

[Received 3 : 44 p. m.]

581. My 578, August 31, 10 a. m. [*p. m.*]. On August 31, 7 p. m. I received information indirectly from an officer of the Aeronautical Commission that the court martial of the aviators responsible for the bombing of the *President Hoover* would announce a verdict the same evening and that General Chiang Kai Shek³⁵ was so incensed at the error committed that he intended to press for a verdict of death on the young aviator or aviators responsible.

This report seemed credible in view of the statement of Hsu Mo (see my 568, August 31, 10 a. m.³⁶). I felt that the action of the aviator in surrendering himself at once to the military authorities with an acknowledgment of his error entirely cleared him of any suspicion of intent and that in these circumstances the immediate execution of the man or men involved would not be a necessary part of the amends which had been agreed upon between the American and Chinese Governments and if inflicted in an attempt to satisfy the American Government would convey a wrong impression. I therefore wrote informally to Madame Chiang saying that I should greatly deplore imposing the death penalty on the persons responsible. I have heard this morning that the death penalty probably will not be imposed but I have not heard what the penalty will be.

Repeated to Peiping.

JOHNSON

393.115 President Hoover/23 : Telegram

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

NANKING, September 1, 1937—7 p. m.

[Received September 1—11 : 52 a. m.]

583. My 578, August 31, 10 p. m. The Generalissimo asked me to see him this evening. He stated that the Chinese Government wished to express to me its apology for the very regrettable bombing of the *Hoover*, adding that the Government was prepared to assume respon-

³⁵ President of the Chinese Executive Yuan (Premier).

³⁶ Not printed.

sibility and make any amends within its power. He stated that the Government had taken steps to avoid such incidents in the future.

Repeated to Shanghai, Peiping.

JOHNSON

393.115 President Hoover/24 : Telegram

The Consul at Kobe (Scott) to the Secretary of State

KOBE, September 1, 1937—9 p. m.
[Received September 1—12:25 p. m.]

The following is condensed substance of sworn statements made by master and first officer of the *President Hoover* on August 30, 5:10 p. m. Without warning three planes of a light bomber type with apparently two white stripes under each wingend dropped eight bombs on and near the vessel. One bomb landed on port deck going through deck and shattering everything in way. Another bomb exploded near ship's side scattering fragments as far as bridge and puncturing side in many places. Seven members of the crew were wounded, one fatally, one seriously and five slightly.

Shortly before the bombing two Japanese planes flew near the ship apparently headed toward the Saddle Islands; the nearest Japanese ship to the *Hoover* was a destroyer 5 miles away. The bombing was apparently done by Chinese planes for no understandable reason since character of the vessel was clearly visible and large American flag nailed on upper deck. Passengers and crew both displayed good discipline. Injuries to passengers negligible. Officers statements followed by mail.⁸⁸

Repeated to Tokyo.

SCOTT

393.115 President Hoover/29 : Telegram

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

SHANGHAI, September 2, 1937—2 p. m.
[Received September 2—11:41 a. m.]

635. Reference my 616, August 31, 3 p. m.⁸⁸ Under the same promise that my source would be fully protected, two American pilots who have now come to Shanghai have confirmed the information given me by the British pilot.

There were no Japanese men-of-war or merchant vessels or transports within sight of [the *Hoover*,] any such ships were hull down on the horizon only their smoke being visible. Two Japanese de-

⁸⁸ Not printed.

stroyers arrived on the scene near the *Hoover* not earlier than 30 minutes after the bombing. There were three planes that attacked the *Hoover*. In addition to bombing they were seen to use their machine guns. The planes made repeated attacks on the ship. The weather at the time was clear and visibility could not have been better.

Sent to the Department. Repeated to Nanking.

GAUSS

393.115 President Hoover/33: Telegram

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

NANKING, September 2, 1937—4 p. m.

[Received September 2—12:34 p. m.]

589. In view of Chinese admission of responsibility and willingness to make amends, I suggest that I be informed of amount of damages we are to claim in settlement of case of *President Hoover*. I may say that I am informed by the British Embassy that, acting on the acceptance of responsibility in the *Hoover* case, British are preparing to hand in claims for damages to Palace and Cathay Hotels in Shanghai.³⁹

Sent to the Department. Repeated to Peiping, Shanghai.

JOHNSON

393.115 President Hoover/35: Telegram

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

NANKING, September 4, 1937—3 p. m.

[Received 10 p. m.]

598. My 578, August 31, 10 p. m. Following is the Embassy's translation of a note from the Minister for Foreign Affairs dated September 2 offering arguments against and giving particulars in connection with the bombing of the *President Hoover*.

"I have the honor to acknowledge the receipt of Your Excellency's formal note of August 31 informing me of the instruction of the American Government in regard to the bombing of the American merchant vessel *President Hoover* on August 30. After the receipt of Your Excellency's letter of August 30 concerning this matter, I made a reply on the 31st, explaining that a Chinese aviator unfortunately mistook the *President Hoover* for a Japanese military transport and through error dropped bombs on it, and stating that the Chinese Government felt most regretful for this occurrence and was ready to accept responsibility for it, as well as to take immediate steps for a settlement.

³⁹ As a result of Chinese bombing of International Settlement in August; see telegram No. 485, August 15, 11 a. m., from the Consul General at Shanghai, p. 255.

A scout plane of the Chinese Air Force reported on the morning of August 30 that there were discovered on the sea, about 120 nautical miles east of the mouth of the Yangtze River, 10 Japanese military transports with troops on board, escorted by a destroyer; that they were sailing from the east towards Shanghai in a westerly direction, and that up to 11 o'clock they were continuing to sail westward. It was then decided to send airplanes to stop these vessels before their arrival at Shanghai. It was estimated that they might arrive at a point between 40 and 50 nautical miles distant from and east of the mouth of the Yangtze River around 5 o'clock. At 5:10 p. m. when such Chinese airplanes arrived at a point 30 or 40 nautical miles from the mouth of the Yangtze River, they saw two large merchant vessels, with one warship before and one behind, heading towards Shanghai. At the same time there were six Japanese pursuit planes circling in the sky. In these circumstances the officer in command of the Chinese Air Force decided immediately to bomb what he took for Japanese military transports before the Japanese airplanes launched an attack; it thus came about that bombs were dropped and through error damage was inflicted on the *President Hoover*. The Chinese airplanes then fought several engagements with the Japanese airplanes. One of the Chinese planes was hit and damaged in more than 10 places by bullets. Finally the Chinese Commander brought down one of the Japanese planes.

The facts set down above amply prove that the actual intention of the Chinese aviators, based upon the situation as they saw it, was to bomb troops arriving from Japan to invade Chinese territory, and that they had no intention whatever of harming noncombatants. Unexpectedly and in their haste they failed to distinguish the nature of the objective of their attack and thus made their error of dropping bombs on the American merchant vessel *President Hoover*.

The Chinese Government profoundly apologizes for this occurrence and reiterates its decision to assume responsibility for it and to afford immediate relief. The persons who should be held responsible will be severely punished. The Chinese military authorities have already taken appropriate measures in the hope that recurrence of similar mistakes may be avoided."

Repeated to Peiping, Shanghai.

JOHNSON

393.115 President Hoover/36 : Telegram

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

NANKING, September 6, 1937—5 p. m.

[Received September 6—10:45 a. m.]

614. Department's 211, September 3, 8 p. m.⁴⁰ I assume that incident of the bombing of the *President Hoover* may be considered closed with the note of the Minister for Foreign Affairs transmitted in my 598 of September 4, 3 p. m. except for damages and I shall await

⁴⁰ Not printed.

Department's instructions in regard to this. Damages should, I suppose, include solatium for injury and loss of life.

Sent to the Department repeated to Peiping and Shanghai.

JOHNSON

393.115 President Hoover/41: Telegram

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

WASHINGTON, September 11, 1937—3 p. m.

232. Your 614, September 6, 5 p. m., and previous. Department is of the opinion that, although cost of repairs to *President Hoover* cannot be ascertained until after arrival of the vessel in the United States, it would be advisable at this time for you to suggest orally and informally to the appropriate authorities of the Chinese Government the favorable reaction which probably would result from a voluntary offer by the Chinese Government to make as a solatium payment of specific sums of money to the heirs of the deceased seaman and to those others of the crew and among the passengers who were injured as a result of the bombing of the *President Hoover*. Department of course is not in position to state in advance whether, in the event that such offer is made, the sums offered would be acceptable but assumes that, in view of the seriousness of the incident and the Chinese Government's acceptance of responsibility therefor, the Chinese Government would wish to make full restitution in so far as any monetary payment could accomplish that end.

The Embassy's attention is drawn to the fact that of the seven members of the vessel's crew reported as injured by the bombing the Department has thus far received the names of only six.

HULL

393.115 President Hoover/42: Telegram

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

NANKING, September 15, 1937—11 a. m.

[Received 12:37 p. m.]

659. Department's 232, September 13 [11], 3 p. m. Suggestion was conveyed to Vice Minister Hsu Mo September 14, 6 p. m. He received it appreciatively but said the Ministry of Foreign Affairs was awaiting information regarding degree of injuries of different victims. Peck⁴¹ stated that the Embassy had received no information [on] this point and suggested that the Foreign Office might desire to inquire through the Chinese Embassy. He said the Department's

⁴¹ Willys R. Peck, Counselor of Embassy in China at Nanking.

instruction received by the Embassy [stated?] that one seaman had died which accounted for the failure of the Embassy to supply data to the Foreign Office in accordance with its request.

JOHNSON

393.115 President Hoover/53 : Telegram

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

WASHINGTON, October 5, 1937—3 p. m.

296. Your 659, September 15, 11 a. m., and previous. Reports prepared by the surgeon of the *President Hoover* in regard to injuries sustained by crew and passengers of that vessel read in part substantially as follows:

- Lionel Haskell, died on August 31 due to hemorrhage and shock from shrapnel wounds.
- John Kulik, shrapnel wound left chest (1), right thigh (4), right arm (1), right groin (1).
- B. Novak, possible fracture of the lower left ribs axillary line.
- Edmund Hallen, shrapnel scalp wound.
- Rufino Cordero, laceration of second and third fingers of left hand. Shrapnel injury.
- Paul Engelhardt, glass cut on the back of right hand.
- V. Morris, shrapnel wounds in scalp (1), right arm (2), and back (2).

With reference to the above-named individuals, all of whom were members of the crew, it would appear from other reports received by the Department that injuries sustained by John Kulik were viewed as more serious than those sustained by other surviving members of the crew.

With reference to injured passengers, the surgeon's report states in part as follows:

- E. T. Ruffner, multiple glass cuts on the scalp, have practically healed but there is a 1-inch disfiguring scar on the forehead at the hair line.
- M. S. Cowen, four small shrapnel wounds in left arm and forearm.
- G. J. Whitfield, 1-inch laceration of right calf. Struck by shrapnel.

In bringing the foregoing to the attention of the Chinese Government you should indicate that, as the citizenship of Whitfield has not as yet been established by the Department, his name is, at least for the time being, included merely for purposes of record. In this connection, as Whitfield's address is given as "Rawnsley Dutton Park, Brisbane, Australia" he may be British and it is therefore suggested

that this possibility be brought informally to the attention of your British colleague.

In your approach to the Chinese Government you may care to emphasize again the favorable reaction which probably would result from a voluntary offer of solatium payments to the injured parties.

HULL

393.115 President Hoover/76: Telegram

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

WASHINGTON, November 19, 1937—2 p. m.

360. Your 799 [779], October 8, 1 p. m.⁴² Please present to Chinese Government as soon as practicable under local conditions information regarding extent of injuries sustained by passengers and members of crew of steamer *President Hoover* as contained in Department's 296 of October 5, 3 p. m., together with following explanations.

1st. According to communication from Canadian Legation Haskell and surviving parents are Canadian nationals.

2d. Department has no evidence that injured passenger Whitfield is an American citizen and Dollar Line reports that according to passenger manifest he is British subject.

For your information it may be stated that American nationality of passengers Ruffner and Cowen definitely established and that no information obtained casting doubt upon alleged American nationality of injured members of crew except Haskell. Moreover, irrespective of nationality of surviving members of crew, they are, as American seamen on American vessel, regarded as entitled to this Government's assistance.

If any question of nationality is raised by Chinese Government in connection with matter of payment to Haskell's parents, Department should be informed promptly in order that Canadian Legation here may be advised.

HULL

393.115 President Hoover/81

The Department of State to the Canadian Legation

MEMORANDUM

In its memorandum of November 2, 1937,⁴² the Canadian Legation requests to be informed whether the Government of the United States is prepared to make representations to the Chinese Government on

⁴² Not printed.

behalf of Mr. and Mrs. Hugh Walter Haskell, parents of the late Lionel Haskell, who died as a result of injuries sustained in the bombing of the steamship *President Hoover* on August 30, 1937. It is stated in the memorandum that the decedent was a Canadian national, as are also his parents, and reference is made to what is stated to have been the practice of the United States with respect to the protection of alien seamen serving on American vessels.⁴⁴ It is suggested that such protection might also extend to claims by the estate of a deceased seaman as well as to claims submitted on behalf of seamen who survived the incident.

For the confidential information of the Canadian Legation it may be stated that in view of the spontaneous action of the Chinese Government in accepting full responsibility for the incident and in offering to afford "immediate relief" and "amends", this Government is not disposed to file, at the present time, formal diplomatic claims against the Chinese Government on behalf of the American nationals who were injured, but proposes to inform the Chinese Government of the extent of the injuries suffered by them and to suggest to the Chinese Government the favorable reaction which would probably result from a voluntary offer by it of specific sums of money to such persons. This Government will be glad to furnish, simultaneously, information to the Chinese Government regarding the present case, including information as to the nationality of the decedent and his parents as set out in the memorandum of the Canadian Legation.

The Canadian Legation will be duly informed regarding the nature of any communication which this Government may receive from the Chinese Government regarding the Haskell case.

WASHINGTON, November 22, 1937.

[On September 17, 1938, the Department issued the following press release:

"The American Ambassador to China, Mr. Nelson T. Johnson, telegraphed the Department on September 16 that the American Embassy at Chungking had received from the Chinese Government a draft in the amount of \$264,887.47 as indemnification for personal injuries and property losses sustained as a result of the bombing of the S.S. *President Hoover*, an American vessel, on August 30, 1937."

(Department of State, *Press Releases*, September 17, 1938, page 190.)]

⁴⁴ For a discussion of the status of alien seamen shipped on American vessels in ports of the United States and the character of the protection to which they are entitled, see Green Haywood Hackworth, *Digest of International Law*, vol. III, p. 417.

SINKING BY JAPANESE ATTACK OF THE U. S. S. "PANAY", DECEMBER 12, 1937, IN THE YANGTZE ABOVE NANKING⁴⁵

793.94/11583 : Telegram

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

NANKING, December 11, 1937—5 p. m.

[Received December 11—11 : 45 a. m.]

1035. 1. At 2:45 p. m. today shells began falling on the near shore not far upriver from the *Panay*. Reluctant to leave Sanchihao and possibility of further contact with Americans *Panay* delayed moving until shells were falling in the water ahead and on the opposite bank and then proceeded upriver about 12 miles from Nanking to mileage 208 above Woosung where vessel is now anchored. As from this Embassy, please communicate our positions to Japanese Embassy with request that appropriate instructions be issued to Japanese forces including air force since Japanese bombing planes have flown daily over the *Panay* at the Sanchihao as well as former Hsiakuan anchorage.

2. British vessels also proceeded upriver.⁴⁶

3. Sent to Shanghai, repeated to Department, Hankow, Peiping. Peiping please repeat to Tokyo with request that Embassy [at] Tokyo kindly take appropriate action with respect to last sentence first paragraph above.

For the Ambassador:

ATCHESON

394.115 Panay/27 : Telegram

The Second Secretary of Embassy in China (Acheson) to the Secretary of State

NANKING, December 11, 1937—7 p. m.

[Received 7:53 p. m.]

1037. My 1035, December 11, 5 p. m.

1. Some shells fell close to *Jardine* hulk then anchored about one half mile above the *Panay* and near British naval vessels *Scarab* and *Cricket*. One reportedly fell within 50 feet of British passenger steamer *Whangpoo*, some fell on both sides of Standard Oil Company's S. S. *Meiping*, and near other merchant vessels including Brit-

⁴⁵ A considerable part of the correspondence regarding the sinking of the *Panay* was published in *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 517-563. The papers presented here supplement that collection.

⁴⁶ See telegram No. 29, December 12, 10 p. m., from the Ambassador in China, p. 401.

ish merchant launch *Wookwang* on which one Chinese was wounded by shrapnel. As these vessels and the *Panay* moved up river the firing batteries changed their direction of fire or extended it for the shells appeared to follow for at least 2 miles the line of ships proceeding up the river.

2. The British Military Attaché and the representative of the German Ambassador who were on a British vessel state that there is no question that the batteries responsible were Japanese and deliberately fired on the ships and continued attempts to hit the vessels as the latter moved up river to get out of range. This is also the independent opinion of the officers and American passengers on the *Meiping* and several other persons who were endangered by the shelling. The opinion of Captain Roberts,⁴⁷ with which I am inclined to agree, is that the shells were fired by Chinese batteries in and near Nanking south city, with the object of searching out Japanese troops inshore, because (1) the sound of the guns seemed to come from direction of the south city. (2) The angle of impact of the shells on the river was definitely upstream. (3) At least two and probably more sections were firing well inshore. (4) It had been reported this morning that the Japanese alignment extended by the left toward the river. (5) There were no observation planes in the air although the Japanese have a large number in this area whereas the Chinese have none.

3. Repeated to Hankow, Peiping, Shanghai. Department please communicate to War Department. Peiping please repeat to Tokyo.

ATCHESON

124.93/401 : Telegram

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

NANKING, December 12, 1937—7 a. m.

[Received December 12—4 a. m.]

1040. Embassy's 1035, December 11, 5 p. m.

1. Shell fire at 9 o'clock this morning caused the *Panay* to move farther upstream and vessel is now anchored 27 miles above Nanking at mileage 221 above Woosung. Standard Oil Company's steamers *Meiping*, *Meian* and *Meisia* are anchored nearby.

2. As from this Embassy please inform Japanese Embassy of present position of *Panay* and American merchant vessels named and request that appropriate instructions be issued to Japanese forces [and?] planes and that circumstances may again cause *Panay* to move

⁴⁷ Capt. Frank N. Roberts, Assistant Military Attaché in China.

further up or down river and that *Panay* expects to return down river to Nanking as soon as feasible in order to reestablish communications with Americans who remained in Nanking and in order that this Embassy may as soon as practicable resume its functions ashore. Please state that the American Embassy hopes that appropriate steps to facilitate this plan will be taken by all authorities who may be concerned.

3. Sent to Shanghai, repeated to Hankow, Peiping. Peiping please repeat to Tokyo with request that Embassy [at] Tokyo communicate to Japanese Foreign Office.

For the Ambassador:
ATCHESON

394.115 Panay/1: Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*⁴⁸

[ABOVE NANKING,] December 12, 1937—3: 54 p. m.

[Received December 12—11: 45 a. m.]

0512. *Panay* again endangered by artillery fire and forced move farther upriver. Believe Jap fire directed against junks and other river craft which cluster around ship. H. M. S. *Ladybird* fired on at 0900 by Jap batteries near APC⁴⁹ installation Wuhu and struck by four shells killing one seaman and wounding several others. H. M. S. *Bee* also under direct fire but not struck.

394.115 Panay/8: Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*⁵⁰

[ABOVE NANKING,] December 12, 1937—9: 10 p. m.

[Received December 12—5: 53 p. m.]

0012. *Panay* endangered by artillery fire forced move anchorage farther up river. British gunboats and foreign merchant vessels between Wuhu and Nanking subjected direct artillery and air attacks throughout day. H. M. S. *Ladybird* struck four times by Japanese shells at Wuhu, one seaman killed, several wounded. Situation Nanking uncertain but Chinese apparently still hold city.

⁴⁸ Forwarded by the Commander in Chief, United States Asiatic Fleet, Yarnell, and copy transmitted to the Department by the Navy Department.

⁴⁹ Asiatic Petroleum Company (British).

⁵⁰ Copy transmitted to the Department by the Navy Department.

394.115 Panay/15 : Telegram

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

HANKOW, December 12, 1937—[midnight.]

[Received December 12—1 : 30 p. m.]

2200. Commander Yangtze Patrol has been unable to contact *Panay* since 1335 today. Am informed that Japanese Army forces have orders to fire upon all ships on river. In view of what happened to British naval vessels near Nanking and at Wuhu today, please ask Tokyo to make urgent representations to Foreign Office, and to notify it of whereabouts of *Panay* and Standard Oil Company's ships loaded with American refugees, last reported anchored at mileage 221 above Woosung.

Peiping repeat urgent to Tokyo. Sent to Peiping and information Cincaf.⁵¹

JOHNSON

394.115 Panay/17 : Telegram

*The Commander of the United States Yangtze Patrol (Marquart) to the Chief of Naval Operations (Leahy)*⁵²

[ABOVE NANKING,] December 13 [?], 1937—10 : 03 a. m.

[Received December 12—10 : 06 p. m.]

Message received by telephone from Nanking [:] *Panay* bombed and sunk at mileage 221 above Woosung, 54 survivors many badly wounded now ashore at Hohsien, Anhwei. H. M. S. *Bee* will proceed this point to assist and bring survivors to Wuhu, *Oahu* fueling Kiukiang preparatory departing Wuhu, names of personnel lost not known. Atcheson safe, Captain⁵³ has broken leg, further information will be forwarded when received.

394.115 Panay/10 : Telegram

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

HANKOW, December 13, 1937—11 a. m.

[Received December 13—1 a. m.]

31. Following statement has been issued to the press :

"At 1 : 30 p. m. December 12, 1937, the radio of the U. S. S. *Panay* ceased operating in the midst of a message which was being received

⁵¹ Commander in Chief, United States Asiatic Fleet.

⁵² Copy transmitted to the Department by the Navy Department.

⁵³ Lt. Comdr. James J. Hughes, U. S. N.

by the U. S. S. *Luzon* at Hankow. At that time the *Panay* was anchored 29 miles above Nanking. It is estimated that besides her crew the *Panay* carried four members of the Embassy staff and five other American men. It is also thought that one British and three Italian subjects were on board.

At 9:30 a. m. December 13 the American Ambassador at Hankow received a telephone message from Dr. Taylor, American missionary physician at Anking, Anhui, stating that he had received a telephone message from George Atcheson, Junior, senior American diplomatic officer on board the *Panay*, that the *Panay* had been bombed and sunk and that 54 of the persons on board had survived. Atcheson was then at Hohsien, Anhui, and presumably the other survivors were there also. Atcheson stated to Dr. Taylor that the ships of the Standard Vacuum Oil Company anchored near the *Panay* were sunk as well. It is thought that five of these vessels were there but it is not known whether all were lost. The report further stated that 15 of the survivors, including 1 Italian, were wounded some of them seriously. The British gunboat *Bee* is proceeding from Wuhu to Hohsien to bring the survivors to Wuhu and the U. S. S. *Oahu* now at Kiukiang is proceeding to Wuhu to bring them up river."

Sent to the Department, Peiping, Shanghai, Canton, Manila, Hong Kong.

JOHNSON

394.115 Panay/9: Telegram

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

HANKOW, December 13, 1937—11 a. m.

[Received December 13—12:32 a. m.]

32. I have just had the following telephone message from Dr. Taylor at Anking:

"Dr. Taylor said that he had had a further communication with Mr. Atcheson. Atcheson reported that the staff of the gunboat were safe, although one sailor had died, and the Captain and Executive Officer had been wounded.

Dr. Taylor stated that Atcheson was afraid that they could not go to the river as the Japanese were machine gunning Hohsien. He said that he had told Atcheson to remain in Hohsien for the time being. He said that Atcheson asked that the Japanese be asked not to attack Hohsien, as Japanese patrols were on north bank of river and were about to, or had already attacked Hohsien."

Please immediately communicate this information to the appropriate Japanese authorities.

Sent to Shanghai, repeated to Department, Peiping.

JOHNSON

793.94/11591 : Telegram

*The Commander of the United States Yangtze Patrol (Marquart)
to the Chief of Naval Operations (Leahy)*⁵⁴

[ABOVE NANKING,] December 13, 1937—12:47 p. m.
[Received December 13—4 a. m.]

0013. Have urged Hashimoto⁵⁵ through British at Wuhu not attack Hohsien until American and other foreign refugees have been embarked. Expect *Oahu* arrive Wuhu early tomorrow morning and have requested British convey this information to local Jap authorities.

793.94/11597 : Telegram

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

SHANGHAI, December 13, 1937—1 p. m.
[Received December 13—1:28 a. m.]

1140. Japanese Consulate General informs me that orders have been issued by Japanese military and naval authorities to stop operations against Hohsien, Anhui. Similar instructions are being conveyed to the Hohsien front by special Japanese plane.⁵⁶

GAUSS

394.115 Panay/28 : Telegram

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

LONDON, December 13, 1937—1 p. m.
[Received December 13—9:55 a. m.]

767. Newspaper accounts of the bombing of the United States gunboat *Panay* and of British ships adjacent to Nanking appeared in late editions of this morning's newspaper. I have just seen Mr. Eden⁵⁷ at his request and, after expressing his deep concern and regret over what has taken place, he said that both he and the Prime Minister,⁵⁸ with whom he had been in consultation this morning, were naturally deeply concerned as they felt from their information that these attacks could not possibly have been the result of accident. He said that

⁵⁴ Copy transmitted to the Department by the Navy Department.

⁵⁵ Col. Kingoro Hashimoto, Japanese Army officer.

⁵⁶ Colonel Hashimoto at Wuhu similarly assured British representatives that "Hohsien would not be attacked until refugees had been evacuated." (793.94/11615)

⁵⁷ Anthony Eden, British Secretary of State for Foreign Affairs.

⁵⁸ Neville Chamberlain.

a somewhat lengthy telegram of instruction and guidance had been prepared to be sent to Sir Ronald Lindsay⁶⁹ and would be sent as soon as it had received the approval of the Prime Minister in whose hands the draft now is. He asked me to convey to you the Prime Minister's and his earnest desire that before any action is taken by the United States as a result of the attack on the *Panay* you will see Sir Ronald Lindsay and hear what he has to say. Both Mr. Eden and through him, the Prime Minister also, expressed themselves as being fully aware of the difficulties of our Government in making any move which might be interpreted as "joint action" with the British or any one else. They attach great importance, however, to being consulted before the United States takes any action in this specific instance and they feel strongly that the more closely the action taken by the American and British Governments is synchronized the greater would be its effect on the Japanese Government.

JOHNSON

 394.115 Panay/12: Telegram

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

SHANGHAI, December 13, 1937—2 p. m.
 [Received December 13—10:45 a. m.]

1141. Referring to Nanking's 1040, December 12, 11 [7] a. m. reporting the position of the U. S. S. *Panay*, as a matter of record I report that immediately upon receipt of the message a few minutes after 12:30 o'clock I communicated the information by telephone to the Japanese Embassy through the Japanese Consul-Counselor and confirmed it by letter which was handed to a Japanese consular messenger sent to this office to receive it within 30 minutes thereafter. By letter dated December 12 the Japanese Consul General acknowledged receipt, stated that "the necessary information was immediately transmitted to the Japanese military and naval authorities as well as to my Ambassador".

Repeated to Hankow, Peiping, and Tokyo.

GAUSS

 394.115 Panay/24: Telegram

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

SHANGHAI, December 13, 1937—3 p. m.
 [Received December 13—7:30 a. m.]

1142. Japanese Consulate General informs us by telephone that large seaplane will leave early tomorrow morning and land on river

⁶⁹ British Ambassador at Washington.

in vicinity of Hohsien. Plane is to carry doctors, nurses and medical supplies.

Sent to Hankow, repeated to Peiping.

GAUSS

394.115 Panay/5 : Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁶¹

[SHANGHAI,] December 13, 1937—4:08 p. m.

[Received December 13—6 a. m.]

0013. Japanese Chief of Staff called at 11:00 and made following report to Cincaf regarding bombing *Panay* and three Standard Oil vessels near mileage 221 above Woosung afternoon 12 December. Four vessels were proceeding upriver, speed 4 knots, one Japanese plane endeavored ascertain nationality, flew altitude 300 meters, unable distinguish flags, at 1325 three bombers attacked convoy, set vessels on fire, at 1330 six fighters attack sank one vessel, at 1340 six bombers attack damaged one vessel at 1630 two bombers attack sank two vessels. Unable determine exact time *Panay* hit, sunk. Vice Admiral Hasegawa called, admitted Japanese Navy responsibility, expressed apologies and regrets, stated Japanese prepared make suitable amends, offered assistance for survivors and stated had despatched naval plane try help survivors. H. M. S. *Bee* and *Oahu* now proceeding vicinity Hohsien where survivors are. Full information regarding incident, names killed, wounded not available. Will send when received from the *Oahu*. All vessels were directed in August to display colors horizontally on upper decks and *Panay* was undoubtedly complying with this order.

394.115 Panay/7 : Telegram

*The Naval Attaché in Japan (Bemis) to the Chief of Naval
Operations (Leahy)*⁶¹

TOKYO, December 13, 1937—4:16 p. m.

[Received December 13—6 a. m.]

1613. Senior Aide to Navy Minister called today to inform Naval Attaché of sinking of U. S. S. *Panay* by Japanese bombing planes and stated: "Navy Minister wishes to express to Secretary of Navy and U. S. Navy his sincerest regret to this unhappy accident.[""]

⁶¹ Copy transmitted to the Department by the Navy Department.

394.115 Panay/21 : Telegram

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

HANKOW, December 13, 1937—5 p. m.
[Received December 13—7:30 a. m.]

35. Dr. Taylor of Anking telephoned again at 4:15, transmitted statement from Atcheson that survivors were in danger at Hohsien. Dr. Taylor stated that he thought danger was due to fighting there. Atcheson stated that Gassie⁶² had a wound in the leg. I, in fear⁶³ of members Embassy staff unhurt. Department please inform Mrs. Paxton.⁶⁴ British gunboat reported at 3 o'clock this afternoon that it had been off Hohsien for over half hour and could see no signs of life on north bank; that Standard Oil Company's *Meian* was beached and deserted, apparently hit by bombs on bridge; that *Panay's* outboard sampan had been recovered from mud half a mile below *Meian*; that Socony ship *Meihsia* was burning fiercely at Kaiyuan wharf on right bank of river and that *Bee* was proceeding to investigate.

Repeated Shanghai and Peiping. Peiping please repeat to Tokyo.
JOHNSON

394.115 Panay/19 : Telegram

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

HANKOW, December 13, 1937—6 p. m.
[Received December 13—9:32 a. m.]

36. I have just received following message from American Consul, Shanghai:

"December 13th. Japanese Ambassador has requested me to transmit the following message to you:

"I have to express my most profound regrets over the extremely unfortunate incident that has happened to the U. S. S. *Panay* involving the members of your Embassy staff and your citizens as well as the officers and crew of the ship."

I am making following reply:

"Please communicate following to Japanese Ambassador:

"I thank you for your message. Word from Mr. Atcheson this afternoon reported survivors in Hohsien in danger presumably from attacking Japanese forces. H. M. S. *Bee* now off Hohsien may have difficulty making contact with survivors. I hope you will do what you can to facilitate errand of H. M. S. *Bee* which has gone to the rescue."

JOHNSON

⁶² Emile P. Gassie, clerk of the Embassy in China.

⁶³ Sentence apparently garbled at this point.

⁶⁴ John Hall Paxton, Second Secretary of Embassy in China, received a knee injury.

394.115 Panay/31 : Telegram

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

SHANGHAI, December 13, 1937—6 p. m.
 [Received December 13—10:55 a. m.]

1145. Confirming previous messages, Japanese Consul General informs me in writing that following steps have been taken in connection with the *Panay* incident:

1. Japanese Military Attaché's office asked the Military Headquarters to take immediate measures in order to cease firing of the Japanese troops in and around Hohsien in the vicinity of where the American citizens are.

2. Instructions to cease firing were also conveyed by a naval plane to the Japanese troops in and around Hohsien by dropping a communication ball containing the message.

3. Japanese gunboat *Hozu* which is not very far from Nanking was ordered immediately to proceed to the rescue of the American citizens. Japanese naval authorities have also informed him that a naval flying boat of a large type will be sent to Hohsien early tomorrow morning for rescue purpose carrying a doctor, nurse and necessary medical supplies.

Japanese authorities have been informed of the mission of British gunboat *Bee* and American gunboat *Oahu*.

Sent to Hankow, repeated to Department and Peiping.

GAUSS

394.115 Panay/43 : Telegram

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

LONDON, December 13, 1937—8 p. m.
 [Received December 13—3:05 p. m.]

772. My 767, December 13, 1 p. m. Cadogan⁶⁵ has just read to me the telegram sent to Sir Ronald Lindsay, containing an expression of British views, which he said has by now doubtless been conveyed to you. The British have not yet, he said, received any factual reports which would throw any additional light on the incidents. He reemphasized what Mr. Eden had already said this morning that they regarded the situation as serious. He also said they attach great importance to the British and American action being at least along synchronized parallel lines if it is to have any effect on the Japanese. What they really hope for, as set forth in the telegram to Lindsay, is that we will consent to joint action. Cadogan pointed out that they

⁶⁵ Sir Alexander Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

realize that our views as to the advisability of joint action in the past has been different from theirs but he feels that the circumstances of the present situation might perhaps cause us to reconsider this attitude.

The Government obviously attaches great importance to having as united an Anglo-American front as may be possible to present to the Japanese and I gather that they are not displeased that America's interests should have been so decidedly involved by these unfortunate incidents. There are indications from varying sources that the British authorities are hopeful American official and public opinion will react strongly towards these sinkings and that some positive action, such as the moving of the fleet, will be authorized. In such circumstances Great Britain would undoubtedly increase her own Far Eastern naval contingent. The British do not now see any early termination of the Sino-Japanese conflict and fear that hostilities will shortly move to the Canton area where their interests predominate.

JOHNSON

394.115 Panay/29 : Telegram

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

TOKYO, December 13, 1937—9 p. m.

[Received December 13—10:05 a. m.]

624. My 623, December 13, 5 p. m.⁶⁶

1. The press ban has been removed. The Foreign Office has just read to us over the telephone a statement to be released later this evening substantially as follows:

During operations by naval planes against Chinese forces fleeing from Nanking across the Yangtze from Nanking, 10 steamers believed to be Chinese transports were discovered about 20 miles upriver from Nanking and were bombed. It was later ascertained that among these steamers were three vessels belonging to the Standard Oil Company and the American gunboat *Panay* which was in the neighborhood and was sunk.

Although no official report had been received the Minister for Foreign Affairs⁶⁷ called this afternoon on the American Ambassador and tendered the profound regrets and apologies of the Japanese Government. The Japanese Ambassador at Washington⁶⁸ was immediately instructed to make a similar statement to the American Government. The Japanese Ambassador to China, the Consul General at Shanghai and the Chief of Staff of the Japanese Fleet have all been instructed to express their regrets respectively to the American authorities there.

2. The Navy Department is also issuing a similar statement tonight.

⁶⁶ Not printed.

⁶⁷ Koki Hirota.

⁶⁸ Hiroshi Saito.

3. The Foreign Office has let me know informally that a note may be expected tomorrow expressing regrets and readiness to offer full settlement.

4. We would appreciate receiving a telegraphic summary of American press reaction as despatches published in the Japanese press may be expected to be incomplete and tendentious.⁶⁹

Repeated to Peiping for relay to Hankow.

GREW

394.115 Panay/93 : Telegram

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

WASHINGTON, December 13, 1937—9 p. m.

343. The Japanese Ambassador called upon me today⁷⁰ in regard to the bombing and sinking of the gunboat *Panay* and made statements substantially as follows: Japanese officials had received reports that Chinese troops were retreating up the river on boats; naval airplanes were sent to attack them and by mistake the *Panay* was bombed and sunk. Japanese officials had been informed by United States authorities regarding the whereabouts of the *Panay* and therefore the bombing of this vessel was considered a very grave blunder. The Foreign Minister had instructed him to convey to this Government full and sincere apologies and regrets which he was undertaking to do. The Japanese Navy, upon receiving a telegram from Ambassador Johnson regarding the sinking of the *Panay*, was attempting to send a war vessel with hospital and other supplies for relief, but owing to fighting this was proving difficult.

I stated to the Ambassador that we here were never quite so astonished at an occurrence as at the news of this promiscuous bombing of vessels of third countries on the Yangtze; that we were most diligently undertaking to assemble all essential facts, and that we will comment to the Japanese Government in the light of these facts. I then read the following memorandum from the President:

"That the President is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtze, and that he requests that the Emperor be so advised.

That all the facts are being assembled and will shortly be presented to the Japanese Government.

That in the meantime it is hoped the Japanese Government will be considering definitely for presentation to this Government:

⁶⁹ The Department duly complied with this request.

⁷⁰ For memorandum of conversation, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 522.

(a) Full expressions of regret and proffer of full compensation:

(b) Methods guaranteeing against a repetition of any similar attack in the future."

I stated that the contents of the President's memorandum were wholly reasonable, especially in the light of what the Ambassador described as a "very grave blunder." I again expressed my amazement and the hope that the Japanese military officials operating in the Nanking area would realize the extreme danger of their unprecedented conduct.

There have been released to the press the texts of the President's memorandum, the Department's 340, December 12, 11:45 p. m.,⁷¹ and your 622, December 13, 3 p. m.,⁷² as well as the substance of the Ambassador's statements to me.

HULL

394.115 Panay/91: Telegram

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

WASHINGTON, December 13, 1937—9 p. m.

489. Your 772, December 13, 8 p. m. This Government is tonight telegraphing the American Ambassador, Tokyo, to present promptly to the Japanese Government a note a copy of text of which we are giving to British Ambassador here; and is instructing Grew to inform his British colleague of intended action and text but not to delay action while awaiting British action.

Please inform Cadogan of the above immediately.

HULL

394.115 Panay/30: Telegram

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

TOKYO, December 13, 1937—9:45 p. m.

[Received December 13—11:10 a. m.]

625. Department's 340, December 12, 11:45 p. m.⁷¹

1. Your instructions which had been anticipated have been fully carried out. (See my 619, December 13, noon).⁷³ I said to Hirota among other points that it was reported that Japanese Army forces had orders to fire upon all ships on the Yangtze (Johnson's December

⁷¹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 519.

⁷² *Ibid.*, p. 521.

⁷³ *Ibid.*, p. 520.

12, midnight). The Foreign Office was aware that the survivors were at Hohsien as Atcheson had telephoned from that point to Gauss advising that Japanese and Chinese artillery fire were imperilling rescue operations. Gauss had notified Japanese naval authorities who sent a naval plane to the spot to direct cease fire.

2. We have received as yet from American official sources in China no word of the sinking of *Panay*.

3. As Department's telegram took 9 hours in transmission we suggest that all urgent messages be sent by radio and not by cable via Manila and Shanghai.

GREW

394.115 *Panay*/45 : Telegram

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

HANKOW, December 14, 1937—noon.
[Received December 14—6:05 a. m.]

44. I have just called upon Admiral Crabbe and expressed to him our appreciation of the assistance which British Navy have given wholeheartedly in effecting rescue of survivors *Panay* and convoy. I asked Admiral Crabbe to express our particular thanks to Admiral Holt and Captain O'Donnell of H. M. S. *Bee* for the gallant way in which he and the company of the *Bee* have handled the whole matter.

My 43 [42?], December 14, 11 a. m.⁷⁵ *Oahu* is now at Hohsien and Department will observe from despatches 1014-0920 [1243?] from *Oahu*, and 0114-0928 from Commander-in-Chief Asiatic Fleet⁷⁶ that arrangements have been made by Commander-in-Chief for *Oahu* to proceed to Shanghai with *Panay* survivors, Japanese naval ship *Hozu* cooperating. It is now impossible for *Oahu* and survivors to reach Hankow because of barrier in river below Kiukiang.

JOHNSON

793.94/11623 : Telegram

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

TOKYO, December 14, 1937—noon.
[Received December 14—7:34 a. m.]

626. The British Ambassador⁷⁷ called upon the Minister for Foreign Affairs yesterday morning to protest most emphatically against attacks by Japanese machine guns and field pieces upon British naval vessels *Ladybird* and *Bee* as well as British merchant vessels, all in

⁷⁵ Not printed.

⁷⁶ Neither printed.

⁷⁷ Sir Robert L. Craigie, British Ambassador in Japan.

the vicinity of Wuhu on the Yangtze. Facts as reported to the British Embassy here are that *Ladybird* suffered four direct hits, one rating killed, one seriously wounded and several minor injuries including flag captain. *Bee* fired upon but no damage. Chief of Staff on *Bee* protested strongly to Colonel Hashimoto, temporarily senior Japanese military officer at Wuhu, who "made futile excuses but admitted that firing at warships was his mistake and that Japanese had orders to fire at every ship on the river".

In protesting to the Minister for Foreign Affairs the British Ambassador, after explaining what had happened, suggested that a probable explanation was contained in the admission of the Japanese commanding officer at Wuhu that he had received instructions to fire at every ship on the Yangtze, which meant either that the assurances of the Japanese Government that they would protect noncombatants could not be relied upon, or else that the Japanese military authorities in China were disregarding their instructions.

Craigie added that "British public opinion was bound to take a most serious view of this incident" and urged that the Japanese Government should make a suitable apology as soon as possible.

The Minister for Foreign Affairs called in person on the Ambassador the same afternoon and expressed apology and regrets on behalf of the Japanese Government.

Repeated to Peiping for Hankow.

GREW

394.115 Panay/46: Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy) ⁷⁸

U. S. S. "OAHU," December 14, 1937—2:10 p. m.
 [Received December 14—9:07 a. m.]

0014. Your 0514. 1235. As nearly as can be ascertained *Panay* capsized and sunk directly abreast lower entrance Hohsien channel about 500 yards from left bank 7 fathoms water, nothing showing; bombed about 1330, sank about 1430, more details upon contact with surviving officers.

394.115 Panay/26

Memorandum by the Secretary of State

[WASHINGTON,] December 14, 1937.

The Ambassador of Great Britain called upon his own request. He proceeded to say that Foreign Minister Eden was disappointed at

⁷⁸ Copy transmitted to the Department by the Navy Department.

the course of this Government when it stepped out so far ahead of the British Government in dealing with the Japanese Government with respect to the sinking of the *Panay* and other American ships. The Ambassador said Mr. Eden felt very strongly that there should be joint action in such a serious and critical situation; that the dangerous character of the Japanese military officials in control of the fighting area was such that a show of possibilities of force on a large scale was necessary to arrest their attention, their movements, and their policy of firing upon the nationals and warships of other countries in most reckless, criminal, and deliberate manner. He said that at this time it was doubtful whether either of our two countries, or any one country, could offer a showing sufficiently impressive to these military dictators to induce them to refrain from their outrageous assaults on the nationals and vessels of other countries; that the British Government may not be in a position now to make such necessary showing both in the Far East and in Europe as is highly important and urgent, but that it does expect, however, within another twelve months or within a number of months to be prepared to make such showing on each side of the planet.

He then argued Eden's proposal and disappointment with respect to joint action by our two governments, ending up with a statement that the British would send a note to the Japanese Government probably today, in which they would ask for the punishment of the persons who fired on the British vessels and nationals.

C[ORDELL] H[ULL]

394.115 Panay/94 : Telegram

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

WASHINGTON, December 14, 1937—11 p. m.

345. On December 13 Gauss telegraphed that the Japanese Consulate General at Shanghai had informed him that orders had been issued by the Japanese military and naval authorities to stop operations against Hohsien and that similar instructions were being conveyed to the Hohsien front by special Japanese plane.

Under date December 14, 7 p. m., Ambassador Johnson telegraphed a message from H. M. S. *Bee* as follows :

"Rescue party is at Hohsien upcreek. Am off creek mouth with *Oahu* and *Hozu*. Japanese navy have refrained from taking part in rescue at our particular request as Chinese in vicinity are armed. Despite this precaution Chief of Staff reports by portable wireless that several Japanese military landing craft are in the vicinity of our boats and in last half hour these have been heavily engaged with local Chinese. One Japanese military boat has been fetched out of creek by my boat but these craft have no W-T so communications

with the others is impossible. *Ladybird* has just arrived and am sending her sampan with Japanese naval officer on board to attempt to withdraw Japanese military landing craft."

Under date December 14, 11 p. m., Ambassador Johnson telegraphs urgently that in the knowledge that the Japanese were present to cooperate arrangements were proceeded with to evacuate the *Panay* survivors from Hohsien to H. M. S. *Bee* this evening; that the landing party of the *Bee* now finds itself in a situation where Japanese military landing craft are in the vicinity of the vessels endeavoring to carry out the rescue work and are engaged in hostilities with local Chinese. Ambassador Johnson points out that the Japanese Army forces are acting apparently in contemptuous disregard of the safety of the survivors.

If you have not already done so, please confer immediately with your British colleague and, if you can agree upon a common method of approach acceptable to you, proceed in common with him in the making of representations insisting that Japanese military forces desist from operations against or in the immediate vicinity of Hohsien until the survivors, together with American and British vessels, etc., connected with their evacuation, shall have been removed and have proceeded to a distance affording comparative safety.

For your information, there has just come from Johnson a telegram stating "Following received at 11:50 p. m. from *Bee* 'All well, first batch leaving shore now'." This may or may not indicate that the situation described in the above-quoted telegrams has completely cleared. However that may be, that situation was produced by Japanese action and should be protested against.

This instruction is intended to apply to any and all conditions that Japanese have not met.

HULL

394.115 Panay/70: Telegram

*The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)*⁷⁹

[SHANGHAI,] December 15, 1937—10:10 a. m.

[Received December 15—1 a. m.]

0015. H.M.S. *Bee* reports first group *Panay* survivors arrived 2350 Tuesday, remainder at 0200 today. Two coffins will be brought out at 0900 today. As far as can be learned all persons accounted for. Following stretcher cases: Lt. Comdr. J. J. Hughes, Lt. A. F. Anders, K. J. Rice (E.M. 3d), J. H. Lang (C.Q.M.), C. H. Birk (E.M. 1st), A. A. Kozak (M.M. 2d), E. W. G. Hulsebus (Cox'n), P. D. Ziegler

⁷⁹ Copy transmitted to the Department by the Navy Department.

(S.C. 3d), C. S. Schroyer (Sea'n 1st), N. L. Davis (F 1st), Mr. Gassie, Embassy clerk. MacDonald,⁸⁰ correspondent, among first group survivors, reports *Panay* hit about 1350 12th by bomb from great height. Ship abandoned at 1405. Before vessel sank was machine gunned by two Japanese Army motor boats whose crews boarded about 1554 and left before vessel sank. Colors were flying and clearly visible during whole time. *Oahu* radio was out of commission 10 hours, now back in commission.

394.115 Panay/78 : Telegram

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

TOKYO, December 15, 1937—1 p. m.
[Received December 15—7: 10 a. m.]

635. Reference Embassy's 630, December 14, 6 p. m.⁸¹

Yesterday afternoon, when Yoshizawa⁸² delivered the note the text of which was communicated in my telegram under reference, he said that the note to us had been so drafted as to relieve our Government of any need for taking any further initiative with a view to the payment of indemnities and of the punishment of those responsible, beyond indicating to the Japanese Government the amount which it would be expected to pay as indemnification.

The significance of the statement was made apparent by the language of the note sent to the British Embassy which was published this morning. The relevant portion of the note to the British Embassy is as follows:

"The Japanese Government . . .⁸³ add that they will, upon the completion of investigations, deal appropriately with those responsible for the incidents and also that they are prepared to make the necessary indemnification for the losses sustained by the British."

GREW

394.115 Panay/79 : Telegram

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

TOKYO, December 15, 1937—3 p. m.
[Received December 15—8: 15 a. m.]

637. The Associated Press has asked me for statement on the present situation for release in the United States. I have never done this sort of thing before and am doubtful of the wisdom of complying

⁸⁰ Malcolm MacDonald, correspondent of the *London Times*.

⁸¹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 524.

⁸² Director of the American Bureau of the Japanese Foreign Office.

⁸³ Omission indicated in the original telegram.

with the request, but the Department may wish to consider, in the light of its analysis of American public opinion, whether a statement from me would serve some useful purpose. If the Department desires that I issue a statement, I would appreciate the Department's prescribing textually the statement which I am to use. In such a case the following material might be used: the concern of the Japanese nation over the sinking of the *Panay* has been expressed and is hourly being made known to me by Japanese in many different walks of life in a way which leaves no doubt whatsoever as to the profound and genuine nature of their distress and of their earnest desire that the *Panay* disaster shall not irretrievably injure Japanese-American friendship. The spontaneous expressions of apology and regret on the part of the Japanese Government, offers of full indemnification, and assurances that occurrences of this kind will be avoided in future, even before we had asked for these things, seem to me to be an accurate criterion of their attitude. Mr. Hirota said to me "I cannot possibly express how badly we feel about the incident and I wish to do everything in my power to maintain good relations with your country".

GREW

394.115 Panay/84 : Telegram

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

TOKYO, December 15, 1937—7 p. m.

[Received December 15—8:45 a. m.]

641. Department's 345, December 14, 11 p. m. Japanese interference with rescue work at Hohsien.

Strong oral representations were made to the Foreign Office this evening.

My British colleague is taking similar action on the basis of our information.

Repeated to Peiping for Hankow.

GREW

394.115 Panay/78½

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

[WASHINGTON,] December 15, 1937.

The British Ambassador called to see me this morning. The Ambassador said that he was somewhat perplexed because he had received early this morning the full text of the note of protest which the British Government was addressing to the Japanese Government with regard to the recent incidents on the Yangtze River which text

followed very closely the lines of the United States note of protest. Just a few minutes before coming to the Department, the Ambassador said, he had received a further cable saying that the instructions to Craigie in that sense had been cancelled. He did not know as yet whether that implied that the British had accepted the note of apology and offer of compensation spontaneously sent by the Japanese Government to the British Embassy in Tokyo, or whether it meant that the Cabinet in London had decided upon a stiffer note than that originally drafted.

The Ambassador then expressed very great concern about the contents of the article written from London by Ferdinand Kuhn which appeared this morning on the front page of the *New York Times*. Sir Ronald Lindsay remarked that the worst of it was that one could not blame the correspondent who undoubtedly was accurately quoting opinions which he had heard expressed in London, but that what the Ambassador resented was the fact that such opinions were actually being expressed. Sir Ronald went on to say that, of course, unless the British Government gave effective evidence of its being able to cope with the outrages being committed upon its nationals and its national interests in the Far East, many of the traditional friends of Great Britain in Europe, and he enumerated the Scandinavian countries, Holland, Belgium, Turkey, Greece, and one or two of the Central European powers, will begin to wonder if they had not better try and take care of themselves without hoping for any support from Great Britain and that in that event they would undoubtedly tie more closely to Germany and to Italy than they had been willing to do up to the present moment. He said the worst of it was that, of course, Great Britain under normal conditions would already have taken forceful measures in the Far East, but under present conditions, as I well knew, they could not contemplate such action. For that reason a large part of public opinion, and official opinion in England as well, felt that at this critical moment a very real measure of co-operation, if necessary even of a forceful character, between Great Britain and the United States in the Far East was imperative. He said that that was the explanation of the "lament" from Mr. Eden which he had conveyed yesterday to the Secretary of State complaining about the unwillingness of this Government to consider the form of joint action proposed.

I again went into the analysis which I had previously made to Sir Ronald Lindsay of that particular question and indicated my own belief that concurrent or parallel action was preferable and equally effective. I said that, of course, as he knew, I was conveying the President's views in this regard.

Before Sir Ronald left I told him of the President's desire to see him at tea at the White House before the end of the week. I told

him that I would notify him subsequently myself as to the day and hour selected by the President.

S[UMNER] W[ELLES]

394.115 Panay/120 : Telegram

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

WASHINGTON, December 15, 1937—7 p. m.

347. Your 637, December 15, 3 p. m. The Department shares your doubts of the wisdom of complying with the request of the Associated Press and suggests that you decline. The Department is currently making public some information in regard to the situation and will appreciate your continuing to supply material which may be used in this connection.

HULL

394.115 Panay/144 : Telegram

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

SHANGHAI, December 17, 1937—6 p. m.

[Received 11:30 p. m.]

1174. Department's 653, December 16, noon.⁸⁴ Following preliminary report from Atcheson.

"1. U. S. S. *Panay* was bombed by Japanese planes shortly after 1:30 p. m., December 12 while at anchor in the Yangtze about mileage 221 above Woosung, 27 miles above Nanking with three Standard Oil tankers nearby: Steamship *Meihsan* [*Meihsia*] about 500 feet ahead; S. S. *Meiping* about 300 feet from the *Meihsan* [*Meihsia*] on latter's starboard quarter; and S. S. *Meian* about 700 feet directly behind *Panay*. All vessels were flying American flags, the merchant vessels both fore and aft, the colors were painted horizontally upon *Panay's* awnings and on superstructure of the three merchant vessels. The bombing was by at least six planes believed to have been light bombers using bombs of about 100 pounds in weight. These planes dived at the *Panay* in succession and at altitude of not more than 1,000 feet dropped a total of approximately 20 bombs with 4 or 5 hits and others falling close by. Most of the bombs fell at the port side forward with at least one on the starboard side forward. The first bomb hit the port bow, gave the ship a terrific jolt, and she began to list to starboard. *Meiping* was hit two or three times during this bombing and caught fire. It is believed that the two other merchant vessels were also hit.

2. Both the *Panay* and the merchant vessels were machine-gunned by the bombing planes, and persons on *Panay* and merchant vessels suffered machine-gun bullet wounds at that time. After the *Panay's* Commander was incapacitated, we sent him and other wounded ashore in a ship's boat. This boat was machine-gunned by the Japanese from

⁸⁴ Not printed; it requested a report from the Second Secretary of Embassy at Nanking (394.119 Panay/134).

the air during its journey and one man was wounded. After the *Panay* had been abandoned and was settling by the starboard bow two Japanese Army patrol boats came down river, machine-gunned the vessel with several bursts, boarded it for about 5 minutes and then departed. *Panay's* flags were flying in plain view at this as at all times until vessel sank about 3:50 p. m. The patrol boats then started up river again and then turned back heading toward our landing point but we were hidden and they departed up river. Japanese planes soon appeared over us, however—a flight of three bombers: down river. The circling of one plane above the marsh reeds where we had concealed our wounded and ourselves and the previous action of the patrol boats, in connection with the incredible fact of the bombing of the *Panay*, gave us every reason to believe that they were searching for us in order to destroy the witnesses to the bombing. Meanwhile the burning *Meiping* headed first toward the north shore but because of machine gun fire turned toward south bank and eventually beached there. The *Meihsan* [*Meihsia*] followed the *Meiping*. The *Meian* remained along the north shore. When the *Meiping* came to the south bank about 100 Japanese soldiers appeared and ordered the ship's company ashore and after questioning them ordered them aboard again. Almost immediately six planes appeared over the river and at low altitudes bombed both ships resulting in large fires on the vessels.

4. [*sic*] At dusk we moved wounded to farmhouses about 2 miles away where we improvised stretchers from bamboo beds, doors and a pig pen, and then proceeded to Hohsien 5 miles distant and 3 miles inland. This town had already been attacked three times by Japanese patrols. Next afternoon about 1,000 Japanese troops were reliably reported to have landed near where we went ashore and we decided to move further inland, but before night came Japanese planes circled time and again over the town flying at only 400 feet above the little thatched roof hospital where we had our wounded. Fortunately, the planes did not see us; one bullet in the thatch would probably have set the roof on fire and burned to death the 13 helpless wounded we had on stretchers there. That night we proceeded along a creek by small junks to Hanshan 20 miles inland with the object of proceeding to Luchowfu, where there is an American hospital, and the unwounded to continue on toward Hankow. Next day I learned by telephone from Hohsien that telephone messages I had sent to Anking the previous day had been relayed to the Ambassador, the incident had become known, and arrangements had been made for transportation to Shanghai under Japanese escort. We therefore returned to Hohsien to embark the night of December 14th on British and American naval vessels sent for that purpose.

5. The *Panay* is sunk in about 30 fathoms. The *Meiping* and *Meihsan* [*Meihsia*] are total losses.

6. Foreign casualties: two dead from *Panay* (storekeeper Ensminger⁸⁵ and Italian journalist Sandri⁸⁶ who died at Hohsien); Captain Carlson of the *Meian*, said to be an American. Wounded on *Panay*; Commander Hughes, broken leg; Secretary Paxton, slight shrapnel wound in left arm, water on knee and possibly shrapnel

⁸⁵ Charles L. Ensminger.

⁸⁶ Sandro Sandri.

in that knee; Lieutenant Anders, shrapnel in throat and wounds in both hands; Gassie broken leg; Pickering of Standard Oil Company, scalp wounds; one naval seaman with bullet over heart who may die; seven hospital cases among enlisted men in addition naval wounded above mentioned; James Marshall of *Collier's* magazine, bullet in neck; five other less serious wounded including Lieutenant Geist⁸⁷ of *Panay*. Full description of wounds not yet available due to necessary preoccupation of ship's surgeons with treatment of wounded.

7. Personal losses not yet compiled.

8. Repeated to Hankow, Peiping and Tokyo. Respectfully request that Department communicate to War Department for Roberts."

GAUSS

394.115 Panay/127 : Telegram

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

TOKYO, December 17, 1937—7 p. m.

[Received December 17—10:05 a. m.]

652. Department's 347, December 15, 7 p. m. The Senior Aide to the Navy Minister this morning informed the Naval Attaché that:

1. Rear Admiral Mitsunami, commanding the Naval Air Squadron at Shanghai, has been recalled and has already arrived in Japan. (The Navy Department Press Section stated to foreign press correspondents that he has been relieved of his duties.)

2. About 20 naval planes were operating in the vicinity of Nanking during the afternoon of December 12 and probably six were involved in the attacks on the American ships. An investigation is being made to determine responsibility, among other things the aviators engaged there that day. Future action depends upon the results of the investigation.

3. Reuter's despatch to the effect that a Japanese launch had machine gunned the survivors on the *Panay* and that the crew of the launch had boarded the *Panay* before it sank could hardly be the truth because it was not until Monday that Japanese naval vessels were able to reach even as far as Nanking.

GREW

394.115 Panay/128 : Telegram

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

TOKYO, December 17, 1937—8 p. m.

[Received December 17—12:30 p. m.]

653. Embassy's 652, December 17, 7 p. m. The Senior Aide to the Navy Minister called this afternoon on the Naval Attaché and added the following comment:

⁸⁷ J. G. Geist, engineer officer.

"With regard to this morning's conversation concerning the Reuter despatch reporting a Japanese motor boat passing close aboard the *Panay* and attacking it with machine gun fire:

The Japanese Naval Attaché at London has wired that this rumor is being spread there. This same story is in Washington according to Domei.

This rumor is strange and contrary to common sense. In the first place this is impossible as no naval vessels reached Nanking until 3:30 p. m. the next day 13 December.

In the second place this rumor is not sensible from a military point of view: some prearranged plan would be necessary to secure a co-ordinated attack by both planes and launches. Surely you realize there was no such plan at all, with reference to the Japanese Navy's attitude and the position the Japanese Navy has taken since the beginning of the Sino-Japanese incident.

In the third place this rumor says the *Panay* was boarded by Japanese Armed Forces (some say army, some say navy forces). It is impossible that in such a situation troops or sailors would board a vessel during the bombing, machine gunning and sinking.

If we were to presume that Japanese forces had boarded the *Panay* before she sank it would mean that they had boarded it following its abandonment by the crew before the ship sank and that is impossible."

It is Captain Kondo's opinion that this story in the London *Times* written by MacDonald is a deliberate attempt to excite American public opinion.

"This news will not be printed in Japan because it will greatly excite Japanese public opinion at the same time exciting American public opinion."

Captain Kondo also added: "I hope that on cool examination these rumors will be found to be quite the opposite and further I hope that you will not be led by these false rumors."

GREW

394.115 Panay/142 : Telegram

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

Tokyo, December 18, 1937—3 p. m.
[Received December 18—2:57 a. m.]

655. Our 652, December 17, 7 p. m. The Military Attaché was informed today at the War Office that the Chief of the American Section of the General Staff has been sent to Shanghai to investigate the report that Japanese Army launches machine gunned the *Panay*.

Repeated to Shanghai.

GREW

394.115 Panay/141 : Telegram

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

HANKOW, December 18, 1937—3 p. m.

[Received December 18—8:55 a. m.]

80. [Ap]pertaining to question whether Japanese military were informed of presence of *Panay* and convoy at or near vicinity of bombing, I am informed that at approximately 10:09 on the [morning?] of December 12 at approximately mileage 216 above Woosung, 5 miles below the place she was bombed, the *Panay* was hailed by Japanese troops. Boat came alongside with 30 armed soldiers under the command of Lieutenant Yomura Kami. Four came aboard with fixed bayonets and during conversation the purpose and destination of *Panay* was asked; also inquiries were made as to state of Chinese lines. The Captain was asked if he would come ashore, an invitation which he politely refused.

Repeated to Peiping for repetition to Tokyo and to Shanghai for Cinc.

JOHNSON

394.115 Panay/160a : Telegram

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

WASHINGTON, December 18, 1937—3 p. m.

358. On December 17 the Japanese Ambassador called upon me at his own request⁸⁸ and said that according to reports reaching his Government neither the *Panay* nor any of its survivors were fired upon by Japanese military boats with machine guns. He had no particular facts to cite and before he was finished I stated that there was evidently no question about the fact that the *Panay* had been fired upon by two of such military motor boats and had then been boarded by some of their crew and that we have incontrovertible proof of this.

I observed that if American Navy and Army officials were to act as the Japanese had acted our Government would speedily court-martial them and I inquired whether the Japanese Government would take charge and deal with this military situation or whether it would not; that I made this inquiry in the interest of all concerned.

The Ambassador then asserted that the Japanese naval authorities at Shanghai had undertaken to correct the statement made to me some days ago by the Ambassador to the effect that the whereabouts of the *Panay* had been notified in advance to the appropriate Japanese

⁸⁸ For memorandum of conversation, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 529.

naval and military authorities; that as a matter of fact the latter did not receive such notification on the occasion of this trip of the *Panay* up the river. I replied that it must have been difficult in the first place for the appropriate Japanese authorities to be ignorant of the fact that the *Panay* had left its position from in front of Nanking and had retired some distance up the river; in any case according to my recollection American officials on the *Panay* and at Nanking had at all times sought to make known the vessel's movements to the appropriate Japanese authorities at Shanghai, Nanking and Tokyo.

I concluded by again expressing astonishment at the occurrence.

HULL

394.115 Panay/154 : Telegram

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

HANKOW, December 18, 1937—9 p. m.

[Received December 18—4:15 p. m.]

86. Following from Commander-in-Chief:

"0018. Boarding boat was Japanese motor launch, 40 feet long, engine amidships, light machine gun in bow protected by steel shields. Boat's sides planking of clinker construction. Boat contained approximately 20 Japanese soldiers, boarding officers name previously reported to you by *Panay*."

Sent to Department. Repeated to Peiping and Shanghai. Peiping repeat to Tokyo.

JOHNSON

394.115 Panay/153 : Telegram

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

SHANGHAI, December 18, 1937—11 p. m.

[Received December 18—9:10 p. m.]

1186. Japanese Consul General came to see me tonight with Kusaka, Assistant Chief of Staff, and Commander Takata, a staff officer of the Japanese Fleet. They are much concerned over press reports that the attack on the *Panay* was deliberate and that armed Japanese boats machine gunned the American ship. They spent a long hour explaining the situation on the 12th during the attack on Nanking and the efforts of the air force to bomb Chinese forces fleeing on the river, the error in attack on the British ships, the air force reports of a successful attack on Chinese steamers carrying troops, the American inquiry to locate the *Panay*, the discovery of their great error, the efforts made to render all possible help in the rescue of the survivors, their complete sincerity in denying the presence of and attack by machine gun on the *Panay* by navy boats, their investigation of the

persistent reports of such attack and their efforts to contact scattered military units for information and the receipt this evening of a first and incomplete report which shows that on the morning of the 12th an army (not navy) motor boat contacted the *Panay* and then proceeded down river to return a few hours later to find the *Panay* being bombed by Japanese planes and defending herself by machine gun fire which was also directed against the army motor boat which replied without effect. They explained that all high ranking military officers are absent from Shanghai but are being contacted for full investigation. I listened patiently and thanked them for their visit and information.

The fact that the army motor boat unit saw the attack on the *Panay* and did not report the loss of that vessel will need to be explained but the explanation undoubtedly will be difficulty of communication by the scattered units.

Sent to the Department. Repeated to Hankow, Tokyo, and Peiping.
GAUSS

394.115 Panay/330

The Navy Department to the Department of State

[WASHINGTON, undated.]
[Received December 20, 1937.]

The following information has been received from the Commander-in-Chief Asiatic Fleet under date of 18 December, 1937:

In the event that the Japanese Government suggests recalling Admiral Hasegawa as one of the amends for the *Panay* incident and as press reports from Tokyo indicate that possibility the following is submitted to the department:

Admiral Hasegawa has been easy to deal with during the past incident and has been very considerate. Because of his duty in Washington as Naval Attaché he is friendly towards the U. S. I believe that he conscientiously did his utmost to prevent an outbreak of hostilities at Shanghai and that he does not favor the current extreme militaristic policy of his Government. Our difficulties will probably be greatly increased if any other officer replaces him.

394.115 Panay/151: Telegram

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

TOKYO, December 19, 1937—1 p. m.
[Received December 19—2:22 a. m.]

657. We asked Yoshizawa this morning when replies to our signed note of December 14⁸⁹ and *aide-mémoire* of December 17⁹⁰ would be

⁸⁹ See telegram No. 631, December 14, 9 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 526.

⁹⁰ See telegram No. 647, December 17, 1 p. m., *ibid.*, p. 528.

made. He replied that the charge of Japanese machine-gunning of the *Panay* having been made, the Japanese Government must first ascertain the facts. He confirmed that an officer of the General Staff had left for Shanghai to investigate.

GREW

394.115 Panay/371

The Navy Department to the Department of State

[WASHINGTON, undated.]

[Received December 20, 1937.]

The following information has been received from the Commander-in-Chief Asiatic Fleet under date of 19 December, 1937, and was sent to the Commander Yangtze Patrol to inform our Ambassador to China:

According to a report given to Beatty of United Press by Horigu Chinese Domei agency Shanghai it is claimed that naval aviators were ordered by the army to bomb all ships on the river between Wuhu and Nanking. This report was given in confidence but was not verified. It is further claimed that the naval commander protested against this order but the order was carried out after being repeated by army officials. The navy is now trying to make the army publicly admit that they issued the bombing orders, but so far the army has refused to do so because of the opposition of the younger officers to such admission.

Admiral Hasegawa called today and made the following statements: (1) that planes were acting under army orders. (2) that, though previously denied, one of the aviators had admitted that he fired machine gun. (3) because of the fact that communications with the advanced forces were poor, he has had much trouble getting reports from the army officials.

The Japanese naval air force used eight hundred planes in making fifty bombing attacks on Nanking according to Reuter Tokyo. During all of these bombings gunboats of Great Britain and the United States were there and after that number of bombings must have been familiar to Japanese aviators from the air. This makes recognition of *Panay* as American gunboat most probable by bombers, who nevertheless proceeded to carry out orders received from the army. Among the Japanese bombers who attacked the *Panay* were two officers who undoubtedly had a part in the bombings at Nanking. One is a Lieut. Comdr. and the other a Lieutenant.

394.115 Panay/158: Telegram

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

HANKOW, December 20, 1937—9 a. m.

[Received December 20—6 a. m.]

89. Following note addressed to Minister of Foreign Affairs⁹¹ today:

⁹¹ Wang Chung-hui.

"I have just been informed by Mr. Atcheson of the generous and effective services rendered to him and to the other survivors of the *Panay* by the Magistrate of Hohsien, Mr. Wang Tien Chih, and the Magistrate of Hanshan, Mr. Kiu Jui Chung, during the time that they were at Hohsien and Hanshan. These officers spared no effort in providing the *Panay* survivors with quarters for their wounded and all with food, stretcher carriers, boats, etc. Mr. Atcheson has asked me to convey to these officers through you his gratitude and the gratitude of the whole party for their assistance and kindly help.

I desire to join Mr. Atcheson in this expression of gratitude and to state that I am informing my Government of the helpful attitude of these officers of the Chinese Government.

I avail myself, etc."

JOHNSON

394.115 Panay/331

The Navy Department to the Department of State

[WASHINGTON, undated.]

[Received December 20, 1937.]

The following information was received from the Commander-in-Chief Asiatic Fleet under date of 20 December, 1937:

There will be a news article in the *New York Times* today about activities of Colonel Hashimoto and discipline in the Japanese Army. Information contained in this article was furnished to correspondent Abend by Matsui²² who sent the information to Abend in a special plane. Matsui personally requested that the facts be published. As no Japan paper would ever dare print such matters of the Army, Matsui is hoping that the information contained in the article will be wired to Tokyo after it is published in America.

The article indicates that an unusual condition exists in the Japanese Army. The foregoing probably indicates disregard by the younger officers of the Army of any Tokyo Government agreement in regard to the *Panay* incident.

It is thought that the sinking of the *Panay* will lead to a break between the Navy and Army due to the fact that though Navy planes did the bombing and Navy took the blame they were carrying out Army orders and therefore the Army is responsible for the destruction of the gunboat.

394.115 Panay/164 : Telegram

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

SHANGHAI, December 20, 1937—8 p. m.

[Received December 20—7:50 p. m.]

1194. Consul General Okazaki on special detail at Shanghai where he serves principally as liaison with the Japanese military called on

²² Gen. Iwane Matsui, Japanese Army Commander in Chief in Central China.

me this afternoon with a Japanese military staff officer with whom he had just arrived from Nanking and sought to impress upon me that the Japanese Army bore no ill will toward the Americans and did not deliberately attack any American ships or citizens. He could give me no satisfactory explanation, however, of the reported boarding and machine-gunning of the *Panay* by an army surface craft nor did his detailed report of poor communications explain why the Japanese military authorities, knowing that the American steamers had been bombed and sunk failed to send information immediately to Shanghai.

2. Okazaki returned later this evening to say that another military officer, Chief of the American Section of the War Office, had just returned from Nanking and vicinity and reports that a Japanese Army surface boat contacted the Standard Oil steamers on the right bank of the river and attempted by signal flags to warn off the Japanese bombing planes but were unsuccessful and several members of the army unit were wounded by bomb fragments, that men of this unit rendered assistance to the Americans, that the surface boat later visited the *Panay* but found her sinking rapidly and could find no one aboard, that this boat did not machine-gun the *Panay*, but that another army surface boat in the vicinity machine-gunned a Chinese boat which was following the American ships and this Chinese boat was captured and is now at Nanking.

Sent to the Department. Repeated to Tokyo, Hankow and Peiping.

GAUSS

394.115 Panay/163: Telegram

The Commander in Chief of the United States Asiatic Fleet (Yarnell)
to the Chief of Naval Operations (Leahy)⁹³

[SHANGHAI,] December 20, 1937—10:56 p. m.

[Received December 20—9:02 p. m.]

0120. At press conference by General Harada, Japanese Military Attaché, he said that Japanese boat which bombed *Panay* at 1100, 12 December gave warning that the vessel was in dangerous zone, that *Panay* fired at Japanese troops on shore with main battery, and that the army boat which boarded the *Panay* before she sank did not machine-gun the vessel before boarding. These statements are entirely contrary to all evidence given by survivors to Court of Inquiry.

⁹³ Copy transmitted to the Department by the Navy Department.

394.115 Panay/172 : Telegram

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

ROME, December 21, 1937—5 p. m.
[Received December 21—2:40 p. m.]

528. My telegram 527, December 21, 1 p. m.⁹⁴ I find that in an earlier despatch describing the death of Sandri which was printed in the *Corriere Della Sera* of December 18, and which has just been brought to my attention Barzini reported as follows:

“The boats were returning to the ship to get medicines and distilled water when boats full of troops which had been lying wait on the other bank during the bombardment approached the *Panay* which was slowly disappearing under water and opened fire with machine guns on the deserted vessel.”

PHILLIPS

394.115 Panay/170 : Telegram

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

TOKYO, December 22, 1937—11 a. m.
[Received December 22—5 a. m.]

668. 1. The Foreign Office informs me that the Vice Minister of the Navy, Admiral Yamamoto, desires to call on me tomorrow to inform me of the results of Japanese investigations into the circumstances of the attack on the *Panay*. He is to be accompanied by Yoshizawa, of the Foreign Office, Lieutenant Commander Taniguchi, who has brought information from Navy Headquarters at Shanghai, and probably Lieutenant Colonel Nishi (see our 655, December 18, 3 p. m.), who is flying back today from Nanking. The Vice Minister has requested that the Counselor and the Naval Attaché of this Embassy also be present at the meeting.

2. It would be helpful to us if we could have by tomorrow morning pertinent portions of the report of findings of the Naval Court of Inquiry.

3. I am repeating this telegram to the Commander in Chief and am requesting him, if he is in a position to supply me with the desired portions of the naval report, to radio Washington urgently as soon as he has communicated it to me.

Repeated to Shanghai for urgent communication to the Commander in Chief.

GREW

⁹⁴ Not printed.

394.115 Panay/170 : Telegram

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

WASHINGTON, December 22, 1937—4 p. m.

368. Your 668, December 22, 11 a. m.

1. Department has not yet received report of findings. We have, however, reports and accounts by various survivors, both officers and civilians, which are in accord regarding important facts although showing some discrepancies in regard to minor and unessential details. None of these casts doubt in any way on the statement of essential facts made in the first sentence of the second paragraph of the note which you delivered under instruction of Department's 342, December 13, 8 p. m.,⁹⁵ and all of them support and confirm the view supplementarily expressed in Department's 350, December 16, 1 p. m.⁹⁶

2. It is evident that the Japanese authorities in the course of their investigation have discovered that the essential facts are as this Government has stated them; that they have encountered great diversity of testimony by their own people with regard to certain details; that they have been distracted from the main issues by a controversy over the question whether Japanese Army surface craft did or did not machine-gun the *Panay*; and that they are having contention among themselves, in view especially of that controversy, over the question of action which they should take by way of punishment and by way of giving assurances. But, this Government's statement of what it requests and expects was made and will stand without regard to the question of the machine-gunning; it was based on the essential facts. Before either they or we had the later details, the Japanese Government had admitted fault and had promised appropriate action.

3. We have already what to us is conclusive evidence that before the attacks were ended some of the bombing planes should have known that they were bombing American vessels; that at least one and probably two Japanese Army launches approached the *Panay* and engaged in some firing; that personnel from at least one such launch boarded the *Panay* after its abandonment; and that planes machine-gunned survivors. We believe that, notwithstanding conflicting testimony and contentions by their own people, the Japanese authorities must be fully aware of these facts.

4. We have proceeded on the principle of not entering into controversy with the Japanese Government over the details. Such controversy would tend merely to obscure the main issues, with regard to which the substantial facts are clear and undisputed. Among these facts are: our ships were on the river by right; Japanese military authorities knew that they were there and knew their approximate

⁹⁵ *Foreign Relations, Japan, 1931-1941, vol. 1, p. 523.*

⁹⁶ *Ibid.*, p. 527.

location; the ships were clearly marked with American flags both in horizontal and in vertical positions; Japanese naval planes bombed them at, ultimately, low altitudes; Japanese surface craft approached them, fired upon something, boarded the *Panay* and found her abandoned; and Japanese planes machine-gunned survivors. Both in the whole incident and in its parts Japanese armed forces committed offenses warranting the representations which this Government has made and calling for prompt making of full amends by the Japanese Government.

5. Information has just come that report of findings of Court of Inquiry will be sent soon from Shanghai in clear. Upon receipt thereof, Department will send you comments.⁹⁷ Meanwhile, in case you receive a copy direct, please have in mind Department's view and suggestion as to procedure, namely, that in pressing this Government's contention, while and although we should not refuse to talk about details, we should avoid argument thereover and should base our case on the undisputed essential facts, which facts by themselves more than suffice in warrant of our position.

HULL

394.115 Panay/192: Telegram

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

PARIS, December 23, 1937—noon.

[Received 12:35 p. m.]

1764. In the course of a conversation yesterday, the Chief of the Far Eastern Division of the Foreign Office said that he thought President Roosevelt's direct appeal to the Emperor⁹⁸ in connection with the *Panay* incident was "a most wise move". He said that this appeal, he was sure, had caused "consternation" in the minds of the Japanese military clique; and the impression left on them that the President would resort to the same procedure again, if necessary, would, if anything could do so, tend to have a restraining influence on them.

He went on to say, however, that in his opinion the situation in the Far East is getting steadily worse. He said that the French Military Attaché in Tokyo, an unusually capable and dispassionate observer, had reported the growth of a sort of secret society of younger Japanese military officers whose avowed objective is to drive all foreign nations

⁹⁷ See Department's telegram No. 371, December 23, 7 p. m., to the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 541; for the findings, see telegram of December 23 from the Commander in Chief of the U. S. Asiatic Fleet, *ibid.*, p. 542.

⁹⁸ See memorandum quoted in Department's telegram No. 343, December 13, 9 p. m., to the Ambassador in Japan, p. 496, and telegram No. 342, December 13, 8 p. m., to the Ambassador in Japan, sent with President Roosevelt's approval, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 523.

out of China, accepting and even welcoming the risk of war with such nations. Hoppenot said that when the Japanese begin military operations near Canton it will be difficult if not impossible to avoid most serious incidents with the British.

Speaking of reports published in the press to the effect that the French and British were discussing the possibility of the British Mediterranean Fleet going to the Far East, leaving patrol duty in the Mediterranean to the French Fleet alone, Hoppenot said that so far as he knew no such conversations were taking place. He said that despite the seriousness of developments in the Far East neither the British nor the French would make any move to restrain by force Japanese aggression unless the United States participated fully therein. (A member of the British Embassy has made a similar statement to us regarding the reports mentioned above.)

BULLITT

394.115 Panay/205c: Telegram

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

WASHINGTON, December 23, 1937—8 p. m.

373. Department has been informed from an official source of indiscreet utterances attributed to a Japanese employee of Japanese Navy to the effect that the sinking of the *Panay* was deliberately planned, by whom not stated, to bring to light the attitude of the United States as bearing on further Japanese action; that a Japanese Navy ace, Captain Minami, was in charge of the bombing; that Minami is stationed at Sasebo and after the sinking of the *Panay* returned there; and that there have been planned further similar acts against Great Britain and the United States.

HULL

394.115 Panay/198: Telegram

*The Commander of the United States Yangtze Patrol (Marquart)
to the Chief of Naval Operations (Leahy)*⁹⁹

[HANKOW,] December 24, 1937—10:25 a. m.

[Received December 25—8 a. m.]

0024. Two Chinese messmen ex-*Panay* now at Hankow state Jap boats who boarded vessel after abandoned exploded two bombs at stern which ended vessel. State they were hidden close to water's edge and Americans had gone farther inland except possibly civilian who took some moving pictures from near river edge. Also state Jap boats machine-gunned them hiding.

⁹⁹ Copy transmitted to the Department by the Navy Department.

394.115 Panay/197 : Telegram

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

TOKYO, December 25, 1937—noon.
[Received December 25—6:30 a. m.]

680. My 677, December 24, 6 p. m.¹

1. *Panay*. Complete report of findings of Naval Court of Inquiry received and communicated to the Minister for Foreign Affairs today. Repeated to Shanghai and Commander in Chief.

GREW

394.115 Panay/251

The Navy Department to the Department of State

WASHINGTON [undated].
[Received January 3, 1938.]

A confidential and thoroughly reliable source of information discloses that the Imperial Headquarters in Tokyo informed Admiral Hasegawa of the satisfactory settlement of the *Panay* affair, and directed him to take especial precautions in the future. Furthermore, Admiral Hasegawa was notified by the same authority that, unless American lives and property in China were respected, friendly relations with the United States could not be relied upon. On December 26th Admiral Hasegawa issued these instructions to his command.

394.115 Panay/211 : Telegram

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

TOKYO, December 29, 1937—10 a. m.
[Received December 29—2:20 a. m.]

694. Department's 381, December 28, 5 p. m.² I immediately consulted Prince Tokugawa³ with regard to the disposal of donations received in connection with the *Panay* incident and am in constant touch with the officers of the America-Japan Society who have agreed to handle the matter and are now discussing the most helpful way to use the funds in the interests of Japanese-American friendship. They now have under consideration the possible endowment of a hospital bed but it is difficult to reach a decision until the final approximate amount of contributed money can be ascertained. I have urged the

¹ Not printed.² Not printed; see Department's telegram No. 361, December 18, 6 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 530.³ President of the Japanese House of Peers and of the America-Japan Society.

importance of an early decision as well as a public statement by Prince Tokugawa as soon as the plans can be settled.

GREW

ATTITUDE OF THE AMERICAN GOVERNMENT ON EXPORT OF MILITARY MATERIAL TO CHINA AND SERVICE OF AMERICAN CITIZENS WITH CHINESE AIR FORCE⁴

793.94/9389 : Telegram

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

SHANGHAI, August 15, 1937—3 p. m.

[Received August 15—10:45 a. m.]

487. John Williamson, aviation instructor of Commission on Aeronautical Affairs of Chinese Government, has disclosed to me today that he and other aviation instructors, all Americans, are expected to advise and to instruct from the ground in the present conflict between China and Japan. (I have heard that unmarried men may be expected to serve as squadron leaders; but he does not confirm this.)

In reply to his question as to whether this would be in violation of the statutes, I have expressed the personal opinion that it would be so, inasmuch as there is actually an armed conflict approximating a state of war and he would be serving the combatant air forces of one power engaged in conflict with the forces of a power with which the United States is at peace.

In the absence from China of the District Attorney, I have informally consulted Assistant Attorney General Robert H. Jackson, at present in Shanghai, and while of course he has no official status in this jurisdiction he has expressed the opinion that such activity on the part of American citizens who are engaged by the Chinese Government in instructing, advising, and counselling military flying under the present circumstances, brings them squarely within the purview of the statutes.

Williamson says he will be guided by any advice I may give him and if it is as I state it above he will leave China at first opportunity. He asks, however, that his colleagues at Nanking be given same advice as is given him. I will communicate separately to the Embassy at Nanking the names of the Americans there who are concerned.

I request any instructions the Department may see fit to give in this matter.

Repeated to Nanking.

GAUSS

⁴For previous correspondence concerning the export of military material to China, see *Foreign Relations*, 1936, vol. iv, pp. 553 ff.

793.94/9389 : Telegram

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

WASHINGTON, August 17, 1937—7 p. m.

241. Your 487, August 15, 3 p. m. Department is of the opinion that activities of the American citizens described in first paragraph of your telegram reasonably come within the purview of Section 4090 of the Revised Statutes and may be prohibited by the United States Court for China pursuant to authority conferred on the Court by Section 1 of the Act of June 30, 1906.⁵

Williamson and other American citizens concerned should be so advised.

HULL

793.94/9510 : Telegram

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

SHANGHAI, August 19, 1937—8 p. m.

[Received August 19—noon.]

518. Reference my No. 487, August 15, 3 p. m. Japanese Consul General informed me this afternoon orally that Japanese have received reports that American aviation instructors are participating in the Chinese Air Force operations. I stated in reply that I had no information to confirm this report; that I knew that two of these instructors were in Shanghai at this time and that I have seen them daily and know they are not participating in any such activity; and that if he would inform me of the name and whereabouts of any American concerned I would put the information in the hands of American judicial authorities for consideration and proper action under the American law.

Repeated to Nanking.

GAUSS

893.20/608 : Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, August 21, 1937—2 p. m.

[Received August 21—9:50 a. m.]

Four American aviators, Floyd Nelson, Frank Havelick, Hugh L. Woods, and James Barr have landed in Hong Kong en route to Canton in plane owned by China National Aviation Corporation. Although Pan American Airways has minority interest in corporation, the latter is Chinese controlled and operates commercially in China. It there-

⁵ 34 Stat. 814.

fore cannot refuse to charter its planes even though charter is cover for military operations and it cannot resist outright requisition of plane by Chinese military authorities. The Consulate General cannot perceive how American aviators with plane can avoid direct or indirect military service if allowed to proceed to China, especially since Chinese National Aviation Corporation has canceled all its schedules.

In addition, pilot and mechanic, both Americans, of a plane belonging to Chiang Kai Shek ⁶ have also landed in Hong Kong temporarily.

The Consulate General has provisionally requested Hong Kong airport authorities to prevent all six Americans from proceeding to China by air where, direct or indirect, forced or voluntary, service in air force appears to be inevitable. Request approval of action and instructions regarding possible withholding of passports if individuals disregard my instructions to keep out of China.

Please reply by commercial.

DONOVAN

893.20/608 : Telegram

The Secretary of State to the Consul at Hong Kong (Donovan)

WASHINGTON, August 21, 1937—9 p. m.

Your August 21, 2 p. m.

1. In accordance with Department's telegraphic circular instruction of August 10, 6 p. m.,⁷ endorse passports as follows:

"This passport is not valid for travel to or in any foreign state in connection with entrance into or service in foreign military or naval forces."

2. Also call the attention of the Americans in question to the provisions of Section 221, Title 22, U. S. Code, and of Section 4090 Revised Statutes.

3. Confine your action within the limits set forth in paragraphs 1 and 2 above and refer the question as to departure from Hong Kong airport of Americans concerned to decision of airport authorities.

HULL

711.00111: Lic. Wah Chang Trading Corp./48

93

Memorandum of Conversations, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] August 30, 1937.

I called Mr. Bellanca, President of the Bellanca Aircraft Corporation, New Castle, Delaware, by telephone this morning. It was this

⁶ President of the Chinese Executive Yuan (Premier).

⁷ Not printed, but see letter of August 11 to the Secretary of War, vol. 1, p. 871.

company which manufactured the planes just exported to China on the S. S. *Wichita*, which has been the subject of so much recent publicity.

Mr. Bellanca confirmed the information which I already had that these planes were single engine planes with a maximum speed of 280 miles P. H., built to carry two persons—a pilot and a co-pilot. These planes are of the type originally constructed for carrying mail in the United States. Recent Government regulations prohibit their use for that purpose as they are not considered safe for long distance flights.

The planes were originally purchased by the Hanover Sales Corporation on behalf of the Spanish Government under a contract entered into with Bellanca last November. We refused to issue an export license for their exportation ostensibly to France, and the Hanover Sales Corporation was, therefore, left with them on their hands until they were able to dispose of them to the Chinese Government.

Nineteen planes were shipped on board the S. S. *Wichita*. The remaining plane is still under construction in the Bellanca factory at New Castle. Mr. Bellanca told me that it would probably be shipped to China in the near future. No armament of any description accompanied these planes.

I called Admiral Long [*Land*], Acting Chairman of the U. S. Maritime Commission, by telephone this morning. In response to my questions, he told me that the S. S. *Wichita* is owned by the United States Government, that it is under charter to the American Pioneer Lines, and operating on an approved schedule under a Government subsidy. The operation of the ship is entirely in the hands of the company which has chartered it.

J[OSEPH] C. G[REEN]

793.94/9873 : Telegram

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

NANKING, September 1, 1937—9 p. m.

[Received September 2—1:46 p. m.]

585. My 584, September 1, 8 p. m.⁸ During conversation which I had today reported in above telegram Madame Chiang,⁹ who now controls Chinese aviation, complained about United States action in refusing passports to American instructors in aviation whom the Chinese Government had invited to come to China even before the present conflict began. She also complained that four of the instructors recently with the Government had been persuaded to give up their work

⁸ Vol. III, p. 503.

⁹ Wife of Generalissimo Chiang Kai-shek.

by Government action at Shanghai and that the aviator operating her private plane who had gone to Hong Kong to test a plane had been persuaded to leave. She argued that to deprive China of this assistance at this time when German and Italian advisers were continuing peaceably with their work was "unneutral" in that it deprives China of instructors necessary to train pilots to operate American planes which make up 90% of China's Air Force. She also expressed the dire need that the Chinese Government is now in to have replacement parts for the American planes already here and the hope that the United States Government would not do anything to [prevent?] parts reaching China. To use her own words "I hope that the United States will really be neutral in this matter and not place any obstacles in China's way when it is fighting for its very life." Mrs. Chiang pointed out that this is not war and the United States Government should not prevent China from obtaining and using the instructors it so urgently needs for the training of pilots. She stated that instructors were not being asked to take part in the fighting.

Sent to Peiping, Shanghai.

JOHNSON

793.94/9922 : Telegram

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

WASHINGTON, September 7, 1937—6 p. m.

221. Your 609, September 6, 11 a. m.¹⁰ The Department suggests for your consideration, as a basis for comment in your discretion to Madame Chiang Kai-shek in regard to American aviation instructors, the following:

As you are aware, there is a strong feeling and belief on the part of the American people that American citizens should not participate or become involved in fighting which may be taking place in any foreign country or countries and that American citizens should withdraw from and not proceed to any foreign country where serious fighting is in progress. Such belief is held irrespective of the foreign country or countries where such fighting is occurring. It is obvious that the attitude of the Government must be responsive to the beliefs of the American people.

Although it might possibly be argued from a technical point of view that American aviators proceeding to China to give instruction in China's aviation schools would not be entering the military service of

¹⁰ Not printed.

a foreign country, the fact that such American aviators would be giving military instruction to Chinese military aviators at a time when serious hostilities are going on between China and Japan would place the activities of such American instructors within the concept of military service as generally understood by the American people. Moreover, if the activities of such American citizens in China should make them subject to the provisions of Section 4090 of the Revised Statutes, they would of course be liable to prosecution in the United States Court for China. (In this connection see Shanghai's 487, August 15, 3 p. m., and the Department's telegraphic reply 241, August 17, 7 p. m.)

On April 11, 1934, the Department issued a press release¹¹ reading in part as follows:

" . . . it should be stated that the Government of the United States disapproves of American citizens taking service in the armed forces of any foreign Government and if Americans do so it is on their sole responsibility and risk and they cannot look to their own Government for protection while in such service. Americans holding reserve commissions in our army will forfeit them if they enter the military service of a foreign country."

For years the Department has informed inquirers that it is not the policy of the Department to encourage American citizens to take service or to enlist in the military establishments of foreign countries.

As you know the American Government is making strenuous efforts to have American citizens in general withdraw from China. This action is in line with similar action taken in regard to the withdrawal of American citizens from Spain and from other regions of the world where serious hazards exist. The Department is for the time being not issuing passports valid for travel to China except in unusual circumstances (such as, for instance, urgent business or "for some reason which the Department may consider sufficiently urgent to warrant such issue".) In addition, your attention is invited to the Department's telegraphic circular instruction of August 10, 6 p. m.¹²

In the opinion of the Department the foregoing makes it clear that the attitude of this Government in regard to the matter under discussion is not an arbitrary attitude on the part of the American Government but represents an attitude taken in response to the strong beliefs of the American people; and that such an attitude is not applicable to China alone and is not motivated by any desire to injure China.

HULL

¹¹ *Foreign Relations*, 1934, vol. iv, p. 381.

¹² Not printed, but see telegram of August 21, 9 p. m., to the Consul at Hong Kong, p. 522.

793.94/10012 : Telegram

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

NANKING, September 10, 1937—4 p. m.
[Received September 10—11:35 a. m.]

635. Embassy received Shanghai's 487 to the Department¹³ on August 21 but until Department's telegram No. 221, September 7, 6 p. m. it did not know that Department had made any reply. Embassy has now asked for and received a copy of Department's 241, August 17, 7 p. m. to Shanghai. It would appear that Williamson requested and received the advice of the American Consul General at Shanghai in this matter. In so far as I am able to learn, no American adviser employed by the Chinese Government nor any one else has applied to this office for similar advice. I wonder whether it is the Department's desire that I take the initiative and seek out these men for the purpose of giving them advice, thus actively attempting to persuade them to desist from their work and leave the country.

Section 4090 appears to me to be permissive rather than mandatory in that it states that the duly constituted authorities of the United States "may issue all or any of writs to prevent". I do not recall that any general writ or decree has ever been issued by the United States Court for China nor have I any knowledge of any action having been sued out against any citizen of the United States under this provision of the statutes under any such writ or decree of the Court.

It seems to me that when citizens of the United States come to me for advice in this matter or unless the United States Court for China issues a writ or decree which specifically defines such service as these men are performing as falling within the meaning of the statute, I would have no warrant on the basis of the existing law for urging them to abandon their occupation and much less for threatening them with punishment.

In view of the already bitter feeling described in my 609 of September 6, 11 a. m.,¹⁴ I propose to take no action on my own initiative in this matter unless specifically instructed to do so by the Department.

In any case I would be grateful if the Department would express an opinion in regard to section 4090 of the Revised Statutes particularly as regards the necessity of some preemptory action by the United States Court for China in the form of a writ or decree authorization pending further instructions and specifically defining the method of the term "enlistment with military and naval service" and its applica-

¹³ Dated August 15, 3 p. m., p. 520.

¹⁴ Not printed; it made reference to the Ambassador's telegram No. 585, September 1, 9 p. m., p. 523 (793.94/9922).

tion to the type of service these advisers and instructors are performing.

Sent to the Department, repeated to Shanghai.

JOHNSON

711.00111 Lic. Wah Chang Trading Corp./89

93

Memorandum of Conversations, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] September 13, 1937.

In compliance with instructions, I called Mr. Kermit Roosevelt, President of the International Mercantile Marine Company—operators of the American Pioneer Lines—by telephone Saturday¹⁵ morning, and told him that a question had arisen of interest both to the Department and to his company which I would like to discuss in confidence as soon as possible either with him or with someone representing him. He replied that he would either come to see me today in person or would send someone to represent him.

Mr. J. J. Nolan, Washington representative of the International Mercantile Marine Company, called at my office this morning. I told him that the information in the possession of the Department led me to believe that it was extremely unlikely that the Japanese would permit the S. S. *Wichita* to carry its cargo of 19 planes to a Chinese port; that the Government was not prepared to provide naval escorts for American vessels attempting to transport arms to China; and that if the S. S. *Wichita* attempted to proceed to carry the planes to China, it might encounter grave difficulties and this Government might be faced with an embarrassing situation. I said further that I believed it probable that within the next few days some definite policy would be adopted by this Government which would make the voyage of the ship across the Pacific impossible. I suggested that, in view of the situation which I had outlined, the owners of the ship might wish to remove the airplanes in San Pedro before proceeding with the voyage across the Pacific.

Mr. Nolan said that he would transmit my message to Mr. Roosevelt and that he would communicate with me later in the day.

This afternoon Mr. Nolan called me by telephone and said that Mr. Roosevelt had decided that all that part of the cargo of the S. S. *Wichita* which was consigned to China would be unloaded at Manila, and that the ship would proceed from Manila to Hong Kong carrying nothing but the cargo consigned to that port.

¹⁵ September 11.

In view of the understandings reached in the course of several telephone conversations during the day with officers of the U. S. Maritime Commission, I made no comment on Mr. Nolan's statement.

The conversations to which I refer in the preceding paragraph are two conversations between the Secretary and Mr. Kennedy, Chairman of the Commission, and six or eight conversations which I had in the course of the day with Mr. Kennedy and with Mr. Lutz of the staff of the Commission. As a result of these conversations, Mr. Kennedy agreed to inform the owners of the S. S. *Wichita* that the ship was not to leave the harbor of San Pedro until further notice. He said that he would tell the owners to make any excuse they wished for the delay, and suggested that the excuse would probably be unforeseen engine trouble necessitating repairs which would require several days. Mr. Kennedy said that in the meantime he hoped to confer with the President and with the Secretary and that he would be informed definitely of the policy of this Government in respect to voyages by American vessels to Chinese waters. He said that as soon as that policy had been decided upon and communicated to him, he would take steps necessary to see that it was carried out.

J[OSEPH] C. G[REEN]

793.94/10012 : Telegram

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

WASHINGTON, September 15, 1937—11 a. m.

237. Your 635, September 10, 4 p. m. and Shanghai's 678, September 9, 9 p. m.¹⁶ It is no part of the Department's desire or intention gratuitously to impose hardships and burdens upon American nationals or to interfere unnecessarily with existing arrangements or commitments to which American nationals and firms are parties; nor do we wish to disturb unnecessarily arrangements which friendly governments may have made in good faith for the carrying on of their legitimate affairs.

In regard to American aviators employed by the Chinese Government before the beginning of the present hostilities, we take account of the fact that the arrangements for such employment of such aviators as instructors were made originally, during a previous Administration, with some assistance by certain agencies of the American Government.

Department's 241, August 17, 7 p. m., to Shanghai, was sent for guidance of the Consul General in making his reply to an express

¹⁶ *Ante*, p. 317.

inquiry by an American national. Department does not ask that you take the initiative toward asking American instructors who may still be in employ of the Chinese Government to desist from their employment as instructors. These nationals, just as all others, come within the purview of the Department's general effort to bring about evacuation of American nationals from China. If they choose not to respond to the general advice which is being given, the responsibility in that connection will be theirs just as in the case of all other American nationals. They should understand, however, that their Government looks with definite disapproval upon anything in the nature of military service with foreign governments by American citizens, and that there exist statutory provisions (Section 4090, Revised Statutes) relating to the matter of American citizens engaging in military activities in the extraterritorial jurisdiction of China. If any of them are so engaged, you should give definite warning to them that they cannot expect any form of protection from their Government while so engaged.

Two particular objectives of our present policy and course of action with regard to the Far Eastern situation are: (1) To keep this country at peace, (2) To safeguard the lives of American nationals.

It is the Department's view that in fairness to all concerned it might be helpful for you to make sure that all of the persons under reference whom you can reach be given clear knowledge of their Government's attitude and views as outlined above. No threats need be made.

With regard to whether Section 4090 is permissive or mandatory, the Department refrains from expressing an official opinion, as the interpretation of that section, were the question to be raised, would naturally devolve upon the United States Court for China. For your information, however, the Department observes that it would appear to be illogical to hold that the power originally conferred on the United States Minister to China and now exercised by the United States Court for China was intended to be merely permissive when consideration is given to the fact that one of the purposes of the power conferred on the Court is to prevent the commission of a capital offense as defined in Section 4102 of the Revised Statutes, namely, insurrection or rebellion against any of the governments referred to in that section which includes the Government of China. Inasmuch as the power of the Court to issue writs to prevent the engagement of citizens of the United States in insurrection or rebellion is coupled with the power "to prevent the citizens of the United States from enlisting in the military or naval service of either of the said countries to make war upon any foreign power with whom the United States are at peace", and as a failure to exercise that power in a proper case would appear to constitute a disregard of the intent of the neutrality

laws of the United States it would seem to be difficult to justify such a failure if the question should be raised by any government against whom the activities of American citizens in China might be directed.

HULL

793.94111/71

*Memorandum by the Adviser on Political Relations (Hornbeck) of a
Conversation With the Chinese Ambassador (C. T. Wang)*

[WASHINGTON,] September 15, 1937.

The Ambassador called this morning at my request (authorized by the Secretary).

I expressed appreciation of the Ambassador's having come in and said that I had asked him to come because I wanted to talk with him about the statement which the President had made yesterday¹⁷ on the subject of carrying by American vessels of arms, etc., to China and Japan. I said that I assumed that the Ambassador had seen accounts of the statement. The Ambassador said that he had seen the statement last evening and that, although he had had no word about it from his Government, he knew that it would be a great disappointment to China. Moreover, he hastened to say, it would have some effects in the nature of a "boomerang."

I then said that we of course could not suppose or profess to suppose that we were not aware that the Chinese would feel badly about our having taken this step; but that we hoped that they would take account of the reasons which had led to our decision, would try to see this action in its full and true perspective, and would take full account of the constant and obvious good will of this country toward China; and that I hoped that the good will of the Chinese toward this country would show itself too substantial to be greatly impaired by this. I said that I assumed that the Ambassador had observed the development of public opinion in this country during recent years on the subject of trade in arms and munitions of war and on the subject of discouraging warfare and keeping this country out of war; I referred to the long period during which neutrality legislation was in process of enactment, to the discussions, and to the Act¹⁸ itself; then, to the demands which have come vociferously from various quarters since July 7 that the Neutrality Act be put into effect; and to the fact that the Administration has for more than two months refrained and is still refraining from putting the Act into effect. I said that the

¹⁷ *Foreign Relations, Japan, 1931-1941*, vol. II, p. 201.

¹⁸ Approved August 31, 1935; 49 Stat. 1081; as amended February 29, 1936, and Mar. 1, 1937, 49 Stat. 1152 and 50 Stat. 121.

action taken yesterday was taken essentially as a matter of domestic policy and not for the purpose of affecting the course of the conflict between China and Japan. I said that its principal effects would be, first, to diminish the amount of insistence in this country that sweeping action such as is provided for in the Neutrality Act be immediately taken and, second, to diminish the likelihood of unfortunate complications which might be brought about if American ships proceeded with cargoes of arms and munitions into Far Eastern waters. The Ambassador stated that the effect would be to make more difficult for China the efforts in which the Chinese are engaged of self-defense. He said that he felt that the United States was "forgetting its moral obligations."

I said that we had given a tremendous amount of thought to various questions which the Chinese-Japanese hostilities have created, that we have weighed a great many considerations, that I do not feel that we are forgetting or overlooking or disregarding any obligations, either moral or legal; but that the problems involved are complicated, some considerations come into conflict with other considerations, and we are trying at each moment and in each decision that we make to be considerate of the rights and interests of all concerned and to harmonize conflicting interests as far as that is possible. I said that this action covers only what it covers, the matter of carrying by American ships of arms and munitions; the possible adverse effect on China's interests would not, in my opinion, be very great; the prohibition extends to carrying both into China and into Japan; public opinion in this country has already gone far toward discouraging many American would-be suppliers from engaging in the trade, either as regards supplying or as regards carrying; the possibility of Japan's seizing such cargoes was in itself a deterrent to the trade; if we took no notice, the demand in this country for drastic action to prevent any supplying would become increasingly insistent. The Ambassador said that, regardless of all these considerations, he knew that our action would be a great disappointment to his people. (The Ambassador's own attitude was one of impatience of explanation.)

The Ambassador then put abruptly this question. Will the American Government participate in the work of the Advisory Committee of the League? I replied that to the best of my knowledge no conclusion had been come to here on that subject; the League has just begun its meetings¹⁹ and has not indicated what course it intends to pursue; the Chinese have brought the matter to the attention of the League and it remains to be seen how the League will handle the matter; the initiative as between the League and this country lies

¹⁹ See pp. 1 ff.

with the League. The Ambassador said that China would very much like to know what is our attitude in regard to that matter. I did not attempt reply to that observation. I went on to say that a number of problems which have already arisen will call for patient and sympathetic handling over probably weeks and months to come and that hasty action and hasty judgments should be avoided. I said that what I had said to the Ambassador had been with the previous knowledge and approval of the Secretary; that we wanted the Ambassador and his Government to understand that this Government was animated by a desire to be helpful to other nations and with no desire whatever to injure any; that we wanted to be considerate of all interests; that we wanted to avoid drastic action; we wanted to act with care and with ample deliberateness; and that if the Ambassador would consider the matter in a comparative light he would see that the deprivation which our action may impose upon China is only a fraction of what might be the case if we acted impulsively or without balancing the many considerations involved.

I repeated that I had spoken about the matter which I had brought up under authorization. I suggested that, in reporting to his Government, the Ambassador say that this was the view presented to him by the Department without specifying by what officer it had been presented. The Ambassador indicated that the suggestion was agreeable to him.

793.94111/58a : Telegram

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

WASHINGTON, September 15, 1937—8 p. m.

239. 1. The President yesterday issued a statement²⁰ forbidding merchant vessels owned by the United States Government to transport to China or Japan any arms, ammunition or implements of war listed in the President's proclamation of May 1, 1937,²¹ and stating that other merchant vessels flying the American flag which attempted such carriage would do so at their own risk.

2. In a conversation this morning, the Chinese Ambassador stated: [Here follows summary of all but last two paragraphs of memorandum printed *supra*.]

3. I ask that, as opportunity occurs, you present this matter to your Chinese contacts in the light of these considerations. You might in addition point out that, for the present at least, the only thing forbidden or discouraged by this action is the carrying of the commodi-

²⁰ *Foreign Relations, Japan, 1931-1941*, vol. II, p. 201.

²¹ 50 Stat. 1834.

ties specified to Japan and to China by American ships. You might suggest that, as the situation develops and as steps are taken progressively by the American Government for the carrying out of its general policy of peace, effects adverse to one or the other of the conflicting countries which may flow from some steps will in all probability be offset by effects favorable which will flow from other steps. You should stress to your hearers that in the past this country has done deliberately many things with the purpose of being helpful to China and that the Chinese should not forget those things simply because some action which we take primarily in pursuance of our general peace policy happens by virtue of its withholding something to be disappointing to China. You should emphasize the long swing and the general trend of policy and action in comparison with the short swing and a particular action at a particular moment.

HULL

711.00111 Armament Control/1501

Memorandum of Conversations, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] September 16, 1937.

Mr. Lutz, of the United States Maritime Commission, called at CA ²² early this afternoon. In my absence, he showed Mr. Allen ²³ two drafts of a press release in regard to the action which the Commission proposed to take pursuant to the President's statement of September 14, 1937, prohibiting Government-owned merchant vessels from transporting arms to China or Japan. Mr. Lutz said that the Commission proposed to issue this release in one or the other form immediately unless the Department perceived some objection.

Mr. Allen pointed out that the action which the Commission proposed to take and to announce to the public far exceeded the action which the President apparently intended should be taken pursuant to his announcement. In particular, the Commission proposed to prohibit Government-owned merchant vessels from transporting any of the enumerated arms to third countries if there were any reason to assume that the ultimate destination of the arms would be China or Japan.

Mr. Allen took Mr. Lutz to the Secretary's office, and the Secretary suggested various radical changes in the proposed press release.

Later in the afternoon, Mr. Kennedy, Chairman of the Commission, called me by telephone and said that, in view of the Secretary's

²² The Office of Arms and Munitions Control.

²³ Edgar P. Allen, of the Office of Arms and Munitions Control.

objections to the original draft, as expressed to Mr. Lutz, the Commission had made a new draft, which he read to me over the telephone, as follows:

"Conforming with the statement of policy made by the President on September 14, the United States Maritime Commission yesterday issued an order prohibiting the transportation on Government owned vessels from the United States or its possessions to China or Japan of arms, ammunition or implements of war as listed in the President's Proclamation of May 1, 1937, irrespective of whether or not the voyage already has commenced. Immediately affected by the Commission's order was the Steamship *Wichita* which is operated in the Far East trade for the account of the Commission by the Roosevelt Steamship Company of New York. The Steamship *Wichita* sailed in August from the Atlantic Coast carrying among her cargo nineteen airplanes and a miscellaneous shipment of small arms. Prior to the vessel putting into San Pedro, California, to refuel for her trans-Pacific voyage, the Commission had directed that the airplanes and small arms be discharged at that port. It is expected that the discharge of the airplanes and small arms as directed by the Commission will be completed late today, whereupon the Steamship *Wichita* will continue her voyage."

After consulting the Secretary, I called Mr. Kennedy again by telephone and suggested that the statement be issued to the press in the following form:

"Conforming with the statement of policy made by the President on September 14, the United States Maritime Commission yesterday issued an order prohibiting the transportation on Government owned vessels from the United States or its possessions to China or Japan of arms, ammunition or implements of war as listed in the President's Proclamation of May 1, 1937.

"This order will be complied with by all Government owned vessels, including the SS *Wichita*."

Mr. Kennedy offered strenuous objection to the proposed change, stating that, in his opinion, such a statement as the Secretary suggested would lead the press to believe that the Commission was attempting to hide something and would result in a series of articles attempting to disclose matters not covered by the release. He said that, nevertheless, he would defer to the Secretary's desires in the matter and would issue the release in the form which I suggested.

In the course of our conversation, Mr. Kennedy stated that in the cargo of the SS *Wichita*, in addition to the nineteen planes which were consigned to Hong Kong, and not to Shanghai, as previously stated, there were a small shipment of arms and ammunition consigned to Shanghai and a small shipment of arms and ammunition consigned to Saigon. He said that the Commission had ordered the master of the *Wichita* to unload all of these articles at San Pedro.

I suggested to Mr. Kennedy that the Commission seemed to me by this action to be exceeding the President's instructions, particularly in ordering a consignment of arms destined to Saigon to be unloaded at San Pedro.

Mr. Kennedy replied that he did not believe that the vessel could safely proceed to Far Eastern waters if it were carrying any arms whatsoever. He said that he felt that the action of the Commission had made it possible for the Department to inform the Japanese that there were no arms included in the cargo of the SS *Wichita*. He expressed the opinion that, unless the Japanese Government understood this fact clearly, the vessel would undoubtedly run afoul of Japanese warships.

J[OSEPH] C. G[REEN]

793.94111/62a : Telegram

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

WASHINGTON, September 18, 1937—3 p. m.

246. Canton's September 16, 6 p. m.,²⁴ contained a paragraph as follows:

"Spokesman military headquarters inquired regarding significance of new restriction on transportation munitions on American Government owned ships and warning other American ships and said his office was much perturbed; China had ordered considerable quantities American military supplies and was depending on their prompt arrival."

The Department suggests that you carefully paraphrase and repeat in confidential code its 239, September 15, 8 p. m., to Canton, Shanghai and Hankow, with the request that the Consuls General be guided by the thoughts and suggestions set forth therein in their contacts and conversations with Chinese officials.

HULL

793.94111/60 : Telegram

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

NANKING, September 18, 1937—8 p. m.

[Received September 18—1:22 p. m.]

683. Department's 239, September 15, 8 p. m. During a visit with the Minister for Foreign Affairs²⁵ this morning I introduced the subject of President's order and explained situation along the line of

²⁴ Not printed.

²⁵ Wang Chung-hui.

views expressed by the Department. Doctor Wang said that Chinese Government was deeply disappointed at interruption of shipment of materials. He stated that in the light of the mandatory character of the Neutrality Act he appreciated attitude and moderate action taken.

JOHNSON

711.00111 Lic. Du Pont de Nemours & Co. Inc. E. I./4

93

Memorandum of Conversation, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] September 20, 1937.

Major K. K. V. Casey of E. I. du Pont de Nemours and Company called at my office this morning. He referred to our conversations reported in my memoranda of August 31 and September 1,²⁶ in regard to contracts between du Pont and its subsidiaries on the one hand and the Chinese Government or its agents on the other hand. He said that du Pont was carrying out its contract for the sale of 1,000 tons of TNT and that Remington was carrying out its contract for the sale of 11,000,000 cartridges, but that after long discussion the executive committee of du Pont had finally decided that neither the parent company nor its subsidiaries should enter into any further contracts for the sale of arms for export to China during the present conflict in the Far East. Major Casey said that there was wide divergence of opinion among the members of the executive committee as to the wisdom of this decision, and that he personally felt that the decision was unwise.

I expressed some surprise that arms manufacturers should feel it incumbent upon them to decide for themselves that arms should not be exported to China in view of the fact that the Government was issuing export licenses authorizing such exportation, had not availed itself of the authority conferred by various laws to refuse to issue such licenses, and had not made any statement that such exportation was contrary to its policies. I pointed out that the President could prohibit the exportation of arms to China without proclaiming the Neutrality Act to be in effect by merely directing that no exceptions should be made to the prohibition contained in President Harding's Proclamation of January 31, 1922,²⁷ which is still in effect. I added that I hoped that in any conversations with the Chinese Ambassador or with any other representatives of the Chinese Government, the representatives of his company would make it clear that the action

²⁶ Neither printed.

²⁷ Proclamation declared March 4, 1922, under authority conferred by a Joint Resolution of Congress of January 31, 1922, *Foreign Relations, 1922*, vol. 1, p. 726.

taken by the company was taken by it of its own volition and not as a result of any alleged expression of the desires of the Government.

Major Casey said that he would try to see to it that his company assumed full responsibility for its own decisions and he added that if any of the executives of the company were in any doubt as to the laws governing the issuance of export licenses, or as to the policy of the Government, they might wish to call at the Department to discuss these matters.

J[OSEPH] C. G[REEN]

711.00111 Lic. Wah Chang Trading Corp./106

93

Memorandum of Conversation, by Mr. Edgar P. Allen of the Office of Arms and Munitions Control

[WASHINGTON,] September 22, 1937.

Mr. Douglas D. Crystal of the firm Single and Tyler, Attorneys, 116 John Street, New York, came in to see me on September 21, stating that he represented the Wah Chang Trading Company to whom license No. 3174 was issued on August 9, 1937, authorizing the export of twenty Bellanca airplanes to China. Nineteen of these planes were taken off the SS *Wichita* following the issuance of the President's statement of September 14. Mr. Crystal indicated that shipment probably would be made on a vessel of foreign registry and inquired whether the export license which has already been issued would be sufficient authorization for such export. I replied that the license already issued authorizes the export of the shipment to China and that no further action would be required, adding that, if any difficulty should be encountered, the Department would, if a new license should be required by the Treasury Department, issue a new license upon the receipt of an application therefor and of appropriate notification from the Chinese Embassy in Washington. I telephoned Mr. Robinson of the Bureau of Customs in regard to the matter. Mr. Robinson informed me that there should be no difficulty whatever in connection with the export of this shipment and that, if any question is raised by the Collector of Customs on the West Coast, the Collector concerned should communicate by telegraph with his superiors in Washington and appropriate instructions would be sent to him by the Secretary of the Treasury authorizing the export of the shipment. I informed Mr. Crystal and he expressed appreciation.

Mr. Crystal inquired whether, should the shipment arrive at Manila in transit to China and should the President issue a proclamation prior to the departure of the shipment from Manila, the shipment might still be permitted to proceed from Manila to China. I replied

that I felt certain that, in the event the President should issue a proclamation proclaiming the existence of a state of war between China and Japan, the departure thereafter from Manila of this shipment of airplanes would not be permitted.

Mr. Crystal telephoned from New York on September 22 and said that, in view of the fact that most of the boats traveling to the Far East go first to Japan, it will probably be necessary to ship the airplanes to Manila and make transshipment from there to some other point possibly in Indochina. He inquired whether there would be any license difficulties at Manila. I replied that, since the shipment was duly licensed for China and was proceeding to Manila strictly in transit to its ultimate destination, no license would be required either for its import into the Philippines or for its export therefrom. I added that, if any difficulties should be encountered in the Philippines, appropriate instructions could be issued from Washington. He then inquired whether a new license would be required should the shipment go to Indochina in transit to China. I expressed the opinion that it would not but informed him that the Department has received a letter from the Wah Chang Trading Corporation on this point and that an official reply²⁸ would be made thereto either today or tomorrow.

E. P. ALLEN

711.00111 Lic. Martin Company, Glenn L./21 : Telegram

93

The Secretary of State to the Consul at Hong Kong (Donovan)

WASHINGTON, September 22, 1937—11 a. m.

Telegram of August 26 and instruction of August 27,²⁹ in regard to arms export license No. 2965. Glenn L. Martin informs me that its mechanics in Hong Kong are to assemble the planes.³⁰ One of the mechanics, Harry Roland, care Pan American Airways, is stated to have in his possession a letter presumably from a consular officer, informing him that he will render himself liable to fine and imprisonment if he assists the Chinese Government in any way. This letter appears to have raised doubts in the minds of the mechanics as to whether they can legally proceed with the assembling of the planes.

The Department perceives no legal or other objection to the assembling by American mechanics of these planes which were legally

²⁸ Not printed; the Department informed the Wah Chang Trading Corporation that it would not be necessary to amend these licenses, provided that China remained the country of ultimate destination.

²⁹ Neither printed.

³⁰ Three airplanes, nine machine guns, and various other items were shipped on Chinese vessel, *Tai Yin*, to the Chinese Minister of Finance, Kung.

exported. Unless circumstances unknown to the Department lead you to some other conclusion, you should so inform Roland.

Report by telegram giving text of the letter in question.

HULL

711.00111 Lic. Martin Company, Glenn L./22 : Telegram

93

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, September 25, 1937—9 a. m.

[Received 9:30 a. m.]

Your telegram of September 22, 11 a. m. Roland states a Martin bomber formally delivered to Chinese Government May 17th crashed at Nanchang about August 20th. Chinese thereupon exerted pressure on him to take two American mechanics Foster and Gody and proceed to Nanchang to repair plane. Roland asked Consulate General at Shanghai whether desired action would contravene American law and was given a letter citing sections 21 and 22, title 18 and section 167, title 22 of the Code of Laws. Roland transmitted to the Martin Company about September 1st by ordinary mail a copy of Shanghai Consul General's letter. To escape China pressure he sent the mechanics to Manila to await orders, informing Martin Company of that fact by cable.

Roland understands perfectly Shanghai Consulate General's letter refers only to work in China on planes already property of Chinese Government and not to assembling in Hong Kong prior to delivery; he is unable to explain how misconception arose at Martin headquarters.

One hundred and fifty word text of Shanghai's letter will be transmitted if still desired.³¹

DONOVAN

711.00111 Lic. Du Pont de Nemours & Co. Inc. E. I./5

93

Memorandum of Conversation, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] September 30, 1937.

Major K. K. V. Casey, of E. I. du Pont de Nemours and Company, called on me this afternoon. He handed me the attached copy of a letter from Mitsubishi and Company³² inquiring whether du Pont

³¹ See telegram of October 6 [9?], 2 p. m., from the Consul at Hong Kong, p. 543.

³² Not printed.

would be willing to enter into negotiations for the sale of a license to construct a nitric acid plant in Japan. He said that the company had refused to consider the proposal. He added that a nitric acid plant would probably be used five percent for military purposes and 95 percent for civil purposes in time of peace but that the proportions would probably be reversed in time of war.

I asked Major Casey whether the du Pont Executive Committee had reconsidered its resolution not to permit du Pont or any of its subsidiaries to sell arms and ammunition to China and Japan during the present conflict.

Major Casey replied in the negative. He said that Mr. Li,³³ of the Wah Chang Trading Corporation, had within the last few days attempted to persuade du Pont to make further sales for export to China and that Mr. Li had been informed that such sales would not be made unless du Pont were to receive a letter from the Secretary of State informing it that in his opinion such sales were in the interest of the United States.

I told Major Casey that I doubted very much whether du Pont would receive such a letter.

J[OSEPH] C. G[REEN]

711.00111 Lic. Du Pont de Nemours & Co. Inc. E. I./6

95

Memorandum of Conversation, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] October 1, 1937.

Mr. Tswen-ling Tsui, Second Secretary of the Chinese Embassy, called at my office this afternoon. He said that Mr. Li of the Wah Chang Trading Corporation, agents of the Chinese Government, had informed him that du Pont refused to sell any more arms or ammunition for export to China, or even to make delivery under existing contracts, unless the sale of arms for export to China were specifically authorized by the Secretary of State.

I told Mr. Tsui that I thought there must be some misunderstanding on at least two points. I said that I had been informed by an officer of du Pont that the Company would not, for the time being, sell any arms or ammunition of a specifically military character for export to any country, but that I did not understand that this ruling was applicable to existing contracts, nor could I understand that du Pont could have any doubt that the Department would authorize, by the issuance of export licenses, any shipments to China which the Chinese Embassy desired.

³³ K. C. Li, president of the Wah Chang Trading Corporation.

I said that in order to clear up any possible misunderstanding I would, if Mr. Tsui desired, call Major Casey of du Pont by telephone. Mr. Tsui requested me to do so.

I told Major Casey that Mr. Tsui was in my office and repeated to him what Mr. Tsui had just told me.

Major Casey confirmed my understanding, (1) that du Pont would not, for the time being, make any sales of arms or ammunition of a specifically military character for export to any country, unless a written request that it do so were received from the Secretary of State; (2) that this ruling was not applicable to existing contracts and that du Pont was proceeding to fulfill its existing contracts with the Wah Chang Trading Corporation, and (3) that du Pont realized fully that it could obtain licenses authorizing the export of arms to China if the Chinese Embassy requested that licenses be issued. Mr. Tsui had heard my end of the conversation and I told him what Major Casey had said to me.

I explained to Mr. Tsui that it was my clear understanding that du Pont's refusal to sell for export at this time was not motivated by any desire to make difficulties for the Chinese Government. I pointed out that it was general in its application, and I said I believed that it was motivated by a desire not to give any further excuse for unfavorable publicity of the nature of that to which the Company had been recently subjected.

Mr. Tsui spoke of the dire need of China for arms and ammunition at this time and he expressed the hope that the Department might be willing to request du Pont to sell to agents of the Chinese Government. I made no comment and he did not press the point.

J[OSEPH] C. G[REEN]

711.00111 Lic. Wah Chang Trading Corp./133

93

Memorandum of Conversations, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] October 5, 1937.

Mr. Tswen-ling Tsui, Second Secretary of the Chinese Embassy, called at my office this morning. He showed me a letter which Mr. K. C. Li, President of the Wah Chang Trading Corporation, had addressed to the Chinese Ambassador, in regard to the difficulties which his company was encountering in connection with the purchase of explosives from du Pont. He complained bitterly that Wah Chang had recently purchased, on behalf of the Chinese Government, 3000 bombs in the expectation that it would later purchase 750 tons of TNT to fill those bombs, but that now du Pont refused to sell the necessary

TNT and no TNT was available elsewhere. The bombs he said were therefore useless. He added that this country had already inflicted great injury upon China in refusing to permit arms to be exported in American owned ships, and he seemed to interpret this refusal of du Pont to enter into further contracts with Wah Chang as another blow aimed by this country at China. It appeared from his letter that Mr. Li wished to give the Ambassador the impression that the Department had requested du Pont to fill this order, but that du Pont was nevertheless refusing to do so. He begged the Ambassador to attempt to prevail upon the Department to take up the matter with du Pont.

I told Mr. Tsui that the Department had had no communication with du Pont in regard to the difficulties which his Government was encountering in making purchases from that company, other than the telephone conversation which I had had in his presence on October 1 with Major Casey and that he had heard what I had said to the Major.

Mr. Tsui asked me to write to du Pont requesting at least that it agree to sell 750 tons of TNT to Wah Chang.

I told Mr. Tsui that I believed that it would be contrary to the practice of the Department to request an American company to enter into any particular transaction. I reiterated what I had told him on October 1 that the refusal of du Pont to sell any further arms or ammunition of a specifically military character was general in its application.

Major K. K. V. Casey of du Pont called at my office this afternoon. He showed me a letter which he had received from Mr. Li and permitted me to make the copy which is attached hereto.³⁴ He said that upon receipt of this letter he had telephoned to several officers of du Pont asking whether they had received any telephone message from any officer of the Department such as that quoted in Mr. Li's letter. Unable to obtain any information, he called Mr. Li by telephone and asked him who had telephoned the message and to whom it had been telephoned. Mr. Li replied that I had telephoned the message to the Major himself. The Major said that he had thereupon categorically denied that I had ever said anything of the kind, adding that if I had, such a message would have been utterly without result as the company would require a written request from the Department before it would make any exception to its general policy of refusing to sell for export any arms or ammunition of a specifically military character.

Major Casey said that he personally was opposed to the policy which had been adopted by du Pont, and that his attitude was shared by other officers of the company, including Lammot du Pont himself.

³⁴ Not printed.

He spoke of the company's policy as "a private neutrality policy" and he made it clear that it was motivated by a desire to avoid being "crucified by publicity".

J[OSEPH] C. G[REEN]

711.0011 Lic. Martin Company, Glenn L./25 : Telegram

93

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, October 6 [9?], 1937—2 p. m.

[Received October 9—2: 52 p. m.]

Department's telegram of October 7, 7 p. m.³⁵ Following is text of letter from Gauss, American Consul General at Shanghai to Harry Roland, dated August 26, 1937, of which the original has been seen by me:

"You have informed this office that the Central Trust solicits the despatch of Mr. F. G. Foster and Mr. J. Gody, two American citizens, attached to your company to proceed to Nanchang for the purpose of repairing a Martin bomber understood to have been sold by you to the Chinese Government.

In view of the present combat operations between the Chinese and Japanese forces, the Consulate General considers it unsafe for Americans to proceed to Nanchang at this time. Further, in this connection, your attention is directed to section 21 and 22, title 18, and section 167, by [title] 22, Code of Laws of the United States, which govern service by American citizens with foreign armies in event of war between countries with which the United States is at peace."

DONOVAN

711.00111 Lic. Martin Company, Glenn L./29

93

Memorandum of Conversations, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] October 14, 1937.

Mr. J. T. Hartson of the Glenn L. Martin Company called me by telephone from Baltimore this morning. He said that the three planes which were exported under License No. 2965 issued on July 30, 1937, and amended on August 19,³⁶ had been put ashore in Manila. He referred to his statements in previous conversations that these planes were already the property of the Chinese Government, but that the Glenn L. Martin Company had agreed to assemble them before final delivery to the Chinese. It had been the intention of the Company

³⁵ Not printed.

³⁶ See footnote 30, p. 538.

to have them assembled by its mechanics who are now awaiting their arrival in Hong Kong. The captain of the steamship *Tai Yin*, exercising the authority vested in all masters of vessels to land cargo at some port other than the port of destination named in the shipping documents if such action appears necessary to safeguard the cargo, has, however, put the planes ashore at Manila. Mr. Hartson said that it was now proposed by the Chinese Government that his Company arrange to have the planes assembled in Manila, whence they would be flown by Chinese aviators to China. He asked whether the Department would have any objection to the proposed procedure.

I told Mr. Hartson that as China was named on the export license as the country of final destination, no question could arise as to the validity of the license merely because the planes left United States territory at Manila, or because the planes were not shipped via Hong Kong in accordance with the plans which the Company had in mind when the license was amended on August 19. I added that it was my offhand opinion that some objection to the proposed procedure might arise on the ground that it would constitute a violation of the law prohibiting the setting on foot in American territory of a military expedition against a state with which the United States is at peace. I emphasized that this was mere offhand opinion on a question to which I could not give him a definite answer until I had consulted other officers of the Department. I suggested that in order to avoid any question of law or policy, it would seem to be preferable for the Chinese Government to arrange to send the planes crated by sea from Manila to Hong Kong and to have them assembled by the Company's mechanics there.

Mr. Hartson said that he agreed with me that it would be preferable to obviate any possible objection on the part of this Government by sending the planes to Hong Kong to be assembled. He added that if the planes were assembled in Manila, the Chinese would undoubtedly wish to have them armed before their departure for China, and that the flight might, therefore, be held to constitute an armed expedition.

The law to which I referred in my conversation with Mr. Hartson is U. S. C., title 18, section 25, which provides:

"Whoever, within the territory or jurisdiction of the United States or of any of its possessions, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or who takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined not more than \$3,000 or imprisoned not more than three years, or both."

Mr. Tswen-ling Tsui, Second Secretary of the Chinese Embassy, called at my office this afternoon. He described the situation which

Mr. Hartson had described to me in the morning, and he asked me whether this Government would have any objection to the Chinese Government's flying the planes equipped with armament from Manila to China.

I told Mr. Tsui that I could not answer his question until I had consulted my superiors, but that it occurred to me that the Chinese Government might wish to avoid any possibility of objection by arranging to have the planes shipped to Hong Kong and assembled there.

Mr. Tsui said that he agreed with me and although I had made no reference to the law of which I had spoken to Mr. Hartson, Mr. Tsui volunteered the suggestion that the flying of armed planes from Manila to China might be considered as constituting the use of American soil as a base for an armed expedition, and that if it were so considered he foresaw the possibility of various complications.

I told Mr. Tsui that I hoped that his Government would attempt to carry out the alternative procedure and that I would communicate with him later if I had anything further to tell him in answer to the question which he had raised.

J[OSEPH] C. G[REEN]

711.00111 Lic. Martin Company, Glenn L./28

93

The Secretary of State to the Secretary of War (Woodring)

WASHINGTON, October 20, 1937.

The Secretary of State presents his compliments to the Honorable the Secretary of War and acknowledges the receipt of his letter of October 18, 1937, transmitting a copy of a confidential radiogram³⁷ received in the Bureau of Insular Affairs from the United States High Commissioner to the Philippine Islands, in regard to a proposed shipment of three airplanes from Manila to Hong Kong.

Mr. Hull would appreciate it if Mr. Woodring would transmit to the High Commissioner a reply as follows:

The President on September 14, following a conference with the Secretary of State and the Chairman of the United States Maritime Commission, issued a statement in part as follows:

“Merchant vessels owned by the Government of the United States will not hereafter, until further notice, be permitted to transport to China or Japan any of the arms, ammunition, or implements of war which were listed in the President's Proclamation of May 1, 1937.

³⁷ Neither printed.

“Any other merchant vessels, flying the American flag, which attempt to transport any of the listed articles to China or Japan will, until further notice, do so at their own risk.”

No restrictions other than those indicated in the President's statement are in effect in respect to the transportation of arms to China or Japan. There are, however, no restrictions in effect in respect to transportation of arms to Hong Kong whatever the intended ultimate destination may be.

711.00111 Armament Control/1563

Memorandum of Conversation, by the Chief of the Office of Arms and Munitions Control (Green)

[WASHINGTON,] November 1, 1937.

Mr. R. G. Ervin, President of the P. and E. Corporation, 420 Lexington Avenue, New York, New York, called on Mr. Welles³⁸ this morning by appointment. I was present during the conversation.

Mr. Ervin asked whether it would be contrary to the law or to the policy of the Government for an American corporation to purchase a large number of rifles in this country and to export them to China.

He was informed that if an American corporation were to purchase rifles from American manufacturers, it could, by complying with the laws and regulations governing the registration of exporters of arms and the issuance of arms export licenses, export them to China and that such action would not contravene the policy of the Government.

Mr. Ervin said that he referred not to rifles purchased from American manufacturers, but to Enfield rifles which the Corporation proposed to purchase from the War Department.

Mr. Ervin was informed that the War Department possessed no surplus Enfield rifles; that no surplus of such rifles was likely to be declared in the immediate future; and that moreover it was contrary to the policy of the Government to sell arms for export to any country.

J[OSEPH] C. G[REEN]

711.00111 Armament Control/1568

Memorandum of Conversation, by the Assistant Chief of the Office of Arms and Munitions Control (Yost)

[WASHINGTON,] November 5, 1937.

Captain H. Tauscher, President of the H. Tauscher Arms Corporation of New York City, called this morning to say that they had been approached by a British company which desired to purchase half

³⁸ Sumner Welles, Under Secretary of State.

a million Mauser rifles for shipment to Singapore. Captain Tauscher did not endeavor to conceal that the rifles would doubtless be transhipped to China. He said that he was not able to provide such a quantity of Mauser rifles for immediate delivery but that he had come to Washington in an effort to obtain a like quantity of Springfields from the War Department. He said that he had found that the War Department did not have Springfields available but that it did have a considerable number of Lee-Enfields which could be declared surplus and sold. He added, however, that the War Department refused to do business with him until the State Department had approved the proposed transaction. I described to Captain Tauscher the long-standing policy of this Government prohibiting the sale by the Government of arms for export to foreign countries. I added that this policy had been expressly included in the latest War Department regulations in regard to the sale of surplus arms and that it was not my belief that the Secretary of State would wish to request the Secretary of War to ignore the regulations which he had promulgated and which were based on this traditional policy. I said, however, that I would bring his request to the attention of my superiors and would inform him if the Department had any comment to make in regard to this transaction.

On consulting the War Department informally, I found that it did have two million Lee-Enfield rifles of which it wished to dispose, but that it would, of course, be contrary to its regulations to sell them for export.

C[HARLES] W. Y[OST]

893.113/1668

The Consul General at Hong Kong (Southard) to the Secretary of State

No. 54

HONG KONG, December 22, 1937.

[Received January 19, 1938.]

SIR: I have the honor, in continuation of the Consulate General's previous despatches on the transit and transshipment of war materials at Hong Kong, to report that I have just been informed by Mr. H. S. Wu of Inter-Continent China, Limited, (this organization and its purposes were discussed in the Consulate General's Strictly Confidential No. 28 of December 2nd, 1937³⁹) that arrivals of airplanes via Hong Kong for the Chinese Government are increasing and that transshipment is keeping Inter-Continent China quite busy.

³⁹ Not printed.

Mr. Wu summarized outstanding orders placed by the Chinese Government on which deliveries are now beginning, at about 1000 planes from Russia, about 300 planes from France, and about 200 each from the United States, England and Germany. He claims that these planes have all been definitely contracted for and that complete delivery is expected within six months.

An arrangement must, says Mr. Wu, be made for trucking at least some of these planes from Hong Kong to Canton by highway because the railway cannot carry them all and the bigger ones (bombers) cannot be so loaded as to clear tunnels on the Kowloon-Canton Railway. He asserts that the highway from the frontier of the British Leased Territory to Canton is now ready for use. I asked him if arrangement had been made to set up any of the planes here in order that they might be flown into China. He replied that arrangements would soon, he thought, be completed with the local British authorities to permit the setting up within the Colony limits of any planes of British origin. They could then promptly go under their own power into China.

Considerable trouble is at this moment being experienced, said Mr. Wu, with five very large American bombers recently landed in Hong Kong which are too large for shipment on the Railway and for the setting up of which, within the Colony limits, permission has not yet been obtainable from the British authorities.

My informant further stated that about one hundred and twenty-five anti-aircraft guns intended for transshipment at Hong Kong have lately been taken over by the local authorities and installed here in connection with Colony anti-aircraft defenses. This office has lately made various reports on Hong Kong preparations against possible attacks from the air.

Mr. Wu cites these substantial orders for airplanes as first-class evidence of Chinese intention to continue indefinitely the fight against Japan. In reply to a question he stated that financial arrangements for the payment of the planes ordered had been completed, and mentioned the figure of 600,000,000 francs as the amount so far expended in France for the purpose. He admitted that there would probably be much difficulty in obtaining a sufficient number of trained pilots to man these planes, but was of the opinion that the training of Chinese pilots by American instructors was progressing and that several foreign pilots, from Europe and America, were under engagement for China.

Very respectfully,

ADDISON E. SOUTHWARD

CHINA

MEASURES TAKEN BY THE UNITED STATES FOR THE PROTECTION OF AMERICAN LIVES AND PROPERTY IN CHINA¹

893.00/13872 : Telegram

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

SHANGHAI, January 6, 1937—5 p. m.

[Received January 6—8 a. m.]

7. In view of renewed military activities with [at] Sian, I believe Military Attaché² or his representative should return to Loyang to make and maintain contact with military with a view to obtaining protection for American citizens in Shensi and Kansu.

Repeated to Peiping, to Nanking by mail.

JOHNSON

893.00/13880 : Telegram

*The Counselor of Embassy in China (Lockhart) to the Secretary
of State*

PEIPING, January 8, 1937—6 p. m.

[Received January 8—10:40 a. m.]

13. Captain R. Scott, British military language officer, now in Sian and has telegraphed British Embassy here under date of January 6th that missionaries at Sian report no immediate danger and that Yang Hu Cheng³ and Commanders 57th and 67th Armies guarantee safety of missionaries and will undertake to give facilities for evacuation if this should become necessary; that despite these assurances missionaries are apprehensive. Scott reports that situation obscure but that relations between local authorities and British and Americans are pleasant and that all is quiet on the surface; that Yang Hu Cheng and the northeastern armies are united in anti-Japanese front and that they will not fight Communists. Scott reports news from Kansu satisfactory.

¹ Continued from *Foreign Relations*, 1936, vol. iv, pp. 503-531. For correspondence after the outbreak of hostilities between Japan and China in July 1937, see *ante*, pp. 236 ff.

² Col. Joseph W. Stilwell.

³ Pacification Commissioner for Shensi.

Captain Barrett ⁴ leaving tonight for Loyang. No train last night. Repeated to Nanking, Shanghai and Hankow. Code text by mail to Tokyo.

LOCKHART

893.00/13885 : Telegram

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

NANKING, January 9, 1937—10 a. m.

[Received 3 : 50 p. m.]

8. My 1 [7], January 7, 4 p. m.⁵ On January 7, information was received from Reuter's office in Nanking that possible necessity for the Government to use force in compelling Yang Hu Cheng to comply with personnel changes and troop transfers decreed on January 5 was being seriously considered and suitable southwesterly directions of Government troops were being made. The increased likelihood thus indicated that American citizens in Sian might be subject to the danger of an attack on Sian increased the anxiety felt by the Embassy on their behalf and I called on Vice Minister Hsu Mo in the afternoon and reiterated request made in my note on December 24 ⁶ that instructions be issued to military and frontier officials concerned to take all possible measures for the safety of Americans in Sian. The German Embassy courteously informed me that an opportunity to send a communication to the Americans in Sian was presented by the departure of a German pilot for Sian by a German plane on the morning of January 9. A letter in guarded terms addressed to the Scandinavian Alliance Mission was therefore entrusted to the German Embassy. In the letter it was suggested that if the addressee regarded it as prudent an attempt be made to send a reply by the same agency reporting on their situation. No reply has been received to the telegram sent to Swenson ⁷ by Chinese telegraph on January 7.

Sent to the Department, Peiping, Hankow, Shanghai.

JOHNSON

893.00/13884 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, January 9, 1937—4 p. m.

[Received January 9—6 : 44 a. m.]

15. My 13, January 8, 6 p. m. British Embassy here has received a telegram from Captain Scott at Sian stating that the evacuation

⁴ Capt. David D. Barrett, Assistant Military Attaché in China.

⁵ Vol. III, p. 12.

⁶ Not found in Department files.

⁷ Herman Swenson, American citizen, with the Scandinavian Alliance Mission.

of some 40 foreigners, mainly women and children, of whom about 30 British, others including Americans, is "required" and that road is difficult. He suggests evacuation by air and is taking up matter with authorities at Sian.

British Embassy officials here state that Scott's request has been referred to its Embassy at Nanking for action, with the suggestion that it cooperate with the American Embassy there in making arrangements to evacuate foreigners at Sian by air. British Military Attaché is leaving for Loyang tomorrow morning by air.

Repeated to Nanking, Hankow and Shanghai.

LOCKHART

893.00/13886 : Telegram

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

NANKING, January 9, 1937—5 p. m.

[Received January 9—2:50 p. m.]

11. Peiping's 13, January 8, 6 p. m. The British Embassy received yesterday a later telegram from an officer of that Embassy now in Sian recommending that British and American residents be evacuated. The British Counselor representing the British Ambassador and I called on Vice Minister Hsu Mo January 9, 4 p. m. and asked that the Ministry of Foreign Affairs make arrangements for the evacuation of our respective nationals by air, motor car or railway. He replied that the Ministry would take the matter up with the military authorities. He said, however, that the Ministry had telegraphed to General Yang Hu Cheng asking that he make arrangements to receive an official of the German Embassy who wished to enter Sian to arrange for the evacuation of German nationals and that a reply had been received from General Yang saying that the German residents were safe and there was no necessity for the coming of the German official. We nevertheless adhered to our view that British and American residents should be evacuated and that it was incumbent on the Chinese authorities to arrange this. Interview ended with assurance from the Vice Minister that he would do his best to meet our desires and would inform us of the result.

Repeated to Peiping, Shanghai and Hankow.

JOHNSON

893.00/13888 : Telegram

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

NANKING, January 11, 1937—1 p. m.

[Received January 11—6:30 a. m.]

12. Vice Minister Hsu Mo telephoned to say that Foreign Office had telegraphed to Yang Hu Cheng asking him to make arrangements for

the evacuation of foreigners from Sian, but that no reply had been received. He stated that he had canvassed the situation with the military authorities and with the Minister of Communications and had learned that no air communication was now available to Sian and that the Eurasia Company was not willing to send a plane there. He said that the Government would put no obstacles in the way of an airplane visiting Sian for the purpose of evacuating foreigners if private arrangements for such a plane were made. Vice Minister Hsu Mo suggested that perhaps Yang Hu Cheng could arrange for evacuation by motorcar to Huahsien where the Government forces were in control, or by a special train from Sian to Tungkwan. Vice Minister Hsu Mo promised to give me any further information when received.

I have suggested to Howe⁸ the sending of a telegram through the British Embassy to Scott now at Sian suggesting that he inquire of Yang Hu Cheng as to the feasibility of evacuation by bus or train to Huahsien.

Sent to Peiping, Hankow ; by mail to Shanghai.

JOHNSON

893.00/13887 : Telegram

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

SHANGHAI, January 11, 1937—3 p. m.

[Received January 11—6:30 a. m.]

19. Information has been received from local office of the Eurasia Aviation Corporation that their plane No. 18 left Sian this morning at 11 a. m. with 16 foreigners on board en route to Shanghai. It is understood that evacuation was made under arrangements by Chinese authorities in Nanking. Identity of foreigners being evacuated unknown.

Repeated to Nanking; by mail to Peiping and Hankow.

GAUSS

893.00/13891 : Telegram

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

NANKING, January 12, 1937—10 a. m.

[Received January 12—9:45 a. m.]

15. A letter dated January 9, 6 p. m. from Swenson at Sian was received January 11, 6 p. m. having been smuggled out. The letter

⁸ R. G. Howe, Counselor of the British Embassy in China at Nanking.

states in brief that exits from Sian were closed and asked that 17 people be evacuated including 12 American missionaries. Ordinary communications by post office and telegraph were not available. Foreign residents in Sian had been deprived for 1 month of news about conditions outside. Motor cars were not allowed to leave the city, the outer guards refusing even recognize military passes. Foreigners had impression that they were being held as hostages to save Sian from an aerial bombardment. Railway had not functioned since December 12. Majority of the Chinese population of Sian was not in favor of the rebellious attitude of the local authorities but the latter had linked themselves closely with the Communists in a common purpose to fight the National Government. Swenson said reliable information had been received that thousands of Communist troops were approaching Sian from the north and northwest and foreigners had grave fears of chaos in Sian which would follow a defeat of these forces by the National Government troops. Letter made earnest plea that Embassy devise immediate evacuation. Petersen family of three American citizens at Pingliang, Kansu, had been advised not to attempt to travel east. American women Wedicson and Madsen, of Tsingning, Kansu, were at Lungshien while Americans Mr. and Mrs. Gustafson and Mr. Ratzlaff of Lungshien 1 week before had gone to Hanchung, southern Shensi. All other British and American missionaries in West Shensi had reached Hanchung.

Sent Peiping, Hankow and Shanghai.

JOHNSON

893.00/13890 : Telegram

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

SHANGHAI, January 12, 1937—1 p. m.

[Received January 12—6:40 a. m.]

20. My January 11, 3 p. m. It is learned from Eurasia Aviation Corporation that another chartered Eurasia plane left Shanghai this morning en route for Sian and had reached Nanking at last reports. Germans who arrived in Shanghai yesterday by plane from Sian reported situation in that city as extremely grave and highly uncertain and that foreigners in Sian are desirous of being evacuated which appears to be feasible only by plane. They also report that Red elements are becoming stronger in Sian and that anti-Japanese sentiment there is rampant.

Repeated to Peiping, copy to Nanking by mail, and Hankow by air mail.

GAUSS

893.00/13894 : Telegram

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

WASHINGTON, January 14, 1937—7 p. m.

3. Your 18, January 13, 3 p. m.⁹ In case there arises in connection with the situation at Sian an emergency calling for the hiring of a private plane to evacuate Americans and other nationals, we are prepared to stand our share of the cost. This authorization is to be acted upon only if you consider that evacuation is imperative and that resort to the means in question is essential for the effecting of evacuation.

If private plane is used, please telegraph Department promptly the amount of our share of the cost.

HULL

893.00/13916 : Telegram

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

NANKING, January 14, 1937—7 p. m.

[Received January 14—3:50 p. m.]

22. 1. The following telegram from Barrett at Loyang was received this morning:

"If evacuation by air proves impracticable or is greatly delayed I believe assurance from Central Government to Yang Hu Cheng that land vehicles used in evacuation foreigners to Hwahsien would not be detained would facilitate negotiations for evacuation by land. Fraser¹⁰ concurs. Repeated American Military Attaché, Peiping."

2. In reply I have sent Barrett the following telegram:

"General Ho Ying Chin¹¹ has telegraphed to General Yang Hu Cheng and informed him that land vehicles used in evacuating foreigners to Hwahsien will not be detained. I have suggested possibility of sending military land vehicles from Hwahsien to Sian. Matter now being explored. Can you and Fraser make inquiries Loyang regarding this possibility? Either you or Fraser or both might accompany vehicles to Sian for the purpose of making contact with foreigners and bringing them out."

3. Yesterday morning I sent the following telegram to General Yang Hu Cheng at Sian:

"American citizens at Sian desire to leave Sian. I am anxious to facilitate their departure. Can you assist me to this end"?

⁹ Not printed.

¹⁰ Maj. William A. Lovat-Fraser, British Military Attaché in China.

¹¹ Chinese Minister of War (Military Affairs).

No reply thus far has been received. In accordance with Barrett's suggestion of today I have telegraphed General Yang today as follows:

"My telegram of January 13. Can you furnish bus accommodation for American and other foreigners to travel from Sian to Hwahsien? Government assures me busses will not be detained in Hwahsien."

4. I have also sent the following telegram today to the Scandinavian Alliance Mission at Sian:

"Please see Scott and explore possibility of travel by bus from Sian to Hwahsien. Government assures me that busses will not be detained at Hwahsien."

JOHNSON

893.00/13926: Telegram

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

NANKING, January 16, 1937—6 p. m.
[Received January 16—8:55 a. m.]

28. Peck¹² returned by plane from Sian at 5 p. m. today. All other places on plane completely filled by Government delegates and official refugee families, no places for foreign refugees. We are now discussing with the British Ambassador further steps. Peck reports Sian quiet. All Americans well.

Repeated to Peiping, Shanghai, Hankow.

JOHNSON

893.00/13928: Telegram

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

NANKING, January 18, 1937—noon.
[Received January 18—2:30 a. m.]

30. My 28, January 16, 7 [6] p. m. Chinese Government has arranged with Eurasia Corporation to send plane to Sian via Loyang to evacuate foreigners to Loyang. A representative of the Foreign Office is on plane and will have the cooperation of British Embassy representative Captain Ronald Scott who is in Sian and of Captain Barrett who will board plane at Loyang. I have sent Paxton¹³ on the plane to Loyang to cooperate with the British Military Attaché there. Unless unforeseen obstacles are met with, about 62 foreigners including 12 American citizens should be in Loyang January 19,

¹² Willys R. Peck, Counselor of Embassy in China at Nanking.

¹³ J. Hall Paxton, Second Secretary of Embassy in China at Nanking.

8 p. m. Plane left Nanking 11 this morning and is expected to arrive Sian about 5 this afternoon. Secrecy no longer imposed by the Foreign Office.

JOHNSON

893.00/13931 : Telegram

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

NANKING, January 19, 1937—10 a. m.

[Received January 19—1 a. m.]

32. A telegram filed by Paxton at Loyang on January 18, 11 p. m. states:

1. That Barrett and Wang¹⁴ returned from Sian to Loyang without foreign passengers.

2. That 75 foreigners had already left Sian with Scott and had proceeded to Tungkwan.

3. That Scott had returned to Sian after having carried out the evacuation.

4. That the foregoing information had been confirmed by telephone call from Paxton to Swenson at Tungkwan.

5. That Barrett and Fraser were returning to Sian to evacuate Scott and perhaps five British and three Russian[s] who still remained there.

The evacuation from Sian was presumably effected by bus in accordance with a plan arranged by Peck and Captain Scott with Sian authorities during Peck's visit there.

Sent to the Department, Peiping, Hankow, Shanghai.

JOHNSON

893.00/13937 : Telegram

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

NANKING, January 21, 1937—1 p. m.

[Received January 21—9 a. m.]

35. A party of about 30 foreigners including 9 Americans passed through Nanking last night en route to Shanghai. The party reports that evacuation of all Americans in Sian is now completed. The other three Americans from Sian had left the party and it was understood that they were proceeding north probably to Tsingtau or Tsinanfu.

JOHNSON

¹⁴ Wang Kwong, of the Chinese Foreign Office.

893.00/13975 : Telegram

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

SHANGHAI, February 17, 1937—2 p. m.

[Received February 17—1:50 p. m.]

86. 1. China Inland Mission here has just informed me that on February 13th a telegram was received from Hanchung, South Shensi, to the effect that "with official permission" American and other missionaries had left for Fengsiang, Shensi. A telegram dated February 14th from Fengsiang stated "Tsingning, Pingliang, Meih sien, Fengsiang missionaries arrived safely peaceful". Americans in this group believed by China Inland Mission to be Mrs. Smail, Mr. Peterson, Miss Madsen, Miss Wedicson and Miss Thompson. Return was not authorized by China Inland Mission nor by Swenson of Scandinavian Alliance Mission. Swenson has also informed me that on February 16 he wired Americans of his mission at Chengtu, who had informed him of their intention to return to their stations, to remain at Chengtu.

2. Swenson inquired whether it was safe for American missionaries to return to Sian and other mission stations in western Shensi and eastern Kansu and was informed that this office had not been so advised by the Embassy. He was advised to urge Americans connected with his mission and the China Inland Mission not to return precipitately to their stations but to await consular advices.

3. Repeated to the Department, Peiping and Hankow for information.

GAUSS

393.11/1949

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

No. 360

NANKING, February 27, 1937.

[Received April 6.]

SIR: I have the honor to enclose a copy of a letter received under date of February 19, 1937, from Mr. P. R. Josselyn, American Consul General at Hankow.¹⁵ In this letter Mr. Josselyn consults me in regard to the attitude to be taken by American consular officers in China when asked for advice by American missionaries wishing to proceed to interior regions which are, or may become, areas of disturbance. Mr. Josselyn points to the indisputable fact that it is often impossible, at a great distance, for the consular officer to ascertain beyond a doubt whether it will be safe for an American citizen to take up, or to con-

¹⁵ Not printed.

tinue, his residence in any particular locality and he suggests that while the consular officer should provide any given missionary organization with all the information bearing on the subject which he may be able to obtain, the missionary organization itself should shoulder responsibility for its decision. Mr. Josselyn and, in his absence, Mr. Jarvis,¹⁶ have been indefatigable during recent months in looking to the welfare of American citizens scattered through the extensive district of the Hankow Consulate General. There can be no question, therefore, of any desire on the part of Mr. Josselyn to evade any part of his duty. His letter to me is based upon the legitimate question whether a missionary organization with representatives and Chinese correspondents in a given region is not in a better position than an American consular officer to determine whether it is advisable for its missionaries to travel or reside in any given locality.

I feel that Mr. Josselyn's letter deserves a considered reply and this office has prepared a draft of such a reply. A copy is enclosed.¹⁷ Before sending this reply to Mr. Josselyn, however, I have the honor to ask that the Department scrutinize it, in order that I may be sure that it is in line with the Department's general policies, even though it may be colored somewhat by conditions peculiar to China. The whole question of the protection to be accorded by the American Government to American citizens in disturbed areas abroad is now receiving so much attention that great care would appear to be advisable in approaching it from any angle.

If the Department sees no reason to alter the enclosed draft, I have the honor to request that I be so advised by naval radio. The matters dealt with are requiring the almost daily attention of the Embassy and the consular offices in China.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.111/330

*The Ambassador in China (Johnson) to American Consular Officers in China*¹⁸

Circular No. 84

PEIPING, April 30, 1937.

SIRS: You are informed that some time ago the Consul General at Hankow consulted the Embassy with regard to the attitude to be taken by American consular officers in China when asked for advice by American missionaries wishing to proceed to interior regions which are, or may become, areas of disturbance. Mr. Josselyn pointed to the

¹⁶ Robert Y. Jarvis, Consul at Hankow.

¹⁷ For revised reply, see p. 559.

¹⁸ Copy transmitted to the Department by the Embassy in China without covering despatch; received June 1.

indisputable fact that it is often impossible, at a great distance, for the consular officer to ascertain beyond a doubt whether it will be safe for an American citizen to take up, or to continue, his residence in any particular locality and he suggested that, while the consular officer should provide any given missionary organization with all the information on the subject which he might be able to obtain, the missionary organization itself should shoulder responsibility for its decision. Mr. Josselyn raised the legitimate question whether a missionary organization with representatives and Chinese correspondents in a given area is not in a better position than an American consular officer to determine whether it is advisable for its missionaries to travel or reside in any given locality.

There is now enclosed for your information and guidance a copy of the Embassy's instruction of April 26, 1937, to Consul General Josselyn, which has been approved by the Department. This instruction discusses the protection, travel and residence of American citizens in the interior of China. Although the instruction may seem to deal in large part with American missionaries and missionary organizations, the principles involved may of course be applied in the case of American citizens engaged in other occupations.

Very truly yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

[Enclosure]

The Ambassador in China (Johnson) to the Consul General at Hankow (Josselyn)

NANKING, April 26, 1937.

SIR: I received your letter of February 19, 1937,¹⁹ expressing the opinion that your office should be chary about giving advice to American nationals either in regard to evacuating from places of residence in Shensi and Kansu provinces, or in regard to their return to such places after having left them. You observe that it is the local situation which is usually the important factor to be considered in arriving at these decisions, and you evidently feel that the persons concerned are apt to be in a better position to know the local situation than is an American consular officer.

The subject matter of your letter seemed to me of considerable importance, since it was linked to the whole question of the protection of American citizens abroad and involved a principal and responsible

¹⁹ Not printed.

function of the Department of State and its agents in foreign countries, that is, that of determining when and in what manner the Government of the United States may extend protection to or withhold protection from American nationals traveling and residing abroad. I therefore again consulted the Department's instructions contained in Information Series No. 113, of August 31, 1936,^{19a} and likewise referred your letter by mail to the Department with certain suggestions. The present instruction is in accord with the Department's views.

I inferred from your letter that the experience of the Consulate General at Hankow in connection with the residence of American citizens in the northwest during the last few years had led you to the conclusion that the danger to American citizens in those remote regions is often not so great as the reports reaching Hankow would indicate. I think this conclusion is justified by the facts. The comment has often been made that in spite of alarming reports of wars and the marching of armies in China, the bulk of the people at any given time is living in comparative peace and quiet. On the other hand, there are instances when the danger is greater than is expected, as in the case of the murder of Mr. and Mrs. Stam in Anhwei in December, 1934,²⁰ within less than two hundred miles of Nanking, following careful investigations by Mr. Stam on the spot which convinced him of the safety of the region.

It cannot be denied, therefore, that American consular offices and the Embassy are faced with a duty of great delicacy and difficulty when they reply to requests for advice in regard to the wisdom of remaining in or returning to the interior. Nevertheless, in spite of this difficulty, since various American enterprises conducted in China are sanctioned by the treaties in force and by practice extending back over many decades, an unusual responsibility rests on American consular officers to guide and assist American citizens in the enjoyment of their treaty rights. The fact that consular officers exercise extraterritorial jurisdiction and thus stand between the Chinese authorities and American citizens prevents an arrangement under which the latter would rely solely on direct relations with Chinese officials. In times of emergency, especially, cooperation between Chinese and American officials in measures for the safety of American citizens is essential.

From a practical standpoint there must be cooperation in these matters between consular officers, mission authorities and missionaries. It is the duty of American citizens in the interior to keep the consular office concerned informed regarding their whereabouts and any factors which may threaten their safety. It often happens that lack of time and distance from the scene make it impossible to take effective official measures to meet a sudden crisis. The mission authorities, therefore,

^{19a} Not printed.

²⁰ See *Foreign Relations*, 1934, vol. III, pp. 479-490, *passim*.

and the individual missionary concerned, must assume responsibility in advance for the possibility of such an eventuality. Their decisions as to the degree of risk in any situation are based upon their first-hand knowledge of local conditions. The consular officer, on the other hand, has access to sources of information not open to the mission authorities or to the missionary himself, and it is incumbent on him to give them the benefit of his information and his views. The most dependable conclusion regarding the advisability of remaining in or returning to a given locality will be, therefore, one founded on information from all these various sources.

Whenever danger threatens an American citizen in China it is the duty and the desire of the agencies of the American Government to extend all possible assistance and there is a corresponding obligation on the part of American citizens to aid in the performance of this duty by giving American consular officers all pertinent information, well in advance, and an opportunity for them to offer such advice as seems to them proper.

American citizens are aware that travel and residence in the interior necessarily entail risk. It is to lessen this risk, with the minimum of interruption to legitimate enterprises, that the parties concerned must cooperate. The law confers no authority on consular officers to order American citizens to remain away from a locality, but it seems to the Embassy that it is the duty of consular officers to advise them regarding the hazards which may reasonably be anticipated and to afford them all legitimate assistance in the pursuit of their authorized occupations. There are practical limits to the official assistance which can be given and there are risks of expense, hardship and danger which inevitably confront American citizens venturing into remote regions at the present time. If all these aspects are frankly discussed between the parties concerned, the duties and responsibilities of the consular officer will probably not prove so onerous in practice as they appear to be in prospect.

Very truly yours,

NELSON TRUSLER JOHNSON

393.1163P92/55

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

No. 1264

PEIPING, June 2, 1937.

[Received June 28.]

SIR: I have the honor to refer to despatch No. 69 of May 17, 1937, from the Consulate General at Canton to the Embassy at Peiping (copies of which were sent directly to the Department)²¹ in regard

²¹ Not printed.

to the request of the representative of the Presbyterian Mission at Yeungkong, Kwangtung, that a protest be lodged by the Consulate General against the massacre of lepers in a leper settlement at Yeungkong, and to enclose a copy of the Embassy's instruction of today's date to the Consulate General at Canton on the subject.^{21a}

As pointed out in the above mentioned instruction, the mission's representative based his request that a protest be filed on the contention that the massacre constituted interference with the mission's medical work.

From the information at hand it appears that the leper settlement was not established by the mission but by the local authorities. The mission apparently maintained a chapel in the settlement and a hut from which medical supplies were distributed. These buildings and their contents are reported to have been looted following the massacre. The mission hospital located a mile and a half away was not involved. The Embassy instructed the Consulate General that in the circumstances the Embassy did not consider that sufficient legal grounds existed for the filing of a protest by the Consulate General against the massacre, but informed it that the filing of a claim for losses suffered by the mission on account of the looting would appear to be in order. Local political complications developed as soon as word of the massacre leaked out, which is another reason why a protest by the Consulate General against the massacre would appear undesirable at this time, unless bona fide American interests could be established.

Respectfully yours,

NELSON TRUSLER JOHNSON

393.1163P92/57

*The Counselor of Embassy in China (Peck) to the Director of the Department of European and American Affairs, Chinese Foreign Office (Liu)*²²

NANKING, June 9, 1937.

DEAR DR. LIU: The American Presbyterian Mission maintains two hospitals and two or three schools in the south suburb of Hwaiyuan, Anhwei Province, outside the city wall. These institutions have been there for many years.

The members of the Mission have reported to the Embassy that they are considerably alarmed by the fact that the military forces of the National Government have converted three unused temples situated in immediate proximity to the hospitals and schools, as places for the storing of ammunition. It is reported there that these ware-

^{21a} Not printed.

²² Copy transmitted to the Department by the Ambassador in China in his covering despatch No. 516, June 24; received July 26.

house[s] contain large quantities of hand grenades, rifle and artillery ammunition. They are carefully guarded day and night. Proclamations have been posted prohibiting any person from approaching these ammunition warehouses closer than a distance of one Chinese li. The members of the American Presbyterian Mission feel that there is a constant danger of explosion and that the presence of this ammunition is a serious danger to the property of the Mission and to the lives of all the people on the Mission premises, including American citizens, the Chinese patients in the hospitals and the Chinese students in the schools. They have requested that the American Embassy report their anxiety to the appropriate authorities of the Chinese Government and inquire whether it will not be possible to remove the ammunition from the south suburb of Hwaiyuan, and especially from the vicinity of the Mission property, to some place where its presence will not endanger life.

I think you will recall that on one occasion ammunition stored in a warehouse situated just outside of Nanking, near the Hansimen, exploded, and likewise ammunition stored in a warehouse in the city of Sian, Shensi. It is a well-known fact that ammunition kept in storage is capable of explosion without any outside cause, but owing merely to chemical decomposition in the ammunition itself.

I shall be grateful if you will be so kind as to bring the state of affairs at Hwaiyuan to the attention of the appropriate authorities and ascertain whether something cannot be done to remedy it.

Yours very sincerely,

WILLYS R. PECK

393.11/1994

*The Consul General at Shanghai (Gauss) to the Ambassador in China (Johnson)*²³

No. 900

SHANGHAI, July 13, 1937.

SIR: I have the honor to enclose, as of possible interest to the Embassy, copy of a letter²⁴ which the Consulate General addressed several months ago to American citizens residing at interior places in the Shanghai consular district (except Nanking), requesting cooperation in compiling data which might be of assistance in event of any emergency in China in which the safety and protection of American citizens in the Shanghai district would become a matter for consideration.

In consultation with the heads of Missions at Shanghai, the Consulate General prepared a selected list of Americans to whom the

²³ Copy transmitted to the Department by the Consul General at Shanghai in despatch No. 888, July 13; received August 9.

²⁴ Not printed.

letter was addressed, seeking so far as possible to include outstanding Americans who might be relied upon to cooperate in a cordial, discreet and intelligent manner. Steps were also taken so far as possible to provide for the delivery of the letters by hand, through the Mission offices at Shanghai which handed them to the American addressees when they came to Shanghai on mission or other business, or delivered them to other Americans who were proceeding to the interior to the places for which the letters were intended. In this way the inquiries were distributed without the necessity of resorting to the mails except in a very limited number of cases.

The response has been both prompt and gratifying, and the Consulate General now has a reasonably complete file of information on American citizens and interior places at which they reside for immediate reference in any emergency.

It has been found that the outline sent by my letter has been followed in most cases, and sketch maps have usually been provided. In many cases the desired information has been given by notes on the original outline. In future the outline will be so prepared as to make it possible for all persons to follow this course if they desire.

The Consulate General understands that some plan for the concentration and protection of Americans at Nanking has been made by the Nanking office of the Embassy. No attempt has been made to cover Nanking in the information being compiled at this Consulate General. It is believed, however, that it would be useful in any emergency to have available at Shanghai the plan devised at Nanking. Perhaps you may see fit to instruct the Nanking office of the Embassy to supply a copy.

The Consulate General also has in mind reviving and laying down in outline form for ready reference in any emergency, the plan for the concentration and protection of Americans at Shanghai, originally adopted during my temporary assignment to this post in 1926-7, and later used in 1932 as the basis for emergency plans during the crisis here. Unfortunately, however, the staff situation at Shanghai has not permitted this work to be undertaken up to this time, and I fear that the matter cannot be reached for some few months.

Respectfully yours,

C. E. GAUSS

393.1164 Yenching University/21 : Telegram

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

NANKING, August 4, 1937—10 a. m.

[Received 3:03 p. m.]

365. Following telegram has been received from Peiping:²⁵

²⁵ From the Counselor of Embassy in China, Lockhart.

"August 2, 5 p. m. Doctor Leighton Stuart of Yenching University addressed Embassy under date of July 30 as follows:

'Yesterday we hoisted the American flag on the main campus of this University and on two of our residence compounds. If there should be any intrusion in violation of American treaty rights you will be notified'.

Yenching University is registered with the Ministry of Education (see Counselor Peck's letter of April 9, 1936 to the Embassy here²⁶). The attitude of the Department regarding American missionary educational institutions which have complied with the registration requirements of the Chinese Government is set forth in its instruction to the Legation No. 871 of May 23, 1928,²⁷ a copy of which is enclosed with the Legation's 252 of June 28 [1928]. Under that instruction I do not see how the Embassy can extend protection to Yenching University or consent to the flying of the American flag over the University premises. Doctor Stuart reports however that about 2 years ago you stated to him that he might fly the American flag. As there is no record in the files of the Embassy here of your reported statement to him, I will appreciate receiving your instructions in the matter by radio.

I believe that Doctor Stuart has taken his present action as a result of the destruction of Nankai University at Tientsin by the Japanese."

To which I have sent following reply:

["] August 4, 9 a. m. Your August 2, 5 p. m. If I had told Stuart that he might fly American flag over Yenching University surely I would have made some record of such a conversation, for matter has been discussed in the Embassy too many times for me to have failed to do this. I agree with you that I do not see how Embassy can extend protection to Yenching University or consent to the flying of the American flag over University premises. If there is an American interest in the property it seems to me that the most we can do will be to notify Chinese and Japanese of the existence of that interest."

JOHNSON

393.1164 Yenching University/24: Telegram

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

WASHINGTON, August 5, 1937—8 p. m.

131. Your 365, August 4, 10 a. m. According to information in possession of the Department, formal title to a part if not to all of the property at Yenching is held in the name of American trustees in New York. This circumstance appears to entitle the trustees or their representative at Yenching to fly the American flag over such property, notwithstanding the fact that the University, as an institution, has registered for administrative purposes with the Ministry of Education.

²⁶ Not found in Department files.

²⁷ *Foreign Relations*, 1928, vol. II, p. 570.

The Embassy may in its discretion notify the Chinese and Japanese authorities of the existence of the American interest at Yenching. Please inform Peiping.

HULL

393.1164 Yenching University/26 : Telegram

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

NANKING, August 6, 1937—5 p. m.
[Received 5 : 28 p. m.]

379. Department's 131, August 5, 8 p. m.

1. As indicated in the Embassy's telegram of August 2, 5 p. m. from Peiping, both Lockhart and I were of the opinion that the display of the American flag over Yenching University would not be consistent with the Department's instruction No. 871 of May 23, 1928²⁸ which *inter alia* reaffirmed that the Department does not as a rule desire to intervene on behalf of American concerns unless the latter are under effective American control. Registration of educational institutions with the Ministry of Education presupposes on the Chinese part control by Chinese citizens.

2. The danger which the Embassy apprehended from the display of the American flag over an educational institution like Yenching University was not, however, based on legalistic grounds. Nankai University in Tientsin has already been the special target of Japanese military action. It is well-known that the student class in Peiping and elsewhere has been especially imbued with nationalistic and anti-Japanese sentiments. I felt that the Department would not approve of the giving to Chinese students of protection from Japanese repressive measures as would be implied by the display of the American flag and I foresaw the possibility of serious complications if such repressive measures were to be taken forcibly in spite of such display. The sympathy of American staff members with the students also must not be forgotten.

3. Two American missionary educational institutions registered with the Chinese Government but utilizing American owned property exist in Nanking and their Chinese presidents have already notified me officially of such American ownership. One of them, the University of Nanking, has for a long time been very prominently displaying the Chinese flag. Neither this University nor Ginling College have officially mentioned the matter of display of the American flag but if the latter should suddenly be substituted for the Chinese flag the apparently opportunist assertion of American nationality could hardly avoid creating comment.

²⁸ *Foreign Relations*, 1928, vol. II, p. 570.

4. The Department's instruction under acknowledgment has been repeated to Peiping and will be observed if the flag question arises in Nanking.

Repeated to Peiping.

JOHNSON

393.1164 Yenching University/26: Telegram

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

WASHINGTON, August 7, 1937—4 p. m.

134. Your 329 [379], August 6, 5 p. m. The Department realizes that the question of the advisability of the display of the American flag over Yenching University is a difficult one. There is no statute of the United States which forbids display of the American flag over American-owned property or by American citizens over the residences in which they live. American diplomatic and consular officers therefore can only issue advice designed to discourage the display of the American flag in inappropriate cases, such as where it is displayed to protect a purely Chinese interest, or where the display would, in the opinion of the Embassy, add to rather than lessen the danger to American residents or American property.

The Department's instruction No. 871 of May 23, 1928, related essentially to the operation of educational institutions which, although American owned, have registered with the Chinese Government for administrative purposes. The Department would not look with favor upon the display of the American flag by such institutions for the sole purpose of contesting Chinese governmental educational regulations relating to the general operation of the school, but we of course wish to do what we appropriately can toward having the American property interests in the school respected and toward safeguarding against spoilation of those property interests. Inasmuch as the present desire of Leighton Stuart to display the American flag over Yenching University seems definitely to be for the purpose of protecting American occupants and preventing spoilation of the physical property of the school, which property appears to be wholly or in large part American owned, the Department is of the opinion that display of the flag for that purpose over property which is in fact American owned or occupied by American citizens would be appropriate.

If there are at the present time Chinese students in residence at the University and if the Embassy is of the opinion that there is danger that the Japanese military may, because of the presence of these students, take repressive measures against the institution which would endanger American life or property, the Department suggests that the

Embassy explain this danger to Stuart and advise him to ask Chinese students at the University to leave until the present situation becomes quiet.

HULL

PROBLEM OF CHINA'S ECONOMIC RECONSTRUCTION AND THE ATTITUDE OF THE UNITED STATES AND OTHER GOVERNMENTS RESPECTING FINANCIAL ASSISTANCE TO CHINA²⁹

893.51/6296 : Telegram

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

LONDON, February 10, 1937—5 p. m.

[Received February 10—3:30 p. m.]

57. Cadogan³⁰ sent for me today and said he wanted to discuss the China Consortium,³¹ the formation and purpose of which he developed at some length adding that in its present form, instead of promoting the economic progress of China as its authors intended it was an obstacle which stood in the way of such action. He then went on to explain the reasons for which the Chinese have always regarded it with dislike and suspicion and pointed out that ways were now open to the Chinese to obtain money outside the Consortium. He mentioned a number of agreements for financing the import of materials signed with German, French and Belgian groups.

He then pointed out that Sir Charles Addis³² after consultation with the British Government had addressed to the other members of the Consortium on October 1st last (and again on January 20 [21?] of this year) a letter³³ regarding the rescission of the open tender resolution adopted by the Consortium Council on May 15, 1922;³⁴ today the principle of open tender conflicted with the existing restrictions on foreign lending in the United Kingdom. He then handed me a lengthy memorandum which covered the same ground as his remarks and which ends as follows:

“Therefore it seemed to His Majesty’s Government that if the Consortium were to be free to negotiate loans with China, an essential preliminary must be the rescission of the resolution relating to open tender. The other groups have either not yet replied to Addis’ proposal or have refused to accept it.

²⁹ Continued from *Foreign Relations*, 1936, vol. iv, pp. 459–503.

³⁰ Sir Alexander Cadogan, British Deputy Under Secretary of State for Foreign Affairs.

³¹ For the China Consortium Agreement of October 15, 1920, see *Foreign Relations*, 1920, vol. i, p. 576.

³² Representative of the British Group of the China Consortium.

³³ Neither printed.

³⁴ See report of the Council of the Consortium, paragraph 30, *Foreign Relations*, 1922, vol. i, pp. 773, 778.

While this point yet remained unsettled the Chinese Government put the whole question of the Consortium in issue by making an offer to British interests of a contract for the construction of a railway line from Canton to Meih sien a town near the Fukien border not far from Swatow. On being informed that the British Group would have to offer a share of this contract to its Consortium partners the Chinese authorities expressed strong objection to any dealings whatever with the Consortium and, after hearing from Japanese sources that the Japanese wished to participate, refused to continue discussions on these lines. They have indicated that if the British interests approached are not willing to negotiate a purely British loan to China they will open negotiations with German or French groups.

It would seem therefore that the continued existence of the Consortium in its present form is in fact defeating its own object. It is preventing the members of the Consortium from participating in the economic rehabilitation of China and it is impeding instead of assisting such rehabilitation. In these circumstances His Majesty's Government desire to consult frankly with the United States Government in order to ascertain their views on the whole subject and discover whether there is any method by which, while restoring to its individual members the required liberty of action as regards industrial enterprises, the major object of the Consortium could be attained by keeping in being cooperation between the governments concerned (including the Chinese Government).

An additional reason for entering upon a full consideration of a frank consultation as regards the policy which the United States Government and His Majesty's Government should now pursue in regard to the Consortium is to be found in the fact that, as His Majesty's Government understand, the American Group, at any rate as at present constituted, could not in fact take any active share in a Consortium operation.

His Majesty's Government for their part would have been willing to cooperate in attempting to revise the existing Consortium agreement to take account of the actual conditions that prevail today if there were any prospect of obtaining the good will of the Chinese Government for such revised arrangement. Having regard, however, to the attitude of the Chinese Government it appears to them that no good purpose would be served by attempting to proceed on these lines and in their opinion the agreement should now be dissolved by mutual consent. They understand that in the view of the banking groups the initiative in this matter should come from the governments concerned and His Majesty's Government hope that they may be acceptable to you to obtain the agreement of the Government of the United States.

His Majesty's Government have thought it desirable to submit the whole position to the United States Government before approaching the other governments concerned and they hope to be favored with an early expression of the views of the United States Government."

The full text ³⁵ goes forward in next pouch Steamship *Bremen*, February 13.

ATHERTON

³⁵ Not printed.

893.51/6296

*The Chief of the Division of Far Eastern Affairs (Hornbeck)
to Mr. Thomas W. Lamont³⁶ of New York*

WASHINGTON, February 12, 1937.

DEAR MR. LAMONT: There is enclosed for your strictly confidential information a copy of a self-explanatory telegram under date February 10, from the American Embassy at London,^{36a} which relates further to the question of the continued existence of the China Consortium.

It is my thought that, although the Department will in all probability wish to await the receipt of the memorandum of the British Foreign Office before formulating a reply to the suggestion that the Consortium agreement be dissolved, there would be advantage in the Department's making known to the British Government as promptly as may be practicable the views (conclusions) of the American Government in regard to the subject under discussion. We are, therefore, without awaiting the receipt of the full text of the Foreign Office memorandum, giving you the information which the Department now has.

Naturally we look forward with interest to the receipt of an indication of your views in regard to this latest and highly important development in the subject of the China Consortium.

Might I suggest that for the time being, while I am exploring the situation here, you treat this communication as confidential to you.

Sincerely yours,

STANLEY K. HORNBECK

893.51/6303

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

[WASHINGTON,] February 16, 1937.

Mr. Lamont telephoned from New York and, after referring to the Department's letter of February 12 to which was attached for Mr. Lamont's strictly confidential information a copy of telegram No. 57 of February 10, from our Embassy at London, said that he was "surprised at the extent to which the British Foreign Office had gone" in setting forth its views on the China Consortium. Mr. Lamont also said that it would appear that the Foreign Office had acted prior to the receipt by the British Group of "the American Group's letter in

³⁶ Representative of the American Group of the China Consortium; member of J. P. Morgan & Co.

^{36a} *Supra.*

which was set forth the idea of associate membership in a revised consortium." Mr. Lamont also said that Sir Charles Addis apparently had in mind some sort of a plan for a new consortium. I told Mr. Lamont that this was news to the Department, as hitherto we were not aware that Sir Charles had suggested the creation of a new consortium and that, although we recalled the suggestion of "associate membership", as orally made known to us by Mr. Simpson³⁷ we were under the impression that the suggestion had been withheld. Mr. Lamont said that, upon further recollection, that suggestion had not been communicated to the British in writing; that it was, however, mentioned in one of New York's oral discussions of the situation with London (presumably with Morgan Grenfell and Company, Limited) or in a personal letter.

I told Mr. Lamont that under existing conditions it seemed likely that, upon the receipt of the full text of the Foreign Office memorandum, the Department would wish to make reply promptly to the effect that we would, although with regret, give assent to the British proposal that the Consortium be dissolved. I said that thereafter the mechanics of the procedure would be handled by the member Groups. Mr. Lamont indicated his complete agreement with this viewpoint and estimate of the situation and added that, although he was leaving today for Bermuda, Mr. Simpson would be available and that in any event he (Mr. Lamont) could be reached at Bermuda by means of a long distance telephone call.

At this point I repeated the view which I had previously expressed to Mr. Lamont to the effect that it would seem highly desirable that the American Group avoid any step which might afford even a slight basis for attribution to either the American Group or the American Government of any responsibility for causing a dissolution of the China Consortium. Mr. Lamont said that he was in thorough agreement with such a view.

In conclusion I expressed the hope that Mr. Lamont would have a thoroughly pleasant voyage to and from, as well as sojourn in, Bermuda.

S[TANLEY] K. H[ORNBECK]

893.51/6307

The Secretary of State to President Roosevelt

WASHINGTON, March 2, 1937.

MY DEAR MR. PRESIDENT: The matter of the China Consortium, dealt with in the proposed telegram hereto attached,³⁸ is important.

³⁷ Malcolm D. Simpson, secretary of the American Group of the China Consortium.

³⁸ Not printed; see President Roosevelt's comment on March 11, p. 576.

The existing Consortium Agreement came into existence in 1920 in consequence of an initiative taken by the American Government, in the Wilson administration, in 1918.³⁹ The Agreement was concluded between banking groups of four countries, with the blessing of their governments (American, British, French and Japanese) respectively, providing for cooperation in and sharing of loans to China. The Consortium has never made any loans, but the existence of the Agreement has prevented the borrowing by China of money from independent and irresponsible sources.

In this administration, in response to inquiries from the American banking group, we have taken the position that we favor continuance in existence of the Agreement, with the thought that at sometime the Consortium might be able to do some business as originally intended and the further thought that any move toward termination of the Agreement might have a disturbing effect as regards the general Far Eastern situation (in other words, we favored letting the matter of the Consortium remain in *status quo*).

During the past few months representatives of the British banking group have been in correspondence with the American banking group, proposing that certain business in China available to British interests be excepted from provisions of the Consortium Agreement or regulations which have been adopted by the banking groups thereunder. To this, the American banking group, with the Department concurring, has not been able to give assent, for the reason that such action would strike at the very root of the principle on which the Consortium is based. Now, the British Government comes forward with a memorandum in which, after pointing out various facts in the situation and affirming, in effect, that they would welcome the devising of some method by which at the same time the Consortium would be preserved and the safeguarding specifications of the Consortium Agreement be modified, they in conclusion propose definitely that the Consortium Agreement be terminated. Their memorandum is attached hereto.⁴⁰

We have given the matter very careful consideration. We talked with representatives of the American group. We would gladly offer suggestions whereby the Consortium might be kept in existence and at the same time the practical issues be satisfactorily met. But we do not see how this can be done: the Consortium Agreement has both negative and positive features; a dropping of the latter with retention of the former would produce a resultant possessed of little value; and it would probably lead to new perplexities in place of those which it might resolve. We remain, however, open to suggestions. We therefore have drafted a telegram in which we accept

³⁹ See *Foreign Relations*, 1918, pp. 169 ff.

⁴⁰ Not printed; see telegram No. 57, February 10, 5 p. m., from the Chargé in the United Kingdom, p. 568.

the British Government's outline of the facts, express our confidence in the principle upon which the Consortium Agreement was based, and give assent, with expression of our regret, to a procedure on the part of the banking groups, if and when, directed toward termination of the Consortium Agreement; and, in connection with our formal reply, we instruct the Embassy in London to call attention to certain inconsistencies, as they appear to us, in the statements which the British have made in their approaches to us on the subject. A part of our effort is to make the record show clearly that the proposal that the Agreement be terminated did not originate in this country. We have informed representatives of the American Group of our position and of the substance of this draft and their views are in accord therewith.

I shall appreciate an indication from you whether the proposed telegram to our Embassy at London meets with your approval.

Faithfully yours,

CORDELL HULL

893.00/14078

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

No. 372

NANKING, March 9, 1937.

[Received April 6.]

SIR: I have the honor to refer to correspondence with the Department in reference to particular phases of the present trend of the Chinese Government toward governmental direction of large scale industries and particularly to my telegram No. 87 of February 23, 2 p. m.,⁴¹ giving the gist of the manifesto issued at the close of the Third Plenary Session of the Fifth Central Executive Committee of the Nationalist Party on February 22, 1937, which manifesto gave a general description of the government's policy of supervising light industries and controlling heavy industries, with the effect of introducing what approximates "State Capitalism" in China.

Taking everything into consideration, I am distinctly of the impression, already suggested by the Embassy in earlier reports to the Department, that the Chinese Government is strongly attracted by the idea that its current deficit, estimated by some at at least twenty million dollars Chinese currency each month, may in part be met by Government participation in the industry and foreign commerce of the nation, and that the motive of profit is just as strong an incentive to its launching into business as the desire to develop private earning power. This idea is disclaimed by Chinese officialdom. The Chinese

⁴¹ Vol. III, p. 27.

Government asserts, with a great deal of warrant, that during recent years it has greatly lessened the burden of taxation which previously hampered individual enterprise in China. In official utterances, including the manifesto already referred to, it has been emphasized that the aim of the government is to carry out the Kuomintang principle of "the livelihood of the people" and that the present program of Governmental assistance to industry and commerce is carried out, in many instances, at actual cost to the Government. The threat to private commercial enterprise, thus presented and denied, has become the subject of heated debate in China.

To offset the contention that the Government's objective in economic matters is solely to foster individualist enterprise, and to support the supposition that the Government intends to go into business for itself, one might plausibly attribute to Chinese statesmen a line of reasoning somewhat as follows:

The National Government is unable to meet its current expenditures; in the twenty-six years since the overthrow of the Manchu dynasty China has even yet not succeeded in setting up a stable government based upon purely political principles and the concept that economic development must be left to individual private initiative; other countries, for example, Italy, Germany and the Soviet Union, have been converted into integral economic enterprises; the proclivities of the Chinese people trend far more toward commercial enterprise than to achievements of a purely political nature; obviously, therefore, the Chinese Government should lead the Chinese people to political and economic regeneration by making itself the actual leader and brains of the whole scheme of economic development, with the result not only of improving "the livelihood of the people", but also of opening up for itself hitherto undeveloped sources of income. This incidental result would strengthen the Government in two ways, by solving its fiscal difficulties, and by attracting to the support of the Government the real talent of the Chinese people, that is, the talent for business development, as distinguished from the somewhat arid field of profitless political administration. Future developments may not support this tentative hypothesis, but I cannot but feel that its happy mingling of altruism and self-interest explains the efforts of the Government to effect economic reconstruction by taking over the management of various lines of production and commerce.

If it is true, as the Embassy strongly believes, that the Chinese Government is committed to the objective of excluding foreign merchants, and private enterprise in general, from certain important lines of commercial activity, or of imposing unpalatable conditions to their participation in such activity, it will be necessary for the American people to decide what, if anything, they wish to do about

it. The Department is aware that both the American and British Legations have found to be practically futile appeals to Article XV of the American Treaty of 1844⁴² and other promises of an earlier Chinese Government to maintain freedom of private trade. The Chinese Foreign Office feels that treaty arrangements made almost a century ago can not reasonably be held to bind a Chinese Government faced with an entirely new set of world economic conditions. The question seems to arise whether better results would not be reached if the American and Chinese Governments were to discuss the matter of trade restrictions in the two countries on the understanding that "managed economies" are recognized systems at the present time. One of the difficulties met with in an argument based solely on the assertion of a right granted by China to the United States, is that it affords no opportunity to concede any reasonableness to the Chinese contention that their monopolistic programs are legitimate attempts to foster, by Government aid, domestic industries and promote the interests both of the producers and of the foreign consumers. The only outcome of an argument conducted on the present rigid lines would seem to be unconditional surrender on one side or the other, and a spirit of antagonism is engendered which is not conducive to a settlement. The discussions would be conducted in a better atmosphere if experts of the two countries were to discuss trade restrictions with the avowed purpose of ascertaining what the economic needs of both countries are and of adjusting trade relations to meet those needs. Government interference with export or internal trade is perhaps not so important in the United States as in China, but the regulations governing the exportation of tin-plate scrap would be a case in point (see *Press Releases*, December 12, 1936).

It is possible that the Department feels that such discussions might encourage the Chinese Government to press the request it made on December 23, 1933⁴³ for a new commercial treaty between the two countries and that the Department does not feel that the time has yet come to negotiate a new treaty. The Counselor of the British Embassy recently stated that the British authorities were reluctant to take up a fundamental restatement of treaty relations at this time, because this would include the thorny subject of extraterritorial jurisdiction⁴⁴ and the British authorities still felt that the Chinese Government was not in a position to implement whatever undertaking it might give in such matters.

⁴²Treaty of Wang Hiya, signed July 3, 1844, Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 4, pp. 559, 564.

⁴³ See telegram No. 935, December 26, 1933, 7 p. m., from the Minister in China, *Foreign Relations*, 1933, vol. III, p. 567.

⁴⁴ See pp. 634 ff.

The point I should like to suggest for the Department's consideration, without pursuing the ramifications of the subject, is that it would be useful to introduce a certain elasticity into our discussions with the Chinese authorities concerning economic relations, together with some of the spirit of give and take which characterizes current negotiations between the United States and other nations for reciprocal trade agreements.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.51/6329

President Roosevelt to the Secretary of State

WASHINGTON, March 11, 1937.

I think this telegram⁴⁵ in regard to the China Consortium goes much too far. I have, therefore, struck out the paragraphs that seem to me unnecessary. I do not think it is necessary for us to give approval at this late date to the old Consortium agreement, especially in the way it has worked out.

F[RANKLIN] D. R[OOSEVELT]

893.51/6329 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom (Bingham)*⁴⁶

WASHINGTON, March 12, 1937—6 p. m.

82. Your telegram 57, February 10, 5 p. m., and despatch 2850 of February 11⁴⁷ in regard to China Consortium.

1. It is the Department's desire that Atherton, unless the Embassy perceives objection thereto, hand to Cadogan, as the reply of the American Government to the Foreign Office memorandum of February 10, a memorandum reading as follows:

"The American Ambassador has the honor to refer to the memorandum of February 10, 1937, on the subject of the China Consortium which on the date indicated was handed to the American Chargé d'Affaires by Sir Alexander Cadogan.

The American Government is appreciative of the frank expression of the views of the British Government as set forth in the memorandum under reference and has given most careful consideration thereto.

⁴⁵ See letter from the Secretary of State to President Roosevelt, March 2, p. 571; for telegram as sent to the Ambassador in the United Kingdom, see *infra*.

⁴⁶ The Chief of the Division of Far Eastern Affairs in a letter of March 18 (not printed) informed Mr. Thomas W. Lamont, for the American Group, of the substance of this telegram.

⁴⁷ Letter not printed.

The American Government desires not to place in the way of the British Group obstacles which might prevent the acceptance by British interests of the offer recently made by the Chinese Government of a contract for the construction of a railway from Canton to Meihsien. Therefore, and in view of the pertinence and importance of those factors in the existing situation, as set forth in the memorandum under reference, and in the light of the opinion expressed by the British Government that features in the existing situation render perseverance in adherence to the existing Agreement impracticable and that in the light of the attitude of the Chinese Government toward the Consortium no good purpose would be served by attempting to revise the Agreement, the American Government will, although with sincere regret, inform the American banking group party to the Consortium Agreement of the British Government's proposal that the Agreement be dissolved and will state that this Government will interpose no objection to participation by the American Group in negotiations, if and when proposed, among the banking groups, looking toward dissolution of the Consortium, as proposed."

2. Atherton may add orally that his Government is sympathetically disposed in principle toward the suggestion made at one point in the British Government's memorandum that effort should be made to "discover whether there is any method by which, while restoring to its individual members the required liberty of action as regards industrial enterprises, the major objects of the Consortium could be attained by keeping in being co-operation between the governments concerned (including the Chinese Government)."

3. Please also inform Cadogan orally that the Department will, in making known to the American Group the British Government's proposal and the attitude of the American Government in regard thereto, ask the American Group to consider the entire matter as strictly confidential to itself and not for communication to any of the other banking groups until such time as one of those groups, presumably the British, approaches it.

4. Inform Department by telegram when you have delivered memorandum and at the same time report such comments as may be made by Cadogan.

HULL

893.51/6330 : Telegram

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

LONDON, March 15, 1937—5 p. m.

[Received March 15—1:45 p. m.]

143. Department's 82, March 12, 8 [6] p. m. I presented memorandum this afternoon. After reading it Cadogan said he hoped it

did not mean the United States Government was unsympathetic to the views of his Government but from the language of it felt encouraged to believe this was not the case. As regards paragraph 2 he stated his Government was also in sympathy with the suggestion and later would want to "explore the question further with you." Before that, however, he would have to consult with the Treasury and Leith-Ross⁴⁸ and possibly after that Sir Charles Addis. In any event he felt sure that his Government considered favorably retaining such major objects of the Consortium as might prove possible.

In conclusion he again defended the British position in detail and was obviously satisfied that, according to his interpretation, the American Government had not taken any exception.

BINGHAM

793.94/8543 : Telegram

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

NANKING, March 18, 1937—9 a. m.

[Received 9:20 a. m.]

121. Our 119, March 16, 1:00 [3:00] p. m.⁴⁹

1. Japanese Economic Commission yesterday morning ended 2-day visit here and proceeded to Shanghai. How long it will remain there and whether it will visit North China and other places has not been announced although press reports quote Peiping Japanese Embassy as stating that one important member, president of bank of Chosen, Kato, will shortly visit Peiping.

2. Additional entertainment in Nanking included luncheon by Japanese Ambassador first day and second day luncheon by Minister for Foreign Affairs, reception by Chiang Kai Shek⁵⁰ at the Office Moral Endeavor Association and dinner by Kung.⁵¹ At his reception Chiang likened the "gigantic reconstruction movement" which China is undertaking to the transformation of Japan during the Meiji era, asserted that China desires the friendly help and advice of Japan, expressed hope that the Mission would unreservedly point out fault of Chinese economic and other reconstruction projects, and stated "Chinese industrial circles will unquestionably accept their advice and will follow their footsteps so that China's culture and economy may rise on the same plane with Japan for the stability of oriental peace and welfare". He added that oriental nations should have oriental

⁴⁸ Sir Frederick William Leith-Ross, Chief Economic Adviser to the British Government.

⁴⁹ Vol. III, p. 46.

⁵⁰ President of the Chinese Executive Yuan (Premier).

⁵¹ H. H. Kung, Vice President of the Chinese Executive Yuan (Vice Premier) and Minister of Finance.

culture as basis for work in order to coexist with other nations and that characteristics of oriental culture are magnanimity and morals. He asked the gathering to stand and observe a 1-minute silence in honor of the late Viscount Shibusawa, an industrial magnate whom Chiang had met in Japan in 1928.

3. Leading articles in this morning's *Central Daily News* states (1) economic cooperation must be carried out within framework of Chinese laws and administrative decisions, (2) Japan can render only technical assistance in regard to railway and mining enterprises and in no way should such assistance entail infringement of China's sovereign rights, (3) in connection with Japanese and in improving Chinese farm products such as cotton, attention should be paid to increasing output and under no circumstances should there be any conditions aiming at squeezing raw materials out of China, (4) in regard to all questioning of Sino-Japanese trade in general, Japan must respect existing of Chinese national industries, and should not demand as a return for its assistance the downward readjustment of Chinese tariff duties on Japanese imports. The *Journal* adds that these conditions "represent the Chinese people's unanimous conception of the matter of economic cooperation with Japan."

4. *Central Daily News* is semi-official publication.

5. We learn on good authority that the mission's activities in Nan-king were purely social and no proposals were suggested by the Mission to Government officials or others. Comment in this respect by one prominent Chinese party official was that the Mission "is still hiding its tricks in its sleeve."

6. Sent to the Department, by mail to Peiping, Shanghai, Tokyo.

JOHNSON

893.77/3068

*The Chief of the Division of Far Eastern Affairs (Hornbeck) to
Mr. Thomas W. Lamont of New York*

WASHINGTON, March 24, 1937.

DEAR MR. LAMONT: We have received and wish to thank you for your letter of March 19, with enclosures,⁵² on the subject of recent purchases by the Chinese Government of railway materials.

We of course are endeavoring to follow closely developments relating to the rehabilitation and extension of Chinese Government railways and are therefore appreciative of your cooperation in making available to us a copy of Mr. Scott's⁵³ letter addressed to you under date February 20.

⁵² None printed.

⁵³ George C. Scott, president of the United States Steel Products Corporation.

In this connection we note with interest Mr. Scott's comment to the effect that, "because of the problem of financing", American firms are not in position to participate more substantially in the supplying of railway and other equipment desired by various agencies of the Chinese Government. Apparently your and our reactions to this statement were similar as you mention—in your reply to Mr. Scott—the Export-Import Bank. We of course are not in position to speak in any way for the Export-Import Bank, but it has been and is our understanding that the Bank is prepared to consider sympathetically approaches made to it provided the transactions under contemplation are practicable and the concerned American interests show themselves ready to shoulder at least a reasonable share of such risks as may be involved.

Sincerely yours,

STANLEY K. HORNBECK

033.1190 Pierson, Warren Lee/2 : Telegram

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

WASHINGTON, April 3, 1937—1 p. m.

87. Department has received from the President of the Export-Import Bank a statement reading as follows:

"Mr. Warren Lee Pierson, President of the Export-Import Bank of Washington, is sailing from San Francisco on the S. S. *President Hoover*, April 3, for a brief visit to China and Japan. He will be accompanied by Mrs. Pierson.

The main purpose of the trip is to study existing economic conditions in the Far East and to obtain a first-hand impression of recent developments in that part of the world. Particular attention will be paid to the railway and highway expansion program now in progress in China.

No unusual significance is to be attached to Mr. Pierson's journey to the Orient because it is pursuant to an established plan whereby the head of the Government's export credit agency can keep informed on matters of particular interest to that institution. Last year Mr. Pierson visited Great Britain, France, Germany and Sweden on a similar mission.

A considerable number of applications from American firms desiring financial assistance in connection with sales to China have been received by the Export-Import Bank. It is believed that these will be given further study by Mr. Pierson while he is on the ground but no immediate action thereon is contemplated. It will be recalled that the credits previously extended to the Government of China by the Grain Stabilization Corporation and by the Reconstruction Finance Corporation were acquired by the Export-Import Bank last year. The Bank, therefore, has a substantial investment in China at the present time."

Department is not aware of Mr. Pierson's itinerary in China and Japan but understands that he will proceed directly to Shanghai and that he desires at all times no publicity.

Department desires that American diplomatic and consular officers render to Mr. Pierson appropriate cooperation and assistance.

Inform Nanking and Tokyo promptly by mail of the foregoing and of the Department's desire that this information be communicated to consular offices in Japan and China and Hong Kong.

HULL

033.1190 Pierson, Warren Lee/4 : Telegram

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

NANKING, April 16, 1937—2 p. m.
[Received April 16—10:50 a. m.]

164. Department's April 3, 1 p. m. to Shanghai.

1. It happens that McNutt, High Commissioner at Manila, is likewise traveling on the *President Hoover* and since I have already determined to be in Shanghai in order to have a conversation with the High Commissioner it will be possible for me to see Pierson shortly after his arrival. It is perhaps a significant coincidence that K. C. Li of the Wah Chang Trading Corporation, New York, is likewise on the *Hoover*. I am reliably informed that the Minister of Finance is trying to persuade him to become Director of the Central Trust, an official agency for the handling of credit purchases by the Chinese Government.

2. Arnold and Calder, Commercial and Assistant Commercial Attachés, were in Nanking April 14 and 15 and I discussed with them and Peck⁵⁴ the whole field of American economic enterprises in China, present and future, as affected by (1) unprecedented action of other countries principally Great Britain, Germany and France in extending long term credits for railway materials, (2) policy of the Chinese Government to monopolize and control certain lines of industry and trade and (3) the possible revival by the Chinese Government at any time of the demand made in 1934⁵⁵ for the negotiation of a new commercial treaty.

3. It was observed in these discussions that an era of economic development under National Government leadership has begun in China and that other nations already mentioned have recognized this fact. While the United States may not be under the same necessity as those nations to seek foreign markets for manufactures and therefore may

⁵⁴ Willys R. Peck, Counselor of Embassy in China at Nanking.

⁵⁵ See *Foreign Relations*, 1934, vol. III, pp. 523 ff.

not feel it urgent on this account to extend the same liberal credit, nevertheless, a proper regard for the future of our relations with China justifies a consideration of the question whether we should not participate more actively in this program of economic development. While we have led all nations in import and export trade with China for several years this has not included much of what the Chinese call "heavy industries" which may promise to become a more important factor in international commerce with China.

4. I have asked the Commercial Attachés to discuss with Pierson in Shanghai the general situation of American interests in China and I have invited him to meet me in Nanking at which time I shall consult with him.

5. Copy by courier to Peiping and Shanghai.

JOHNSON

893.51/6376

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

No. 428

NANKING, April 21, 1937.

[Received May 17.]

SIR: I have the honor to refer to despatch No. 407 of April 6, 1937 from the Embassy, Nanking,⁵⁷ in reference to the "Desire of Chinese Ministry of Railways to Establish Credit Arrangement for the Purchase of Railway Equipment", which set forth information in regard to the possible attitude of the Export-Import Bank of Washington toward the desire of the Chinese Government that the Bank supply credits for the purchase of American railway material.

There is enclosed a memorandum⁵⁷ of a conversation which took place on April 17, 1937 between Mr. Peck, Counselor of the Embassy, and Mr. Robert S. Norman, an American citizen, legal adviser to the Ministry of Railways.

I do not quite understand why Mr. Norman called at the Embassy and made the observations set down in the memorandum concerning the present very active program of the Ministry of Railways for the extension of the railway system of China. Long association with Mr. Norman leads me to think, however, that his call was prompted by a sincere desire that this program of "railway expansion" should succeed and "should not be marred" by too precipitate action on the part of the Chinese authorities or "by losses on the part of possible American cooperators."

The general impression made by Mr. Norman's remarks was that the effort of the Chinese Government to obtain extensive foreign

⁵⁷ Not printed.

credits for the supply of railway materials had been remarkably successful and that it would be very unfortunate for the success of this great undertaking in the long run if the Chinese Government and its foreign collaborators should lose sight of the necessity for proceeding cautiously and with due regard for the possibility of unforeseen accidents. For example, it will be noted in paragraph 3 of the enclosed memorandum that Mr. Norman pointed out that in the case of each new railway there would be a period of two or three years following the beginning of construction before the railway would begin to turn in revenue for the payment of interest and the re-payment of principal. His implication was that interest charges during this period would be heavy and it might be that the Chinese Government was incurring obligations which it would be difficult to carry out, particularly if natural or political catastrophes should delay the construction of the railway and the time when its earnings would help to take care of amortization charges on the particular credit involved.

There is no doubt but that one event of this sort would prove a serious set-back to the course of railway expansion in China. I am convinced that Mr. Norman sincerely desires the success of China's railway building program and that his warning remarks, if they may be regarded as such, were prompted by this attitude.

An observer in China at the present time cannot but be impressed by the energy with which the Chinese Government is pushing its program of economic reconstruction on all fronts, agricultural, industrial and communications. Reading between the lines of official pronouncements, it seems probable that this activity arises in large part from the belief that China will be called upon at an early date to meet a national crisis, possibly war with Japan, and that the whole scheme is designed to bring the nation to the highest possible point of efficiency before the crisis arises. If this deduction is tenable, support is given to the theory that China's economic, social and political development is being accelerated to a marked degree by the fact and fear of Japanese encroachment.

Very truly yours,

NELSON TRUSLER JOHNSON

893.00/14107

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

No. 435

NANKING, April 23, 1937.

[Received May 17.]

SIR: I have the honor to refer to despatch No. 413 of April 6, 1937 from the Embassy, Nanking,⁵⁸ on the subject "Trend to State Capi-

⁵⁸ Not printed.

talism in China," which gave some of the historical basis for the present tendency toward government control of certain lines of economic development and industry in China.

There is enclosed a memorandum⁶⁰ of conversations held by the American Commercial Attaché and the Counselor of Embassy on April 15 with the Minister of Industries and the Director of the Department of Political Affairs of the Executive Yuan. It will be noted that the Minister of Industries said that, generally speaking, the Government intended to reserve for itself so-called "heavy industries" and to leave to private initiative those industries known as "light industries." The Minister gave railways and factories for the manufacture of machinery as examples of "heavy industries" and textile industries as an example of "light industries." Incidentally, he expressed the hope that the United States would follow the example set by Germany, Great Britain and France and would give credits for the purchase by China of materials necessary in the promoting of these heavy industries.

Dr. Franklin Ho, Director of the Department of Political Affairs of the Executive Yuan, threw an interesting side-light on the difference between heavy and light industries by indicating that the category of heavy industries, which the Government is reserving for itself, includes particularly those industries whose development is important in the process of bringing China to a condition of military effectiveness in defense.

Very truly yours,

NELSON TRUSLER JOHNSON

893.51/6368 : Telegram

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

NANKING, April 26, 1937—noon.

[Received 1:30 p. m.]

180. Department's 76, April 22, 7 p. m.⁶⁰

1. Pierson held a long conversation April 23 with Chang Kia Ngau, Minister of Railways. He informs me that the Minister went over with him the success China had achieved in obtaining loans and credits for the railways set forth in the letter of December 21, 1936, he wrote to Pierson (see my despatch December 24, 1936).⁶¹ Particular mention was made of the Sheklung-Meihsien Road which the British are proposing to finance (see Department's instruction 340, February 1⁶⁰). Pierson was interested to note that the Minister used language implying that each railway and the region it traversed sets up the "influence" of the country supplying the money and attributed the

⁶⁰ Not printed.

⁶¹ Neither printed.

willingness of the French to finance railway development in south-western China to a desire to reinstate French prestige in China.

2. With reference to practical details the Minister stated that China would be very glad if the Export-Import Bank would participate in a 5 million dollar United States currency credit, 2 millions to be used for sleepers, 2 millions for rails and the balance for equipment including machinery for an extensive manufacturing and repair plant. Pierson replied that the tone of popular sentiment in the United States at present is not favorable to any transaction having the nature of a loan to a foreign government and that if the Export-Import Bank assisted in promoting any credit for the purchasing of such materials the transaction would have to be commercial in character. Pierson expressed surprise that the British Government felt able to float approximately 6,000,000 pounds of securities to promote railway building in China since he doubted whether the London market would absorb this issue during the next 2 years. The Minister said that he thought that the Hong Kong bank was authorized to make advances during the next 18 months after which time he was advised the London market would be available.

3. Pierson carefully avoided any statement indicative of a bias on his part for assisting in extending railway credits to China but said that it was his desire and intention to make a quick tour through China in order to get a personal impression of the actual and potential development and possibilities of the country. The Minister said that irrespective of whether the United States decided for some reason or other [against?] taking a part in the economic development of China through credits the Chinese Government was very anxious that a qualified representative from the United States should acquire first hand knowledge of conditions. The interview ended with a tacit understanding between Pierson and the Minister that the former would talk again with the latter in Shanghai or Nanking after the tour of inspection. Pierson left Nanking for Shanghai April 25.

4. Sent to the Department, copy by courier to Peiping.

JOHNSON

893.51/6369 : Telegram

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

SHANGHAI, May 1, 1937—2 p. m.

[Received May 1—7:15 a. m.]

199. Following from Pierson for Sabin, Export-Import Bank with copy to Moore⁶² and Hornbeck:

“Reference your radio regarding sale 40 locomotives by Alco and Baldwin to Chinese Ministry Railway. Locomotives urgently re-

⁶² R. Walton Moore, Assistant Secretary of State.

quired for use Tientsin-Pukow Railway which engages in profitable coal transportation. Important that delivery be made before end of year. This seems to constitute main reason for seeking American equipment notwithstanding our higher price. Minister proposes furnish his promissory notes payable monthly over 5 year term beginning 1 month after delivery. Interest at 6 or 6½% per annum payable upon each note at maturity. This provision unusual for us but is in accordance with local custom. Minister reluctant to furnish bank guarantee but believe this or equivalent Chinese participation essential. I have made only one trip to interior to date but am impressed with amount of business, freight and passenger, being done by railroads. Minister Chang was formerly president of Bank of China and is well regarded. He has recognized all rail loans in default when he took office. If Export-Import Bank will participate 50% without recourse, firm of Andersen, Meyer and Company of Shanghai, a subsidiary of General Electric, will carry balance including final 15%. Total delivered sales price about 3 million United States dollars. I recommend we agree to purchase half of notes as received from Minister if guaranteed by Bank of China or Central Bank or Bank of Communications. Interest not less than 6% plus flat underwriting charge of 3%. Total order may be placed with Baldwin or Alco but will be divided between them. Total risk up to time of delivery in China will be on Andersen, Meyer which is evidence their faith in deal. This is best type of business available and if consummated will represent first substantial sale American equipment in China in many years.

Please present to Mr. Jones⁶³ and to Executive Committee promptly and advise me care Gauss."

GAUSS

893.51/6369 : Telegram

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

WASHINGTON, May 4, 1937—noon.

107. Following from Eximbank⁶⁴ for Warren Pierson:

Executive Committee approved China credit on basis your recommendations subject to your obtaining clearance with Ambassador Johnson. Resolution will not be released pending receipt from you of Ambassador's views.

HULL

893.51/6367 : Telegram

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

LONDON, May 5, 1937—1 p. m.

[Received May 5—11 a. m.]

267. Mr. Thomas Lamont has given me the following memorandum for transmission to the Department of State:

⁶³ Jesse H. Jones, Chairman, Board of Directors, Reconstruction Finance Corporation.

⁶⁴ Export-Import Bank of Washington.

"Referring to recent discussion and correspondence with Dr. Hornbeck as to Chinese Consortium, meeting of the Executive Council of the Consortium has been called here for Thursday morning next. Representatives of all four banking groups will be present. I have had preliminary discussion with Sir Charles Addis for the purpose of exploring possibility as suggested by Hornbeck of continuing in some form the existing cooperation with reference to Chinese matters. Addis views almost with 'consternation' the idea of complete abandonment of the cooperative idea. At the same time he is convinced that the Foreign Office here for the reasons with which we are familiar as set forth extensively in the British note feels that the Consortium must be dissolved. In fact Addis himself feels that in its present form it has outlived its usefulness. Leith-Ross of the Treasury has also been urging dissolution having taken due note of the political unpopularity of the Consortium during his recent stay in China; feeling also that with Chinese economy on the mend we should have every opportunity to take advantage of favorable opportunities. I think we must accept dissolution as inevitable.

To Addis I made this tentative suggestion, namely, that upon dissolution, the same general banking interests should form a loosely knit association, the premise for the organization of which should be primarily the continuing importance of cooperation in Far Eastern matters, so far as it could be attained by the business interests of the four countries concerned, with the general approval of their respective Governments. I suggested that no fixed constitution or bylaws should be at present devised for such a new association but that having stated the objects for which it would be formed (as indicated above) it should call for as frequent interchange of views among the four groups as possible and such form of actual cooperation as might seem feasible in the case of any *ad hoc* proposition or financial operation that might be presented. In other words a British group for example would be under no fixed obligation to offer participations in proffered business from China but would very likely wish to do so if circumstances permitted. The same principle would apply to the other memberships. In this manner the difficulty of being obliged to offer each time a participation to Japan, which fact is in part responsible for the present impasse, would be avoided. I pointed out that beginning afresh in a small way as indicated there might well be hope as time went on of building up something more substantial. We should avoid the difficulty of having, as in the Consortium, started on rather a formidable cut-and-dried basis, being then obliged gradually to abandon it. With the name Consortium eliminated, we could make this mild start afresh without arousing political enmity in China especially as we should avoid any important announcement of the matter.

This idea was new to Addis. Speaking for himself, in a purely personal sense, he welcomed it. He added the suggestion that both Belgian and German Groups should be included in the invitation for any new association.

Would the Department favor my exploring this further with Addis? The Department will realize that the proposed association would really be of the loosest possible character, simply something to add as a rallying point and something for possible future development along the lines of international cooperation.

At the Thursday meeting Addis proposes that while we shall recognize the fact that the four respective Governments are discussing the question of dissolution among themselves the time is not ripe for us to undertake action. He will state that the British Group may be called upon to make certain advances in connection with the recent railway scheme of which we have heard. If before these advances become due for refunding into a longer operation the Consortium is dissolved, there is nothing more to be said. If on the other hand the Consortium is not formally dissolved at that time the British Group will do their best to comply with the terms of the Consortium agreement by offering to other groups sub-participations. I stated that on such a program although strictly the British Group might be compelled to offer participations even in preliminary advances, nevertheless on behalf of the American Group I was disposed to raise no objection to the informal procedure outlined. I am clear in my opinion on this point because I hope that some loosely knit association may be devised to take the place of the Consortium.

I shall value an expression from the Department as to its views on the foregoing points and shall appreciate having a transcript of this message or the substance thereof transmitted by post to my New York office."

BINGHAM

893.51/6367: Telegram

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

WASHINGTON, May 6, 1937—4 p. m.

162. Your 267, May 5, 1 p. m.

1. Please report date of Lamont's memorandum and the date on which it was given to the Embassy. Does the phrase in the memorandum "Thursday morning next" mean May 6 or May 13?

2. You may inform Lamont that, favoring the principle of cooperation, the Department feels that exploration of possibilities of its practical application along the lines and under the circumstances outlined in Lamont's memorandum may serve a useful purpose.

HULL

893.51/6374

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

No. 3056

LONDON, May 7, 1937.

[Received May 14.]

SIR: I have the honor to refer to my telegram No. 270 of May 7, 11 a. m.,⁶⁵ referring to a meeting of the Executive Council of the Consortium held on May 6. There is attached hereto a copy of Mr.

⁶⁵ Not printed.

Lamont's letter to the Embassy on this subject, with its enclosure. In discussing this matter with Mr. Lamont, he said he had very little to add except that Count Kano, the Japanese representative, read a memorandum⁶⁶ which was surprisingly frank and came out with the statement that there will be an endeavor by banking and industrial interests in Japan to curb the militarists. The memorandum then referred to the Consortium and said the Japanese group would favor a continuance of the Consortium, with the elimination of the obstructive provisions. In the subsequent discussion, Mr. Lamont said that to leave the shell of the old Consortium retaining only the political provisions, when the very name of Consortium was obnoxious to China, seemed to him of doubtful wisdom. Later Count Kano said he agreed with this and considered that probably a fresh start would be more advisable. However he also added that the Japanese Government was on the verge of concluding a treaty with China which might have made the existing Consortium all right. Mr. Lamont said he pressed him somewhat on this vague statement and considered that Count Kano realized he had overstepped the mark and rapidly withdrew from the inference he had given concerning an early treaty between Japan and China. Count Kano then said that Ambassador Yoshida was very anxious to see Mr. Lamont, with the result that a meeting was arranged for that afternoon.

Mr. Lamont discussed the possibility of a new Association with Ambassador Yoshida and asked as regards this British suggestion what would be the attitude of the Japanese Government. At first Ambassador Yoshida said he felt his Government would interpose objections because they were very anxious for international cooperation as regards China, and particularly desirous that anything that had been accomplished should not be undone. Mr. Lamont said he could not believe the Japanese Government was more anxious for international cooperation than was the United States Government, and he specifically said to Ambassador Yoshida: Would you not from a political angle, since the Consortium is particularly obnoxious to China, feel it more advisable to wipe it out and start again? Ambassador Yoshida replied: Yes, I feel the Japanese Government would agree on the whole if the State Department approved such a new, loose-knit Association as was proposed. Mr. Lamont said he then very clearly expressed to Ambassador Yoshida the hope that, if his Government did interpose any statement in regard to the British suggestion, Japanese assent to the wiping-out of the present Consortium would not be given on condition that a new Association be formed

⁶⁶ Not printed. A copy of this memorandum was sent to the Chief of the Division of Far Eastern Affairs by Mr. Malcolm D. Simpson on June 18. (893.51/6404)

since any such point of view of the Japanese Government would rapidly leak out and the Chinese would say this new Association is merely the old obnoxious Consortium under a new name. Yoshida replied he very clearly saw that point of view and would give expression of it to his Government.

In conclusion, Mr. Lamont stated that he was surprised at the frankness of the memorandum which Count Kano read before the Executive Council of the Consortium meeting in that he twice cracked the Japanese militarists and that Count Kano was agreeable that copies of this memorandum should later be distributed to members of the Executive Council. When Mr. Lamont receives a copy of this he agreed to furnish one to the Embassy.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

[Enclosure]

Mr. Thomas W. Lamont to the Counselor of Embassy in the United Kingdom (Atherton)

LONDON, 6 May, 1937.

DEAR MR. ATHERTON: Referring to my memorandum of May 5th, the substance of which I understand you have transmitted to Washington, I may add that the Executive Council of the Consortium held a meeting this morning at the offices of the Hongkong and Shanghai Banking Corporation, Sir Charles Addis in the Chair.

The programme alluded to in the latter part of my memorandum to the effect that pending discussion among our Governments as to the advisability of dissolving the Corporation, the three other groups would make no objection to the British group proceeding in the matter of the Canton-Meihsien Railway was followed through, namely, that the representatives of the three groups agreed to recommend to their respective groups the waiving of technicalities in regard to the matter of the Canton-Meihsien Railway.

After the adjournment of the Council, I read to the individual delegates present, Mr. St. Pierre, representing the French group, Count Kano the Japanese group, Sir Charles Addis the British group and myself the American group, my letter to Sir Charles Addis, of which I attach copy. This was purely for the purpose of gaining from these delegates an informal and personal expression as to how they would view the formation of a new Association in the event that the old Consortium were to be dissolved. I made it especially clear that this was a purely preliminary exploration; that if any political advantage were to be gained by the complete liquidation of the old

Consortium it could be gained only by making a complete cut-off and that the actual formation of a new Association should rest in the background for the time being. All the delegates present concurred very cordially in the idea of an attempt for further cooperation and in my statement that however no action should be taken pending a decision as to the dissolution of the existing Consortium. I see no great difficulty however in the future organisation of some such body as I have roughly indicated. Sir Charles Addis will study the matter further and in due course of time will give me his further views. In principle he welcomes the idea strongly.

You may perhaps wish to forward this report to the Department by post at your convenience.

Sincerely yours,

THOMAS W. LAMONT

[Subenclosure]

Mr. Thomas W. Lamont to Sir Charles Addis

[LONDON,] 5 May, 1937.

DEAR SIR CHARLES: The suggestion which I made to you orally in our conversation yesterday, with Mr. Whigham present, was roughly to the following effect:

(a) That following closely upon the dissolution of the China Consortium—assuming that such dissolution is inevitable in the not distant future—the four banking groups now making up the Consortium should consider the organisation of a loosely knit Association for the purpose of preserving, so far as possible, the existing principle of international cooperation;

(b) While it would be unnecessary for such new Association to be bound too rigidly by a fixed constitution or by-laws, it would be important for our initial statement to make clear that the basis for the new organisation should be primarily the continuing value of co-operation in far-Eastern matters, so far as it could be attained by the business interests of the four countries concerned, with the general approval of their respective Governments.

(c) The procedure of the Association would be as frequent interchange of views among the groups as was feasible, covering the status and development of important matters in China with reference particularly to industrial and administrative matters;

(d) Without binding any one member of the group to offer a participation in any concrete piece of business, nevertheless it should be understood that each group would endeavour, so far as it lay within its power, to offer participations to the other groups in any *ad hoc* proposition or financial operation that might come before the originating group. In the same way, each group would purpose within its means to accept such participations as might be offered to it in any piece of business from any one of the other groups;

(e) For the purpose of facilitating the objects of the Association an executive council might be formed with the understanding that it

should meet not less than once a year in the City of London at the call or request of any one of the groups;

(f) To membership of this proposed Association, Belgium and Germany might be invited.

The foregoing is very simple, very rough, and indicates how loosely knit such an Association should be. To my mind the more loosely knit it is, consistent with its definite existence, the better. As I said to you yesterday, you and I being thoroughly convinced of the value of continued co-operation in far-Eastern matters, it may well be that starting afresh in the small way indicated, we might succeed over a period of time in really rebuilding something substantial yet unhampered by political considerations in China and by too many fixed conditions. In the case of America the existing group is almost completely debarred from offering securities under our present laws. The chances are that those laws will not change immediately. On the other hand, it is quite probable that the existing Managing Committee in America might well succeed in organising an offering group of first-class Houses that might be interested in future Chinese business, although not immediately.

I have transmitted through our Embassy here to Washington the gist of my suggestion to you for the purpose of their comment. Meanwhile I shall be glad to have your own valued views.

Sincerely yours,

THOMAS W. LAMONT

893.51/6381

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

No. 457

NANKING, May 7, 1937.

[Received June 1.]

SIR: I have the honor to refer to despatch No. 428 of April 21, 1937, from the Embassy, Nanking, commenting on the proposal to sell American railway materials to the Chinese Government on credit.

In this connection I have the honor to invite the Department's attention to two Special Reports written by Mr. Calder, Assistant Commercial Attaché, copies of which the Department presumably has received. The first is Special Report No. S-127 of April 9, 1937⁶⁷ in which he proposed the setting up of a commission in China composed of representatives in China of different American Government Departments which would operate under the auspices of the Export-Import Bank and work in association with an advisory committee of the Shanghai American Chamber of Commerce to check up on proposals for the purchase of American railway and other materials on credit, and to promote commerce with China in other ways. He describes steps which the British Government has taken in this sort

⁶⁷ Not found in Department files.

of activity. It will be recalled that despatch No. 1195 of April 23, 1937, from the Embassy, Peiping,⁶⁸ transmitted a memorandum of conversation between myself and the Commercial Attachés dealing with various aspects of Mr. Calder's idea.

(Parenthetically it may be remarked that during a recent visit to Shanghai I was informed that up to the present time no actual credits have been arranged as a result of the activities of Mr. Kirkpatrick, representative of the Exports Credit Guaranty Department of the British Government. This was attributed to the fact that terms thus far insisted upon by Mr. Kirkpatrick's organization were onerous.)

The second report to which I refer is Special Report No. S-137 of April 23, 1937⁶⁹ on the subject "Further Suggestions for Coordinating, Improving and Entrenching the American Position in China in relation to Developing a Policy for Extending Credits". In it Mr. Calder attempts to show how such a method of coordinated effort as he proposes might serve American business in China.

There is enclosed a copy of a news item⁷⁰ from the Central News Agency release of April 20, 1937 indicating that the Japanese Government intends to set up in Shanghai a combined government and private business organization "for the study of Chinese economic conditions". A section of the Japanese Foreign Office under the direction of the East Asiatic Affairs Bureau is to exercise control. During the course of a visit made by the Japanese Chargé d'Affaires a day or two ago he stated that this report was substantially correct. He said that the project required a rather difficult coordination of different government Departments with each other and with Japanese commercial interests, and it might take several months to complete the organization.

Under the leadership of the Department of State the American Government is operating powerfully to remove causes of war by promoting international trade through the agency of reciprocal trade agreements. From the standpoint of this policy the present moment is an important one in American-Chinese relations. Partly as a logical result of China's endeavor to become a prosperous modern state, stimulated by a desire to achieve the economic and military strength necessary to resist Japanese encroachments, the Chinese Government has launched a determined effort to expand communications facilities and to develop various lines of industries. These projects are not new ideas in China, since they are in line with policies laid down by Dr. Sun Yat-sen. In the dozen years since the death of Dr. Sun, however, the country has been so occupied with the task of "unification" that they have been neglected. At the present time,

⁶⁸ Not printed.

⁶⁹ Not found in Department files.

⁷⁰ Not reprinted.

there is no armed opposition to the Government anywhere, except as instigated by Japan. There is even a prospect that the Japanese policy of armed invasion of China may be laid aside for an indefinite period, as indicated by the announced attitude of the present Government in Japan and by the result of the Diet elections of April 30. China's currency has been stabilized ever since the relevant measures were put into force on November 3, 1935 and conditions in general have favored the success of the Chinese Government's present striving toward economic progress.

Germany, Great Britain, France and Japan are the nations which, up to the present, have given the clearest indications of desiring to take advantage of this beginning of a new era of economic activity in China. In considering whether it is worthwhile for the American Government to take any unusual step in the same direction, I am impressed by the fact that two factors are necessary to make such a measure successful. One factor, China's desire to utilize American products and American credit, undoubtedly exists; the other factor would be a desire in the United States to export manufactured products and to extend credits. It may be conceded that American manufacturers are always on the lookout for opportunities to sell their products, but it has seemed to me not quite so evident that the need to sell to foreign countries is so strong that the American Government or American bankers would be willing to extend unusually favorable credit terms to bring this about. To an observer in China, appearances would indicate that for a considerable time American industries will find an ample market for their output in replenishing the void caused by the four years' depression which started in October, 1929.

As an American engaged for many years in serving and attempting to foster the enterprises of American citizens in China and in attempting to strengthen the ties between these two historically friendly democracies, I should naturally be eager to advocate any project which promised to enhance the interests and prestige of the United States in China. The policies of the American Government with respect to China rival in importance any which our Government has espoused. A strengthening of the economic bonds between the two countries would lend more authority to the United States in supporting those policies and an apparent withdrawal of the United States from China economically would correspondingly weaken it.

In spite of these considerations, I do not feel moved to support wholeheartedly the proposal that a special organization be set up in China for the avowed purpose of facilitating the extending of credits for the sale of American railway and other materials to China. If the urge to sell such products in China were sufficiently strong to justify this measure, I should favor it, but so far as my observation goes, the urge is not sufficiently compelling.

Another aspect of the matter does, however, strike me as very important, that is the desirability of keeping our Government informed to the fullest possible extent of economic developments in China. To do this successfully would involve a great deal of translating, many conversations with Chinese leaders, and the collation and study of masses of data. Doubtless each of the agencies of the American Government in China is attempting to do its duty in this respect in its own particular field. The Embassy, certainly, is doing its best to report important economic trends and undertakings, to translate pertinent laws and other documents, et cetera. Nevertheless, there is a possibility that these somewhat diffused efforts might be more effective if a scheme were elaborated to coordinate them. Such a scheme might lead to other developments, including the credit plan, although it seems at present of doubtful utility. It is certain that the insight which would be gained into the plans and activities of the Chinese Government would be of service in preparation for the negotiation of a new commercial treaty. It is this phase of Mr. Calder's proposal, therefore, which seems to me worthy of most attention at this moment.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.51/6371 : Telegram

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

NANKING, May 8, 1937—11 a. m.

[Received May 8—4:30 a. m.]

195. Department's 107, May 4, noon, from Export-Import Bank for Pierson.

1. Pierson informs that clearance required of me relates to question of political expediency rather than question of credit status. From a political point of view I see no reason why Bank should not be allowed undertake this business. I understand Pierson has recommended participation by Export-Import Bank on basis of securing a satisfactory bank guarantee or its [equivalent?].

2. Sent to the Department, by courier to Peiping and Shanghai.

JOHNSON

893.00/14129

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

No. 464

NANKING, May 12, 1937.

[Received June 15.]

SIR: I have the honor to recall that the Embassy, Nanking, has on more than one occasion brought it to the attention of the Depart-

ment that there was observable in China a tendency toward "state capitalism", that is, the initiation and control of large economic enterprises by the National Government to the exclusion of private initiative.

There is enclosed a copy of the report of an address⁷¹ given by Dr. Wang Ching-wei, Chairman of the Central Political Committee, on May 3, as published in the *Kuo Min News Agency* release of May 4, 1937. The entire address is interesting, but the Department's attention is invited particularly to those portions which bear on the policy of the National Government, acting in accordance with directions given by the late Party Leader Dr. Sun Yat-sen, to initiate and control certain basic enterprises in China, with a view to placing the country in position to defend itself from foreign aggression.

For convenience of reference excerpts from the address of Dr. Wang Ching-wei are quoted below.

Dr. Wang was discussing the general policies of the Government and could hardly have omitted reference to relations with Japan. In regard to such relations he said:

"Our attitude towards Japan may be summed up thus: We are resisting Japan. We are not anti-Japanese. In saying that we are not anti-Japanese we mean that we have no wish to injure others; in saying that we are resisting Japan, we mean that since other people are injuring us, we cannot but offer resistance.

"Doubtless in the course of the past few years we have been immersed in the task of augmenting the power of resistance of the State. An individual with no power of resistance can not avoid death when attacked by disease. A State with no power of resistance, will, when beset by foreign menace, not only perish, but its people will be completely wiped out from the face of the earth. In all our work today there is a central objective: namely, to strengthen the power of resistance of the State".

These remarks substantiate observations made to the Department by the Embassy in earlier despatches, based on statements made by other Chinese leaders, that the National Government's motive in attacking the problems of economic development in its present energetic manner is largely, if not primarily, the desire to increase the country's ability to resist Japan's aggressive activities.

Another important Government policy discussed by Dr. Wang was that of "economic reconstruction". Dr. Wang recalled that Dr. Sun Yat-sen had repudiated the idea of the Third International that complete destruction of the existing capitalist regime must precede the attempt to set up a better social system and that he had advocated "peaceful means to reach the ultimate objective". Dr. Wang said:
[Here follows quotation from address.]

⁷¹ Not reprinted.

These remarks somewhat explain Dr. Wang's opposition to General Chiang Kai-shek's reported willingness to come to a working agreement with the Communist forces in the northwest, leaving those forces intact (see my despatch No. 359 of February 26, 1937,⁷² page 3). The remarks show, also, that the Chinese Government has adopted the modern idea that the success of a nation in war is conditioned by its strength as a complete economic unit and not only by the efficiency of its war machine.

That there is in the United States a similar impression that it is necessary for the Government to intervene in certain types of economic development for the joint purpose of assisting industry and providing for national defence is suggested by the following item from the Department's radio bulletin of April 30:

"Mineral Resources. Senator Reynolds⁷³ yesterday introduced a resolution which would authorize the investigation of the country's mineral resources by a technical commission to be appointed by the President. The Commission would be required to recommend legislation to acquire and preserve strategic material necessary for national defense and industrial needs."

Since the attitude of the United States toward international questions involving China has been based upon the hope and the belief that China will become politically and militarily strong enough to maintain an independent position in the family of nations, the United States is undoubtedly very keenly interested in everything which bears upon China's progress toward that condition. Nevertheless, we are also interested in maintaining friendly and profitable relations with China during this period of growth. We are interested, for example, in the opportunities which American individuals and firms are to have in business ways in China. There is quoted below a passage in Dr. Wang's address which confirms the prediction already made by the Embassy in other reports that American firms, in common with other private enterprises, are confronted with an ever narrowing field of activity, mainly because of the creation of semi-Government companies having monopolistic rights in important industrial and commercial lines:

"If we are to achieve economic reconstruction, we must, basing on the principle of the People's Livelihood, stir up the spirit of action of the entire people so that the nation will be inspired by a common idea and a common faith. We should study how to create state capital so that the Government may undertake the various colossal industrial projects; and how to protect private capital so that it may be utilized for the development of medium and small industries. It should be remembered that the burden of the state in undertaking the large industries is already very heavy. Under the circumstances, the state

⁷² Not printed.

⁷³ Robert R. Reynolds, United States Senator from North Carolina.

can hardly undertake the smaller industries which cannot but be left to private capital. If no protection is offered by the state to the smaller industries, the latter can never be developed. Since the main industries are undertaken by the state, private capital is thereby restricted."

It is within the personal recollection of officers of the Embassy that throughout the last three decades successive Chinese Governments have issued innumerable paper plans of political and economic projects. The greater part of these plans have not been executed; a small residue were carried out and are now the foundation of progress, e. g., various railways. On a smaller scale, American enterprises in China in the same period have presented a similar aspect. Railway contracts have been obtained for American firms and have resulted in troublesome negotiations and large Chinese debts instead of profitable railways.

In spite of the fact that the discouraging experience of thirty years may have chilled the interest of the Department and of American banks and business men in the present plans of the Chinese Government for economic and industrial development, the Embassy feels that present developments in this direction merit attention. Railways are indubitably being constructed, factual surveys are being made, and European capital is being invested.

The point of immediate importance which it is the purpose of this despatch to emphasize is that in large enterprises such as railways, steel producing plants, large factories in most lines, et cetera, American firms must deal with Chinese Government departments or with companies largely financed and controlled by the Government. This circumstance inevitably involves the Department of State and other agencies of the American Government in practically every important enterprise, in a consultative and auxiliary capacity, because American firms have always found themselves more or less helpless when dealing unaided with the Chinese Government departments. Moreover, the Chinese Government department concerned usually wishes to make the transaction a matter of record in American official archives. In this field of official finance it is impossible to refer disputes to any court of law.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.51/6377 : Telegram

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

NANKING, May 18, 1937—10 a. m.

[Received May 18—6 a. m.]

209. 1. We learn from informed officials that the Ministry of Railways signed May 12 a preliminary agreement with French banking

interests for a loan of pounds sterling 4 million for construction of a railway from Kunming (Yunnanfu) to Kweiyang. The banks at present included are the Banque Franco-Chinoise and the Banque de L'Indo-Chine; it is stated that other French banks will join in the final agreement.

2. Sent to the Department, to Peiping, Shanghai, Yunnanfu, Tokyo.
JOHNSON

893.51/6378 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

NANKING, May 19, 1937—3 p. m.
[Received May 19—8:20 a. m.]

211. Our 209, May 18, 10 a. m. An officer of the Embassy has been informed by the French Ambassador that an agreement for a loan of Chinese dollars 24,500,000 for the construction of the Chengtu-Chungking Railway was recently signed in Paris between the Banque Franco-Chinoise and Chinese representatives acting for the Ministry of Railways and the China Development Finance Corporation.

Sent to the Department; by mail to Peiping, Shanghai, Tokyo.

PECK

893.51/6380 : Telegram

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

PARIS, May 30, 1937—11 a. m.
[Received 11:40 a. m.]

703. Jean Monnet, foreign agent for the Chinese Reconstruction Finance Corporation, who has just come to Paris from London, called on me yesterday afternoon. He is well-known to Dr. Hornbeck and has for some years been in the habit of informing me with regard to forthcoming events in the Far East. On the whole I have found his statements and predictions remarkably accurate.

The Department has undoubtedly been informed fully by our Embassy in London with regard to the matters Monnet discussed, but I venture to report his statements in case the Department should wish me to pursue the matter further.

Monnet said that Kung, Financial Minister of China, with the full approval of the British Government had been conducting negotiations with the leading banking houses in London for the floating of a loan of the Chinese Government to be offered for public subscription in the London market. Monnet said that he himself could scarcely believe in the results of these negotiations. They were too good to be true. It had been agreed definitely that a Chinese Government 30 year loan of between 3 and 6 million pounds bearing interest between 6 and 6½

percent should be offered for public subscription in the London market during the month of June by the Hong Kong [and] Shanghai Bank and the private banking houses of Schroeder, Lazard, Rothschild, and Morgan Grenfell. A portion of the loan might also be offered in Shanghai.

The loan would be for the purpose of constructing a railroad from Canton to Fukien and a railroad from Pukow to Sinyang. It had not yet been determined whether or not the loan should be secured by the allocation of specific Chinese revenues. It might be issued merely on the credit of the Chinese Government.

I asked what part the Chinese Consortium would play in this loan and Monnet replied that he understood that the United States had agreed to the dissolution of the Consortium and that Great Britain favored the dissolution of the Consortium. He did not know exactly how Japan received the dissolution of the Consortium. In any event the British had stated flatly that they were prepared to go ahead with the loan even if the Japanese should refuse to permit the dissolution of the Consortium. This he took to mean that the British already had some sort of an understanding with the Japanese with respect to the matter. He knew that most serious negotiations had been in progress in London during the past few weeks for the preparation of an Anglo-Japanese agreement to replace the defunct Anglo-Japanese allegiance [*alliance?*]. He said that he had reason to believe that the British might be ready to offer the Japanese recognition of Manchukuo. Leith-Ross had advocated recognition of Manchukuo ever since his visit to China.

I asked whether the Chinese Government would not react violently against such recognition and he replied that the Chinese Government would not.

He went on to say that Kung after visiting Paris this coming week desired to visit the United States for the purpose of obtaining a loan to strengthen the reserves of the Central Bank of China and to retire certain outstanding loans bearing excessively high rates of interest. In view of the great improvement in the credit of the Chinese Government which would be produced by the floating of the projected London loan, Kung hoped to be able to interest American bankers in a loan.

In spite of my repeated expressions of skepticism, Monnet insisted that the British loan to the Chinese Government referred to above was an established fact. He said that if the Japanese should object, the British would invite Japan to participate in the loan and to offer a portion of it for public subscription in the Japanese market. But whatever attitude the Japanese might take, the British were determined to go through with the matter.

Kung will reach Paris Tuesday evening and has an engagement [to] dine with me on Wednesday. I should be greatly obliged if the Department would give me any information and instructions it may deem appropriate as to the line I should take with Kung.

BULLITT

893.51/6380 : Telegram

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

WASHINGTON, June 1, 1937—7 p. m.

248. With reference to your 703, May 30, 11 a. m., the Department appreciates receiving the information contained therein.

1. For your confidential background information. The British Foreign Office handed to our Embassy at London on February 10 a memorandum which contained the statement that in the opinion of the British Government the China Consortium should be dissolved by mutual consent, and which made mention in connection with that suggestion of a proposal from the Chinese Government that British interests finance the construction of a railway from Canton to Meihsien near the Fukien border. (It is understood that the loan would amount to pounds 2,700,000 and that the loan contract would provide for the purchase of British materials.)

On March 12, the Department instructed our Embassy at London to hand to the British Foreign Office a memorandum in which the Department stated that the American Government did not desire to place any obstacle in the way of British acceptance of the contract referred to in the Foreign Office's memorandum and that this Government would not object to participation by the American Group in negotiations looking toward dissolution of the Consortium. The Department instructed the Embassy to inform the British Foreign Office orally that this Government was sympathetically disposed in principle to a suggestion conveyed in the Foreign Office's memorandum that an effort be made to discover whether or not the major objects of the Consortium could be attained by keeping in being cooperation between the governments concerned while restoring to individual members of the Consortium liberty of action as regards industrial enterprises.

The representatives of the various groups in the Consortium, meeting at London on May 6, adopted a conditional resolution to the effect that objection would not be raised to entrance by the British group into independent negotiations in regard to the Canton-Meihsien railway.

A telegram from the Ambassador, London, May 18,⁷⁴ contains a paragraph as follows:

⁷⁴ Vol. III, p. 102.

"He (Cadongan of the British Foreign Office) told me that Kung came here with very big ideas as to a loan of from 20 to 50 million pounds for internal purposes but that Leith-Ross 'had watered him down heavily' and intimated that the most he could hope for would be from 10 to 12 million pounds which Kung said he could not contemplate without loss of face. Cadogan said that he knew technical advisors of Kung were still talking finance in the city but without any results or he would have been advised."

2. Although the Department does not wish that you initiate discussion in regard to either matter, Department suggests that in the course of your conversation with Kung you might endeavor discreetly to ascertain what he accomplished in London in regard to British financial assistance to China and related matters, and you might lead him to mention and to volunteer comments upon the possible character of Japanese-British conversations alleged to be going on in London with regard to Far Eastern matters.

3. In reporting on either or both points, repeat to London.

HULL

893.51/6385: Telegram

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

PARIS, June 3, 1937—noon.

[Received June 3—11:30 a. m.]

723. Your 248, June 1, 7 p. m. Kung gave me an account last evening of the conversations he had had with Eden⁷⁵ and Chamberlain⁷⁶ with regard to the Far East. He said that Eden had sent for him and in the presence of Chamberlain had stated that he was aware that the Chinese were somewhat concerned with regard to the negotiations which Yoshida was conducting with the British Government in London.

He wished to assure him (Kung) that there was no cause whatsoever for disquiet. Yoshida had come to London and had stated that the Japanese Government desired to improve its relations with the British Government and to come to a mutual understanding with the British Government. Eden said that he had then asked Yoshida on what he proposed to base such an understanding. Yoshida had replied that it should be based on an agreement with regard to removal of British quotas against Japanese goods and on an agreement with regard to the economic development of China.

Eden said that he had replied that Japan must understand that while Great Britain was quite ready to recognize that because of Japan's proximity to China she was in an especially favorable posi-

⁷⁵ Anthony Eden, British Secretary of State for Foreign Affairs.

⁷⁶ Neville Chamberlain, British Prime Minister.

tion to satisfy certain economic needs of China, Great Britain could not recognize any special position of Japan in China and had not the slightest intention of limiting Great Britain's economic interests in China.

Kung said that both Eden and Chamberlain had assured him categorically that both the Chinese Government and the Government of the United States would be informed well in advance of any agreements that the British Government might contemplate concluding with the Japanese Government.

He believed that the British Government had no intention of recognizing Manchukuo.

BULLITT

893.51/6386 : Telegram

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

PARIS, June 3, 1937—1 p. m.

[Received 2:06 p. m.]

724. Reference to my telegram No. 723, June 3, noon; and your 248, June 1, 7 p. m. Kung, Chinese Minister of Finance, made a number of statements to me last evening which he asked me to regard as highly confidential.

He said that on his arrival in London the British had indicated their willingness to finance various railroad building projects in China through long term loans the proceeds of which should be spent in England. He had replied that he was not interested in such loans, that he could buy in many places in the world the materials necessary for the building of railroads on the basis of installment payments. If the British should be ready to offer better terms than anyone else he would be glad to buy in Britain but not otherwise (I assume that the offers above mentioned were the basis for Monnet's statements reported in my 703, May 30, 11 a. m.).

He had then in a conversation with Eden, Chamberlain, Leith-Ross and Montagu Norman,⁷⁷ stated that he believed that there was one loan which would be greatly to the advantage of China and Great Britain. That was a loan which would enable him to retire the outstanding internal Government obligations of China.

It would be necessary to have approximately 2 billion dollars Chinese (this he translated as 120 million English pounds). He said that by paying off outstanding internal Chinese Government bonds (which on the whole carried 8% interest, since they bore interest at 6% and had been sold at 80) and issuing such internal bonds as might be needed bearing 4% interest he could balance his budget.

⁷⁷ Governor of the Bank of England.

This would strengthen immensely the position of the Chinese Government which obviously would be of advantage to the British Government.

Kung said that then he had asked the British Government to persuade British bankers to lend him 120 million English pounds for this purpose. He was prepared to promise that the money would not be taken out of England. So long as he should have such a credit in England he could issue notes which would serve the same purpose as cash.

Kung asserted that Chamberlain, Eden, Leith-Ross and Montagu Norman had all agreed in principle that a loan of this nature would be to the advantage of Great Britain as well as China; but had said that in view of the present financial situation in Great Britain and the uncertainties of the European situation they did not wish to permit China to borrow more than 20 million pounds in the London market. They had proposed an interest rate of 5% on this 20 million loan. He had suggested 4%. The British Government furthermore had said that they did not wish the loan to be floated at the present time but wished it to be floated in September. They had requested him to return to England after his visit to the United States in order to sign the agreements for this loan. He expected to return to England in the month of July.

Kung added that next week he would visit Brussels and Berlin and sail for the United States on June 16th, then visit New Haven, Connecticut, to obtain a degree from Yale University, then visit Washington. He said that he was looking forward with the greatest eagerness to seeing the President and Secretary Morgenthau.

Kung said that when he reached the United States he hoped to be able to interest American bankers in making a loan to China which would fill the gap between the 20 million that the British Government is ready to have British bankers advance and the 120 million pounds which he wants. He considered the 12 [20?] million loan from Great Britain an established fact and a settled transaction; but China's position would be enormously strengthened if he could add to it 100 million pounds from the United States.

BULLITT

893.51/6387 : Telegram

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

PARIS, June 5, 1937—1 p. m.

[Received June 5—8:25 a. m.]

738. My 724, June 3. In the course of a conversation last night Dr. Kung, Chinese Minister of Finance, went into further detail with regard to the proposals which had been made to him in London. The

proposals for loans to the Chinese Government for the construction of a railroad from Canton to Fukien and another from Pukow to Sinyang secured on the salt and customs revenues he had rejected. He had indicated, however, that he would be glad to have such loans made directly to Chinese railroad companies and secured on the railroads themselves. He believed that negotiations in this sense might be carried through.

He went on to say that for the "conversion loan" referred to in my 724, June 3, he was ready to pledge the salt and customs revenues.

BULLITT

893.51/6400 : Telegram

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

LONDON, June 21, 1937—2 p. m.
[Received June 21—12: 34 p. m.]

394. Cadogan sent for me this morning and handed me a "very confidential" memorandum regarding Kung's currency loan negotiations here. Inasmuch as he is, according to the radio bulletin, due to arrive in Washington in a few days, I am cabling text in full.

"The Chinese Minister of Finance Dr. Kung, during his recent visit to England raised the question of the issue in London of a currency loan for China. Discussions in regard to this proposal are still in an early stage but His Majesty's Government in the United Kingdom desire to inform (the United States Government) confidentially of their course as they are anxious that in matters of this kind there should be close consultation between the governments principally concerned.

2. His Majesty's Government are disposed to view Dr. Kung's proposal with favor provided that it forms part of a well considered program for maintaining the stability of the Chinese currency and for the execution of a sound financial policy on the part of the Chinese Government. They feel that the carrying out of such a programme is essential in the interests of China and is to the advantage of all countries which trade with China and intend to cooperate in her economic developments.

3. In particular His Majesty's Government attach importance to the establishment in China of an independent and non-political central reserve bank. The principles for the setting up of a central reserve bank have already been adopted by the Chinese Government and it is satisfactory to note that Dr. Kung has stated his intention of putting these principles into practical effect without delay. In discussing the question of a currency loan it was made clear to Dr. Kung that His Majesty's Government regard it as very important that satisfactory legislation for a central reserve bank should be put into force as soon as possible and that it would be essential that this step should have been taken before the issue of any currency loan.

4. The programme envisaged would of course include provisions as to the disposal of the proceeds of a currency loan. The sterling would be sold by the Chinese Government to the central reserve bank and would be used by the bank solely for foreign exchange transactions in order to maintain the stability of the Chinese currency. It would clearly not be desirable that the Chinese dollars thus received by the Chinese Government from the central reserve bank should be available for current budget expenditure and the programme would provide that these dollars should be used by the Chinese Government gradually over a period for the redemption of existing domestic bonds which would have the effect of improving the credit of the Chinese Government in their own internal market. It would also be part of the program that the Chinese Government should pursue a policy of balanced budget.

5. Provided that a currency loan formed part of a well considered program on these lines His Majesty's Government felt that they could themselves view it with favor and could hope that the proposal would be viewed sympathetically by the United States Government and the other governments concerned. But it was made clear to Dr. Kung that His Majesty's Government could not express any opinion as to whether, and on what terms, a loan could be successfully issued in the London market and that this must depend on negotiations with the financial institutions concerned.

6. Dr. Kung proposed that the loan should be secured on the Maritime Customs revenue in which connection His Majesty's Government stated that they would expect an assurance that the existing system of the Maritime Customs would be continued. They here emphasized the importance of the resumption of the recruitment of foreign personnel.

7. The discussions with the financial institutions concerned are still at an early stage and it is not yet clear whether the Chinese Government will be in a position to offer security which the market would regard as adequate even for a comparatively small currency loan of say not more than pounds 10,000,000 to pounds 20,000,000. (If the total were more than pounds 10,000,000 only pounds 10,000,000 would be issued in the first instance). Discussions on this point are understood to be continuing.

8. Should these discussions be successfully concluded it is understood to be the desire of Dr. Kung to issue a currency loan in the autumn. In this connection the question of the Consortium has of course to be recalled into account. His Majesty's Government trust that they will shortly receive from the French and Japanese Governments, as they have already received from the United States Government, an intimation that they agree to negotiations between the groups for the dissolution of the existing Consortium by mutual consent. In that event it may be expected that the Consortium will have been dissolved before the autumn and no question of a formal decision by the group will be involved; but it would of course continue to be the policy of His Majesty's Government to keep in close touch on the matter with the other three interested governments. In the alternative event of the Consortium not having been dissolved by the autumn His Majesty's Government trust that the United States Government would find no difficulty in using their influence with the United States Group to secure the consent to the issue in London of a currency loan as part of a well considered program on the lines described above."

Cadogan went on to say that he had had several conversations with the Japanese Ambassador in the course of which Yoshida made a proposal for an agreement to protect the territorial integrity and independence of China. Cadogan also said that his Government would cooperate with the Japanese or any other government along this line and that Yoshida had then proposed the discussion of an agreement for the protection and rehabilitation of China and Cadogan said he had told him the British Government would in no circumstances go into any such agreement; that cooperation with the United States, China and Japan for peace and stability in the Far East would be supported by his Government but no form of special agreement would be considered at all. This allowed me to refer in passing to the purport of your number 1757 of May 24, 1937.⁷⁸

Cadogan then went on to say that Yoshida was to provide him with a memorandum on the Japanese proposals for discussion but that the presentation of this memorandum had been much delayed because of the changes of government in Japan. However, he looked for it in the near future. Meanwhile he had undertaken to keep this Embassy informed and would continue to do so and also he had told the Chinese Ambassador that he would keep him informed of any negotiations with Japan.

BINGHAM

893.51/6400 : Telegram

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

WASHINGTON, June 24, 1937—5 p. m.

259. Your 394, June 21, 2 p. m. Please avail yourself of an early opportunity to express to the Foreign Office this Government's appreciation of the action of the British Government in furnishing us with the memorandum on the subject of Chinese-British discussions in regard to British financial assistance to China, and you may inform the Foreign Office that this Government shares the view of the British Government that there should be close consultation between the governments principally concerned.

With reference to the penultimate and final paragraphs of your telegram, the Department will be interested in receiving information concerning the memorandum which Yoshida plans to present to the British Government.

Please review Department's 236, June 11, 4 p. m.⁷⁹

HULL

⁷⁸ Vol. III, p. 103.

⁷⁹ Not printed.

893.51/6416

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] June 25, 1937.

The British Foreign Office has given our Ambassador in London a "very confidential" memorandum giving information regarding H. H. Kung's loan negotiations in London.

[Here follows summary of British memorandum, quoted in telegram No. 394, June 21, 2 p. m., printed on page 605.]

Comments.

1. In the light of the whole tone of this memorandum together with previous information from other sources, it looks as though the British Government were favorably inclined toward the idea of a loan by British Banking interests of at least pounds 10,000,000—for flotation before the end of this calendar year.

2. It would seem that the British Government hopes that the American Government will view the "set-up" which the British Government outlines with favor. Reading between the lines, it would appear that the British Government is hinting at parallel action by the American Government and American banking interests. In the open, the British Government expresses a hope that the American Government will not be unfavorably disposed if the British go ahead with this project regardless whether other governments and financial interests take parallel action.

FE⁸⁰ perceives no reason why the American Government need view the project, from either angle, unsympathetically. We would suggest that serious consideration be given to the question whether this Government would favor American action on parallel lines.

3. Dr. Kung has suggested that the Chinese Customs revenue be made security for the proposed loan. The British Government has emphasized to Kung that it would expect an assurance that the existing system of the Customs Administration be continued and that resumption of recruitment in that Administration of foreign personnel is highly desirable.

At the Chinese Customs Conference in Peking in 1925-26,⁸¹ the American Delegation shared the view of the British Delegation that the Chinese Customs Administration should be safeguarded. Employment of foreign personnel in that Administration was an important feature. There would seem to be now no reason why this Government should not share the British Government's solicitude in that connection.

⁸⁰ Division of Far Eastern Affairs.

⁸¹ See *Foreign Relations*, 1925, vol. I, pp. 833 ff., and *ibid.*, 1926, vol. I, pp. 743 ff.

4. The British Government has taken the initiative toward dissolution of the China Consortium. This Government has given assent to negotiations on the part of the member financial groups looking toward that end. The British Government now expresses the hope that, in case dissolution of the Consortium has not been brought about by next autumn, the American Government will use its influence toward obtaining consent of the American Group to issuance by British interests of the loan under consideration.

It is believed that the American Group will be prepared to consent without prompting from the American Government.

5. We have reason to assume that Dr. Kung when in Washington (he is to arrive next Monday morning) will broach the subject of a possible loan by American interests (or an extension of credit in some form by American governmental agencies). It is believed that this Department should adopt a neutral attitude, at least at the outset.⁸² It is believed that the Administration might to advantage suggest to Dr. Kung that he take the matter up with American financial interests. If, then, Dr. Kung acts on that suggestion and American financial interests seek the views of the Government, the project which might at that stage have been worked out between Dr. Kung and the said financial interests could be considered by the Administration on its merits. (A loan by American banking and financial interests paralleling and equaling in amount a loan by British financial interests, on the basis of the outline of conditions given in the British Government's memorandum, might lead to several advantages and several disadvantages, both political and economic.)

S[TANLEY] K. H[ORNBECK]

893.51/6405 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

NANKING, June 28, 1937—9 a. m.

[Received June 28—4 a. m.]

246. The Ministry of Communications signed a contract with R. C. A. Victor Company June 26 to purchase 16 sets 4/2 kilowatts R. C. A. radio and telegraph and telephone transmitters, 38 sets A R 60 receivers together with terminal and privacy equipments and accessories improvement, total price of \$408,000 U. S. currency. This equipment will provide for radio telephone and telegraph connections between Nanking and the principal capitals and important cities of China.

⁸² The Under Secretary of State sent to the President, for his information, a copy of telegram No. 394, June 21, 2 p. m., from the Ambassador in the United Kingdom, p. 605.

The Ministry of Communications invited the Ambassador, the Commercial Attaché and me as well as R. C. A. representatives to dinner June 26 in celebration of this important purchase of American equipment which was the more significant because the Embassy took part in the negotiations. The Minister of Communications observed to me as the only representative of the American Embassy here that the conclusion of the negotiations during the visit of the Minister of Finance in the United States was an especially happy coincidence. I agreed to report the information to the Department by telegraph. It was evidently the Minister's idea that this information might promote the cordiality of the meeting with the Minister of Finance.

Repeated to the Department; repeated to Peiping.

PECK

893.515/1236

*Memorandum by the Adviser on International Economic Affairs
(Feis)*

[WASHINGTON,] July 8, 1937.

This morning, after the termination of the meeting of the Brazilian Minister of Finance, the Secretary of the Treasury met with the Chinese Minister of Finance and the Chinese Ambassador. He had invited me to be present.

The occasion of the meeting was to give the Treasury reply to various proposals that had been made by the Chinese Minister of Finance in connection with the silver now held by the Chinese Government in the United States.

Mr. Morgenthau stated that he was prepared to suggest a definite arrangement of which the main elements were:

(1) The United States would purchase the 62,000,000 ounces of silver now held by the Chinese Government in this country at 45 cents per ounce.

(2) Payment will be made in gold at \$35.00 per ounce (plus one-quarter of one percent). This gold is to be held in earmark at the Federal Reserve Bank of New York and is to be used only for the purpose of stabilizing the yuan.

(3) The American Government will, if requested by the Chinese, make short term advances to the Chinese Government up to \$50,000,000, for the purpose of stabilizing the yuan at a rate of one-half percent above the rediscount rate of the Federal Reserve Bank of New York, and safeguarded by the collateral (the above-mentioned gold deposit).

The Chinese Minister of Finance indicated he thought this arrangement a satisfactory one. It was agreed that his assistants should continue to discuss some of its main details with the Treasury technicians this morning. Final reply will be given tonight and if no

new questions are raised, a joint communiqué will be prepared for prompt issuance.

The meeting closed with an expression of warm sentiment.

The communiqué will not give details of the above transaction.

H[ERBERT] F[EIS]

893.51/6417

Press Release Issued by the Treasury Department, July 9, 1937

The following joint statement is made by the Secretary of the Treasury and the Minister of Finance of China :

The monetary cooperation which resulted from the conference of the Secretary of the Treasury of the United States of America with representatives of the Chinese Ministry of Finance in May, 1936, has contributed to the very successful functioning of the new Chinese monetary system with benefits both to the internal economy of China and to American trade.

We are now able to announce further progress in monetary cooperation between the two countries in pursuit of the understanding reached a year ago. At that time the Secretary of the Treasury, in a public statement, said :

“I feel confident that the monetary program being pursued by the National Government of China is not only along sound lines, but constitutes an important step toward the desired goal of stability of world currencies.

“To supplement their efforts toward that objective and to cooperate with them in their program of monetary reform and currency stabilization, and in accordance with our silver purchase policy, we have definitely indicated our willingness, under conditions mutually acceptable, to make purchases from the Central Bank of China of substantial amounts of silver, and also to make available to the Central Bank of China, under conditions which safeguard the interests of both countries, dollar exchange for currency stabilization purposes.”

At the same time, the Minister of Finance of China in a public statement expressed the firm belief that the new measures of monetary reform which were then being adopted by the Chinese Government, and the arrangements made with the United States would insure the stability of the Chinese currency, and this would inevitably lead to greater economic improvement and prosperity of the Chinese people.

Arrangements have now been made through which the Government of China will purchase from the United States Treasury a substantial amount of gold. To aid the Chinese Government thus to augment its gold reserves, and in accordance with the terms of the United States Silver Purchase Act of 1934,⁸³ the United States Treasury will purchase an additional amount of silver from the Chinese Government.

The United States Treasury will also broaden the scope of the arrangements under which the Central Bank of China has been

⁸³ Approved June 19, 1934; 48 Stat. 1178.

enabled, under conditions which safeguard the interests of both countries, to obtain dollar exchange for currency stabilization purposes.

Both the Secretary of the Treasury and the Finance Minister of China are greatly gratified by the beneficial results to both countries which have been the consequence of their understanding reached last year, and they are equally gratified to be able to announce further progress in their cooperation. It is a source of satisfaction to them that the program of monetary reforms and currency stabilization in China has been carried out with great success and has been accompanied by an increase of trade between China and other nations, particularly the United States, which occupies the first place in China's foreign trade.

Because of his desire to express the appreciation of the Chinese Government and the people of China, the Chinese Minister of Finance came in person to the United States to conduct the negotiations which have just been concluded.

The Secretary of the Treasury greatly appreciates having had this opportunity for personal contact with the Finance Minister of China and of undertaking in conference with him to further the welfare of both countries.

893.51/6418

Memorandum by the President of the Export-Import Bank of Washington (Pierson)

[WASHINGTON,] July 12, 1937.

On July 9 Minister Kung, accompanied by Ambassador Wang and Mr. K. C. Li, called upon Messrs. Jesse H. Jones and Warren Lee Pierson and presented the following statement:

The Chinese Government agrees to purchase from time to time on or before June 30, 1939, miscellaneous capital goods manufactured in the United States for export to China in an amount not exceeding \$50,000,000 United States currency.

Payment for such goods will be by the delivery of promissory notes of the Chinese Minister of Finance against shipping documents in New York City. Such notes shall be endorsed by one of the Chinese Government banks and shall be payable in equal quarterly instalments over a period of five years beginning three months after date of shipment. Interest shall be at the rate of . . . per cent.

In order to facilitate the transaction, the Export-Import Bank will undertake to purchase 50 per cent. of such notes without recourse to the American supplier, 25 per cent. to be purchased by Chinese banking institutions and the balance, 25 per cent., to be retained by the American shipper.

After a general discussion of the request for financial facilities for the purchase of American goods, Mr. Jones asked Dr. Kung and his associates to prepare an itemized list setting forth an outline of purchases the Chinese Government desired to make in the United States during the next two years.

Pursuant to the suggestion of Mr. Jones, the following statement was prepared by Dr. Kung and delivered to the bank on July 12:

[Here follows itemized list.]

After the conference held on July 9 Dr. Kung expressed the hope that the credit facilities outlined would be made available and that a favorable decision would be submitted to him prior to his departure from the United States on Wednesday, July 14.

It was further indicated during and after the conference mentioned that a favorable decision "in principle" would meet the present desires of the Chinese Government—actual transactions to be submitted from time to time to the Export-Import Bank for individual approval.

WARREN LEE PIERSON

893.51/6446

Memorandum by the Assistant Chief of the Office of Arms and Munitions Control (Yost)

[WASHINGTON,] July 21, 1937.

The attached article from the *New York Times* of July 20⁸⁶ suggests that the Treasury Department is concerned over the possible application of the neutrality law⁸⁷ to China and the effect such application would have on recent arrangements for the extension of credits to the Chinese Government by the Export-Import Bank. At a press conference, Mr. Morgenthau declared that, should the law be applied to China, an opinion on this point would be requested from the Attorney General.

Actually, the primary question which would arise in these circumstances would not appear to be the interpretation of the Neutrality Act. International custom and practice have long forbidden the extension of loans, the granting of credits, or the rendering of similar forms of assistance by neutral governments to belligerent governments. This fact alone would seem to make it obligatory upon the United States Government to suspend for the duration of the hostilities any credit operations, which had not been completed prior to the outbreak of the hostilities, with a foreign government involved in war.

Since this is the case, the question of whether or not Section 3 of the Neutrality Act applies to loans and credits extended to belligerents by the United States Government or its agencies would seem to be largely academic. It would appear to be reasonable to assume, however, that Congress, in prohibiting the granting of loans and credits to belligerents by individual Americans, expressed a general disap-

⁸⁶ Not reprinted.

⁸⁷ Approved August 31, 1935, 49 Stat. 1081; as amended February 29, 1936, and May 1, 1937, 49 Stat. 1152 and 50 Stat. 121.

proval of such grants which would probably extend equally to those made by the United States Government.

C[HARLES] W. Y[OST]

893.51/6428

Mr. Thomas W. Lamont to the Chief of the Division of Far Eastern Affairs (Hornbeck)

LONDON, 23 July, 1937.

[Received August 11.]

DEAR DR. HORNBECK: Nothing new has developed here in regard to the Chinese Consortium situation. Many of the bankers and officials interested are in fact preparing for their summer holidays. I cannot learn that the British Government has received any definite response, as yet, from either the French or the Japanese Governments as to the suggestion made to the American Government that if all four Governments concurred, the four banking groups should be advised to devise measures for the dissolution of the Consortium.

This being the case, I feel that the matter should not rest in abeyance too long, because, as it stands to-day, the Consortium is a perfectly anomalous and amorphous creature. I think it would be much better to break off with the old definitely once and for all and then take up the question of the new Association.

Perhaps the Department has already considered the advisability of making enquiry from the British Foreign Office as to the nature of the responses, if any, from the French and Japanese Governments; it might conceivably be in order to suggest that if no reply has been received, the matter be followed up in due course so as to gain some definite idea of their attitude. I have the feeling that if the British interests would handle the matter of the French Government it would not perhaps be too difficult for us to handle the Japanese end of the matter. But I would like to see progress made one way or the other.

I quite realise that in the present tense situation of China, this question of the Consortium is a trifling one but nevertheless it is worth while cleaning up.

With personal regards [etc.]

THOMAS W. LAMONT

893.51 Yunnan/26

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

No. 1366

PEIPING, July 24, 1937.

[Received October 4.]

SIR: I have the honor to refer to my despatch No. 1304 of June 30, 1937,⁸⁸ in regard to the desire for an American loan to finance the pro-

⁸⁸ Not printed.

posed Chengtu-Yunnanfu Railway, and in this connection to enclose a copy of despatch No. 269, July 10, 1937, from the Consul at Yunnanfu ^{88a} in which he states that Mr. Hu Tao-wen, the Chinese official who has discussed the matter with him previously, again called at the Consulate and made a plea for favorable consideration of the desired loan. Mr. Penfield points out that the authorities of both Yunnan and Szechuan are anxious to obtain this loan, that the authorities desire neither British nor French capital to be employed, and that if the Nanking authorities are in favor of it, (as Mr. Hu maintains is the case) the project might be regarded as a favorable opportunity for the investment of American capital and for the sale of American railway equipment.

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

893.51/6414

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

No. 1870

WASHINGTON, July 27, 1937.

SIR: With reference to previous correspondence in regard to the China Consortium, and in particular to the Department's telegram No. 82 of March 12, 6 p. m., there are enclosed ⁸⁹ for the information and guidance of the Embassy a copy of a memorandum of conversation, under date June 29, 1937, between Mr. Thomas W. Lamont and an officer of the Department, and a copy of a letter of June 29, 1937, together with the enclosures thereto, addressed to an officer of the Department by Mr. Malcolm D. Simpson of J. P. Morgan and Company.

The Embassy will note from a reading of the enclosures that the possibility is suggested that the British have misunderstood the position of the Department with regard to the proposed dissolution of the China Consortium. Although the Department stated its position clearly in the memorandum which the Embassy presented to the British Foreign Office on March 15, 1937, and the Department considers it improbable that the British Foreign Office has misunderstood our position, the Embassy is authorized, if it feels that an explanation would be helpful, to inform the British Foreign Office, orally and informally, that the Department's statement in its memorandum under reference, to the effect that this Government would interpose no objection to participation by the American Group of the Consortium in negotiations for the proposed dissolution of the Consortium, was not and is not conditioned upon there being kept in being cooperation

^{88a} Not printed.

⁸⁹ Enclosures not printed.

among the parties concerned. It is felt that the Embassy would be warranted in explaining to the British Foreign Office that, although the Department regards the China Consortium as a private association of bankers and has laid down no condition for its dissolution, it would view with regret a return to the situation and practices which prevailed before the Consortium Agreement was concluded, and it has expressed the hope, reciprocating the expression of that hope by the British Government, that the major objects of the Consortium Agreement may be obtained by keeping in being the spirit of cooperation by and among the governments concerned on which the Consortium is based.⁹⁰

Very truly yours,

For the Secretary of State:
SUMNER WELLES

893.51/6422

*Memorandum by the Adviser on International Economic Affairs
(Feis)*

[WASHINGTON,] July 27, 1937.

I attach a copy of a letter addressed by the Chinese Ambassador to the Export-Import Bank⁹¹ in regard to credits for the purchase of goods in this country. The Board of the Bank considered this question at yesterday's meeting. The President of the Bank proposed to reply in accordance with the attached note,⁹² which would mean a commitment in general principle which in fact would only be realized as specific transactions were approved by the Export-Import Bank and specific conditions agreed upon. The condition (c) enabling the Bank to suspend or cancel any credit at any time would take care of any questions raised by our neutrality legislation.

The Board favored this reply. However, it was agreed to hold it up until the present crisis situation in the Far East should become more clearly defined or terminated.

H[ERBERT] F[EIS]

893.51/6421

*The President of the Export-Import Bank (Pierson) to the Chief of
the Division of Far Eastern Affairs (Hornbeck)*

WASHINGTON, August 2, 1937.

In my conference this morning with Secretary Hull it was decided that I should tell Dr. Wang that the Export-Import Bank is favorably

⁹⁰ The Embassy reported on September 23 that the instruction had been carried out but no indication was given by the Foreign Office that the position taken by the United States had been misinterpreted.

⁹¹ Dated July 16, not printed.

⁹² Not printed.

disposed to the granting of commercial credits along the lines suggested in the Ambassador's letter⁹³ but that we hesitate at this time to make a formal commitment which might soon prove meaningless. Furthermore, that we might undertake to examine an initial transaction with the idea of going through with it if conditions begin to look better.

In the meantime the Secretary suggests—wisely, I think—that we send a cable to Bingham in London inquiring regarding the alleged British arrangement.⁹⁴

I have drafted a very brief cable which is attached.⁹⁵ Will you be good enough to see that this goes forward either in its present form or as you may care to modify it.

WARREN LEE PIERSON

893.51/6428

The Chief of the Division of Far Eastern Affairs (Hornbeck) to Mr. Thomas W. Lamont of New York

WASHINGTON, August 5, 1937.

DEAR MR. LAMONT: I have your letter of July 23 from London in regard to the China Consortium situation.

As you intimate, we are at present greatly preoccupied with other matters and we may not be able for some time to turn our thoughts effectively to the suggestion which you now make. In any event, upon your return to this country I should appreciate having an early opportunity to discuss the matter with you.

With cordial regards [etc.]

STANLEY K. HORNBECK

893.51/6437

*The Chinese Ambassador (C. T. Wang) to the President of the Export-Import Bank (Pierson)*⁹⁵

[WASHINGTON,] August 5, 1937.

We appreciate the willingness of the American Government to extend every possible assistance to China for her program of construction with a view of building up her economic structure. Such constructive work is bound to increase the earning capacity of the Chinese people, which in turn means a larger volume of trade between the two countries.

⁹³ Not printed.

⁹⁴ See telegram No. 535, August 12, 4 p. m., p. 619, for reply from the Ambassador in the United Kingdom.

⁹⁵ Copy transmitted to the Chief of the Division of Far Eastern Affairs (Hornbeck) by the President of the Export-Import Bank on August 6.

So during Dr. H. H. Kung's visit to this country last month, we discussed with you and Mr. Jones the possibility of extending commercial credits to our Government up to U.S.\$50,000,000. We have your assurance that you are disposed to accede to this request of our Government.

However, according to your memorandum of August 2, you expressed a hesitancy on your part due to present political situation in the Far East and ask me to furnish you with some suggestion which will prove helpful. I am therefore submitting to you with a revised list⁹⁷ for your consideration. You will understand that this falls far short of our needs, but I thought a smaller amount of materials to be ordered would make it easier for you to arrange for such required credits. I need not add that in doing so, America will make an excellent gesture of true friendship and will show her faith in a united and prosperous China.

C[HENGTING] T. W[ANG]

893.51/6439

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) to the Secretary of State*

[WASHINGTON,] August 9, 1937.

MR. SECRETARY: It will be noted from the attached memorandum under date August 6, addressed to me by Mr. Warren Pierson,⁹⁷ that a meeting of the Executive Committee of the Export-Import Bank is to take place on Wednesday, August 11, with a view to arriving at a decision in regard to the extension of credits totalling United States dollars ten million as set forth in the statement⁹⁷ attached to the Chinese Ambassador's memorandum of August 5 addressed to Mr. Pierson (attached hereunder).

FE perceives no objection to the extension of the credits under reference—in fact, suggests prompt and favorable action in regard thereto—provided the Export-Import Bank is satisfied that the transactions under contemplation are sound from a business point of view.

Would you kindly indicate your wishes in regard to the foregoing, in order that FE may, if you so desire, inform Mr. Pierson on his return to Washington tomorrow evening, August 10, of the Department's views on the matter.⁹⁸

⁹⁷ Not printed.

⁹⁸ This memorandum was initialed by the Secretary of State.

893.51/6440

Memorandum by Mr. Raymond C. Mackay of the Division of Far Eastern Affairs

[WASHINGTON,] August 11, 1937.

PROPOSED EXTENSION TO CHINA BY THE EXPORT-IMPORT BANK OF
COMMERCIAL CREDITS

At the suggestion of Mr. Warren Pierson, I this morning attended a meeting of the Executive Committee of the Export-Import Bank which was held for the purpose of reaching a decision in regard to the above-mentioned subject. (See attached memorandum of August 9 addressed to Secretary Hull.)⁹⁹

Following lengthy discussion, in the course of which I, upon inquiry, said that the Department of State would be favorably disposed to the extension of the credits under reference provided the Export-Import Bank is satisfied that the transactions under contemplation are sound from a business point of view, decision was reached by the Executive Committee that Mr. Pierson should, as opportunity offers, orally inform the Chinese Ambassador to the effect that, although no change has taken place in the attitude and views made known to Minister Kung on the occasion of his recent visit to Washington, it would, in the light of the existing situation in the Far East, seem advisable, in the interests of all concerned, to postpone any definitive action in regard to the extension of the credits under consideration.

R[AYMOND] C. M[ACKAY]

893.51/6433 : Telegram

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

LONDON, August 12, 1937—4 p. m.

[Received August 12—3:30 p. m.]

535. With reference to your 342, August 9, 7 p. m.,¹ I have received from the Foreign Office a confidential letter which supplements the memorandum quoted in my 394, June 24 [21], 2 p. m. The pertinent points of the letter are as follows:

1. That the Chinese authorities have been in communication with the Hong Kong and Shanghai Banking Corporation with a view to settling the terms of the 20 million pound currency loan and that the

⁹⁹ *Supra.*

¹ See communication from the President of the Export-Import Bank to the Chief of the Division of Far Eastern Affairs, August 2, p. 616.

Foreign Office understands that the Chinese are likely to accept the conditions mentioned in its previous memorandum.

2. However, the negotiations have not progressed nearly as far as press reports imply and "it is obviously impossible that a loan should be issued during the continuance of the present state of tension in North China".

3. Reference is made to the resolution adopted at the May 6 meeting of the Consortium Council, to the letter of July 23 addressed by the British Group to the other groups² regarding the proposals for the Pukow-Siangyang Railway, to which no replies have been received, and in this connection it is stated that "on the 30th July an agreement was reached between the Chinese Government on the one hand and the British and Chinese and China Development Finance Corporation on the other for the issue of a pounds sterling 3 million loan for the Canton-Meihsien Railway, and on the 4th August a second agreement between the Chinese Government on the one hand and Chinese Central Railways and the China Development Finance Corporation on the other for the issue of a pounds sterling 4 million loan for the Pukow-Siangyang Railway. The latter agreement contains the following proviso: Notwithstanding any of the provisions hereinbefore contained, none of the clauses in this agreement shall become effective until the present Consortium obligations, which are now the subject of discussion between the governments concerned, cease to be binding on the British Group".

I have also been given in confidence copy of a letter addressed by Padfield of the Hong Kong and Shanghai Banking Corporation, to Kung under date of July 30 together with the latter's reply of August 3 which are quoted verbatim:

"I write again you this letter for the purpose of placing on record what I understand to be the conclusions to be drawn from the recent discussions with Mr. T. K. Tseng. I should be grateful if you could confirm that the following accurately represent your wishes and intentions:

(1) The Chinese Government contemplate approaching the London market through the Hong Kong and Shanghai Bank for the issue of a sterling loan for an amount or amounts up to pounds sterling 20 million in all, such loan to be known as the Chinese Government re-funding loan of . . .³

(2) The proceeds of the loan would be paid to the Central Reserve Bank of China and held by it in sterling in London and used solely for foreign exchange transactions to maintain the stability of the Chinese currency as at present established.

(3) The Chinese dollar counterpart would be used gradually over a period for the redemption of existing domestic bonds.

² Neither printed.

³ Omission indicated in the original telegram.

(4) An adviser to the Central Reserve Bank of China would be appointed in consultation with whom the foregoing disposition of the loan proceeds would be effected.

(5) The security in respect of principal and interest would be the entire revenue of the Chinese Maritime Customs Service after provision for all existing charges.

(6) The administration of the Chinese Maritime Customs Service shall continue as at present constituted during the currency of loan.

With reference to the foregoing I have to say that the Hong Kong and Shanghai Bank would be prepared, subject to the security referred to under paragraph 5 above proving adequate and to there being no objection on the part of His Majesty's Government, to give favorable consideration to the issue of such a loan provided that the current negotiations in regard to the Consortium have removed any obstacles on that account to such a sterling issue. It is understood of course that the actual time of issue and the terms on which the loan could be placed would have to be governed by the London market conditions.

I am sending a copy of this letter to His Majesty's Treasury and to the Foreign Office."

Kung's reply is as follows:

"I wish to acknowledge the receipt of your letter of 30th July and to thank you for the interest you have taken in the proposed loan in London. From time to time, Mr. T. K. Tseng and Doctor P. W. Kuo have reported to me the conversations they have had with the officials of the Treasury and of your Bank regarding the matter. In general their reports correspond with your observations with the exception of article 5 which they understand to be that the proposed loan would be charged on the customs revenue, ranking immediately after the internal consolidated and recovery loans of 1936.

I assure you that I am [pleased?] to receive your understanding of these conversations and that the matter will receive my careful attention."

In the course of a conversation Sir Frederick Phillips⁴ reiterated that irrespective of future developments Chinese credit in London had been unfavorably affected by recent events in North China and that neither the proposed currency loan nor the two proposed railway loans can be effected unless market conditions prove favorable and that the present situation in China is likely to have an adverse effect on them for some time to come. Phillips also said that the Chinese had been losing "a fair amount" of sterling; that in his opinion they could hold their currency under present conditions for several months if they wished to do so but that if a real war came "there is no telling."

I gather that similar communications have been given by the Foreign Office to the French and Japanese representatives.

BINGHAM

⁴ British Under Secretary of the Treasury.

893.51/6465

The Chargé in Czechoslovakia (Chapin) to the Secretary of State

No. 755

PRAGUE, August 20, 1937.

[Received September 21.]

SIR: In confirmation of press despatches, I have the honor to report that it is officially announced that Dr. Kung, Chinese Minister of Finance on his recent visit to Czechoslovakia, arranged for an industrial credit to the extent of £10,000,000 (1,500,000,000 crowns) between his Government and the Škoda Works, Pilsen.

According to information from a reliable source, it is indicated that this large credit will be used for war material, in particular, and, to a lesser extent, for rolling stock. The shipment of certain orders is to commence at once against cash payments while the balance of the credit transaction is to be secured by special guarantees. It is assumed, furthermore, that other Czechoslovak concerns will participate in, and benefit by, the Chinese contracts, in so far as these concerns supply the necessary by-products. It is estimated that the delivery of these orders will extend over a period of between five to six years.

I have been told that the participation of Czechoslovak industry in the Chinese armament program is due to the fact that British industry has not been able to accept the orders owing to its own preoccupation in the British rearmament program.

In this connection I am enclosing, in translation,⁵ an article which appeared in the official journal, the *Prager Presse*, on August 19th.

Respectfully yours,

VINTON CHAPIN

893.51/6460

Memorandum by the Adviser on International Economic Affairs (Feis)

[WASHINGTON,] September 7, 1937.

I informed the Secretary of the Treasury this afternoon that the question of the application of the Neutrality Act in the Far Eastern situation was now under immediate consideration and that decision might be promptly reached. Therefore, I explained that this Department wished to inform itself first as to whether the Treasury would be embarrassed in fulfilling its agreements with the Chinese Government in case the Act was invoked, secondly, as to whether there was anything in the exchange situation which ought to be taken into account, and thirdly as to whether it seemed necessary to the Treasury to make any preparations in regard to the application of Section 3.

⁵ Not printed.

After discussing the matter with Messrs. Taylor, Oliphant and Viner,⁶ who were also present, the Secretary of the Treasury gave the opinion that the application of the Act would not impede the operation of those phases of the Agreement with China having to do with the purchase and ear-marking of gold. (The whole of the \$50,000,000 procured by China is incidentally still on ear-mark in New York.) As to any future question in regard to short-time lending upon the collateral security of such gold, that could be dealt with when and as it arose in Mr. Morgenthau's opinion.

I was also informed that there was nothing in the immediate exchange situation which need be taken into account.

Finally, as to questions arising under Section 3 it was agreed to call together the inter-departmental committee which had previously been studying this matter.

At the termination of the discussion the Secretary of the Treasury stated an idea which he thought might be of great importance in the event that the American and other Governments should ever undertake to try to end the conflict. It was to the effect that by agreement dollar, sterling and franc exchange would be refused to Japan in return for yen or gold—without explanation given.

I did not undertake extensive discussion of this idea as it seemed beyond the field of the Department's immediate intentions.

H[ERBERT] F[EIS]

893.51/6469 : Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, September 28, 1937—noon.

[Received September 28—6:40 a. m.]

Referring to my telegram of September 8, 3 p. m.,⁷ Chinese Government is removing its stocks of silver stored at Hong Kong to London beginning with the shipment of \$25,000,000 national currency last week for following reasons: fear that a declaration of war by Japan would make the transfer of the silver from Hong Kong difficult if not impossible since Japanese naval vessels might not hesitate to remove it from British vessels, upon which all Chinese Government silver destined for England is shipped; if stored in London silver stocks can be used for credit and financial purposes but can not be so used in Hong Kong. Shipments expected to continue at rate of about \$25,000,000 per week.

⁶ Wayne C. Taylor, Fiscal Assistant Secretary; Herman Oliphant, General Counsel; and Jacob Viner, Special Consultant, all of the Treasury Department.

⁷ Not printed.

Information furnished by Hong Kong and Shanghai Banking Corporation.

Nanking not informed since only wireless communication available.

DONOVAN

893.51/6490: Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, October 18, 1937—4 p. m.

[Received October 18—7:45 a. m.]

Referring to my telegram September 28, noon, Hong Kong and Shanghai Bank state that shipments of Chinese Government silver to London are continuing at the rate of from \$15,000,000 to \$25,000,000 per week. They deny reports that any Chinese Government silver has been shipped from Hong Kong to Singapore or Manila.

Repeated to Nanking, paraphrase by mail to Singapore, Manila.

DONOVAN

893.51/6526

*Memorandum of Conversation, by the Adviser on Political Relations (Hornbeck)*⁸

[BRUSSELS?] November 9, 1937.

Sir John Pratt⁹ lunched with me today. In the course of the conversation I brought up, among other things, the subject of the China Consortium. I inquired what had been the latest developments in connection with that subject: I said that I knew that Mr. Thomas Lamont had been discussing the matter with representatives of the British group in London last summer, and that I knew in a general way what had transpired, but that a conversation between myself and Mr. Lamont to which I had been looking forward had not yet taken place and I was not sure just where the matter now stands.

Sir John said that the British Government had put out to the French and the Japanese Governments inquiries similar to that which they had made to the American Government, and that they were still awaiting replies from the French and the Japanese. He indicated that the whole subject is in suspense.

I said that up to the time when we received the British Government's inquiry we had held the view that there was potential advantage to be had in the Consortium's remaining alive even though dormant, inasmuch as the underlying principle seemed sound and the Con-

⁸ Mr. Hornbeck was Adviser to the American delegation at the Brussels Conference.

⁹ Acting Counselor in the Far Eastern Department, British Foreign Office.

sortium itself might some day prove of value. I said that there were, of course, very few people in the United States who gave the matter very much thought; that the present Administration had never had occasion to give it wide and deep consideration, but that in the Department of State there still prevails a favorable attitude, that our view had been given a general blessing, and that some, at least, of us would view the passing of the Consortium with regret. Sir John replied that he was convinced that in order to get forward with the making of loans to the Chinese it would be necessary to let the Consortium go by the board. He said that the Chinese remain strongly opposed to the Consortium principle and absolutely refuse to accept the Consortium as an agency. Therefore, when there had come a chance to make a loan for railway construction, the British Government had felt that it was advisable to clear the way for doing so.

In another connection Sir John said that all matters of constructive effort with regard to a liberal program in regard to China had been put by the Japanese-Chinese hostilities into a state of suspension.

I gathered from what Sir John said that he had had a good deal to do, in the Foreign Office, in connection with the subject of the Consortium, and that the view which he had expressed to me and the official Foreign Office view were identical.

S[TANLEY] K. H[ORNBECK]

893.515/1266

*Memorandum by the Adviser on International Economic Affairs
(Feis)*

[WASHINGTON,] November 12, 1937.

The Treasury gave me the following information :

“Under the arrangement with the Chinese Treasury of July 1937 the United States Treasury agreed to purchase Chinese yuan to an amount equivalent to 50 million dollars against a repurchase agreement. In order to give any necessary support to Chinese exchange to guarantee the United States Treasury against any failure to fulfill the contract the Chinese Treasury maintains 50 million dollars of gold with the Federal Reserve Bank of New York. On Wednesday, November 10, the Central Bank of China cabled through the Federal Reserve Bank of New York that in order to protect their exchange and under the agreement they were crediting us with 50 million yuan and requested us to place the equivalent dollar amount, roughly \$15,000,000, to their credit. This credit was made and gold sufficient to cover it earmarked on the books of the Federal Reserve Bank. The Central Bank of China requested that \$10,000,000 of this amount be paid to the Chase National Bank of New York for their credit.”

H[ERBERT] F[EIS]

893.51/6523 : Telegram

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

SHANGHAI, December 1, 1937—2 p. m.

[Received 3 : 44 p. m.]

1052. The four paragraphs following comprise a digest of a confidential statement handed me by an informant in close touch with the financial situation :

1. He emphasized the American interest both direct and indirect in preserving the position of internal as well as external loans of the Chinese Government. The China Foundation and the Tsinghua University have over 17,000,000 book value in Chinese currency funds representing 55 per cent of their total funds.

2. The stability of the credit system is dependent on the position of the internal bonds. Of about 2,300,000,000 internal debt roughly two-thirds held by Chinese banks as note issue reserve, reserve against savings deposits, security for import duties to Government and as investment. Maintenance of these institutions or at least avoidance of other than slow change is important to all interests including Japanese. Some Japanese bankers apparently appreciate disadvantages of ruining currency and credit system which would entail financial collapse and ruination of many firms and individuals foreign and Chinese. It is not clear how influential their views may be.

3. Cost of maintaining customs service is about \$40,000,000 annually. In 1938 external and internal debt payments from customs will be about 88 and 130,000,000 respectively. Average revenue collections last 5 years 325,000,000 so that repudiation of internal obligations would permit substantial balance to party controlling funds for any use whatsoever.

4. Situation not yet generally appreciated here or maintenance of exchange stability would be more difficult. Some of above argument might be used with Japanese but part of it if appreciated by elements wishing to wreck currency and financial structure might confirm them in their desire.

5. Please see also recent *New York Times* [correspondent] Abend's report of interview with General Matsui which was encouraging as indicating that Japanese might give some consideration to question of internal loans in breakdown of China's financial structure.

GAUSS

893.51/6525 : Telegram

The Consul General at Hong Kong (Southard) to the Secretary of State

HONG KONG, December 2, 1937—9 a. m.

[Received December 2—7 : 20 a. m.]

Referring to my telegram of October 18, 4 p. m., shipments of Chinese silver from Hong Kong to London are continuing as reported in

the telegram under reference and it is reliably estimated that all stocks of such silver will have left Hong Kong by January 15th.

During the past 6 weeks Chinese Government silver to the value of approximately 20 million Hong Kong dollars has arrived in Hong Kong.

Repeated to the Ambassador at Hankow.

SOUTHARD

RELIEF ACTIVITIES ON BEHALF OF VICTIMS OF WAR CONDITIONS
IN CHINA

893.48/1196a : Telegram

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

WASHINGTON, September 17, 1937—noon.

374. Reference various telegrams and press reports indicating need at Shanghai of medical supplies and related equipment. Could you indicate confidentially for Department's information and consideration what assistance this Government might render, by Department's enlisting cooperation of Red Cross, Navy and Army, toward facilitating prompt receipt by American agencies at Shanghai of materials which may be most urgently needed and most difficult to obtain for prevention of disease, caring for sick and injured refugees, etc.

In making this inquiry, Department has in mind possible supplementing by American governmental agencies of efforts of the local American committee to obtain such supplies but not large-scale contribution toward general relief work.

An early reply even though not complete would be most helpful.

HULL

893.48/1198 : Telegram

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

NANKING, September 18, 1937—1 p. m.

[Received 1:10 p. m.]

676. 1. Following letter dated today received from Doctor J. Heng Liu, [director of] Health and Medical Services:

"On behalf of the people of China and of the Chinese National Red Cross Society, I have the honor to draw your attention to the need which now exists in this country for medical supplies of all kinds, for use among the refugees and the wounded and sick soldiers, and to request that you be so kind as to make a formal appeal to your Government and to the charitable organizations in your country, such as your National Red Cross Society, to send a donation of such supplies to China.

Further, in consequence of the war, it has been found that there are not sufficient skilled surgeons for the treatment of the wounded, and the despatch of fully-equipped medical missions to China, composed of such surgeons, would be very highly appreciated.

Practically all the available reserve stock of medical supplies on the market has been exhausted, and the need is now a pressing one. As you know, epidemics of cholera, dysentery and typhoid have broken out among the refugees, white plague is spreading in Fukien, threatening the adjoining provinces. Wounded and sick civilians and soldiers are pouring into our hospitals, and there the serious shortage of medical supplies is felt.

I can personally assure Your Excellency that any help, in money, in the despatch of medical missions, or in supplies which the Government of [or] the charitable institutions of your country may care to grant to our Red Cross work in the name of humanity will be most gratefully welcome, and in view of the urgency of the matter I take the liberty of suggesting that you might wish to telegraph this appeal to your Government. In particular, in the way of supplies, China is in great need of anesthetics, antiseptics, anodynes, suturing materials, and surgical instruments, including standard army sets.

In view of the blockade now existing on China's coast, it is recommended that any donations should be addressed to: The Bureau of the Chinese National Red Cross Society, Hong Kong, from whence they will be distributed to the proper quarters.^[7]

Sent Department only.

JOHNSON

893.48/1221

Memorandum by the Adviser on Political Relations (Hornbeck) to the Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] September 18, 1937.

MR. HAMILTON: The question of possible assistance by American governmental agencies toward promptly supplying to appropriate agencies at Shanghai urgently needed medical supplies and incidental equipment has been discussed by me with Mr. Swift¹⁰ of the Red Cross, General Spalding¹¹ of the Army, and Admiral Leahy¹² and Dr. Sutton¹³ of the Navy.

The feature that I have emphasized has been that these agencies might have available or might be able more readily than most agencies to obtain supplies which might be sent expeditiously; that the Army and the Navy, with establishments at Honolulu and Manila, and with

¹⁰ Ernest J. Swift, vice chairman in charge of insular and foreign operations, American National Red Cross.

¹¹ Brig. Gen. George R. Spalding, Assistant Chief of Staff G-4 (Supply), War Department.

¹² Admiral William D. Leahy, Chief of Naval Operations, Navy Department.

¹³ Capt. Dallas G. Sutton, Medical Corps, Assistant to the Chief of the Bureau of Medicine and Surgery, Navy Department.

facilities of transportation, might be able to make delivery more promptly than could be made through ordinary agencies; and that a practical feature in the nature of emergency assistance, at this time, by American governmental agencies, in such a connection as this, might have a beneficial political and psychological effect upon the minds not only of the people (of various nationalities) to whose welfare such action might contribute but upon the minds of the American community in China, of the Chinese, of our own people in this country, and in many quarters where that type of action is highly rated.

Mr. Swift, General Spalding, Admiral Leahy and Dr. Sutton were all very responsive. Mr. Swift would help with regard to ways and means; the Army and the Navy would do what they can (although they seem not to have any considerable quantities of available surplus of medical supplies).

My thought is that, when we hear from Gauss, if he gives us information on the basis of which action on this line seems called for and worth doing, a conference should be called and, thereafter, a memorandum should be drafted making concrete recommendations to be passed upon by the Secretary and to be presented to the President. It should be proposed that the President ask Admiral Grayson¹⁴ and the Army and the Navy to collaborate toward there being assembled and being expedited toward China with the utmost promptness a consignment of supplies designed to meet such need as may be indicated in Gauss' telegram. As soon as the plans are perfected, information thereof should be telegraphed to Shanghai and maximum publicity should be given to the enterprise.

S[TANLEY] K. H[ORNBECK]

893.48/1202 : Telegram

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

SHANGHAI, September 20, 1937—4 p. m.

[Received September 21—5 a. m.]

735. Red Cross Society of China invited a number of foreign residents to a meeting on 18th September for announced purpose of establishing at Shanghai a regional committee on Chinese and foreigners. I am informed that the proposals discussed would have left the foreign participation without any substantial influence or supervision over the funds from foreign sources. It was therefore pointed out that a representative of the International Red Cross Committee was represented to be en route to Shanghai and that the matter should be studied here by a small group before action is taken.

¹⁴ Rear Adm. Cary T. Grayson (retired), Chairman of the American National Red Cross.

2. While I am unable on account of pressure of official business to take any active part foreign [*in this?*] matter, I am in close touch with responsible interested Americans who have consulted me. I hold the view which they share that in preference to direct foreign association with the Chinese Red Cross it would be desirable to establish either an international or an American advisory committee or auxiliary which might be entrusted with the allocation of funds under suitable guarantees and which might also give assistance to the Chinese Red Cross in those activities which are considered worthy of support.

3. I would be glad if the foregoing might be put before Admiral Grayson and his views obtained as to the desirability of directing American support to some form of advisory committee or auxiliary, either American or international. It would also be helpful to know the name of the International Red Cross Committee representative en route to Shanghai, when he will arrive, and for my confidential information whether we should be guided by him in determining the form of foreign participation or assistance in the Red Cross organization for this area.

GAUSS

893.48/1201 : Telegram

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

SHANGHAI, September 20, 1937—5 p. m.

[Received 6:47 p. m.]

736. Reference your 374, September 17, noon, concerning medical supplies and related equipment. Preliminary inquiries show no important shortages amongst American agencies at the moment. After much negotiation we were able to effect removal from north of creek of considerable reserve supplies of an American company. Matter is being borne in mind for later report should shortages develop.

GAUSS

893.48/1213a : Telegram

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

WASHINGTON, September 29, 1937—5 p. m.

279. Admiral Grayson, Chairman of the American Red Cross, has asked the Department of State to inform you that the Red Cross has appropriated \$100,000 to be used for medical and hospital supplies and services in the Far East and that the Red Cross would be gratified if, after consultation with Admiral Yarnell,¹⁵ Consul General Gauss, Colonel Watterville of the International Red Cross Committee, and

¹⁵ Commander in Chief, U. S. Asiatic Fleet.

other interested and informed persons, you would radio suggestions and recommendations on how \$50,000 of these funds may best be employed to accomplish the maximum service to those in need of medical care.

Admiral Grayson would also appreciate your specific recommendation for the allocation of the above-mentioned \$50,000 to hospitals and committees taking into consideration such requests as the American Episcopal St. Luke's Hospital presented by Commercial Attaché Arnold in his radiogram of September 15¹⁶ and the statement of the Mayor of Canton, as reported by the Consul General there in his telegram of September 28, 3 p. m.,¹⁶ that foreign medical supplies and services would be welcome.

In connection with the appeal of Dr. J. Heng Liu on behalf of the Chinese National Red Cross Society forwarded in your telegram No. 676 of September 18, 1 p. m., it is the intention of Admiral Grayson, if you approve, to purchase and ship to the Chinese Red Cross medical supplies to cost approximately \$20,000. If you believe this should be done, could you obtain and radio at the earliest possible moment an itemized list of supplies most urgently needed. With such a list it is believed that an early shipment could be made from Manila or some other nearby point.

It is Admiral Grayson's hope that you will find it practicable to bring into your consultation with reference to the allotment of funds as mentioned above our various governmental representatives who are active in the present situation.

The Department realizes that you will probably wish to ask Gauss to handle those aspects of the matter which relate to Shanghai and that you may wish to consult Canton and possibly other offices.

Please give this matter urgent attention and reply as soon as possible.

HULL

893.48/1213 : Telegram

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

WASHINGTON, September 29, 1937—5 p. m.

430. Your 735, September 20, 4 p. m. Following from the Vice Chairman of the American Red Cross:

"Acknowledgment is made of your letter of September 22nd¹⁶ enclosing a telegram dated September 20th from the American Consul General at Shanghai, raising certain questions as to relief organization in China. The telegram is most interesting and we are glad to have it.

¹⁶ Not printed.

I have consulted Admiral Grayson with reference to the text and he has asked me to state that the usual procedure of the American Red Cross is to give sympathetic consideration to the recommendations of the International Red Cross Committee or its delegates in situations such as exist in China today.

The delegate of the International Red Cross Committee, Colonel Charles de Watteville, left Europe September 4th by airplane for Singapore and intended to go from there to Shanghai via Hong Kong. He should now be in China or should shortly arrive there. He will call immediately upon the Chinese Red Cross and will undoubtedly be available for consultation.

Therefore, the Consul General or any interested persons might arrange a conference with Colonel de Watteville regarding the form of participation of Americans or other nationals in the work of the Chinese Red Cross.

It would also seem preferable if a committee is to be formed that it be international rather than American, thereby coordinating the relief activities as well as other responsibilities."

HULL

893.48/1273: Telegram

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

NANKING, October 18, 1937—11 a. m.

[Received 6:43 p. m.]

820. 1. Following from Shanghai:

October 16, 11 a. m. Reference my October 9, 3 p. m.¹⁹ Following additional recommendations have been received from our Advisory Committee and are approved by the Commander-in-Chief and myself:

Grant \$9,000 Chinese currency to emergency medical relief work of the Margaret Williamson Hospital at Shanghai. This hospital operating in temporary quarters has been doing urgent maternity work amongst refugees in refugee camps besides medical work amongst poor and homeless women and children.

Grant \$15,000 Chinese currency for medical care of the refugees at Soochow, to be administered through the one American member of the International Relief Committee in that city. This Relief Committee has established six groups of refugee camps and finds it necessary to set up improvised hospitals in connection therewith. The mission and other hospitals at Soochow are crowded with soldiers wounded. Letter follows by hand tomorrow.

2. Letter from Gauss dated 16th contains following which gives background of his recommendations:

"The immediate need is for the Chinese. The Red Cross has allocated medical supplies to the Chinese Red Cross for military medical work. It seems to me our obligation here is to look after the civilian needs first for the time being. At Soochow, where we are now recom-

¹⁹ Not printed.

mending a grant of \$15,000 Chinese, the mission hospitals are full of Chinese soldiers. The civilian refugees are without care. Hence the recommendation made. The Margaret Williamson Hospital grant here is also for civilian relief, emergency medical work. This hospital as you know cares for women and children. They have taken over the maternity work in the refugee camps and are carrying on in addition both in-patient and out-patient work amongst the poor and distressed. The support from their more well-to-do patients is gone. This hospital must be maintained. It is worthy of liberal support.

I do not believe that we should limit Red Cross donations to funds for medical supplies. On the other hand these funds should not be available for salaries of executives, doctors, organization expenses and overhead. Let those be provided otherwise; let the Red Cross contribute to the 'medical care' where it is needed, principally in the way of medical supplies but not excluding equipment, food, nursing, et cetera."

3. Embassy approves recommendations made in Shanghai's October 16, 11 a. m. quoted above.

Sent to the Department.

JOHNSON

893.48/1295 : Telegram

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

NANKING, October 28, 1937—11 a. m.

[Received 11:20 a. m.]

862. 1. After consultation with Dr. B. Borcic, representative Health Department, League of Nations, and consultation between him and Minister of Health, Borcic has submitted following suggestions for use of funds remaining out of original Red Cross appropriation:

"(1) 400,000 first aid kits or packages, at 13 cents each, total 52,000 Chinese dollars. (These packages can be made locally, and would be distributed to the soldiers in the front line. The present supply is insufficient. Packages would be labelled: 'Presented by the American Red Cross Society').

(2) 10,000 cotton quilts, at \$3.50 each total 35,000 Chinese dollars.

(3) 20,000 bed sheets, at \$1.50 each total Chinese dollars 30,000.

(4) 10,000 pillows, at 30 cents each total Chinese dollars 3000. (These items can be purchased locally. The army hospitals all over the country are in need of bedding, because administrative procedure is slow and the Chinese Red Cross Society is not able to meet the requests it receives).

(5) Anti gas equipment total Chinese dollars 5000.

(6) Equipment of 500 bed isolation hospitals at Soochow Chinese dollars 25,000.

(7) Equipment of same at Tungkuan, Loyang, or Sian Chinese dollars 25,000.

(8) Equipment of same at Hsuchowfu Chinese dollars 25,000.

(9) Equipment of same at Hankow Chinese dollars 25,000. (There is a great need of isolation beds, both for soldiers and refugees. So far only Shanghai and Nanking have been able to meet the needs, but the anti epidemic units working in the fields report that without isolation hospitals their efforts will be greatly handicapped. It is therefore suggested that isolation hospitals be organized at the key positions where the masses of refugees are passing through, and where the anti epidemic units in the field could refer their contagious cases. The proposed amounts will be used for the purchase of necessary equipment. The Government will furnish the buildings, personnel, and running expenses). Grand total Chinese dollars 225,000.[¹⁹]

Embassy approved these suggestions as meeting most urgent present needs with exception that one item (preferably item number 3, bed sheets) should be reduced by Chinese dollars 5000 now being considered for Nanking University hospitals. Gauss has expended approximately United States dollars 22,000 (Embassy's 842, October 21, 10 a. m., and Department's 327 October 21, 6 p. m.²⁰), United States dollars 10,000 has been expended for Canton (Embassy's 786, October 9, 11 a. m., and Department's October 11, 7 p. m. to Canton²⁰ not received Nanking), making total of almost United States dollars 33,000 expended and leaving United States dollars 67,000 still to be expended. It is recalled that Department's 279, September 29, 5 p. m. asked for suggestions concerning expenditures United States dollars 50,000 and Embassy forwards recommendations herein with hope that second United States dollars 50,000 can now be made available.²¹

3. [*sic*] Generosity of the Red Cross has occasioned much favorable comment in official Chinese circles and press. Embassy believes that all above recommendations, including item number 1, will be of value in connection with our policy of friendship for the Chinese people.

JOHNSON

CONSIDERATION OF RESUMPTION OF NEGOTIATIONS FOR RELINQUISHMENT BY THE UNITED STATES AND OTHER POWERS OF EXTRATERRITORIAL RIGHTS IN CHINA ²²

793.003/850

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

No. 335

NANKING, February 3, 1937.

[Received March 4.]

SIR: I have the honor to state that the Embassy has occasionally encountered a rather hazy impression on the part of persons advocat-

²⁰ Neither printed.

²¹ The Red Cross made the funds available to carry out the recommendations of the Ambassador.

²² For previous correspondence, see *Foreign Relations*, 1931, vol. III, pp. 716 ff.

ing the abandonment of American extraterritorial jurisdiction in China that submission by American citizens in China to the laws of the country will bring many compensating advantages, among them the privilege of residing and of engaging in business in all parts of the country and the enjoyment, in general, of the same body of rights as Chinese citizens.

That this supposition is not in accord with the intention of the Chinese Government has been indicated in replies to direct questions put to Chinese officials. On this point, also, the Treaty of Amity between China and Latvia, signed in London on June 25, 1936,²³ states in Article V:

“They (i. e. the nationals of the contracting Powers) shall have the right, subject to the laws and regulations of the country, to travel, reside, work and engage in commerce and industry in the localities where the nationals of any third country are allowed to do so”.

(For the text of the Treaty see despatch No. 920, of December 16, 1936, from the Embassy, Peiping.²⁴) Latvia does not exercise extraterritorial jurisdiction in China.

This subject was recently brought to the attention of the Embassy by a press release of the official Central News Agency bearing the date-line, Nanking, January 29, 1937, which asserts that no difference will be made in rights of residence granted by the Chinese Government to nationals of non-extraterritorial powers, as contrasted with nationals of countries possessing extraterritorial jurisdiction in China. An interesting statement in the release is one to the effect that non-extraterritorial foreigners will be subject to the same taxation as Chinese citizens. The implication is plain that, in the mind of the anonymous “well-informed” speaker, extraterritorial foreigners are not subject to such taxation. In reference to this it may be observed that although extraterritorial foreigners in China do, in fact, successfully maintain their immunity from many forms of taxation in China, the present Political Vice Minister for Foreign Affairs in conversation with an officer of the Embassy has denied any logical basis for the contention that the immunity from Chinese court jurisdiction granted by some treaties carries with it freedom from the obligation to pay the usual taxes collected by the Government of a country from foreigners living in its territory.

A copy of the Central News Agency press release referred to above is enclosed.²⁵

Respectfully yours,

NELSON TRUSLER JOHNSON

²³ League of Nations Treaty Series, vol. CLXXVI, p. 275.

²⁴ Despatch not printed.

²⁵ Not reprinted.

893.00/14054 : Telegram

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

NANKING, March 15, 1937—2 p. m.

[Received March 15—10:55 a. m.]

116. 1. The National Government *Gazette* has published instruction to Executive and Judicial Yuans dated March 6 which (1) quotes in part a resolution passed by recent plenary session of Central Executive and Supervisory Committees that "the Government should conduct negotiations with the countries concerned for the early abolition of extraterritorial rights enjoyed by them in China in order to uphold the integrity of the judicial rights of our country" and (2) instructs the Executive Yuan "to direct the Ministry of Foreign Affairs to conduct effective negotiations.["]

2. The resolution was not previously made public and no reference to it was contained in current press and other reports of the session's proceedings. New Minister for Foreign Affairs²⁶ made no direct reference to extraterritoriality in his statement of policy issued March 8 (see our No. 107 March 8, 4 p. m.²⁷) and did not mention matter to me when I called March 10 (see our No. 113, March 11, 10 a. m.²⁸).

3. I have not heard that the Chinese have broached the question to any foreign mission. I am accordingly unable to say at present whether this instruction portends a definite revival of the question or whether the resolution and consequent instruction may be regarded as gestures designed chiefly to keep the matter on the record.

4. One curious circumstance is that Reuters from Tokyo March 5th stated that "profound sympathy and full appreciation is being voiced by Foreign Office circles for the Chinese national aspiration to abolish courts in China" and "it is understood that the new Foreign Minister is starting negotiations with foreign powers for the early abolition of extraterritoriality". This may indicate that the Japanese themselves have directly or indirectly raised the question with a view to (1) undermining the status of certain foreigners in China, (2) directing attention from themselves to the loss of Chinese sovereignty inherent in the extraterritorial rights enjoyed by "imperialist" treaty powers, (3) following a natural course consequent upon and consistent with the abolition of extraterritorial rights in Manchukuo.

5. To the Department. By mail to Peiping, Tokyo.

JOHNSON

²⁶ Wang Chung-hui.

²⁷ Vol. III, p. 35.

²⁸ Not printed.

793.003/850a : Telegram

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

WASHINGTON, March 17, 1937—6 p. m.

55. For the attention only of the Ambassador and the Counselor.²⁹

The Department has for some time been giving thought to the question of the advisability of this Government taking the initiative in approaching the Chinese Government with an offer to resume the extraterritoriality negotiations which have been in abeyance since 1931. Before giving further consideration to the matter, the Department desires to have the benefit of your views and comments. It is particularly desired that you give your considered opinion as to the opportuneness of such action at this time, bearing in mind in that connection (1) the question whether the resumption of such negotiations at this time would be likely to have a disturbing effect upon the general situation in the Far East, with special reference to Sino-Japanese relations, and (2) the question of the likelihood of the Chinese Government being willing to accept a draft of a treaty following substantially the lines of the draft treaty of July 14, 1931³⁰ (a copy of which was forwarded to Peiping under cover of Department's instruction No. 550 of July 17, 1931³¹). If, in your opinion, the Chinese Government would be likely to insist upon an agreement providing for a much more far-reaching relinquishment of American extraterritorial rights than that envisaged in 1931, it is desired that you give your view as to whether in the light of existing Chinese laws and administration of justice this Government would be warranted in taking an initiative in the matter.

The Department feels that this is a matter in which this Government should continue as in the past to collaborate with the British Government and the Department would therefore hope, before approaching the Chinese in the matter, to confer with the British Government. The Department would also hope, prior to initiating negotiations, to inform the Japanese Government and perhaps other interested governments of its intentions in the matter.

Please reply at early date.

HULL

793.003/855 : Telegram

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

NANKING, March 22, 1937—10 a. m.

[Received March 22—9:15 a. m.]

126. Department's telegram No. 55, March 17, 6 p. m.

1. As the Department is aware, the recent plenary session of the Central Executive Committee adopted a resolution calling upon the

²⁹ Willys R. Peck, at Nanking.

³⁰ *Foreign Relations*, 1931, vol. III, p. 893.

³¹ *Ibid.*, p. 908.

Government to conduct negotiations for the early abolition of extra-territorial jurisdiction. This resolution, quoted in an instruction to the Executive Yuan dated March 6, was published in the National Government *Gazette* of March 9. Otherwise it has received little publicity although it was commented upon as early as March 6 by the "spokesman" of the Japanese Foreign Office. I have received no intimation from anyone as to what action the Chinese Foreign Office will take in response to the instruction from the Executive Yuan but I think we may expect at any time now to receive a communication from the Foreign Office on the subject.

2. We are therefore offered a choice of two lines of action on the part of this Government.

3. We may await the expected communication from the Foreign Office, which will probably be in line with its communication of January 18, 1934,³² or we may take the initiative and go back to our negotiations of 1930 and 31 offering the Chinese the draft of July 14, 1931.³³

4. The first alternative has the obvious advantage of putting the Chinese into the position of petitioner and would permit us to ask for a complete showing of their proposals and would tie the whole subject up with the general question of treaty revision. The second alternative might be advantageous provided we were prepared and were able to carry negotiations through to a mutually satisfactory settlement retaining throughout the initiative. To take the initiative would be in line with our general policy of treating with China as an independent and sovereign nation and would presumably enhance our good will, but if no agreement were reached the effect of the gesture would be lost. From the point of view of Sino-Japanese relations our initiative in this matter would without doubt tend to strengthen the hands of the Chinese Government and aid it in building up its prestige among its own people at a time when it is seeking the support of a unified China and of foreign powers in an effort to withstand aggression.

5. I do not believe that any step which we might take in support of China's claim to administrative sovereignty would have a disturbing effect upon the general situation in the Far East. It would be consistent with our general policy in the Far East at this time when we are contemplating turning over to the jurisdiction of the Filipinos (a people who have never enjoyed independence of government) a greater American material investment and interest than we possess in China. I conceive that our initiative in this matter in China might be of value in helping our people to adjust themselves to developments

³² See telegram No. 56, January 23, 1934, 5 p. m., from the Minister in China, *Foreign Relations*, 1934, vol. III, p. 525.

³³ *Ibid.*, 1931, vol. III, p. 893.

in Manchuria where preparations are being made to abolish several extraterritorial privileges.

6. Our liberation of the Philippine Islands has, I believe, gained for us increased esteem among oriental peoples. A similar gesture to the largest of oriental nations would assist in capitalizing this gain. The Chinese will undoubtedly insist upon an agreement from [*for?*] a much more far reaching relinquishing of American extraterritorial rights than was envisaged by us in 1931 but I believe much progress has been made in Chinese laws and the administration of justice since then. The question of the efficiency of Chinese law and administration seems less important to me now, however, than a more satisfactory treaty arrangement on behalf of privileges for trade, cultural activities and protection of intellectual property.

7. On the whole I feel that with China's demand for unqualified abrogation of extraterritorial jurisdiction sent to us 3 years ago and with the publication of the recent instruction to the Executive Yuan we could expect no great advantage from a spontaneous proposal of a compromise. I think it would be better to await a new communication from the Chinese Government. In the meantime we should consult with the British Government and possibly with the French but I would deprecate any intimate discussion with the Japanese Government. Their heralded change of attitude toward China has yet to be proved and identification with them would prejudice our position in Chinese popular opinion.

8. Finally, I feel confident that if we allow the Chinese Government to bring up the extraterritoriality issue as part of a general treaty revision, we shall be better able to utilize the inevitable partial relinquishment of past privileges in bargaining for it affects trade which is now threatened by numerous restrictions. Advantages thus gained will render the changed situation more palatable to American interests in China.

JOHNSON

793.003/856 : Telegram

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

WASHINGTON, March 27, 1937—noon.

107. The Department desires that you seek an early opportunity to call upon an appropriate officer of the Foreign Office and make to him an oral statement (leaving with him as record of such oral statement a strictly confidential *aide-mémoire*) substantially as follows:

"1. The Department of State has for some time been giving thought to the question of the possible practicability of there being made by the American Government an approach to the Chinese Government

suggesting resumption of the extraterritorial[ity] negotiations which were interrupted in 1931 and have since been in abeyance. It has been our thought that the practicability of making such an approach should be considered in terms of the possibility of the approach being made simultaneously and on parallel lines by the American and the British Governments. It has been felt that the question of the opportuneness of such action at this time largely depends upon the question whether the resumption of such negotiations would be likely to have a disturbing effect upon the general situation in the Far East, with special reference to Sino-Japanese relations, and the question of the likelihood of the Chinese Government being willing to accept a draft of a treaty following substantially the lines of the American draft of July 14, 1931. (The American draft is similar to the British draft of June 6, 1931, except for Article 16: Reserve Areas,³⁴ a copy of which article together with a copy of the Department's memorandum³⁵ was enclosed in Mr. Atherton's letter of July 25, 1931, to Mr. Orde.³⁶)

2. Our Embassy in China has reported that during the recent plenary session of the Central Executive Committee there was adopted a resolution calling upon the Chinese Government to conduct negotiations for the abolition of extraterritorial jurisdiction. This resolution, quoted in an instruction to the Executive Yuan of March 6, was published in the National Government *Gazette* of March 9 but otherwise it has received little publicity. Our Embassy has received no intimation as to what action the Chinese Government will take in the matter.

3. Our Embassy has expressed the view that the resumption of extraterritoriality negotiations would not have a disturbing effect upon the general situation in the Far East; also the further view that in the light of China's request for unqualified abrogation of extraterritorial jurisdiction, as contained in the Chinese Foreign Office's note of January 18, 1934,³⁷ in regard to the Sino-American Commercial Treaty of 1903,³⁸ and in the light of the recent instruction to the Executive Yuan referred to above, we could expect no great advantage from volunteering a proposal of a compromise and that it would be better to await a new initiative by the Chinese Government. The Embassy expressed the view also that China would insist upon an agreement for a much more far-reaching abrogation of extraterritorial rights than that envisaged in 1931.

4. As it seems likely that pursuant to the instruction to the Executive Yuan referred to above the Chinese Government will in due course approach the interested foreign governments, there would appear to be a choice of two lines of action, one, that of a foreign government, or foreign governments, taking the initiative in approaching the Chinese Government, and the other, that of awaiting a move on the part of the Chinese Government.

³⁴ For British text, see telegram of May 19, 1931, 9 a. m., from the Minister in China, *Foreign Relations*, 1931, vol. III, pp. 854, 856.

³⁵ See telegram No. 228, July 13, 1931, 5 p. m., to the Minister in China, *ibid.*, p. 890.

³⁶ Ray Atherton, Counselor of Embassy in the United Kingdom, and Charles William Orde, Head of the Far Eastern Department, British Foreign Office.

³⁷ See telegram No. 56, January 23, 1934, 5 p. m., from the Minister in China, *Foreign Relations*, 1934, vol. III, p. 525.

³⁸ Signed at Shanghai, October 8, 1903, *ibid.*, 1903, p. 91.

5. The Department feels that the question of extraterritoriality in China is a matter in which the British and American Governments have similar interests and concern and that the two Governments might advantageously continue as in the past to collaborate with each other. The American Government would therefore appreciate receiving the views and observations of the British Government in the premises.

6. It may be added that the American Government has not approached any other government in regard to the matter."

Inform Department by cable of date when you make this communication and of any observations or comments offered by Foreign Office official.³⁹

HULL

793.003/868 : Telegram

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

NANKING, April 22, 1937—11 a. m.
[Received 2:25 p. m.]

177. Our 173, April 20, 2 p. m.⁴⁰

1. Two months have passed since the plenary session of the Central Executive Committee called upon the Government to negotiate for abolition of extraterritoriality (our 116, March 15, 2 p. m.). The vernacular press concerns itself almost daily with the question. As reported, Chinese organizations doubtless in part through official inspiration are petitioning the Government to act. Nevertheless, the Government gives appearance of lacking any definite program or plan to implement the Central Executive Committee's instructions and inquiries of the Foreign Office by an American newspaper correspondent have elicited vague replies which he interpreted as indicating a desire to show a lack of interest in the issue.

2. It is possible that this attitude is due to: (1) Desire to foster a sufficiently urgent public demand that the Foreign Office can approach the Diplomatic Missions on the ground that the Government can no longer ignore the people's wishes; (2) a belief that the Chinese case will be stronger as far as Japan is concerned after abolition of extraterritoriality has progressed farther in Manchukuo, thus making it inconsistent for Japan to promote her military to [*control despite?*] the nominal activity of native officials in Manchuria and object to Chinese jurisdiction over Japanese in intramural China; (3) an intention to entrust C. T. Wang,⁴¹ who continues to delay his departure, with opening negotiations with the United States.

³⁹ Reporting the matter to the Ambassador in China in telegram No. 62, March 29, 3 p. m., the Department added that the British Foreign Office might refer it to the British Ambassador in China, who might "approach you".

⁴⁰ Not printed.

⁴¹ Newly appointed Chinese Ambassador to the United States.

There may also be reluctance at this time to antagonize countries whose friendship and financial assistance are desired to strengthen China against Japan. There is also a possibility that the Chinese are hoping, before giving notice to all extraterritorial powers, for a friendly gesture which will smooth the way for them but in this connection we were interested to learn on April 20 from Hsu Mo⁴² that he had not read the March 14 speech of the British Ambassador at Hankow (Hankow's despatch 247, March 20; page 2 our despatch 389, March 20)⁴³ which was almost tantamount to such a gesture.

3. The only disagreement with the campaign for abolition of extra-territoriality we have seen appeared in the influential and independent *Ta Kung Pao* as reported by the Central News Agency, Shanghai, April 12.

4. This journal (1) described the movement started by various Shanghai Chinese organizations as preparatory only, there being no hope to achieve the goal unless China becomes a strong nation; (2) stated that in 1930 the unilateral denunciation of treaties by the Government was ignored by the foreigners; (3) warned the public against envy of the Egyptian Capitulations Conference which involved "a mere change in the name of the Mixed Courts"; (4) stated that when the right time arrives special foreign privileges will be "fundamentally abolished by a mere announcement"; (5) emphasized that reconstruction and resistance against aggression are the two urgent problems confronting China today, adding that the Chinese people should concentrate their efforts in this connection for 5 years or 10 years and if they succeed therein the question of special rights will take care of itself.

5. Sent to the Department, by mail to Peiping, Shanghai, Tokyo.

JOHNSON

793.003/883

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

No. 3197

LONDON, July 10, 1937.

[Received July 21.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 107, March 27, 12 noon, regarding the question of the possible resumption of extraterritorial negotiations with the Chinese Government, and to the interim reply which Sir Alexander Cadogan⁴⁴ made on behalf of the British Government and reported in the last two paragraphs of the Embassy's No. 292, May 18, 6 p. m.⁴⁵

⁴² Chinese Vice Minister for Foreign Affairs.

⁴³ Neither printed.

⁴⁴ British Deputy Under Secretary of State for Foreign Affairs.

⁴⁵ Vol. III, p. 102.

In this connection there is transmitted herewith copy of a further communication from the Foreign Office dated July 9, 1937.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

[Enclosure]

The British Deputy Under Secretary of State for Foreign Affairs (Cadogan) to the American Counselor of Embassy in the United Kingdom (Atherton)

No. F3546/1906/10

[LONDON,] 9 July, 1937.

DEAR ATHERTON: In the interim reply on the subject of extraterritoriality in China that was sent to you on the 14th May last a further communication was promised after His Majesty's Government had considered the questions of policy involved. I now write to say that His Majesty's Government adhere to the view that it would be best to wait until the Chinese Government take the initiative in this matter. In the event of a request being received from the Chinese Government to negotiate on the subject of extraterritoriality, His Majesty's Government are of opinion that they should adopt the same friendly and sympathetic attitude as in the previous negotiations, and that they should adhere substantially to the policy of the 1931 draft. His Majesty's Government agree with the view expressed by the United States Embassy in China that the Chinese Government may now endeavour to obtain a more far-reaching abolition of extraterritoriality than that envisaged in the 1931 draft. Nevertheless it would seem best to begin negotiations on the broad basis of that draft and defer consideration of details until after the negotiations have actually begun.

As I have already indicated in my interim reply, His Majesty's Government welcome and reciprocate the desire of the United States Government for continued collaboration between the two Governments in this matter.

Yours sincerely,

ALEXANDER CADOGAN

CONCERN OF THE UNITED STATES RESPECTING IMPOSITION IN CHINA OF CUSTOMS LEVIES AND OTHER TAXES HAMPERING TO AMERICAN TRADE⁴⁶

693.113 Cereal Products/120: Telegram

The Acting Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, December 22, 1936—noon.

87. American flour exporters are pressing this Government for a further approach to the Chinese Government in an effort to secure re-

⁴⁶ For previous correspondence, see *Foreign Relations*, 1934, vol. III, pp. 566 ff.

duction of the tariff on wheat flour. They stress particularly the fear that the large differential between the tariff on wheat flour and the tariff on wheat will result in stoppage of all or practically all importation of foreign flour and they regard this situation as contrary to the spirit of the commitment of the Chinese Government, in the R. F. C.⁴⁷ cotton and wheat loan agreement, to place no embargo on the importation of American flour.

This Government is considering whether the matter should be placed before the Chinese Government and will appreciate a full report by naval radio covering the general question of existing Chinese tariffs on wheat flour and wheat, especially with relation to the following points:

(1) Is the wide differential between the rates on wheat flour and wheat maintained by the Chinese Government for the definite purpose of encouraging the domestic milling of all flour required?

(2) Is the milling industry in China at present capable of meeting all domestic requirements?

(3) Is there any program for expansion of the milling industry and is expansion probable if the present tariff differential is maintained?

(4) To what extent have imports of foreign flour during the past 2 or 3 years been limited to the by-product known as "clears" as opposed to straight and patent flour and what is the present situation? What factors govern the demand for foreign "clears"?

(5) How great is the present demand for foreign flour in China and what grades or classes are required?

(6) Should the differential between the duties on wheat flour and on wheat be reduced to $1\frac{1}{3}$ times and should American wheat and flour be in a position to meet world price competition, to what extent might American wheat as wheat and American wheat flour be able to reenter the Chinese market?

(7) In view of present high wheat and flour prices in China, is it felt that the Chinese Government might consider favorably a reduction in the wheat and flour duties and particularly a reduction in the differential between these duties?

(8) In your opinion, what effect upon the situation might result from friendly representations by this Government?

It is suggested that you request Dawson⁴⁸ and Arnold⁴⁹ to cooperate fully in supplying you with pertinent information.

MOORE

693.113 Cereal Products/124 : Telegram

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

NANKING, January 7, 1937—3 p. m.

[Received January 8—5:35 p. m.]

6. Department's 87, December 22, noon. The following report regarding existing Chinese tariffs on wheat flour and wheat is made

⁴⁷ Reconstruction Finance Corporation.

⁴⁸ Owen L. Dawson, Agricultural Attaché in China at Shanghai.

⁴⁹ Julian Arnold, Commercial Attaché in China.

after consultation with Dawson and Arnold. The numbers attached to following paragraphs correspond to numbers attached to points enumerated in Department's telegram under acknowledgment:

1. Wide differential was for the purpose of encouraging domestic milling of all flour required. Dawson states that at time tariffs were made effective both foreign wheat and flour were underselling domestic products; that millers insisted upon protection from foreign flours; and that some consideration was given to the idea of making China self sufficient in its flour and wheat requirements. He adds, however, that tariff has not operated to increase wheat production.

2. The milling industry in China is at present capable of meeting all probable domestic requirements.

3. There is no definite program for expansion in the milling industry in China, but according to Dawson there is a decided move to expand milling facilities at points near or within wheat-producing regions. Dawson is of the opinion that while expansion in the milling industry at interior points has been encouraged to some extent by the tariff differential, this expansion would have been expected to occur had duty on flour been in normal relation to the duty on wheat. Further expansion is expected, even should differential be lowered to its normal relation.

4. Present tariff has not limited imports to "clears". On the contrary, the high flour tariff has apparently tended to reduce the imports of "clears", as it has raised the price for such inferior grades of imported flour to the point where they can be undersold by the domestic productions. There is a fixed demand [for] high quality "clears" and "patent" flour, which has continued in spite of higher duties. The chief factor governing the demand for foreign "clears" is the available supply of wheat and other foodstuffs in China, and internal transportation conditions.

5. Dawson reports that at this date there appears to be little demand for foreign flour. He states that the present price differential between domestic and foreign flour, as the result of relatively low priced Chinese wheat, is great enough practically to eliminate the demand for the usual run of foreign flour. (See in this connection following paragraph).

6. If the relationship between world and Chinese flour prices in the future should remain as shown by tabulation of Chinese and foreign flour prices at Tientsin a reduction of tariff on flour to yuan 0.39 per bag would permit larger imports of American flour at times when America is in a position to meet world competition. Since September 1936 American and other foreign flours have not been able to compete with the Chinese product, and possibly could not have competed even if the flour duty had been lowered. This situation may be transitory

as it is due to a wide disparity (partly seasonal) between foreign and Chinese wheat. For a few months prior to December Chinese wheat at Shanghai averaged over yuan 2.50 per picul below the cheapest available foreign wheat. During December Chinese wheat was only yuan 1.57 lower than foreign. Present estimate is that supplies of domestic wheat will be practically exhausted by March 1st resulting in prices between domestic and foreign wheat coming to parity. With wheats at parity at Shanghai, imports of foreign flour could increase to a small extent, and if flour duty were lowered to 133 per cent of September wheat duty they would increase materially. Lowering the flour duty to within 133 per cent of the wheat duty with the wheat duty left at its present level would probably result in somewhat lower proportional imports of wheat compared with flour. It would be expected that a larger proportion of deficit requirements would be imported in the form of flour suffixed [*sic*] when flour is discriminated against through a high differential rate as at present. Total imports of wheat and flour in terms of wheat would probably be somewhat greater with a reduced duty on flour alone. Lower flour duties would tend to lower flour prices in general, and lower prices would be expected to stimulate increased consumption, necessitating larger quantities of wheat and flour in terms of wheat from abroad. The total requirements of wheat and flour from abroad each year depend upon the domestic supply of wheat and other foodstuffs and general economic conditions in China. Therefore, imports of American wheat and flour depend on these factors and competitive position with other foreign countries.

Arnold adds following to above which is from Dawson. During period 1921-23 when wheat and flour were both admitted duty free the imports of flour for 1923 [1921?] totalled 500,000 barrels; for 1922, 2,400,000 barrels; and for 1923 nearly 4,000,000 barrels. Thus, before tariff autonomy there were heavy fluctuations in imports of flour due to varying factors. Among these factors affecting flour imports were character of wheat crop in China, relative prices of imported compared with domestic flour, allowances being made for variations in silver exchange, and availability of substitute cereal food products at comparable or lower prices.

7. It is Dawson's opinion that present wheat and flour prices in China are not sufficiently high to cause Chinese Government favorably to consider a reduction in wheat and flour duties, or a reduction in the different kinds between the two. It is expected, however, that by March, 1937, as a result of scarcity of domestic wheat, domestic mill flour will be increased to near a parity with foreign prices with present import duties included. Whether or not it reaches an actual parity depends upon whether or not a large amount of the consumption will shift to lower priced substitute products as has already occurred to

some extent. Should the present unfavorable outlook for the 1937 Chinese wheat crop continue (outlook for the crop being only 70% of the 1936 production) it is possible that the Chinese Government might consider a reduction in wheat and flour duties, but no significant reduction in the differential between the two. A reduction in the differential of 1 to 1½ would probably meet unyielding opposition from commercial millers who are still largely in the hands of banking institutions closely connected with Government finance. Arnold agrees to this point of view.

8. It is my opinion, based on above statements of fact, that there is little prospect of any beneficial effect upon the situation to be derived from friendly representations by this Government, although if future wheat prospects retail [at] price as calculated by Dawson an effort might be made in season or later to capitalize the resulting situation with a view to persuading the Chinese Government to lower the tariffs. It is Arnold's belief that something might be accomplished through a reciprocal tariff arrangement which might cover a long list of products, both in imports and exports, making tariff changes possible on a bargaining basis.

Since 1927 there has been a continuous decline in the importations [of] all foreign flours. It is our opinion that the radical relative decline in imports into China of American flours is due to the relatively higher price of American flour as compared with world prices. The great decline in the importation of foreign flour into China is no doubt due to the expansion of China's domestic milling industry, with consequent increased ability to provide for domestic needs, and it is therefore felt that, other factors remaining unchanged, a bad wheat crop conditions during the next few years would result in greater imports of wheat rather than flour. It is our belief that Chinese mills which produce only a "straight" flour offer a product that is better in quality than the American "clears" which in the past have comprised the bulk of Chinese importations of American flour.

JOHNSON

693.113 Cereal Products/131

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

No. 59

WASHINGTON, February 8, 1937.

SIR: With reference to the Embassy's telegram No. 6 of January 7, 3 p. m., and to previous correspondence in regard to Chinese duties on wheat and wheat flour, there is enclosed, for the information of the Embassy, a copy of a self-explanatory letter under date February 4, 1937,⁵⁰ addressed by the Department to Mr. O. D. Fisher, Chairman, Special Committee, North Pacific Millers' Association.

⁵⁰ Letter not printed.

It is the Department's desire that the Embassy continue to follow closely any developments of importance relating to the subject under discussion. It is also the Department's desire that, with a view to making appropriate use of such opportunities as may occur for the advancement in China of American flour and milling interests, the Embassy give particular study to the possibilities referred to in the concluding paragraph of the Department's letter of February 4 addressed to Mr. Fisher.⁵¹

Very truly yours,

For the Secretary of State:
FRANCIS B. SAYRE

893.61331/87 : Telegram

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

WASHINGTON, March 25, 1937—7 p. m.

60. Reference your 129, March 23, 9 a. m.,⁵² and Shanghai's 140, March 20, noon, and 144, March 24, noon,⁵³ transmitting information from the Acting Commercial Attaché in regard to the proposed increase in Chinese tax on cigarettes.

1. A careful examination of these telegrams and other pertinent correspondence indicates to the Department that the proposed increased tax on cigarettes may have two effects both of which would be distinctly detrimental to American exports to China: (1) the imposition of the consolidated tax of Chinese \$800 per case on those cigarettes in grade 1 which are imported and have paid the customs import duty (Section 4 paragraph 2 of your telegram) would it seems affect very seriously exports of American cigarettes to China; and (2) the high percentage of increase in the tax on cigarettes in the new grades 2 and 3 would, it is believed, have a decidedly adverse effect on exports of American leaf tobacco to China inasmuch as it is understood that a large proportion of the leaf used in these cigarettes is imported from America.

2. With reference to paragraph 5 of your telegram, the Department is of the opinion that the absence of treaty grounds for making a formal protest should not necessarily prevent representations being made when, as it appears in this case, American export trade interests are threatened by a prospective course of action to be adopted by the Chinese Government. This Government, being desirous of decreas-

⁵¹ Mr. Fisher was informed that the Government Departments concerned would continue to follow closely any developments in the situation in the hope that ways and means might be found to assist American flour milling interests in their endeavors to increase their export trade with China (693.113 Cereal Products/129).

⁵² Not printed.

⁵³ Neither found in Department files.

ing and removing barriers to an exchange of goods in foreign commerce, is disposed to take all practicable steps toward dissuading other governments from imposing additional restrictions upon foreign trade.

3. The Department therefore desires that you make a thorough investigation of the matter and, in the event your investigations confirm present indications that the proposed tax increase would, if implemented, impose burdensome restrictions upon American exports of cigarettes and leaf tobacco to China, you should take all practicable steps, including appropriate representations to the Chinese Foreign Office, toward safeguarding the American interests concerned and toward dissuading the Chinese Government from taking action restrictive of trade between the United States and China.

Please keep the Department promptly and fully informed.

HULL

893.61331/88 : Telegram

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

NANKING, March 26, 1937—9 a. m.

[Received 1:40 p. m.]

138. My 129, March 23, 9 a. m.⁵⁴

1. Following [three] paragraphs are from an urgent telegram to me from Gauss.

March 23, 3 p. m. American leaf tobacco interests point out that under the proposed new regulation scale of consolidated taxes, the tax on cigarettes selling up to \$200 a case will be increased 25%, on goods selling between \$200 and \$300 a case the increase in tax will be 150%, while on goods selling from 300 to 400 a case the increase will be only 25%. It is stated to me that practically all American leaf imported into China is used in cigarettes selling between \$200 and \$300 a case. Leaf tobacco dealers feel that the importation of American leaf will be very seriously reduced by the imposition of this 150% increase in tax on goods made of American leaf. They urge that you see the Minister of Finance concerning the matter before the Executive Yuan meeting on the 25th.

(3) [*sic*] The Acting Commercial Attaché comments that 73% of China's exports abroad are agricultural products and that 34% of China's exports go where the duties on Chinese products are low or such products are duty free.

(4) It is felt here that there is abundant ground for charging discrimination against American leaf tobacco through the heavy increase of consolidated taxes on grades which use American leaf.

2. Taking advantage of Kung's⁵⁵ presence in Nanking, I went to see him March 24 and left with him a short memorandum setting forth

⁵⁴ Not printed.

⁵⁵ H. H. Kung, Chinese Minister of Finance.

complaint of American tobacco interests at Shanghai. His reply was to the effect that the present increase in the consolidated tax on cigarettes was generally felt to be too slight and that tobacco merchants should be happy that those who favored a still higher tax (on the ground that China's tax was not as high as taxes prevailing in other countries) had not prevailed.

3. It is my view individually while increase of 150% in tax on cigarettes selling between Chinese \$200 and \$300 a case is in effect a discrimination against American leaf, this discrimination is probably due to the fact that practically only tobacco brought into China is American leaf and no tax could be put on tobacco products using American leaf without being in fact a tax on American products or discrimination in favor of the only other leaf used which is a product of China's farms. That is, the consolidated tax although imposed on domestic as well as imported tobacco will favor domestic tobacco through its relatively heavier taxation of those grades which cannot be produced within China, thus compels users to consume the cheaper Chinese grades. Since the Chinese have definitely entered upon policy of encouraging domestic agriculture and industry, it is inevitable that such policy will result in effective discrimination against products from abroad which compete with Chinese products and it will be difficult, however, for us to find persuasive ground for objecting to such policy under present world conditions. I have every reason to believe that proposed increases will be effected.

4. Sent to the Department, by mail to Peiping, Shanghai.

JOHNSON

693.003/1208 : Telegram

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

NANKING, March 26, 1937—11 a. m.

[Received 11:50 a. m.]

139. 1. In a despatch dated February 15, the American Consulate General at Canton reported that the interested Consuls were considering whether the collection of the conservancy tax from foreign imports and native exports imposed by customs notification of February 2 was contrary to existing treaty provisions and that the Japanese Consul General was inclined to think that the tax contravened the principle of uniformity of customs duties as prescribed in article VI of the Washington Conference Treaty relating to the Chinese customs tariff.⁵⁶ The Japanese Consul General felt that imposition of the tax without the prior consent of the Japanese Legation contravened article I of

⁵⁶ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, pp. 282, 286.

the Sino-Japanese agreement signed at Nanking May 6, 1930,⁵⁷ since conservancy surtaxes are not listed in that article among matters to be regulated exclusively by Chinese law and therefore remain in the category of taxes which can be collected from Japanese only after mutual agreement. Canton telegraphed later that the Japanese Consul General on February 18 under instructions from Tokyo filed protest with the Commissioner of Customs.

2. The British Embassy takes the position that the Anglo-Chinese tariff treaty of December 20, 1928,⁵⁸ granting tariff autonomy to China deprived Great Britain of any right to interfere with customs surtaxes at individual ports or with the harbor improvement and other projects which they support.

3. I am inclined to think that the tariff relations treaty of 1928⁵⁹ placed the United States in a similar position and that prior consultation in regard to customs surtaxes for conservancy and other purposes and conversations in regard to the conduct of such enterprises can no longer be insisted upon as a treaty right although protests can still be filed by the Embassy on ground of equity or expediency. The unrestricted right to impose surtaxes gives the Chinese authorities a powerful means of favoring one port at the expense of another. The principle of uniformity of import levies at land and maritime frontiers seems to me to have at least potentially a very important bearing on immunity of American imports from discriminatory treatment but I question whether the later tariff relations treaty of 1928 did not deprive the United States of the right to appeal to article VI or any other provision of the customs treaty of 1922. I should appreciate the Department's instruction on the position to be taken hereafter in regard to conservancy and other customs surtaxes in the light of all these circumstances.

4. Sent to the Department ; by mail to Peiping.

JOHNSON

893.61331/88 : Telegram

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

WASHINGTON, April 1, 1937—6 p. m.

65. Your No. 138, March 26, 9 a. m., and the Department's No. 60, March 25, 7 p. m., which apparently you had not received when your telegram was despatched.

1. The Department has noted the observations in the final substantive paragraph of your telegram under reference (particularly the

⁵⁷ League of Nations Treaty Series, vol. CVI, p. 295.

⁵⁸ Signed at Nanking, December 20, 1928, *ibid.*, vol. xc, p. 337.

⁵⁹ Signed at Peking, July 25, 1928, *Foreign Relations*, 1928, vol. II, p. 475.

statement that as the Chinese have definitely entered upon a policy of encouraging domestic agriculture and industry, it will be difficult to find persuasive ground for objecting to such a policy under present world conditions) and in reference thereto desires to amplify the statement contained in paragraph 2 of its No. 60.

2. Convinced that economic nationalism, which has expressed itself in the constant growth of barriers to international trade, is incompatible with the establishment of our own and world prosperity, this Government has pursued a trade policy the object of which has been and is to induce foreign governments to remove or lower restrictions [upon] an exchange of goods in international trade. We have pursued this policy in the belief that a normal expansion of foreign commerce will improve world economic conditions, raise and enrich living standards, and promote better social and political relations [among] nations. Economic nationalism, manifested through trade restrictions, all too frequently produces the opposite effect.

3. Our trade policy has been implemented largely through the trade agreements program, and the unconditional most-favored-nation principle which is a feature of the trade agreements negotiated by this Government has resulted in a generalization of concessions to all countries according non-discriminatory treatment to American commerce.

4. The policy of the Chinese Government to which you refer does not differ materially from policies of economic nationalism in some other countries and runs counter to the trade policy of this Government. An increase of 150 percent in the tax on cigarettes using a large portion of American leaf would not in effect differ from a similar increase in import duty on American leaf. The tax, an implementation of a Chinese policy of economic nationalism, would constitute a burdensome restriction upon the importation of an important American product into China.

5. It is suggested that you bear in mind the foregoing brief outline of our trade policy in your approaches to the Chinese authorities in regard to the proposed cigarette tax.

6. Please continue to keep Department informed of developments.

HULL

693.003/1208 : Telegram

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

WASHINGTON, April 22, 1937—2 p. m.

74. Your 139, March 26, 11 a. m. The Department's views with regard to the general subject of Chinese customs surtaxes, including conservancy taxes, may be briefly stated as follows:

The Department, for practical considerations, is not disposed to raise any objections to the imposition by the Chinese Government of reasonable customs surtaxes to be used for financing harbor conservancy works or undertakings of a similar character. However, the Department is of the opinion that, in determining our attitude toward the imposition of specific surtaxes, there should be borne in mind (1) that, inasmuch as the American Government pursues a trade policy the object of which is to effect the removal or reduction of excessive barriers to trade, the imposition of customs surtaxes which place burdensome restrictions upon American trade would be a matter of concern to this Government (Department's telegram No. 65 of April 1, 6 p. m.) and (2) that, inasmuch as it appears that the Chinese Government is committed to the maintenance of the principle of uniformity of duties on all customs frontiers (Department's telegram No. 249, July 27, 1931, 11 a. m., to Peiping⁶⁰), the Department would expect that the surtaxes would not be imposed at a rate which would materially disturb the principle of uniformity.

With regard to agreements now in force providing for the collection of conservancy surtaxes (the Whangpoo and Haiho conservancy agreements, for instance), the Department would expect any modification of those agreements to be the subject of arrangements mutually satisfactory to the parties concerned.

The Department desires that the Embassy carefully examine into the character and the possible effect upon American interests of each case involving the imposition of customs surtaxes and that the Embassy be guided by the Department's views as expressed above in determining the attitude which should be taken toward each such case.

With special reference to the conservancy surtax at Canton, the Department would appreciate being informed by mail despatch in regard to (1) the character of that tax, (2) the attitude of the Chinese Government toward the Japanese protest mentioned in your telegram under reference, and (3) the views of the French and other interested Embassies in regard to the imposition of the surtax.

HULL

693.003/1211

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

No. 467

NANKING, May 15, 1937.

[Received June 15.]

SIR: I have the honor to refer to the Department's telegram No. 74 of April 22, 2 p. m. and to despatch No. 1213 of May 6, 1937 from the Embassy at Peiping⁶¹ regarding the Conservancy Tax at Canton and

⁶⁰ *Foreign Relations*. 1931. vol. III. p. 998.

⁶¹ Latter not printed.

to complete that office's report by the following details concerning the views of other interested Embassies on the subject.

The Counselor of Embassy at Peiping reported to me under date of May 9, 1937 that the British Embassy there informed him that it did not consider that any grounds existed for an official protest in this matter. The British attitude on this general question is that the effect of the tariff autonomy treaties was to restore to China full liberty of action in regard both to taxation to be levied by the Customs for conservancy purposes and the particular schemes to which the proceeds of such taxation are applied.

The French Embassy in Nanking has ascertained from its Consul at Canton that the tax has insufficient bearing on French interests there to justify a protest. However, they state that they are not disposed to yield the right to the Chinese Government to impose such taxes where French interests are involved, as, for example, in the case of the Special Consumption Tax in Yunnan.

In view of the fact that the Japanese are alone in protesting this tax at Canton and also that it has been in effect, apparently, since February 2, 1937, and seems to have no important practical bearing on American interests, I request that I be authorized to instruct the Consul General at Canton to make no protest against it at this time.⁶²

Respectfully yours,

NELSON TRUSLER JOHNSON

693.003/1212

*Memorandum by the Counselor of Embassy in China (Peck) of a Conversation With the Third Secretary of the Japanese Embassy in China (Okumura)*⁶³

NANKING, June 5, 1937.

Mr. Okumura called and inquired of Mr. Peck about the position taken by the American Embassy with respect to this surtax.⁶⁴ He said that the tax imposed a burden of between \$600,000 and \$700,000 annually on Japanese shipping and merchants and that the Japanese Consul General had repeatedly protested against it on the ground that its collection, without consultation with the Japanese authorities, constituted a violation of the Japanese-Chinese Treaty of 1930 conceding tariff autonomy to China.

Mr. Peck observed that according to his recollection, the American Consul General at Canton had reported that the view of the Japanese Consul General at Canton was that since the collection of Customs

⁶² The Department, in telegram No. 99, June 25, 4 p. m., to the Ambassador in China, approved his proposed instruction to Canton.

⁶³ Copy transmitted to the Department by the Ambassador in China in his despatch No. 495, June 9; received July 12.

⁶⁴ The conservancy surtax at Canton.

surtaxes for conservancy and other purposes was not among the matters specifically listed in the "tariff autonomy treaties" as being within the sole competence of China, it remained among those matters which, according to earlier treaties, required mutual consultation between the Chinese and foreign authorities.

Mr. Okumura said that this was the position taken by the Japanese authorities. He observed that the position of the British authorities seemed to be that the "tariff autonomy treaties" had deprived Great Britain of the right to insist that Customs surtaxes for conservancy purposes should not be collected except after consultation with the British authorities; Mr. Okumura remarked, with a smile, that the attitude taken by the British authorities in connection with the Chefoo Harbor conservancy matter had indicated this stand quite clearly.

Mr. Peck said that he thought the British were quite convinced that their Government had relinquished, through the British treaty with China restoring tariff autonomy, all right to intervene either in the collection or amount of conservancy surtaxes, or in the matter of how the proceeds were utilized. He said that the Department of State had never informed the Chinese authorities that it regarded its right to protest against such surtaxes as revoked by the treaty of 1928 restoring tariff autonomy to China, but the Chinese Government might argue that the treaty in question had produced this result. However, the State Department took the position that the Chinese Government was still committed to the principle of maintaining uniformity between the taxes levied on foreign trade at land frontiers and at water frontiers, a principle enunciated in the Washington Conference Treaty concerning Customs matters.

The net result was, Mr. Peck said, that the American Government had never abandoned its theoretical right to be consulted in regard to Customs conservancy surtaxes, but was inclined in practice to argue such matters on a basis of rationality, that is, on the basis of reasonableness of amount, justifiability of the purpose of collection, and discrimination. So far as the conservancy surtax at Canton was concerned, the tax seemed to impose a negligible burden on American firms and did not seem to arouse much opposition from them. Consequently, the American Embassy had decided not to protest against the collection of the tax for the time being.

In order that Mr. Okumura might have a more adequate picture of the American position in respect to taxes of the sort under discussion, Mr. Peck told Mr. Okumura that the Embassy had filed a protest with the National Government against the increase of the dike tax at Hankow,⁶⁵ put into effect recently. The arguments presented in this

⁶⁵ Protest not printed; for attitude of the Department, see *Foreign Relations*, 1932, vol. iv, pp. 596 ff.

case were based upon equitable, rather than legalistic grounds, exception being taken to the fact that the increase bore exclusively on foreign trade.

Mr. Okumura said that, to return to the Canton surtax, the reply of the Chinese had been that the tax was small and was collected in support of a purpose which was beneficial to everybody concerned at Canton and, therefore, should be paid by Japanese firms. Mr. Okumura said that one thing which the Japanese strongly objected to was the fact that the surtax was collected on goods arriving by vessel, whereas it was not collected from goods arriving by railway. He said that the Embassy had just about arrived at the conclusion that further protests against the surtax would be unavailing and should not be made, since nothing was to be gained by keeping alive controversies with the Chinese authorities when there was no prospect of success.

Mr. Peck observed that the American Embassy had come to a somewhat similar conclusion in regard to certain taxes levied in the interior of China, for example, the \$1.00 tax on petroleum products in Fukien. In the Fukien controversy the Embassy had, in theory, gained its point, since it had reason to believe that instructions were actually issued by the National Government to the Provincial authorities to cease the collection of the objectionable tax. However, the tax was still collected and the Embassy had reason to believe that it would continue to be collected until such time as the National Government could supply the Provincial authorities with a substitute source of revenue. The same practical condition existed in reference to other improper Provincial taxes. The American Embassy had fallen into the practice of not pressing protests against such taxation when the circumstances indicated that the National Government was unable to supply substitute sources of revenue and thus to gain its point that a particular tax should be terminated by Provincial authorities.

Mr. Okumura thanked Mr. Peck for his explanation of the position of the American Embassy toward the Canton conservancy surtax.

WILLYS R. PECK

893.61331/94

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

No. 1275

PEIPING, June 7, 1937.

[Received July 12.]

SIR: I have the honor to refer to the Embassy's despatch No. 1180 of April 13, 1937,⁶⁶ in regard to the proposed increase in consolidated taxes on cigarettes, and to enclose for the information of the Department copies of despatch No. 824, dated June 1, 1937, from the Consul General at Shanghai to the Embassy⁶⁶ on the subject.

⁶⁶ Not printed.

Mr. Gauss reports that the increase in the taxes has been substantially reduced and that the tax rate on cigarettes selling from \$200 to \$300 per case is only increased by \$20 instead of by \$120 as at first proposed. He states that the reason for this adjustment is not certain; it may have been brought about as a result of the representations made by the American and British authorities; and on the other hand he has heard from the Yee Tsoong Tobacco Company that they threatened drastic price readjustments on several brands offering strong competition to brands manufactured by the Nanyang Brothers Tobacco Company unless the consolidated tax rates were reduced. This threat, according to a member of the Yee Tsoong Tobacco Company, was promptly reported to Mr. T. V. Soong, who now owns a controlling interest in the Nanyang Brothers Tobacco Company, and resulted in Mr. Soong taking up the question of consolidated tax rates on cigarettes with the Ministry of Finance.

Mr. Gauss states that the action of the Ministry has resulted in only a slight increase in the rate of taxation on cigarettes using American leaf, the majority of such cigarettes selling for from \$200 to \$300, and is of assistance to importers of American leaf. He adds, however, that this adjustment in rates is only temporary and may not be made effective beyond the end of this year.

Respectfully yours,

NELSON TRUSLER JOHNSON

693.003/1213

*The Consul General at Canton (Linnell) to the Ambassador
in China (Johnson)*⁶⁷

No. 74

CANTON, June 15, 1937.

SIR: I have the honor to refer to this Consulate General's despatches No. 41 of February 15, 1937 and No. 67 of April 27, 1937, concerning the Conservancy Tax at Canton, and to now report that the Consul of France at Canton today informed this office that under instructions from his Government he would address the Commissioner of Customs at Canton informing him that the French Government considered the Conservancy Tax at Canton as contrary to the provisions of the Nine-Power Treaty signed at Washington on February 6, 1922. He said his letter would be very mildly worded and not a "letter of protest", since the French at Canton have little to gain by raising the question due to the smallness of their import-export trade with Canton.

Respectfully yours,

IRVING N. LINNELL

⁶⁷ Copy transmitted to the Department by the Ambassador in China in his despatch No. 1299, June 24; received July 26.

**REPRESENTATIONS BY THE UNITED STATES AGAINST THE
ESTABLISHMENT OF MONOPOLIES IN CHINA⁶⁸**

893.6583/24 : Telegram

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

WASHINGTON, January 26, 1937—7 p. m.

18. Your telegram 30, January 15, 6 p. m.,⁶⁹ in regard to China Vegetable Oil Corporation. It is the Department's desire that the Embassy in its further study of this subject, as indicated in the concluding paragraph of your telegram under reference,⁷⁰ give special consideration to reports indicating that the Vegetable Oil Corporation will in the future work in close conjunction with the Government Testing Bureau.

In the opinion of the Department, the possibility that the Corporation might seek to exercise even a measure of control over the testing of foreign-owned oil should receive particular attention.

HULL

893.6583/31

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

No. 1148

PEIPING, March 23, 1937.

[Received April 19.]

SIR: I have the honor to refer to the Embassy's despatch No. 1082 of March 3, 1937,⁶⁹ and previous correspondence in regard to the vegetable oil monopoly, and to enclose for the information and records of the Department copies of the Embassy's note of March 10, 1937, to the Foreign Office⁶⁹ on the subject.

The Embassy stated in the note above-mentioned that it was becoming increasingly clear that the real objective of the China Vegetable Oil Corporation was to achieve monopolistic control of an industry which heretofore had flourished and had served as a happy trade medium between the United States and China. The Embassy remarked that it was difficult to believe that the Chinese Government would promote or even formally sanction any Government or semi-Government organ the functioning of which would impair the freedom of action in an industry from which for so many years such great mutual benefit to the two countries had been derived. The Embassy referred to its previous note of September 4, 1936,⁷¹ and

⁶⁸ Continued from *Foreign Relations*, 1936, vol. iv, pp. 600-628.

⁶⁹ Not printed.

⁷⁰ This paragraph indicated that the Embassy was giving consideration to a course of action designed to safeguard American tung oil interests in China from the activities of the China Vegetable Oil Corporation.

⁷¹ See despatch No. 692, September 4, 1936, *Foreign Relations*, 1936, vol. iv, p. 613.

expressed the hope that it might have, as requested in that note, a clear and concise assurance, based not only upon such treaty rights as might be applicable but upon amity and traditional good will, that the China Vegetable Oil Corporation had not been and would not be vested with any prerogatives which would constitute a monopoly or which would lead to the application of restrictions upon the legitimate trade of American citizens in China now or hereafter engaged in the purchase, sale, storage, refining, financing, testing, or transportation of oil products. The Embassy stated that an assurance to this end would do much to remove the deplorable uncertainty that now existed.

In its consideration of this matter, the Department is respectfully referred to the Ambassador's despatch to the Department No. 372, dated at Nanking March 9, 1937,⁷² entitled "Plans of Chinese Government for Economic Reconstruction and the Promotion of Commerce and Industry", which deals in part with the general question of Chinese government monopolies.

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

893.6583/35

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

No. 1348

PEIPING, July 17, 1937.
[Received August 9.]

SIR: I have the honor to refer to the Embassy's despatch No. 1148 of March 23, 1937, with which there was transmitted a copy of the Embassy's note of March 10, 1937, to the Foreign Office⁷³ in regard to the vegetable oil monopoly, and to enclose for the Department's information and consideration a copy in translation of the Foreign Office's note⁷³ in reply thereto of May 29, 1937.

The Department will recall that in its note to the Foreign Office of March 10, 1937, the Embassy expressed the hope that it might have a clear and concise assurance, based not only upon such treaty rights as might be applicable but upon amity and traditional good will, that the China Vegetable Oil Corporation had not been and would not be vested with any prerogatives which would constitute a monopoly or which would lead to the application of restrictions upon the legitimate trade of American citizens in China now or hereafter engaged in the purchase, sale, storage, refining, financing, testing, or transportation of oil products. The Embassy added that an as-

⁷² *Ante*, p. 573.

⁷³ Note not printed.

surance to this effect would do much to remove the deplorable uncertainty that now existed.

The Foreign Office states in its reply of May 29, 1937, that:

“. . . There is certainly nothing to be said to the effect that there has been violation of the essence of the treaties and of former international relationships. In summary, since the Chinese Government does not give the China Vegetable Oil Corporation any monopoly rights and at the same time does not limit the enterprises of foreign merchants, the while trade matters of price, method, and transportation are business liberties of the merchants and are not encompassed by the treaties, it is difficult to give such assurances (as you have requested) . . .”

This statement of the Foreign Office is somewhat ambiguous, not only in the English translation made by the Embassy but in the original Chinese text as well. The Foreign Office states that the Chinese Government does not grant any monopoly rights to the China Vegetable Oil Corporation and does not limit the enterprises of foreign merchants. The Foreign Office appears to point out, however, that matters of price, method and transportation are “business liberties” of the merchants, not encompassed by the treaties, and for this reason the Foreign Office apparently finds it difficult to give the clear and concise assurance requested by the Embassy.

The Foreign Office note is not as satisfactory as might be hoped for, but I do not see what good purpose would be served by requesting an elucidation of the ambiguous statement in question. I consider that it would be sufficient for the Embassy to address a communication to the Foreign Office, stating that the Embassy is gratified to receive the assurance of the Foreign Office that the Chinese Government does not grant any monopoly rights to the China Vegetable Oil Corporation and does not limit the enterprises of foreign merchants. Before doing so, however, I will appreciate receiving the comments of the Department on the Foreign Office note and its instructions in regard to any further action which it considers the Embassy should take in the matter.

There is also enclosed ⁷⁵ for the Department's information and consideration a copy of despatch No. 458, dated June 19, 1937, from the Consul General at Hankow ⁷⁶ to the Embassy, with which there is transmitted a copy of a memorandum dated June 17, 1937, prepared for Mr. R. C. Mackay ⁷⁷ by Mr. A. E. Marker, a British subject and Hankow manager of the Arnhold Trading Company, Limited, a British concern. The memorandum, which deals with the history and aims of the China Vegetable Oil Corporation, is written from the

⁷⁵ Enclosures not printed.

⁷⁶ Paul R. Josselyn.

⁷⁷ Of the Division of Far Eastern Affairs.

viewpoint of a private exporter who is faced with the possibility that his export business will be seriously curtailed by the operations of the corporation. It is understood that a copy of the memorandum was sent by Mr. Marker to Mr. Mackay before the latter's departure from China for the United States. The Embassy commends the memorandum and Mr. Josselyn's covering despatch to the careful consideration of the Department.

The Department will note that in the last paragraph of Consul General Josselyn's despatch mentioned above he states that "if there is no truth in the report of negotiations between the China Vegetable Oil Corporation and the Import-Export Bank, I believe it might be well for the Embassy to authorize me to inform Mr. Marker to that effect in response to his inquiry". The Embassy informed Mr. Josselyn in its instruction of July 17 that it had received no reports of any negotiations between the Import-Export Bank and the China Vegetable Oil Corporation and that he might confidentially inform Mr. Marker to that effect.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.6583/35 : Telegram

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

WASHINGTON, October 11, 1937—6 p. m.

317. Reference your despatch No. 1348, July 17, 1937, in regard to the vegetable oil monopoly. The Department feels that, in view of the present situation in China, no useful purpose would be served by replying to the Foreign Office's note at this time.

HULL

893.6354/45 : Telegram

The Secretary of State to the Consul General at Canton (Linnell)

WASHINGTON, December 4, 1937—3 p. m.

Your November 29, 1 p. m.⁷⁸ Following for Yunnanfu:

"Your November 29, 12 p. m. The matter of possible American participation in the development of the Yunnan tin industry has been referred to the appropriate Government authorities who are of the opinion that American interests would not care to participate in this venture. One of the factors which have assisted the Department in reaching a decision not to encourage American participation is its traditional attitude in opposition to Government monopolies."

Canton repeat to Embassy at Hankow.

HULL

⁷⁸ Not printed.

EFFORTS FOR CONSIDERATION OF AMERICAN CLAIMS OUTSTANDING
AGAINST CHINA⁸⁰

893.51 Russian Issue/53 : Telegram

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

NANKING, January 14, 1937—3 p. m.

[Received January 14—2:40 p. m.]

20. My despatch November 6 from Peiping⁸¹ concerning Russian issue reorganization loan bonds. In Foreign Office note dated December 30, the Ministry of Finance is quoted as stating in part that the time limit for the exchange of the yellow bonds expired in May, 1930 and that it is now impossible to take any action with regard to the bonds held by American citizens. The Ministry of Finance adds that there is no record in its archives of the reported arrangement with two other nationalities named.

I request the Department's instructions whether the Embassy is to attempt to alter the ruling of the Ministry of Finance and if so to what extent reference may be made to the sources of information concerning the reported arrangements made in favor of other nationalities. Some degree of secrecy seems to have been imposed.

By mail to Peiping.

JOHNSON

893.51 Russian Issue/56 : Telegram

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

WASHINGTON, January 30, 1937—3 p. m.

18. Your telegram 20, January 14, 3 p. m., in regard to Russian issue of Reorganization Loan. Department has received from J. G. White and Company authorization for the unrestricted use of the material, including citation of the sources of such material, submitted to the Department by the company and in turn transmitted to the Embassy as enclosures to the Department's instruction No. 252 of September 5, 1936.⁸²

Department desires that the Embassy, unless it perceives objection thereto, tactfully and informally inform the appropriate Chinese authorities to the effect that, whereas the archives of the Ministry of Finance may contain no record of settlements with bondholders of British and Japanese nationality, there would appear to exist ample proof that settlements were made with some agency of the Chinese

⁸⁰ Continued from *Foreign Relations*, 1936, vol. iv, pp. 574-600.

⁸¹ *Ibid.*, p. 599.

⁸² *Ibid.*, p. 595; enclosures not attached to file copy of instruction.

Government and that the American Government naturally assumes that the Chinese Government will not wish to discriminate against American holders of the bonds under reference by withholding from them an opportunity to receive payment on terms no less favorable than those granted to bondholders of other nationality.

In your approach to the Chinese Government judicious use may be made of the pertinent portions of the aforementioned material, particularly the letter of July 15 addressed to White, Drummond and Company by Sir Leonard Franklin.⁸³

HULL

893.51/6289 : Telegram

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

NANKING, February 5, 1937—noon.

[Received February 5—6:30 a. m.]

62. For Hornbeck.⁸⁴ My 386, January [December] 31, [1936] 11 a. m.⁸⁵ In conversation with Kung⁸⁵ last evening the latter asked me to ask you to use your influence to persuade interested Americans to accept Chinese proposal for settling Hukuang bond loan. Kung referred to question recently asked in Parliament concerning attitude of the American bondholders and stated that it was true that Germans and British have accepted the Chinese proposal, only the Americans holding out.

Kung also expressed hope that something might be accomplished in regard to Continental Bank loan while he is still in office.

JOHNSON

493.11/2034

*Memorandum by the American Ambassador in China (Johnson) of a Conversation With the Chinese Minister for Foreign Affairs (Chang Chun)*⁸⁶

NANKING, February 5, 1937.

In the course of a call upon the Minister for Foreign Affairs to-day I invited his attention to a conversation which I had had with him on March 2, 1936,⁸⁷ at which time I had expressed the hope that the Chinese Government would give further consideration to a proposal of the United States for the establishment of a Sino-American Claims

⁸³ Not printed.

⁸⁴ Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs.

⁸⁵ H. H. Kung, Chinese Minister of Finance.

⁸⁶ Copy transmitted to the Department by the Ambassador in his despatch No. 1080, from Peiping, March 2; received April 6.

⁸⁷ See despatch No. 113, March 7, 1936, *Foreign Relations*, 1936, vol. iv, p. 579.

Commission, and he had promised that the Foreign Office would pursue an inquiry into various claims of which a list had been furnished the Foreign Office.

I stated that we were still interested in this matter, and I wondered what progress had been made. The Minister for Foreign Affairs promised to look into this question.

NELSON TRUSLER JOHNSON

893.51/6289 : Telegram

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

WASHINGTON, February 8, 1937—5 p. m.

32. Your 62, February 5, noon, in regard to Hukuang Loan.

1. It would appear that representatives in China of the Groups have not yet informed Kung of position arrived at and made known by American interests concerned some 10 days ago. American interests are not "holding out." It is our understanding that Bennett⁸⁹ is in position to inform you of present situation. Please confer with him and thereafter, in your discretion, make appropriate statement to Kung toward accurately dispelling Kung's impression, indicated in your report of conversation of February 4, that settlement is being held up by attitude of American interests.

2. Please say also to Kung that his expression of hope in regard to Continental Bank loan is gratifying to and is shared by the Department.

3. When done, please telegraph report of conversations.

HULL

893.51 Russian Issue/59 : Telegram

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

NANKING, February 18, 1937—11 a. m.

[Received February 18—10:20 a. m.]

80. Department's 18, January 30, 3 p. m. concerning Russian issue of reorganization loan. Under my instructions Paxton⁹⁰ saw Jabin Hsu, Director of Domestic Affairs of the Ministry of Finance, and with my approval has furnished to him copies of the letters dated June 5, 1936 signed by W. E. Hurry and July 15, 1936 signed by Sir Leonard Franklin,⁹¹ showing that British bondholders have received 30 per

⁸⁹ C. R. Bennett, representative in China of the American Group of the China Consortium.

⁹⁰ J. Hall Paxton, Second Secretary of Embassy in China, at Nanking.

⁹¹ Letters not printed; see Department's instruction No. 252, September 5, 1936. *Foreign Relations*, 1936, vol. IV, p. 595.

cent of face value stating Hsu promised to look into the matter. Further developments will be reported.

Copy to Peiping by mail.

JOHNSON

893.51 Con-Ob Continental/180

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Vice President of the Continental Illinois National Bank and Trust Company of Chicago (Abbott)

[WASHINGTON,] March 11, 1937.

Mr. Abbott called me on the telephone from Chicago and, after indicating that he had just returned from a vacation in Florida of several weeks' duration, inquired whether I had seen a copy of the letter of February 15 addressed to him by Mr. Clark of the Foreign Bondholders Protective Council⁹² in regard to the proposed settlement of the Chicago Bank Loan. I replied in the affirmative. Mr. Abbott inquired whether I was in agreement with the view expressed in Mr. Clark's letter under reference that the terms offered by the Chinese Government are the "utmost" that can be obtained and that acceptance thereof should therefore be recommended to the concerned noteholders. Again I replied in the affirmative. Mr. Abbott said that he had received from the Council a telegram of recent date to the effect that further progress in the matter now awaited decision by the Continental Illinois Bank and that, in the opinion of the Council, any undue delay in replying to the offer of the Chinese Government would render less likely the attainment of a satisfactory settlement. Mr. Abbott inquired whether I concurred in such opinion. I replied by saying that for some time past I had felt that the offer of the Chinese Government should be accepted promptly, as a quibbling over details with attendant delay might cause the Chinese Government to drop the matter entirely.

Mr. Abbott then referred to the offer of the Chinese Government to provide as security for the payment of the loan either the Consolidated Taxes or the Salt Revenue and inquired which of the two would be preferable. I said that in my opinion the two revenues were, for the purpose indicated, of equal value; that there were those who might argue in favor of the Salt Revenue on the basis of the fact that its administration is in part foreign directed; that however that might be the success or failure of any settlement which might be reached would, in my opinion, depend not on the particular se-

⁹² Not printed.

curity offered but rather on the ability and the preparedness of the Chinese Government to live up to its agreement.

Mr. Abbott inquired whether, in the event that the Continental Illinois Bank should concur in the view of the Council, the Department would associate itself with the settlement under consideration. I replied to the effect that the entire matter was private in character and that the American Government would not become a party thereto. I added, however, that the Department would, as in the past, be prepared to endeavor to protect and to assist the concerned American interests in such manner as, in the light of the then existing circumstances, might be deemed appropriate and practicable.

In concluding my remarks I said that the views I had expressed were of course personal. Mr. Abbott said that he realized that such was the case; that our frank discussion of the subject was helpful to him; and that he would communicate promptly—probably today—with the Foreign Bondholders Protective Council.

S[TANLEY] K. H[ORNBECK]

893.51/6332 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

NANKING, March 16, 1937—11 a. m.

[Received 2:10 p. m.]

118. My 100, March 3, 9 a. m.⁹³ The following letter dated March 13 and addressed to the Ambassador was received March 15 from Dr. H. H. Kung.

“With reference to my letter of March 1 concerning the proposed Hukuang loan settlement, I enclose a copy of a telegram received on March 11 from Mr. J. Reuben Clark, Junior, of the Foreign Bondholders Protective Council Incorporated, New York.

The draft announcement, as sent to you on March 1 for communication to representatives in the United States of the American creditors, was also then communicated to the representatives in China of the four national groups. Previously it had been fully discussed with the latter representatives who found it acceptable for transmittal to their principals, and I understand it was so transmitted by the British, French and German representatives.

I feel that the best procedure would be for the creditor representatives in the different countries fully to communicate with each other so that they may express collectively to the Government their views concerning the draft announcement. Communication among all the creditor representatives in the United States and Europe in order to ascertain their common views obviously is much simpler than to have the Chinese Government in effect act as an intermediary. Considerable further delay would now result were I to discuss particular points

⁹³ Not printed.

of work with the Council or with any individual group before all the creditor representatives have fully communicated with each other.

Therefore, in the hope of effecting an early agreement, I should greatly appreciate your cabling to the Department of State that this Government would be grateful if the Department would explain the situation to the American creditors' representatives and use its good offices in favor of adoption of the procedure I have indicated.

With reference to the inquiry in Mr. Clark's telegram concerning customs charges, I should appreciate your communicating to him that other than the report from local authorities (see page 10 of the last published Finance Ministry report) which ranks as of March 1, 1936, no charges have been placed on the customs revenue subsequent to the Tientsin-Pukow Railway settlement which covers the 3,150,000 pounds of outstanding bonds plus 678,000 pounds of bonds subsequently validated to settle the advance made by Deutsch-Asiatische Bank before 1916 secured on unissued Tientsin-Pukow Railway bonds; and that no other charges will be permitted on the customs revenue before the announcement is made, provided that it is made promptly. (Foregoing word underscored by the writer).

With reference to the last sentence of Mr. Clark's cablegram, there are no documents to be communicated additional to the announcement and the memorandum communicated to you on March 1. And further, I understand that you telegraphed to Washington the text of the memorandum as well as of the draft announcement."

The Department has doubtless received a copy of Clark's telegram.*
Sent to the Department; by mail to Peiping.

PECK

893.51/6336: Telegram

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

NANKING, March 22, 1937—2 p. m.

[Received March 22—11:15 a. m.]

128. My 118, March 16, 11 a. m. The following letter addressed to me as American Ambassador, dated March 21, has been received from Dr. H. H. Kung:

"With reference to my letter of March 13 transmitting a copy of Mr. Clark's telegram of March 9 concerning the Hukuang loan, in response to which letter Mr. Peck in your absence kindly telegraphed to Washington, I should appreciate your good offices in now forwarding to Washington a further communication to the representatives of the American creditors, as follows: the British, French and German Groups have accepted the proposed Hukuang loan announcement. Phrasing such as that suggested by Mr. Clark has not been requested in previous settlements. Moreover sentence in opening paragraph of the proposed announcement, stating that the other provisions of the contract remain unchanged, makes it unnecessary to change paragraph 1 as Mr. Clark suggested. As to his other suggestion, the change will

* Not printed.

be duly constituted as I have already assured him and as stated in the memorandum communicated March 1 will remain in force until the loan is fully redeemed.

In view of the foregoing I do not wish to make further changes, since I consider the statement to be clear and accurate in the premises. In order to avoid further delay and particularly because I wish to complete the arrangements before sailing for Europe April 2, I should like to be advised promptly that the representatives of the American creditors accept the draft for recommendation to bondholders as has been done by the representatives of other than American creditors who are understood to hold a much greater proportion of the bonds than that held by Americans.

Also I should be grateful if you would request that the Chinese Ambassador be advised, for his information."

Sent to the Department; Peiping, by mail.

JOHNSON

893.51 Con-Ob Continental/185: Telegram

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

NANKING, March 23, 1937—noon.

[Received 3:05 p. m.]

131. My 122, March 19, 10 a. m.⁹⁵ Letter dated March 20 from Kung, Minister of Finance encloses draft offer for Chicago Bank loan settlement prepared in response to telegram dated March 15 from the Foreign Bondholders Protective Council and also an explanatory memorandum. He requests that these documents be communicated to the Council and to the Chinese Ambassador. Texts follow:

"March 20, 1937, draft Chicago loan announcement.

His Excellency the Minister of Finance (or the Chinese Ambassador under instructions from his Government) announces the following offer concerning service of the Treasury notes of 1919 (the so-called Chicago Bank loan) of United States dollars 5,500,000:

1. Interest is to be paid at the rate of 2½% per annum for the 3 year period commencing November 1, 1936, and at the rate of 5% per annum as from November 1, 1939, payable semiannually May 1 and November 1.

2. Noninterest bearing scrip is to be issued in respect of: (a) arrears of interest computed at one-fifth of the contractual rate, simple interest, from May 1, 1921, to November 1, 1936; and (b) one-fifth of the difference between 2½% interest to be paid for the period from November 1, 1936, to November 1, 1939, and 5% to be paid thereafter.

3. Payments of principal of the notes and of installments of the scrip are to be made on June 1 of each year beginning in 1942 according to the following schedule: in 1942 and 1943, 5% each; in 1944 and 1945, 6% each; in 1946 and 1947, 7% each; in 1948 and 1949, 8% each; in 1950 and 1951, 9% each; and in 1952 and 1953 and 1954, 10%

⁹⁵ Not printed.

each. The Government upon reasonable notice and without premium may increase the amount of principal to be retired on any payment date. The notes are to be retired by drawings at par to be effected by the fiscal agent of the loan in the month of August prior to each date on which drawn notes are to be paid.

4. Payment of interest and principal is to be made out of the salt revenue after making provision for charges existing as of blank (announcement date) and in priority to all charges that may be created subsequent to that date.

5. Holders accepting this offer will present their notes for attachment of new coupon sheets, on the stub of which the text of this offer will be printed. Since the new coupon sheets will not be ready by May 1, 1937, interest will be paid on that date against delivery of the last unpaid coupon attached to the notes."

"March 20, 1937. Memorandum supplementing points contained in the draft announcement:

1. The text of the offer would be printed on the stub of the new coupon sheets and pasted on each note, the caption to be: 'offer announced by the Chinese Government (blank) date. By presenting note number (blank) for the affixing of this sheet the holder accepts all the terms and conditions of this offer'. The new coupon sheets also scrip certificates would bear numbers corresponding to numbers of the original notes.

2. Coupons would contain the loan title with the following in parenthesis below: 'payments in respect of this loan will be made in accordance with the offer announced by the Chinese Government (blank) date.' The following also would appear on each coupon: 'coupon for United States dollars (blank) payable to bearer on (blank) date at (blank) (name and address of paying agent)', together with facsimile signature of the Minister of Finance.

3. In view of the history of these obligations the Government considers that the issuing bank's successor would be the logical institution to act as fiscal agent for the notes, also as agent for stamping bonds and issuing new coupon sheets and scrip and further to assist Ambassador in meeting Stock Exchange requirements. Kindly ascertain informally and advise whether bank would accept invitation so to act. The Government would pay the expenses of engraving new coupon sheets and scrip.

4. Salt revenue collections are stated on page 7 of the Finance Ministry report published in 1936. Last year's collection was dollars 205,433,000.

5. Apart from the 1898 Anglo-German loan, Boxer indemnity and 1930 reorganization loan which enjoy certain liens on salt revenue but are now paid from customs, the following loans charged on salt revenue are being paid therefrom: Anglo-French loan of 1908, pounds 4,000,000; Hukuang loan approximately pounds 5,650,000; Crisp loan of 1912 approximately pounds 3,900,000; Vickers and Marconi Treasury notes approximately pounds 3,400,000 (under 1936 settlement); total principal approximately pounds 12,450,000. Total yearly service requirements from salt revenue in respect of these loans assuming Hukuang settlement completed as agreed in principal would be about pounds 904,000 in 1937; pounds 912,000, 1938; pounds 812,000, 1939; pounds 834,000, 1940; and not exceeding pounds

750,000 thereafter. In addition there are loans not now being paid having claims on salt revenue, to wit, Tsingtao Treasury notes principal approximately 1,300,000 and Japanese portion of 96,000,000 loan principal approximately 32,000,000; and about Chinese dollars 48,000,000 in respect of certain internal obligations contracted by the former Peiping Government before 1925.

6. There are four other loans secured to some extent on other than salt revenue but predominantly on certain subsidies from salt revenue and/or on special salt taxes the proceeds of which subsidies and/or taxes the National Government granted to provincial authorities in consolidating its administration of salt taxation as a national revenue. These loans are thus of different category than those enumerated in paragraph 5. The outstanding total of these loans is approximately Chinese dollars 91,000,000."

Sent to the Department, copy by mail to Peiping.

JOHNSON

893.51 Con-Ob American Group/42

*The Chinese Minister of Finance (Kung) to the American Ambassador in China (Johnson)*⁹⁶

[NANKING,] March 31, 1937.

DEAR AMBASSADOR JOHNSON: Now that the Hukuang and Chicago Bank loan settlements have been effected I desire to take up the case of the Pacific Development Loan. To this end I should appreciate your transmitting by telegraph, as you recently were good enough to do in the case of the Hukuang and Chicago loans, the attached communication to Mr. Lamont⁹⁷ of Messrs. J. P. Morgan & Company which contains a proposal of settlement. Also I should appreciate having a copy furnished to the Chinese Ambassador at Washington.

Yours faithfully,

H. H. KUNG

893.51/6382

*The Chinese Minister for Foreign Affairs (Wang) to the American Ambassador in China (Johnson)*⁹⁸

[Translation]

[PEIPING,] April 27, 1937.

SIR: I have the honor to quote hereunder a joint despatch which has been received from the Ministries of Finance and Railways:

⁹⁶ Copy transmitted to the Department by the Ambassador in his despatch No. 415, April 9; received May 3.

⁹⁷ Thomas W. Lamont, representing the American group of the China Consortium.

⁹⁸ Copy transmitted to the Department by the Ambassador in his despatch No. 1220, May 7; received June 1.

“With reference to the Hukuang Railway Loan, we, the two Ministries, have held prolonged discussions with the creditors of the four nationalities, British, French, American and German. A procedure for adjustment has recently been decided upon. This procedure was advertised in the press on April 5 in an announcement to the public. There are enclosed copies, in Chinese and English, of the announcement and the amortization schedule with the request that they be transmitted to the British, French, American and German Embassies in China for their records.”

I have the honor to indite this note for your information, and to transmit with it one copy each of the announcement in English and Chinese as well as a copy of the amortization schedule referred to above.⁹⁹

Accept [etc.]

WANG CHUNG-HUI

[Enclosure]

*Announcement of Offer Concerning Service of the
Hukuang Railway Loan of 1911*

(Published April 5, 1937)

Their Excellencies the Ministers of Finance and Railways announce the following offer concerning the service of the outstanding bonds of the Hukuang Railway Loan of 1911 amounting to about £5,650,000, under which the interest rate paid is to be reduced in 1937-38 and the amortization plan modified. Other provisions of the Hukuang Loan contract are to remain unchanged.

1. Interest is to be paid at the rate of 2½% per annum in 1937-38 inclusive and 5% per annum thereafter. Payment of interest is to be made out of net earnings of the railway and guaranteed out of salt revenue. Interest due as from January 1, 1941, is to be guaranteed also out of customs revenue with rank as to the date of this announcement.

2. Amortization is to begin in 1941 and to be completed in 39 years from 1937 according to a table to be filed with the paying agents. Payment of amortization and of the scrip to be issued in accordance with paragraph three hereof is to be made out of net earnings of the railway and any deficiency to be made good from revenues under control of the Ministry of Finance. The Government upon reasonable notice and without premium may increase the amount of principal retired on any payment date. Bonds drawn but not yet retired are to be paid according to the order of drawing.

3. Interest in arrears is to be calculated at 1% per annum simple interest instead of 5%. Non-interest bearing scrip is to be issued for arrears of interest so calculated, and also for one-fifth of the short

⁹⁹ Not printed.

fall of interest during 1937-38. This scrip is to be paid beginning 1942 over approximately 20 years, the yearly installments to be substantially equal except that the Government reserves the right of transferring to the last three of the aforementioned approximately 20 years not over 50% of payments due in the first three years.

4. Suitable instructions are to be given to the Chinese Maritime Customs, the Chief Inspectorate of Salt Revenue, the Central Bank of China, and the Railway Administration to give effect to the understanding reached.

Announcement also was made that the railway authorities are taking steps to improve the condition of the railway and its administration on the general lines contemplated in the loan agreements with a view to benefiting both the interest of the Government and of the bondholders.

893.51 Con-Ob American Group/40 : Telegram

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

WASHINGTON, April 28, 1937—7 p. m.

77. Reference, your 147, April 2, 5 p. m.¹ Discussion of Minister Kung's proposal for settlement of Pacific Development Corporation Loan will be initiated by Mr. Lamont with Kung in London.

Meanwhile, Mr. Arthur Anderson of J. P. Morgan and Company has informed Department informally that majority of representatives of the American interests concerned, having conferred in New York, incline to the view that a satisfactory and reliable agreement formulated on the basis of a capital sum of \$4,300,000 would be better than an unsatisfactory agreement of doubtful reliability based on a capital sum of \$5,500,000. They and officers of the Foreign Bondholders Protective Council, informally consulted, feel that the agreement should approximate in terms the agreement made on the Chicago Bank Loan. Their contentions will be advanced by Mr. Lamont in due course, but they wished that the Department and the Ambassador to China be informed, in the hope that we will endeavor as may be appropriate to foster and support the idea of reasonable terms on the basis of a reasonable amount.

Department assumes that Bennett will be in position to keep you informed. If and as this subject arises in any conversations which you may have with Chinese officials or with Arthur Young,² you should, without going into details as to terms or amount, urge that the Chinese

¹ Not printed; see letter of March 31 from the Chinese Minister of Finance to the American Ambassador in China, p. 670.

² American Adviser to the Chinese Ministry of Finance.

Government should endeavor to make an equitable agreement rather than drive a hard bargain for settlement of this loan.

HULL

893.51 Con-Ob Continental/196

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

No. 1233

PEIPING, May 17, 1937.

[Received June 15.]

SIR: I have the honor to refer to previous correspondence regarding the settlement of the Chicago Bank loan, and to transmit herewith a copy in translation of a note from the Minister for Foreign Affairs of April 29, 1937, which encloses a copy of the announcement of this settlement made in the press of April 12, 1937.³ This announcement is identical with the draft announcement quoted in the Embassy's (Nanking) telegram No. 131 of March 23, 12 noon, except that it contains the additional final paragraph, which reads as follows:

"All provisions of the original contract remain unchanged except insofar as the carrying out of this offer gives effect to other specific provisions."

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

893.51 Con-Ob American Group/50 : Telegram

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

NANKING, May 21, 1937—11 a. m.

[Received May 21—7:30 a. m.]

212. Department's 77, April 28, 7 p. m., paragraph 1, regarding Pacific Development Corporation loan. I have received the following letter dated May 20 from Arthur N. Young:

"You will, I am sure, be pleased to learn that according to a cablegram from London which I received this morning, the Pacific Development loan has been settled between Minister Kung and Mr. Lamont, subject to confirmation by Nanking and New York. The cablegram summarizes the terms as follows: (1) Amount United States dollars 4,900,000; (2) Overdue interest canceled; (3) Interest 2 per cent this year, one-half per cent annual increase until 4 per cent maximum; and (4) amortization provisions security the same as for the Chicago loan".

JOHNSON

³ Neither printed.

493.11 American Metal Co. Inc./95

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

No. 540

NANKING, July 23, 1937.

[Received August 23.]

SIR: I have the honor to refer to the Department's telegraphic instruction, No. 100 of July 8, 12 noon,⁷ suggesting that the Embassy again bring to the attention of the Chinese authorities the matter of the claim of the American Metal Company, Limited, against the Kwangtung Government for payment of the purchase price of silver sold to a Department of that Government in 1919.

The Department has already been informed in a telegram from this office, No. 266 of July 12, 4 p. m.,⁷ regarding a reply made to a telegram received from Mr. Chester Fritz,⁸ at Hong Kong.

On July 13, acting under my instruction, Mr. Atcheson⁹ took up the matter with Mr. Jabin Hsu, Director of the Department of General Affairs of the Ministry of Finance. This seemed to be an advantageous way of handling the matter, since the relations of Mr. Hsu with the Embassy, and with Mr. Atcheson in particular, have for a long time been very friendly. I felt that if any official would be likely to exercise the personal influence which seems called for in this matter, it would be Mr. Hsu.

There is enclosed a memorandum⁷ of the conversation which took place between Mr. Hsu and Mr. Atcheson. Barring a few of the more vigorous American phrases which Mr. Hsu has retained from his newspaper experience of several years in the United States, and used on this occasion, the memorandum is a faithful account of the remarks made by Mr. Hsu. Its frank statement that the Chinese Minister of Finance acts, in money matters, from purely utilitarian motives is unusual in diplomatic intercourse, but Mr. Atcheson feels that a disclosure of what experience shows must be a conceded fact was more useful in the circumstances than would have been an empty, though polite and soothing, gesture.

Mr. Hsu told Mr. Atcheson, in effect, that the American Metal Company, Limited, would be very well advised to accept any payment on principal offered by the Kwangtung Government and waive accrued interest, this being in accordance with the general rule of the National Government itself in settling up old claims.

I have been connected with the handling of this claim for a matter of twelve years, commencing in the Legation in Peiping, subsequently in the Department, and now in Nanking, and bearing in mind all the

⁷ Not printed.

⁸ Representative of the American Metal Company, Ltd., in China.

⁹ George Atcheson, Jr., Second Secretary of Embassy in China.

fruitless efforts which have been expended, I regretfully express the opinion that the American Metal Company would be well advised to accept what cash it can obtain from the present Kwangtung Provincial Government and write off its losses as the price of injudicious extension of credit in the beginning. On July 13 I again telegraphed to Mr. Fritz at Hong Kong saying that an official of the Ministry of Finance had stated that the Ministry was not likely to intervene in the negotiations.

From the standpoint of the National Government the origin of this transaction is obscure; the Chinese provincial officials who negotiated the purchase have long since vanished from the scene; the aggregate sum of indebtedness handed down to the present National Government by various provincial and national regimes is, from its standpoint, so huge that it has had to adopt a policy of minimum payments just sufficient in amount to retain a reputable cloak of reliability. At the risk of appearing frivolous, the writer cannot but recall a remark made by an official of the Ministry of Finance in Peiping some twelve years ago when the Ministry was being pressed to pay a debt owing to American interests. The Chinese official admitted that the Ministry had just received some cash, but he advanced as a statement whose truth must be apparent that the Ministry of Finance was obliged to keep this money "to spend", and could not afford to use it in paying off debts. In present day China the needs of the moment appear to the authorities exigent and, as intimated by Mr. Hsu, if anything is to be paid on inherited obligations, such payments must meet some present need. The authorities have been confirmed in the wisdom of this course by the fact that they unaccountably seem able to get credit, in spite of defaults of former administrations.

In this connection, I venture to refer to suggestions advanced by the office of the Commercial Attaché in Shanghai in sundry reports that the American Government utilize appropriate opportunities for demanding some compensating benefit for assistance extended to China in connection with currency stabilization and other projects.

Although entertaining little hope that the communication will produce any results of value, I have sent a note to the Ministry of Foreign Affairs, pressing for action in accordance with the Embassy's earlier note of May 10, 1937 and the Department's present instruction.¹⁰ A copy of the note of July 15 is enclosed. There are enclosed, also, a copy and a translation of the Ministry's purely formal reply of July 17, 1937.¹¹

¹⁰ Department's telegram No. 109, July 20, 4 p. m., stated that Dr. Kung, then in Washington, indicated that he would give the American Metal Co. claim his attention upon his return to China (493.11 American Metal Co./90).

¹¹ Enclosures not printed.

It is to be hoped that the Department will not attribute to a defeatist frame of mind the opinions set forth in this despatch. It is possible that the American Ambassador would not share those opinions, but from conversations which took place while he was in Nanking, I am inclined to think that he views somewhat in the way I have depicted the futility of attempting to collect long outstanding obligations owed to American organizations by the Chinese authorities, together with accrued interest in full amounts.

Respectfully yours,

For the Ambassador:
WILLYS R. PECK
Counselor of Embassy

493.11/2063 : Telegram

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

NANKING, September 21, 1937—4 p. m.
[Received September 21—12:29 p. m.]

698. Bennett¹⁵ informs me informally that pressure is being applied on Chinese members of the China Foundation¹⁶ to invest \$5,000,000 in Chinese Government Liberty Loan bonds from the endowment funds of both indemnity remissions. [J. A.] Mackay and [S. T. Bitting?] as members of the Finance Committee insist that Foundation must first approve and in anticipation of the application wish to learn unofficially whether the American Government believes it has the right and wishes to object to investments of this sort. My own feeling is that our Government having either explicitly or tacitly assented to the authority of the Foundation trustees in such matters should express no opinion but I respectfully request that the Department indicate what reply I should make to this question.

Repeated to Peiping.

JOHNSON

493.11/2063 : Telegram

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

WASHINGTON, September 24, 1937—2 p. m.

262. Your 698, September 21, 4 p. m. The meaning of your second sentence is not clear. However, Department believes that the Foundation possesses the right to approve or disapprove proposals for in-

¹⁵ C. R. Bennett, representative in China of the American Group, China Consortium.

¹⁶ China Foundation for the Promotion of Education and Culture, of which Mr. Bennett was a trustee.

vestment of funds; that the responsibility for deciding in what manner endowment funds shall be invested lies with the trustees; and that this Government should not intrude in the matter. We are, of course, concerned that the funds be handled on sound principles of investment; but we cannot undertake to assume or to share the responsibility of the trustees and we, therefore, offer no opinion regarding the proposed investment under reference.

You may inform Bennett of the above.

HULL

REJECTION BY THE UNITED STATES OF APPLICATION OF CHINESE
INCOME TAX TO AMERICAN CITIZENS¹⁷

893.5123/34 : Telegram

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

NANKING, January 12, 1937—1 p. m.

[Received 2: 15 p. m.]

16. Department's 229, September 24, 6 p. m. to Peiping¹⁸ and related correspondence on Chinese income tax.

Following is the text of a formal note dated December 30 from the Chinese Minister for Foreign Affairs:¹⁹

"Excellency: I have the honor to acknowledge the receipt of your formal note of September 18, 1936,¹⁸ in regard to the levying of the income tax by the Chinese Government, [that] the provisional regulations governing the income tax are not applicable to Americans in China. I have noted the above.

It is observed that the provisional income tax regulations and the detailed rules for their enforcement were promulgated for enforcement by order of the National Government in accordance with legal procedure. On the [basis?] of international law, since the people of the various nations resident in China receive protection from the Chinese Government they should naturally pay taxes to the Chinese Government in accordance with the law: of this there is not the least doubt. The full levying of the income tax is now shortly to begin, and I have the honor to request Your Excellency to refer to my note of August 25, 1936²⁰ and order all people of your country residing in China to pay the income tax in accordance with the regulations.

I avail myself, et cetera".

Peiping informed.

JOHNSON

¹⁷ Continued from *Foreign Relations*, 1936, vol. iv, pp. 628-634.

¹⁸ Not printed.

¹⁹ Gen. Chang Chun.

²⁰ See telegram No. 430, September 3, 1936, 2 p. m., from the Ambassador in China, *Foreign Relations*, 1936, vol. iv, p. 629.

893.5123/35: Telegram

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

NANKING, February 2, 1937—2 p. m.

[Received 4:35 p. m.]

53. 1. The following telegram (in clear) has been received from Canton:

“January 29, 6 p. m. American and other foreign firms Canton asked by Chinese income tax office to collect income taxes from Chinese employees and pay them over to designated bank. Instructions requested whether such procedure general throughout China and whether American firms should accede to demand. It is noticed that in the United States employers furnish lists of employees and salaries paid but do not collect taxes for income tax authorities”.

2. The Embassy has also learned from Mr. Gauss²¹ that the Standard Vacuum Oil Company has instructed its branches in China to avoid for the time being the disclosure to the Chinese income tax officials of information as to salaries paid to Chinese employees of the company.

3. The question whether American firms in China may properly be called upon either to deduct the income tax from salaries of Chinese employees or to give the competent authorities information as to the salaries earned by such employees may be expected to arise wherever American firms are operating in China.

4. Does the Department desire me, in this connection and at this time to bring to the attention of American consular offices in China the statement contained in the final paragraph of the Department's telegram to Peiping No. 226, September 19, 3 p. m.,²² to the effect that American firms may not properly be expected to act as agencies of the Chinese Government in the collecting of the tax from Chinese citizens?

5. If the Department's view set forth above is communicated to American firms it would seem only fair to warn them that their treaty rights in the matter are limited and that the treaties appear to afford no immunity to the employees of American firms which would protect such employees from other methods, possibly more rigorous, taken under Chinese law to collect income data and compel payment of the income tax by employees.

6. In view of the fact that the treaties only absolve American firms from obligation to supply wage information and to deduct and trans-

²¹ Clarence E. Gauss, Consul General at Shanghai.

²² *Foreign Relations*, 1936, vol. iv, p. 632.

mit income tax payable by Chinese employees and does not free Chinese employees from inception of the tax, I suggest that American firms be informed that the Department would not regard the voluntary supplying of income tax data as abandonment of extraterritorial rights and that American firms are free to follow the course which seems to them most advantageous.

Sent to the Department, Peiping, Shanghai.

JOHNSON

893.5123/36 : Telegram

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

NANKING, February 3, 1937—2 p. m.

[Received 8:25 p. m.]

56. My 53, February 2, 2 p. m. I have learned from the British Embassy that the Embassy has recommended to the British Foreign Office that the Chinese authorities be informed that the British Government is prepared to assist the Chinese Government in the collection of the income tax from Chinese employed by British individuals and firms and that it is willing to advise British subjects to supply to the appropriate Chinese authorities on request lists of Chinese employees, with salaries paid. The Embassy has not yet received an instruction from the British Foreign Office on this point.

My informant in the British Embassy recalled that the attitude taken by the British Government toward the request of the Chinese Government that extraterritorial nationals pay Chinese income tax had been less "positive" than that of the American Government since the British Government had announced its willingness to consider payment of the tax by British subjects in China when the tax should be collected from all nationalities; whereas, the American Government had replied that it did not regard the tax as applicable to American citizens. The American and British Embassies are keeping in touch concerning this request.

Another note has been received from the Foreign Office dated January 27, [saying that?] the income tax went into effect January 1 and asking that American citizens in China be instructed to pay the tax. The British Embassy has not decided what reply, if any, shall be made to this note and is inclined to feel that no further declaration of the British position is required. Unless otherwise instructed by the Department I shall return no reply in writing but if the matter is taken up with me again in conversation and the circumstances seem to warrant I intend reopening the assurance con-

tained in the Department's 226, September 19, 3 p. m., to Peiping in the sentence beginning "Peck may add".²³

Repeated to the Department and Peiping.

JOHNSON

893.5123/35 : Telegram

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

WASHINGTON, February 4, 1937—8 p. m.

28. Your 53, February 2, 2 p. m., and 56, February 3, 2 p. m., in regard to income tax. The Department approves your circularizing American consular offices in China in the sense indicated in paragraphs 4 and 6 of telegram No. 53.

The Department also approves the attitude and procedure outlined in the last sentence of telegram 56.

HULL

893.5123/54

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

No. 1192

PEIPING, April 19, 1937.

[Received May 17.]

SIR: I have the honor to refer to the Embassy's despatch No. 1177 of April 13, 1937,²⁴ and previous correspondence in regard to the Chinese income tax law, and to enclose for the Department's information copies of Shanghai's despatch No. 746 of April 10, 1937, to the Embassy²⁴ on the subject.

Mr. Gauss encloses with his despatch a copy of a letter dated April 6 from the Texas Company (China) Limited,²⁴ concerning the deduction of income tax by the Chinese authorities on certain loan debentures of the Municipality of Greater Shanghai held by that company. In his reply to the company of April 10, Mr. Gauss stated that, while the Department has taken the position that the provisions of the Chinese Income Tax Regulations are not applicable to American firms and individuals, it would appear that the National Government has taken an opposing view. He stated further that it was not believed to be practicable to attempt to recover the income tax

²³ Telegram printed in *Foreign Relations*, 1936, vol. iv, p. 632. Sentence mentioned contained an assurance to the effect that the Department would be prepared to consider an income tax on Americans should all other governments concerned acquiesce in the imposition of an income tax on their respective nationals.

²⁴ Not printed.

deductions in question unless it was definitely and precisely provided in the debentures that the payments to be made thereunder should be free from taxes or deductions. The Embassy has informed Mr. Gauss that it approves his reply to the company.

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

893.5123/60

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] July 10, 1937.

Conversation: Dr. H. H. Kung, Chinese Minister of Finance;
Dr. C. T. Wang, Chinese Ambassador;
Mr. Hornbeck;
Mr. Hamilton.²⁵

Present: Mr. P. W. Kuo and Dr. Clarence K. Young.²⁶

During the course of and following a luncheon given by the Chinese Ambassador at his residence at Twin Oaks, the Chinese Minister of Finance, Dr. H. H. Kung, asked Mr. Hornbeck what our attitude was toward the Chinese income tax law. Mr. Hornbeck said that he would be glad to answer that question but that before doing so he would like to ask certain questions by way of making a setting for his answer. He asked how many foreigners there were in China. The Chinese Ambassador said that he thought there were about 300,000. There was some discussion as to whether this was not too high or too low a figure. Mr. Hornbeck said that for purposes of discussion he would assume a figure of 400,000. Mr. Hornbeck then asked how many Chinese paid the Chinese income tax. Dr. Kung replied that half of the Chinese who under the Chinese law should pay did pay. Mr. Hornbeck then said that he of course would not undertake to question these figures but that he would venture the remarks that on the basis of these figures: there was only one foreigner in China to every thousand Chinese; that the question whether the foreigners did pay or did not pay would therefore not seem to be of great practical importance; and that in his estimate there were probably at least a hundred Chinese who should under the law pay the tax but who did not for every foreigner who would be required to pay the tax if the law were applicable to foreigners. Mr. Hornbeck said that our

²⁵ Maxwell M. Hamilton, Assistant Chief of the Division of Far Eastern Affairs.

²⁶ Advisers to Dr. Kung.

official position with regard to the Chinese income tax law was briefly that American nationals were, under the treaties, not under legal obligation to pay the tax; that the American Government could not compel them to pay it; but that if Americans wished voluntarily and on their own initiative to make payment we would have no objection. Mr. Hamilton added that for a good many years the American Government has advised American nationals to pay municipal taxes, although such taxes were not legally applicable to American nationals, when such municipal taxes are equitably and uniformly collected and are used for municipal services. He said that the administration of an income tax law represents a new endeavor on the part of the Chinese Government; that there are tremendous difficulties incident to the successful administration of an income tax law; and that when the Chinese Government should have had more experience in administering the law and should have perfected the administration thereof to a point where the rates of taxes seemed equitable and where the taxes were uniformly collected, he thought that the American Government would also, as in the case of municipal taxes, advise American nationals to make payment.

Dr. Kung said that when he was in Europe he had conversations with British, German, French, and Italian governmental leaders; that these leaders intimated their willingness to have the nationals of their governments resident in China pay the Chinese income tax, provided that others did; but that they all raised the question as to what the attitude of the American Government was in this regard. He said that the British were very sympathetically disposed toward payment by British nationals of the Chinese income tax and that the British Government was concerned primarily with questions relating to the equitable administration of the law.

Mr. Hornbeck and Mr. Hamilton both said that as we understand it our position with regard to the Chinese income tax is essentially the same as the British position although the American Government has stated its position in terms different from the terms in which the British Government has expressed its position.

Dr. Kung said that his view with regard to the statement that the Chinese income tax law was not under the treaties legally applicable to American nationals in China was to the effect: that the American Government had an income tax law; that the Chinese Government under the treaties had the right to arrest American nationals in China; that if the Chinese Government should arrest an American national for non-payment of the Chinese income tax the Chinese Government would be obligated to turn that American over to the competent American judicial authorities in China for trial; that the American judi-

cial authorities would, because the United States had an income tax law, consider that that American should pay the Chinese income tax. Dr. Kung added that the British took the position that their nationals should pay the income tax.

Mr. Hornbeck remarked, smiling, that, in the light of those statements, Dr. Kung might care to make a test case by beginning with an action in a British court against a British subject for non-payment of the Chinese income tax.

Mr. Hamilton said that he did not find himself going along with Dr. Kung's line of reasoning, but that, if we were to admit for the sake of argument that the American judicial authorities in China would adopt the viewpoint advanced by Dr. Kung, would not the American judicial authorities turn to the provisions of the American income tax law, one of which, for instance, exempted a married man and his wife, without dependents, from payment of an income tax if their income were no greater than \$2,500 per year. Mr. Hamilton said that this brought up one phase of the Chinese income tax law which made us very reluctant to advise American nationals to pay. Mr. Hamilton continued that foreigners in China were in a vulnerable and conspicuous position; that most of them lived in the treaty ports and at points where they could easily be located; that it would be very difficult for them to avoid payment of the tax; that their scale of living was, as Dr. Kung had mentioned in an earlier part of the conversation, quite different from the Chinese scale; and that the income tax rates prescribed by the Chinese law would so reach and affect the average foreigner in China as to make it very difficult for him to continue to live in China were he required to pay at the rates specified in the Chinese law. Mr. Hamilton wondered whether the Chinese authorities could not give consideration to working out some system whereunder foreigners in China would be subject to rates similar to those which they would have to pay in their own countries. Mr. Hamilton said that he realized that the Chinese Government naturally enacted its law primarily with China and the Chinese people in mind, but that some of our difficulties might be overcome were the Chinese to arrange for readjustment of the heavy incidence of the rates with due consideration of the peculiar position of foreigners in China.

Dr. Kung said that he had given some thought to the question of exempting from income tax payment persons engaged in missionary and philanthropic enterprise.

Mr. Hornbeck said that he did not think that the Chinese need worry greatly in regard to the American attitude in regard to the Chinese income tax law and that he thought that the whole matter would probably be satisfactorily taken care of within a few years.

S[TANLEY] K. H[ORNBECK]

893.5123/65 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, December 22, 1937—6 p. m.

[Received December 22—3 : 50 p. m.]

841. Peiping Union Medical College has been served written notice by the "Peiping National Tax Administration" that it must henceforth collect income tax from its officers and employees and pay such collections into the Hopei Provincial Bank. Accumulated income taxes, of which there are approximately \$3,000 now required at the college, must be paid into the Hopei Provincial Bank. The amounts of the above collections must be reported to the Peiping National Tax Administration. Apparently the tax rate and the rules and regulations enforced by the Nanking Government are to carry into effect under the new administration.

The China Medical Board, Incorporated, which supplies the financial support to the Peiping Union Medical College, is registered as an American concern with the Consulate General at Tientsin, the registration expiring August 16, 1938. The Peiping Union Medical College previously deducted, for payment to the National Government at Nanking, income tax from the salaries paid to officers and employees. This, however, was discontinued 2 or 3 months ago. It is understood that a notice similar to the above has also been served on Yenching University.

In view of the complications which might ensue, regardless of whether the two institutions above named agree to collect the taxes from their officers and employees, I should greatly appreciate the Department's instructions on the matter. The Department's position on the question of the income tax imposed by the Nanking Government is well understood by the Embassy, but the situation which has now arisen here, incident to the establishment of the new régime, presents a problem both complex and important from the point of view of recognizing the authority of the new régime. The matter of expediency or business policy would seem to be an important factor to be considered by the institutions concerned.

LOCKHART

893.5123/65 : Telegram

The Secretary of State to the Counselor of Embassy in China (Lockhart)

WASHINGTON, December 28, 1937—6 p. m.

411. Your 841, December 22, 6 p. m. In the light of the circumstances mentioned in your telegram under reference and of the Depart-

ment's instructions concerning the Chinese income tax, the Department feels that the question of the deduction by the Peiping Union Medical College, for payment to the new régime, of the Chinese income tax from salaries paid to officers and employees of the college is a matter for the institution concerned to decide. It is suggested that in replying to any request you may receive from the Peiping Union Medical College for advice in regard to this matter, you also state that this Government has not recognized the new régime, that the Chinese income tax is not applicable to American citizens, and that American organizations are under no obligation to collect the tax from their employees.

In the event that you find it necessary to approach the authorities of the new régime in regard to income tax matters, you should bear in mind the Department's No. 400, December 15, 7 p. m.,²⁸ particularly paragraph 1.

Please keep Department informed of developments.

HULL

OBJECTION BY THE UNITED STATES GOVERNMENT TO CONFISCATION OF COPIES OF AN AMERICAN-OWNED NEWSPAPER AS AN INFRINGEMENT OF EXTRATERRITORIAL RIGHTS

811.5034 (China) Eastern Publishing Co./24 : Telegram

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

WASHINGTON, May 13, 1937—1 p. m.

121. Reference your despatch No. 665, March 12,²⁹ and previous correspondence in regard to the Eastern Publishing Company. Inasmuch as this case seems to be substantially on all fours with the case of the Searchlight Publishing Company (see correspondence between the Department and the Consulate General in regard to that case, particularly Department's telegrams No. 230, July 30, 2 p. m., and No. 247, September 8, 6 p. m., 1932³⁰), the Department would appreciate receiving from the Consulate General an explanatory statement of the grounds upon which the Consulate General has declined to intercede on behalf of the Eastern Publishing Company in an endeavor to obtain the return to the company of the copies and volumes of the *Voice of China* seized by the Chinese postal authorities.

Please reply by naval radio.

HULL

²⁸ Vol. III, p. 811.

²⁹ Not printed.

³⁰ *Foreign Relations*, 1932, vol. IV, pp. 656 and 660.

811.5034 (China) Eastern Publishing Co./25 : Telegram

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

SHANGHAI, May 19, 1937—5 p. m.

[Received May 19—10:30 a. m.]

233. Referring to the Department's 121 of May 13, 1 p. m., I submit the following:

The Eastern Publishing Company is conducted by Max Granich, an American citizen who has been publishing at Shanghai and circulating in China and abroad a radical magazine of a highly propaganda character to which the Chinese authorities have objected. Granich has admitted that the magazine is designedly anti-Japanese.

Copies of the magazine have several times been seized from Chinese news dealers under orders of the Chinese court at Shanghai and have been confiscated under formal court proceedings. When Granich complained of this matter, alleging that the magazines were in the hands of dealers on consignment and remained his property until sold, the Consulate General told him that he might pursue his legal remedies if he so desired. See my despatch No. 220.³¹

In mailing copies through the Chinese Post Office, Granich was well aware of the fact that the Chinese authorities objected to the publication and dissemination of his magazine. He therefore assumed the risk of their mailing under such conditions. As the Department will recall from the Vanguard Press case 1935, seizures at a post office are not made by the postal authorities but by censors operating under the National Military Commission.

While I [decline?] to assist Granich in the Post Office case, I may report that more recently an officer of the Shanghai Municipal Police asked my consent to the seizure of an entire issue of the magazine while en route from the printers, who unfortunately are also American, to the office of the publisher in the International Settlement. I declined emphatically to permit any such action, pointing out that it would represent an invasion of American property rights without due process in the court of competent jurisdiction. In this instance, of which Granich is of course not aware, I made the distinction between property in American possession and the situation where Granich well known [*knowing*] that the Chinese authorities objected to the dissemination of his magazine, knowingly and voluntarily entrusted dissemination to a Chinese Government agency—the Post Office.

As has been fully reported to the Department, the Consulate General canceled the registration of the Eastern Publishing Company when the character of its activities became apparent. Those activities can-

³¹ May 22, 1936, not printed.

not be considered in any way as advancing American interests or prestige in China. They are calculated to foment discord and to disseminate propaganda prejudicial to peace and good order and to the friendly relations between peoples and governments with which the American Government and people are at peace. I consider that such activities are a gross abuse of the privilege of extraterritoriality and that in pursuance of the Good Neighbor policy of the American Government no recognition, countenance or support should be given to Granich in such activities. The Department is aware that there is suspicion that the activities of Granich are being conducted in the interest of the Third Internationale.

GAUSS

811.5034 (China) Eastern Publishing Co./28

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

No. 853

SHANGHAI, JUNE 25, 1937.

[Received July 27.]

SIR: With reference to the Department's telegram No. 121 of May 13, 1 p. m., and my reply No. 233 of May 19, 5 p. m., concerning the radical propaganda magazine the *Voice of China*, published at Shanghai by the Eastern Publishing Company owned by one Max Granich, an American citizen, I have the honor to report that early in June the Shanghai Municipal Police supplied the Consulate General a copy of the June first issue of the *Voice of China* and directed attention to the fact that it contained a statement that the publication is "registered with the Central Publicity Committee of the Kuomintang at Nanking." An officer of the Consulate General was informed that the Municipal Police were making inquiries to ascertain whether such registration had actually been effected.

On June twelfth there was received from the Deputy Commissioner of Police (Special Branch), Shanghai Municipal Council, a copy of a confidential memorandum reporting the result of the inquiries made by the police. A copy of the memorandum is enclosed.²²

The June fifteenth issue of the *Voice of China* has now been issued, a copy supplied to the Consulate General by the Municipal Police, and attention directed to the statement now appearing therein as follows:

"Published twice a month by The Eastern Publishing Co., (An American Firm) 749 Bubbling Well Road, Shanghai, China. Registered with the Central Publicity Committee of the Kuomintang at Nanking, and with the Chinese Post Office as a newspaper, Registry No. 2306."

²² Not printed.

The officer of the Police who supplied the copy of the publication to the Consulate General stated that while he had not yet definitely confirmed the registration of the publication with the Chinese Office he felt certain that this had now been effected.

The publication appears, therefore, to have been reinstated in the good opinion of the Chinese authorities, not seemingly by reason of any radical change in the magazine's character but because the Chinese authorities and the Kuomintang headquarters in particular have modified their views, presumably as the result of recent political events following the Sian coup.³³ As the Department is aware from the political reports from China, some sort of *rapprochement* has taken place between the Chinese Communists and the Kuomintang and Nanking Government.

It is quite likely that the *Voice of China* will abandon the tendency which it had for sometime of criticizing the Government at Nanking and devote more effort even than before to the propagation of anti-Japanese sentiment. Its activities in this respect are likely to become even more embarrassing to the American authorities than were those in which criticism was directed against the Nanking Government.

I continue to hold firmly to the view expressed in the last paragraph of my telegram No. 233 of May 19, 5 p. m., to the effect that the activities of this publication cannot be considered in any way as advancing American interests or prestige in China; that they are calculated to foment discord and to disseminate propaganda prejudicial to peace and good order and to friendly relations between peoples and Governments with which the American Government and peoples are at peace; that such activities are a gross abuse of extra-territoriality; and that in pursuance of the good neighbor policy of the American Government no recognition, countenance, or support should be given to Granich in his activities.

The Department is aware of the reports that the activities and support of the Third Internationale are being directed away from criticism and attack on the National Government of China, toward the development of a "popular front" of opposition to Japan.

The propagandists of the Kuomintang are only too willing to allow others than the Chinese authorities to bear the burden of complaint for the publication and dissemination of anti-Japanese propaganda of the character of the articles appearing in the *Voice of China*. One can imagine them well disposed toward the conduct of such propaganda under the American flag, with the opportunity that it offers to evade responsibility before Japanese complaint and transfer the burden to the American authorities. I am somewhat surprised,

³³ See *Foreign Relations*, 1936, vol. iv, pp. 414 ff., and *ibid.*, 1937, vol. iii, pp. 1 ff.

however, that the Central Publicity Committee of the Kuomintang, even though it is becoming increasingly bolder along with the Government and local authorities in the attitude toward Japan and the Japanese, should permit a public sponsorship of the activities of the editor of the *Voice of China*. I anticipate that in due course, even though the publication may retain the support and recognition of the propaganda organ of the Kuomintang, it will be found expedient to direct Granich to remove from the caption of his publication this Party sponsorship of his activities.

I shall, of course, continue in my attitude that the person and property of Max Granich as an American citizen are subject to American protection; but I shall also continue, unless otherwise instructed by the Department or by the Ambassador, to decline to give Granich any recognition, countenance or support in his anti-Japanese propaganda activities.

While numerous reports on the *Voice of China* have been communicated to the Department, I have received no instructions therefrom in criticism of the attitude assumed by the Consulate General or in correction of the position which has been taken as representing, in my opinion, the attitude calculated to serve the best interests of the United States. I invite any instructions the Department may see fit to give for my guidance in future in connection with this magazine and the activities of its editor and publisher.

Respectfully yours,

C. E. GAUSS

811.5034 (China) Eastern Publishing Co./27

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

WASHINGTON, July 12, 1937.

SIR: With reference to your telegram No. 233 of May 19, 5 p. m., the Department has reviewed the correspondence in regard to the Eastern Publishing Company and has given careful consideration to the statements of fact and of your opinion and official position based thereon which are contained in the telegram under reference.

The Department concurs in the view that the activities in which Mr. Max Granich, the owner of the Eastern Publishing Company, is engaged in China should not receive any encouragement or support from this Government. However, it does not seem to the Department, all available evidence being considered, that the circumstances of this case warrant any qualification or departure from the position taken in the Department's telegram No. 230 of July 30, 1932, 2 p. m.,³⁴ in regard to the Searchlight Publishing Company.

³⁴ *Foreign Relations*, 1932, vol. iv, p. 656.

Inasmuch as the Eastern Publishing Company appears to be an American firm and as the confiscated magazines appear to be the property of that firm, it follows that the property is subject exclusively to American jurisdiction and that the confiscation of the property by the Chinese authorities is an unwarranted invasion of American jurisdiction and a violation of our treaties with China.

The correctness of that conclusion would not seem to be affected by the fact that the property in question was deposited with the Chinese postal authorities for transmission or by the fact that the seizures were made by censors operating under the National Military Commission.

While the publication under reference does not appear to be legally objectionable under the laws of the United States and does not therefore warrant judicial action by the American authorities in China, the Department nevertheless desires to cooperate in every reasonable way with the Chinese authorities toward preventing the publication and distribution in China by American nationals of material which could reasonably be regarded by those authorities as offensive to the Chinese Government or people and therefore prejudicial to friendly relations between the United States and China. The Department therefore would not be disposed to raise objection to the adoption by the Chinese authorities of such reasonable administrative measures as may be available to prevent the circulation and distribution of the magazine under reference, such as a denial of postal facilities or any other facilities under the exclusive control of the Chinese authorities, provided, however, that any action which the Chinese authorities might take for the accomplishment of this purpose would not include any assumption of jurisdiction over an American national or his property.

This is the position taken by the Department in the case of Searchlight Publishing Company and is based on the distinction between diplomatic protection which may be granted or withheld in the discretion of the President and the treaty rights of extraterritoriality to which American nationals have a legal claim, which are not within the authority of this Department to disregard.

If the Chinese authorities should attempt to confiscate future issues of the publication under reference, you should be guided by this instruction in protesting seizure, and in endeavoring to effect the return of any property seized to the American owner. You may in your discretion inform the appropriate Chinese authorities of the Department's position as set forth hereinbefore and request their cooperation in making that position effective.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

811.5034 (China) Eastern Publishing Co./29

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

No. 956

SHANGHAI, September 11, 1937.

[Received October 12.]

SIR: I have the honor to refer to the Department's instruction of July 12, 1937, regarding the *Voice of China* published by the Eastern Publishing Company owned by Mr. Max Granich.

There is enclosed herewith in this connection a copy of a letter dated September 6, 1937, together with a copy of the enclosure thereto,³⁵ addressed to this Consulate General by the French Consul General at Shanghai, regarding a request made by the Police of the French Concession at Shanghai, to have the Post Mercury Company, Federal Inc., U. S. A., of Shanghai, an American firm located in the French Concession here, cease acting as the printer of the *Voice of China*. The Department will note from the previous correspondence on the subject that the sale of the *Voice of China* in the French Concession at Shanghai has been banned for over a year.

Mr. Granich called at the Consulate General today and stated that he had received a letter from the Post Mercury Company, Federal Inc., U. S. A., informing him of the request made of the American firm by the French police. He stated further that he had called upon the French police to inquire as to the reason for the banning of the publishing of his magazine in the Concession but that the police refused to give any reason therefor or discuss the matter at length with him. Mr. Granich stated further that he would seek a new printer in the International Settlement or in the Nantao area of the Chinese Municipality of Greater Shanghai to print future editions of his publication.

Shortly after the September 1, 1937, issue of the *Voice of China* had come from off the press, a member of the Special Branch of the Shanghai Municipal Police force called at the Consulate General and stated that 3,000 copies of the magazine had been transported from the French Concession to 749 Bubbling Well Road in the International Settlement, and requested the approval of the Consulate General for the Settlement police to seize all 3,000 copies. The Consulate General refused to sanction the seizure of the magazine and requested the police to refrain from the confiscation of American owned property. Mr. Granich is not aware of the above.

On September 6, 1937, Mr. Granich called at the Consulate General and stated that about ten or twelve copies of the September 1, 1937, issue of the *Voice of China*, has been confiscated from a Chinese news vendor selling the magazine on the streets of the International Settle-

³⁵ Neither printed.

ment. It was stated to Mr. Granich that the Consulate General would when apprised of the facts in the case request the return of any American owned property seized by the police. There is accordingly enclosed herewith a copy of a self-explanatory letter dated September 7, 1937, together with a copy of the enclosure thereto,³⁶ addressed to the Consulate General by Mr. Granich requesting the assistance of the Consulate General in obtaining the return of the magazines seized. On September 8, 1937, the Consulate General addressed an appropriate letter to the Acting Commissioner of Police of the Settlement requesting the return of the confiscated American owned property in question. Thus far the Consulate General has received no reply to its request. The magazine in question retails at ten cents Chinese currency per copy, and the value of the property seized in this instance amounts to approximately thirty cents United States currency.

Respectfully yours,

C. E. GAUSS

811.5034 (China) Eastern Publishing Co./30: Telegram

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

SHANGHAI, December 30, 1937—9 a. m.

[Received December 30—7 a. m.]

1248. Reference my despatch No. 956 of September 11, 1937, and previous communications regarding "*Voice of China*" published by Eastern Publishing Company, owned by Max Granich. Settlement police report that Mr. and Mrs. Max Granich left Shanghai on December 21, 1937, on the steamship *Ranpura* destined for Marseille, France.

GAUSS

USE BY COMMUNIST PROPAGANDA AGENCIES IN CHINA OF AMERICAN OWNERSHIP, REAL OR SIMULATED, FOR PROTECTION

811.5034 China/412

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

No. 1158

PEIPING, March 26, 1937.

[Received April 19.]

SIR: I have the honor to enclose for the information of the Department copies of confidential despatch No. 705 of March 16, 1937,³⁷ from the Consul General at Shanghai³⁸ to the Embassy, in regard to

³⁶ Neither printed.

³⁷ Not printed.

³⁸ Clarence E. Gauss.

the apparent attempt on the part of the Soviet Government and/or the Third Internationale to disseminate Communist propaganda at Shanghai through local newspaper, radio, motion picture and book firms, which they endeavor to have registered at the American Consulate General as American concerns for purposes of protection.

The Department will recall that the Embassy transmitted to the Department with its despatch No. 1109 of March 9, 1937, copies of Shanghai's despatch to the Embassy No. 671 of February 25, 1937,³⁹ regarding an attack made on the Isis Theatre, Shanghai, by a group of Italian sailors and civilians who apparently resented the exhibition of a Russian film, *Abyssinia*, relating to the Italian conquest of Abyssinia. Mr. Gauss stated therein that he had some reason to suspect that the Asia Films of China, the American firm responsible for the distribution of *Abyssinia*, might be but a facade set up to cover Soviet film distribution, in the same manner that he had reason to suspect that, in a small way at least, other Soviet activities in Shanghai might have been carried on under nominal American ownership. In his present despatch Mr. Gauss reports further instances to support his suspicions. He states that, being fully aware of the traditional American policy of freedom of speech and the press, interested Communist entities obtain the services of unscrupulous local American citizens, generally naturalized and having close Russian connections, to cover their Communist activities. Mr. Gauss adds that the attempts on the part of those desiring to disseminate propaganda at Shanghai under American protection have become so frequent and pronounced that he is concerned over the effect they will have on the friendly relations between the Consulate General and the local Chinese and other authorities.

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

811.5034 China/417

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

No. 1215

PEIPING, May 5, 1937.

[Received June 1.]

SIR: I have the honor to refer to the Embassy's confidential despatch No. 1158 of March 26, 1937, in regard to attempts to use the American flag to cover Communist propaganda in Shanghai, and to enclose for the information and files of the Department copies of Shanghai's confidential despatch to the Embassy No. 774 of April 27, 1937,⁴⁰ concerning the American Book and Supply Company, Shanghai.

³⁹ Neither printed.

⁴⁰ Not printed.

Mr. Gauss reports that on March 1, 1937, an official of the Municipality of Greater Shanghai (Chinese) called at the Consulate General and made complaint against the American Book and Supply Company, stating that it imports a Communist newspaper from Paris printed in Chinese and distributes it in the International Settlement of Shanghai. This oral complaint was followed by a written complaint from the Mayor, dated March 8. Mr. Gauss informed the Mayor in his reply of April 27 that it had been ascertained upon investigation that this firm was not an American concern and there was, therefore, no action that the Consulate General could take in regard to the complaint of the Chinese authorities.

The Embassy has informed Mr. Gauss that it approves the action taken by him.

Respectfully yours,

For the Ambassador:
FRANK P. LOCKHART
Counselor of Embassy

PROBLEM OF CONTROLLING THE TRAFFIC IN OPIUM AND OTHER
NARCOTIC DRUGS IN CHINA ⁴¹

893.114 Narcotics/1971

*The Consul General at Shanghai (Gauss) to the Ambassador in China
(Johnson)* ⁴²

No. 811

SHANGHAI, May 18, 1937.

SIR: I have the honor to enclose,⁴³ for the information and consideration of the Embassy, a copy of the Chinese text together with an English translation of a letter dated April 26, 1937, received from the Acting Mayor of the Municipality of Greater Shanghai on the subject of opium suppression. A booklet containing English translations of twelve sets of opium and narcotic laws and regulations enclosed with the above mentioned letter is also transmitted for the Embassy's information.

It will be noted that the Acting Mayor's communication quotes an instruction received from the President (General Chiang Kai-shek) of the Military Council of the National Government and concurrently Director General of Opium Suppression. The Generalissimo calls attention to the fact that "the number of Chinese opium smokers and consumers living in the foreign concessions (Shanghai) is quite large," and asserts that the authorities of the "foreign concessions"

⁴¹ For previous correspondence, see *Foreign Relations*, 1936, vol. iv, pp. 565 ff.

⁴² Copy transmitted to the Department by the Consul General at Shanghai in his despatch No. 779, May 18; received June 16.

⁴³ Enclosures not printed.

should cooperate in seeing that Chinese opium addicts observe the Chinese opium suppression laws and ordinances. General Chiang's instruction proceeds, "cooperation should also be given in the matter of compliance by opium addicts with regulations to purchase and smoke opium on the basis of permits," and explains that "opium addicts living in the foreign concessions who have obtained such permits may temporarily purchase, for purposes of smoking, from the specially licensed opium hong's and retailers established outside the foreign concessions, opium bearing the revenue stamps issued by the Opium Suppression Supervisory Bureau or prepared opium covered by the invoices of opium hong's." Reference is also made to the question of the sale and transportation in the "foreign concessions" of so-called "illicit opium bearing no revenue stamps" and to those opium addicts smoking opium without permits, and finally to opium addicts possessing permits but smoking "illicit opium." Cases of this nature, it is stated, should be "turned over to the law courts for punishment according to the law." The instruction concludes with the statement that the Judicial Yuan has been ordered to issue appropriate instructions to the Special District Courts at Shanghai and directs the Acting Mayor to communicate with the various Consuls and to "submit for our examination and consideration a report setting forth the substance of the replies received from the various Consuls."

This communication was considered by the Consular Body at its meeting on May fourth and Mr. Fessenden, Secretary General of the Shanghai Municipal Council, who had been invited to attend, was asked to express his views on the general question of opium suppression in the Settlement. Mr. Fessenden stated that the problem was a very complex one, that without proper safeguards abuses would creep in and that, therefore, the Council would not depart from its policy of giving the subject very careful consideration before any decisions were made. He said, furthermore, that if any opium licenses were issued the Council would probably insist on issuing them and that if an arrangement were contemplated with the Chinese authorities the Council would probably consult the Consular Body about it. With reference to the question of the enforcement of the new opium laws on persons in the Settlement who are amenable to Chinese jurisdiction, Mr. Fessenden said it would be difficult to prevent the enforcement of these laws by the Chinese courts but pointed out that the Council would have to proceed cautiously since by consenting to licensing it would undoubtedly "bring a great deal of criticism on its head from missionaries and welfare bodies."

In this latter connection attention is invited to my despatch No. 576 of January 21, 1937,⁴⁴ in which was set forth the opinion of the

⁴⁴ Not printed.

Municipal Advocate of the Shanghai Municipal Council that inasmuch as the provisional regulations governing the punishment of offenders against opium and narcotic suppression laws have been duly enacted and promulgated by the Chinese Government and do not appear to contravene the terms of Article 2 of the Court Rendition Agreement of February 17, 1930,⁴⁵ the Shanghai Municipal Council has no option but to permit their application in the district court located in the International Settlement. It will be recalled, however, the Municipal Advocate pointed out that the administrative provisions of these regulations were not being enforced, particularly the requirements governing the registration of narcotic and opium addicts.

It was decided by the Consular Body (Circular No. 70-G-IV) that a copy of the Acting Mayor's communication should be forwarded to the Council requesting an expression of its views, and that identic replies should be made to the Acting Mayor upon receipt of the Council's reply and after further consideration of this question by the Consular Body. It was also agreed that the matter should be reported to the Diplomatic Body for possible reference to Geneva.

It appears to me that General Chiang's indirect request for the cooperation of the Settlement and French Concession authorities in the enforcement of the provisions of the new opium and narcotic suppression laws and regulations is concerned less with the question of suppression than with the problem of forcing addicts to purchase permits and their supplies of opium from bureaus and hong's licensed by the Government and to prevent the sale or transportation within the International Settlement and French Concession of "illicit opium," that is opium other than that controlled and taxed by the Opium Suppression Bureau. In short the real motive appears to be to increase revenues by drawing within the orbit of the Opium Suppression Bureau the opium traffic in the Settlement and French Concession. Nevertheless, consideration must be given to the fact that complete refusal to cooperate would be cited by the Chinese Government and its representatives at Geneva as evidence of the constant thwarting by the foreign consular and Settlement authorities of Shanghai of China's efforts to eradicate the opium and narcotic evils. Therefore, two courses appear possible. The one would be to agree to the enforcement by the Settlement and French Concession authorities of Chinese opium and narcotic laws and regulations against those amenable to Chinese jurisdiction. The other course would be to make no attempt to reply to the specific request contained in General Chiang's instruction to the Acting Mayor but to stress the desire of the Consular Body and of the Council to cooperate in

⁴⁵ *Foreign Relations*, 1930, vol. II, pp. 333, 334.

the suppression of the traffic in opium and narcotics and to give fairly detailed information concerning the efforts being made and the measures adopted by the Settlement authorities to suppress the traffic. Attention might also be called to the fact that offenders are being constantly apprehended by the Settlement police and turned over to the Special District Courts where the new opium and narcotic laws and regulations are being applied. I am inclined to favor the second course of action for the reason, firstly, that I feel this request for cooperation is not genuinely concerned with the question of suppressing the opium and narcotic traffic in the Settlement and French Concession; and secondly, that it is doubtful whether the enforcement of the administrative provisions of the Chinese opium law would assist the Settlement authorities in the fairly satisfactory efforts being made by them to suppress the traffic in drugs and opium; on the contrary it might conceivably gradually undermine the Council's administrative rights and powers.

Respectfully yours,

C. E. GAUSS

893.114 Narcotics/1972

The Consul General at Shanghai (Gauss) to the Ambassador in China (Johnson) ⁴⁶

No. 817

SHANGHAI, May 24, 1937.

SIR: I have the honor to refer to my despatch No. 811 of May 18, 1937, concerning opium suppression in the International Settlement and French Concession, and to page four of that despatch in which it was stated that the Consular Body at its meeting on May fourth decided to forward a copy of the Acting Mayor's communication on this subject to the Shanghai Municipal Council requesting an expression of its views.

There is now enclosed for the information of the Embassy a copy of Senior Consul's circular No. 76-M-II,⁴⁷ quoting a letter dated May 19, 1937, from the Secretary General of the Shanghai Municipal Council to the Senior Consul on this subject. It will be noted the Secretary General states that on May seventeenth he discussed this matter with various officials of the Municipality of Greater Shanghai, including the Acting Mayor, and suggested that it would facilitate matters if they were to submit to the Council definite and concrete proposals as to the kind and extent of cooperation which they wish to secure. The Secretary General adds that the officials in question

⁴⁶ Copy transmitted to the Department by the Consul General at Shanghai in his despatch No. 788, May 24; received June 16.

⁴⁷ Not printed.

agreed to this suggestion and undertook to prepare and submit proposals which in due course will receive the consideration of the Council.

Respectfully yours,

C. E. GAUSS

893.114 Narcotics/2014

*The Consul General at Shanghai (Gauss) to the Ambassador in China (Johnson)*⁴⁸

No. 865

SHANGHAI, June 24, 1937.

SIR: With reference to my despatches No. 851 of June 21 and No. 855 of June 22, 1937,⁴⁹ I have now the honor to enclose as of possible interest a copy of a confidential memorandum, with attached papers,⁵⁰ which was handed to me on the afternoon of June twenty-second, by Mr. Stirling Fessenden, Secretary General of the Shanghai Municipal Council.

This memorandum relates to the opium situation at Shanghai and the desire of the Chinese authorities that the authorities of the International Settlement extend a measure of cooperation in the enforcement in the Settlement of the so-called Chinese opium suppression plan which contemplates the registration and licensing of opium addicts and the control and licensed sale of opium.

It will be observed that this additional information confirms the active part which Mr. Tu Yueh-seng (Y. S. Doo), the one-time "opium king" of Shanghai, is taking in the negotiations under which the Chinese authorities hope to extend their plan into the Settlement. I am thoroughly convinced that if success attends these Chinese efforts, we will have underworld activities here of a most distressing and dangerous character. So far the International Settlement has successfully opposed the efforts of Mr. Tu Yueh-seng to establish his opium business in the Settlement.

With the situation at Shanghai which finds the Settlement and adjoining areas without any apparent boundary or limit, there can be no complaint if the Settlement authorities insist that all registration, licensing and sale shall be confined to Chinese territory outside of Settlement limits.

At one time the situation in the French Concession was most disgraceful in connection with the operations of Tu and his opium dealers. Large bribes were being paid to French police and municipal officials, and an underworld gangsterdom controlled by Tu dominated the Concession area. I am informed that the French Concession is now comparatively clean and clear of these activities.

The Secretary General of the Council tells me confidentially, however, that all police forces here are cursed with the effects of the opium

⁴⁸ Copy transmitted to the Department by the Consul General at Shanghai in his covering despatch No. 852, June 24; received July 26.

⁴⁹ Neither printed.

⁵⁰ None printed.

traffic. He informs me that complaints have repeatedly been made to him at his residence, by well-to-do Chinese residents of the Settlement who are opium smokers, of blackmail by Chinese detectives of the police force of the International Settlement who attempt to extort sums running into thousands of dollars from opium smokers under the threat of laying complaints against them with the Chinese authorities. The police have the greatest difficulty in dealing with this problem amongst their Chinese personnel. The difficulty would be even greater were the Settlement authorities to permit the licensed sale of opium in the Settlement.

At the request of the Secretary General I have passed on the copy of his memorandum and enclosures to the Acting British Consul General.

Respectfully yours,

C. E. GAUSS

893.114 Narcotics/2024 : Telegram

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

WASHINGTON, August 4, 1937—6 p. m.

202. Your despatches No. 836, June 21, No. 841, June 22⁵¹ and No. 852, June 24.⁵²

(1) The statement by Acting Mayor Yu in his communication dated May 29 "the above-mentioned plan for the suppression of opium has been approved by the Anti-Opium Advisory Board of the League of Nations" is not strictly accurate.

While the Opium Advisory Committee has expressed approval of the general principle of registration and rationing of addicts that Committee has never either approved or disapproved the existing Chinese plan for the suppression of opium and has not recommended the establishment in foreign settlements or foreign concessions in China of registration offices. The Committee has gone no further than is shown by the following :

(a) In November 1934 at the Nineteenth Session of the Opium Advisory Committee at Geneva the Chinese representative made a statement concerning the new Chinese drug laws. As stated in the Advisory Committee's Report to the Council on the Work of the Nineteenth Session, "several members of the Committee, particularly the representatives of Spain, Italy, Portugal, Japan and Siam, congratulated the Chinese Government on the energy which it displayed in adopting these new measures." Other members of the committee, however, while paying tribute to the activity displayed by the Chinese Government, supported the opinion of the Polish representative, who expressed the view that the new measures introduced a system of monopoly, and "hence, in his opinion, the Committee should neither approve nor disapprove the new policy adopted by China, but should first await the results it might produce. The

⁵¹ Neither printed.

⁵² See footnote 48, p. 698.

representatives of Austria, Belgium, Canada, the United States of America and the United Kingdom also said the Committee could not give an opinion without a full knowledge of the results achieved, and for this reason the Belgian representative asked for an assurance that the Committee would be kept informed of the progress made."

(b) In 1935 the Advisory Committee in its report to the Council paid a tribute "to the determined efforts which were being made by the Chinese Government against the abuse of narcotic drugs" but certain members and the American representative continued to reserve judgment.

(c) In 1936 the Committee, in a resolution noted "with great satisfaction the measures already taken by the Chinese Government for the purpose of suppressing the clandestine manufacture and the illicit traffic in narcotic drugs in the territory under its control".

(2) The Department would regard with concern the establishment in the International Settlement of an office for the registration of opium addicts and the issuance of permits.

(3) Please inform Nicholson⁵³ of the above and tell him that the American representative at the Opium Advisory Committee (a) has never supported the plan of suppressing opium smoking by means of monopolies, (b) at the last session urged abolition of the monopoly system and initiated a movement to embody in any future convention for limiting raw opium production provisions which would reduce by a stated percentage annually the quantities of raw opium to be made available for manufacture of prepared opium thus implementing the provision of the Hague Convention⁵⁴ that suppression of prepared opium while it may be gradual must be effective.

The Committee in a formal resolution expressed the opinion that a convention for limiting production of the poppy "must necessarily contain provisions aiming at a gradual reduction of supplies of raw opium to monopolies."

(4) Mail copies of this telegram to Nanking and Peiping.

HULL

893.114 Narcotics/2084

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

No. 922

SHANGHAI, August 9, 1937.

[Received October 5.]

SIR: I have the honor to acknowledge the receipt of the Department's telegram No. 202 of August 4, 6 p. m., in reference to the Chinese opium suppression regulations and the attitude of the Anti-Opium Advisory Board of the League of Nations.

Copies of the telegram have been sent to the Nanking and Peiping offices of the Embassy and the substance of the message has been com-

⁵³ M. R. Nicholson, United States Treasury Attaché at Shanghai.

⁵⁴ Signed January 23, 1912, *Foreign Relations*, 1912, p. 196.

municated orally to the United States Treasury Attaché at Shanghai, Mr. M. R. Nicholson.

My several despatches subsequent to those mentioned in the Department's telegram record the developments in the matter of the proposed cooperation of the International Settlement and the French Concession at Shanghai in the enforcement of the Chinese regulations.

So far as concerns the International Settlement the present position is as follows:

Following the disclosure in outline by the Secretary General of the Council of the result of a police investigation of the manner in which the Chinese regulations are enforced in Chinese territory at Shanghai outside the Settlement and Concession areas, the Council, at the instance of its chairman, finally decided to refer the matter to a subcommittee of the Council consisting of three members, American, British and Chinese. This subcommittee held one brief hearing and then adjourned for the summer.

Officers of the Council interested in the matter believe that the proposals for cooperation have definitely been set aside for the time being.

So far as concerns the French Concession, negotiations with the Chinese authorities have not been opened.

The English language press at Shanghai—with the exception of the *China Press* (American incorporated; Chinese owned, with Tu Yuehseng, the underworld opium king of Shanghai, a member of its board of directors)—has been forthright in its condemnation of proposals for cooperation which would introduce into the International Settlement the gangster-dominated "opium suppression" régime in control of the Chinese areas at this port. But until recently their criticism has been destructive and not constructive. The editor of the *Shanghai Evening Post and Mercury* (American), who has bitterly opposed the Chinese efforts, mentioned this difficulty to me some days ago, and I made the quiet suggestion, briefly, that if it is true that the Chinese opium suppression regulations are not being enforced at Nanking and at Tsingtao—those areas being held free from sale of opium—it seemed to me that the proper effort at Shanghai should be to obtain the same exemption for the foreign areas, with appropriate regulations or legislation under which the Chinese courts having jurisdiction over Chinese and non-extraterritorial foreigners in the Settlement and Concession could deal with violations of the prohibition.

This suggestion was received with enthusiasm and was made the basis of editorial comment in the *Post and Mercury*. It was also taken up in an article by Mr. H. G. W. Woodhead, the editor of *Oriental Affairs* (British), and later reprinted in the *Post and Mercury*.

Up to this time I have not been able to ascertain what provision is made by mandate, decree, law or regulation of the Chinese Govern-

ment under which Nanking and Tsingtao are relieved of the vice of the Government opium monopoly. The present tense political situation is imposing other and heavy burdens on this and other offices in China; but if the situation returns to normal I propose to make inquiry into the matter through the Embassy at Nanking and the Consulate at Tsingtao.

So far as concerns this Consulate General, I may say that I have emphasized to the Chairman of the Council and also to the Secretary General, that any proposed agreement with the Chinese authorities providing for cooperation in the enforcement of the opium suppression regulations in the International Settlement at Shanghai must be submitted by the Council to the interested treaty power Consuls, and I have made it plain that I am opposed to any scheme of cooperation which would introduce the gangster-ridden opium "suppression" organization of the Chinese areas into the Settlement area. I am satisfied that I would have substantial support for such opposition in the Consular Body.

The question, however, is not a simple one for the Settlement. It must be remembered that the Chinese courts have jurisdiction over Chinese and non-extraterritorial foreigners in the Settlement. Those courts will not punish Chinese or others transporting or carrying opium if they have licenses or permits from the Chinese opium suppression authorities. Further, Chinese and others sentenced for offenses in the Settlement against the opium and narcotic laws and regulations are imprisoned in the municipal gaol, which is already overcrowded. The cost of maintaining persons serving sentences in that gaol falls on the International Settlement. As I stated in my despatch No. 887 of July 6, 1937, to the Department,⁵⁵ the Ward Road Gaol of the Municipal Council was constructed to accommodate about 4,000 prisoners; there were some 6,000 prisoners in the gaol on May 31, 1937; of this total over 2,000 were serving sentences—and usually heavy sentences—in connection with opium and narcotic offenses. If this is the situation under normal conditions, before arrangements have been made to enforce Chinese regulations in the Settlement, one can understand how difficult the position would be if additional measures were taken in accordance with detailed Chinese regulations properly enforced.

This matter of the opium suppression regulations in China has, of course, been put aside by the Chinese and other authorities during the present emergency and crisis in China. But if there is a return to normal conditions the subject will certainly be revived.

The Department will be kept informed of developments.

Respectfully yours,

C. E. GAUSS

⁵⁵ Not printed.

JAPAN

POLITICAL DEVELOPMENTS IN JAPAN; PRESSURE UPON CABINET BY JAPANESE ARMY¹

894.00/676 : Telegram

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

TOKYO, January 22, 1937—6 p. m.
[Received January 22—9:30 a. m.]

13. 1. Owing to the strong opposition to the Cabinet displayed in the Diet and especially to the conflict between the army and the political parties culminating yesterday in battle of words between Hamada of the Seiyukai and Terauchi, Minister for War, the Diet was last night prorogued for 2 days in order to give the Government an opportunity to deal with the situation. It does not appear possible that the political parties will yield to or cooperate with the Cabinet and consequently the only courses of action left to the Cabinet are to resign or to dissolve the lower house of the Diet upon its reconvening and to call for a general election. The army is reported to be pressing for dissolution and the *Asahi* this afternoon reported that the Cabinet this morning decided upon this course and is now awaiting some move by the political parties.

2. The opposition of the political parties to the army and its policies appears to be the principal cause of the present conflict between the Diet and the Cabinet. In a release at midnight immediately following the proroguing of the Diet the War Office took up the issue in a spirited political statement the tenor of which is that the political parties, although crying for reform, are not alive to the reform needs which have been evident since the incident of February 26, 1936² and that it is imperative that the people unite at the present time in a positive nationalistic policy of which the political parties are incapable. The army reiterates the necessity of parliamentary reform, clarification of the national policy, national defense and stabilization of the peoples' livelihood and again emphasizes "the present international crisis".

3. It appears to the Embassy that the decision of the Hirota³ Cabinet to dissolve the House of Representatives is a threat for use

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. iv, pp. 706 ff.

² See *ibid.*, pp. 719-781, *passim*.

³ Koki Hirota, Japanese Prime Minister.

against the political parties in negotiations today and tomorrow. Hirota probably hopes that the parties will prefer his Government to a general election. The army seems confident that a general election would show that recent opposition to the Government emanates from the political parties and not from the people. In the opinion of the Embassy that opposition is widespread but on the other hand the party unity necessary to take advantage of the opportunity is not yet evident. A newly elected House without absolute majority in any one party would probably leave the formation of the Cabinet largely within the control of the military without much fundamental change from the present.

4. Effort at further interpretation would be premature at the present time.

GREW

894.00/678 : Telegram

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

TOKYO, January 23, 1937—6 p. m.
[Received January 23—7:09 a. m.]

21. Embassy's 16, January 23, 1 a. m.⁵ Hirota presented collective resignation of the Cabinet to the Emperor this afternoon but not yet accepted. Resignation was due to the War Minister's refusal to accept any form of compromise with the political parties. Successor to Hirota uncertain but Ugaki⁶ prominently mentioned. Comments later.

Repeated to Nanking.

GREW

894.00/682 : Telegram

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

TOKYO, January 27, 1937—6 p. m.
[Received January 27—7:45 a. m.]

30. Embassy's 29, January 26, 11 p. m.,⁵ first alternative.

1. Ugaki this morning conferred at the Palace with Yuasa, Lord Keeper of the Privy Seal, for over an hour and on his return announced that he would continue his endeavor to form a Cabinet. It appears that the Court is displeased with the army's effort to block Ugaki and desires reconsideration.

⁵ Not printed.

⁶ Gen. Kazushige Ugaki, formerly Japanese Governor General of Korea.

2. In the present Cabinet crisis an air of tension among high Japanese convinces the Embassy that there is in process a more determined effort to resist political dictation by the army than has been attempted in the last 15 years.

Repeated to Nanking.

GREW

894.00/684 : Telegram

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

TOKYO, January 29, 1937—5 p. m.
[Received January 29—9:15 a. m.]

33. Embassy's 30, January 27, 6 p. m.

1. Ugaki this noon reported to the Throne his inability to form a Cabinet. Speculation in regard to the next person to be commanded to form a Cabinet now places Baron Hiranuma ⁷ (who is believed to have fascist leanings) in the lead and Admiral Osumi ⁸ next.

2. Before proceeding to the Palace this noon Ugaki released to the press his note of resignation from the position of General on the retired list. This was supplemented by note from his principal lieutenant, General Hayashi, retired. Both notes severely criticised army interference in politics. A press ban was placed on the notes before they were published in Japan but the Embassy is informed that Fleisher ⁹ succeeded in telephoning the complete texts to the *Herald Tribune*.

Repeated to Nanking.

GREW

894.00/686 : Telegram

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

TOKYO, January 30, 1937—5 p. m.
[Received January 30—11:20 a. m.]

34. Embassy's 33, January 29, 5 p. m.

1. Last night Hiranuma was invited to form a Cabinet but declined. General Senjuro Hayashi, retired former Minister of War, was then selected. As it is generally conceded that he has the support of a large part of the army it is believed that he will experience little difficulty in forming a Cabinet.

⁷ President of the Japanese Privy Council.

⁸ Formerly Japanese Navy Minister.

⁹ Wilfred Fleisher, Tokyo correspondent of the *New York Herald Tribune*.

2. General Hayashi is a soldier and not a politician but is not associated with the more radical element in the army. He is cautious and moderate, believes in discipline in the army and is opposed to the participation of the army in politics (see Embassy's despatch No. 1414, July 26, 1935¹⁰). It is believed that he was selected to form a Cabinet because he will be able to control the army and through moderation to minimize friction between the army and the Government.

3. It is the general consensus of opinion here nomination of Hayashi means a victory for the military. The Hayashi Cabinet, if formed, will be more military and more progressive in character than was the Hirota Cabinet. Some observers say that it will have an entirely military complexion. It will have no strong connection with the political parties and will be devoted to administrative reform rather than to the maintenance of the *status quo* in government. Because of its military complexion it is expected that it will accept the entire army program including plans of national defense, strengthening of the Japanese-Manchukuo defense and economic bloc and development of Japan's continental policy.

4. The newspapers report that industrialists and financiers do not view the prospect with enthusiasm. They expect that the increased military influence in the Cabinet will result in the adoption of a moderate degree of managed economy with further control of industry in the attempt to achieve self supply and further control of monetary organs in an attempt to finance the increased budgets. Some inflation is expected and the share market rose this morning in anticipation.

5. There is no indication as yet of the attitude of the Diet toward the proposed Hayashi Cabinet.

Repeated to Nanking.

GREW

894.00/688 : Telegram

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

Tokyo, February 2, 1937—7 p. m.

[Received February 2—10:55 a. m.]

36. Embassy's 34, January 30, 5 p. m.

1. Hayashi Cabinet installed this morning. Members are as follows: Premier (concurrently Foreign Minister and Education Minister) General Senjuro Hayashi; War, General Kotaro Nakamura; Navy, Admiral Mitsumasa Yonai; Home Affairs, Kakichi Kawarada; Finance and concurrently Overseas Affairs, Toyotaro Yuki; Justice, Suyehiko Shiono; Agriculture and Forestry and concurrently Com-

¹⁰ Not printed.

munications, Tatsunosuke Yamasaki; Commerce and Industry and concurrently Railways, Admiral Takuo Godo.

2. According to the latest information available to the Embassy, Hayashi has not yet approached any one to become Minister for Foreign Affairs. Ambassador Sato at Paris and Ambassador Saito at Washington have both been prominently mentioned but Foreign Office officials have informed the Embassy that no telegram to Saito has passed through the Foreign Office. It is generally assumed that some of the other portfolios being held concurrently will be abolished or amalgamated with others in the process of administrative reform.

3. Inform Treasury. The reaction to the new Cabinet in Japan is generally favorable. It was expected that the Hayashi Cabinet would show decided fascist trends but the appointment of Ministers of known moderate tendencies has greatly relieved public apprehension. In particular the appointment of Yuki as Finance Minister has served to quiet the fears of economic circles. He is a practical banker of many years experience and the general opinion is that he will not follow the "irresponsible" finance of Baba. It is believed that he will not permit governmental expenditures to outrun economic advance and cause dangerous inflation but it is thought that it will be necessary for him to exercise some measure of control over industry and finance in order to accomplish this end.

4. Analysis will follow later.

Repeated to Nanking.

GREW

894.00/690 : Telegram

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

TOkyo, February 6, 1937—11 a. m.

[Received February 6—7: 10 a. m.]

43. Embassy's 36, February 2, 7 p. m.

1. Political observers ascribe formation of moderate Cabinet to army realization that it had gone too far in opposing will of rest of nation. The army's wrecking of the Hirota Cabinet resulting from the former's quarrel with the political parties and its successful obstruction of Ugaki who was the almost unanimous choice of the Nation exclusive of the army for Premier brought about a suggestive undercurrent of criticism of the Japanese Army's interference in politics which led army leaders to encourage the formation of a Cabinet with less military and fascist leanings than was expected. Hence the choice of Nakamura instead of the strong Itagaki as War Minister.

2. Statesmen close to the Throne desired a Cabinet with not too strong leanings either toward fascism or liberalism in order to avoid a frontal clash between the two ideologies. Japanese politics are usually opportunistic and this seemed the moment for a comparatively innocuous Cabinet which would avoid radical change but would gradually enforce necessary reforms.

3. Such is the Hayashi Cabinet, without decided complexion, without the support of the political parties, and without marked convictions or theories although more mature public appraisal is inclined to regard it as less colorless than at first believed. While somewhat more under military influence than the preceding Cabinet it is probable that this influence will be exerted with restraint owing to the attitude of the military leaders described in paragraph 1. There are indications that before further asserting their power the army leaders will await the development of the new reactionary political party which will support and be supported by the army. The facts concerning this new party which had its origin in a grouping of military and other patriotic societies under the incentive of the retired General Tatekawa will be reported by despatch.

4. The Premier is exclusively a soldier, honest, rational, straightforward, not a forceful character, influential in army circles though with little experience in politics and government.

Nakamura and Yonai are good service men but almost unknown outside the army and navy.

Yuki is generally believed to be the strong figure in the Cabinet. A protégé and follower of former Finance Minister Takahashi, he can be expected to follow tenaciously the cautious financial policies of his renowned predecessor. It is the general opinion that he will endeavor to reduce the financial burden on the people as far as the military will permit and will avoid sudden or drastic moves which might endanger the financial structure.

No other members of the Cabinet are outstanding in reputation and few are well known to the public.

5. The indeterminate character of the Cabinet is illustrated by the vagueness of its supposed policies as published in the press:

- (a) Thorough clarification of the national policy.
- (b) Establishment of a definite diplomatic policy.
- (c) Repletion of national defense and development of national industry.
- (d) Righteous administration under the Imperial Constitution.

6. The Hayashi Cabinet is generally regarded as a transitional and temporary government meant to tide over a political crisis and perhaps constituting a short step on the road to some sort of Japanese fascism. The absence of support from the political parties (no mem-

bers of the Cabinet are members of the parties) and its general weakness would appear to presage a short life but such Cabinets often survive for an unexpectedly long time in Japan. Some observers are of the opinion that it will live for about a year unless it is overthrown earlier by some unforeseen cause. It will undoubtedly meet with opposition in the Diet but as too strong opposition would result in dissolution and it is not believed that the politicians will carry their criticism to extremes.

Repeated to Nanking by mail.

GREW

894.00/693 : Telegram

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

TOkyo, February 10, 1937—7 p. m.
[Received February 10—9:30 a. m.]

52. Embassy's 43, February 6, 11 a. m. Two appointments of significance were made yesterday:

1. General Nakamura has resigned as War Minister because of illness (apparently real) and last night General Hajime Sugiyama, Inspector-General of Military Training, was appointed as his successor. Sugiyama has a stronger character, is better known, and enjoys the confidence of the army to a greater extent than Nakamura. He has had wide experience both at home and abroad and has successfully held important posts in the army organization. He is an advocate of an augmented military machine. His appointment will undoubtedly strengthen the military influence in the Cabinet and on the other hand will enhance discipline within the army. The Cabinet will be strengthened by the acquisition of Sugiyama but as he will probably insist upon the approval of the proposed military budget the Cabinet's financial difficulties will not be lessened. Sugiyama was succeeded as Inspector-General of Military Training by Terauchi, former War Minister.

2. Fukai resigned on the 8th as Governor of the Bank of Japan and yesterday Seihiu Ikeda, formerly managing director of the Mitsui Organization, was appointed as his successor and Juichi Tsushima, formerly Vice Minister of Finance and Financial Commissioner at New York and London, was appointed Vice Governor. Both are well known to American financial circles. It is reported that Ikeda will follow a more positive policy of cooperation with financial and industrial circles than did Fukai who was regarded by financiers here as more of a scholar and theorist than a practical banker. The appointments of Ikeda and Tsushima are welcomed by financial circles in Japan which believe that with Yuki a strong tri-

umvirate has been formed which while giving all possible assistance to industry will be able to steady the disturbed financial situation in Japan.

Repeated to Nanking by mail.

GREW

894.00/702

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

No. 2268

TOKYO, February 18, 1937.

[Received March 4.]

SIR: In continuation of the Embassy's despatch No. 2241, February 1, 1937,¹² I have the honor to report political developments from February 1 to February 16 connected with the formation of a cabinet by General Hayashi.

General Hayashi's efforts to form a cabinet began on January 30, and on February 2 the Cabinet was installed in office although not entirely complete. By February 10 the Cabinet was as follows:

Premier and Foreign Minister, General Senjuro Hayashi.
 Minister of Education, General Hayashi (concurrently).
 Minister of Overseas Affairs, General Hayashi (concurrently).
 War Minister, General Gen Sugiyama.
 Navy Minister, Admiral Mitsumasa Yonai.
 Minister of Finance, Mr. Toyotaro Yuki.
 Minister of Home Affairs, Mr. Kakichi Kwarada.
 Minister of Justice, Mr. Suehiko Shiono.
 Minister of Communications, Count Hideo Kodama.
 Minister of Agriculture and Forestry, Mr. Tatsunosuke Yamasaki.
 Minister of Commerce and Industry, Admiral Tatsuo Godo.
 Minister of Railways, Admiral Godo (concurrently).

These appointees are without party affiliations. Of this Cabinet the outstanding figure is Mr. Yuki, Minister of Finance. Mr. Yuki is a banker of long experience, a man of great force, and an effective leader. Biographical information on each member of the new cabinet is being submitted in the usual form, without covering despatch, by the same pouch by which this despatch is forwarded.

The first statement of policy by the Hayashi Cabinet was the grandiloquent declaration of five principles commented upon by the Embassy's despatch No. 2256 of February 15, 1937.¹² The second important statement was contained in the Premier's speech of February 15 (Embassy's telegram No. 57, February 15, 6 p. m.¹³) to the Diet, which had until then been continuously prorogued to permit the new government to prepare measures (including the budget) to

¹² Not printed.

¹³ Vol. III, p. 25.

submit for consideration. The speech showed a desire for harmonious relations with the Diet, announced that the Cabinet would submit a budget ¥270,000,000 less than that put forward by the Hirota Cabinet before its resignation, was firm in tone concerning relations with the Soviet Union (with regard to which the timeliness of the agreement with Germany against communism was affirmed), and contained a brief friendly statement about relations with the United States. A news report of Premier Hayashi's speech is enclosed.¹⁴

The present budget for 1937-1938 is in the sum of ¥2,770,000,000, which is still 19% higher than the budget for 1936-1937; but the Hirota budget called for 30% more than did the 1936-1937 budget. The saving in comparison with the Hirota budget is not at the expense of military appropriations, with the exception of one military item of ¥23,000,000 which is simply deferred until the following year.

The reception accorded by the Diet to the Hayashi Cabinet has been in the main friendly and smooth, but on February 16 interpellations in the Lower House were adversely critical of participation in politics by the military. Although the debate did not get out of hand it is reported by the press to have given serious concern to army leaders.

So much for a brief statement of the externals of Cabinet developments during the period under review. What was going on behind the scenes? Piecing together the narrative from the best information available at the present time, the Embassy submits the following interpretation.

When Ugaki's efforts to form a cabinet were blocked, it was the Army and solely the Army which was responsible for the failure. All other important groups in the country favored Ugaki. To say that the Army was unitedly against Ugaki, however, would give a false impression. Both Terauchi and Sugiyama are personally friendly to Ugaki, but it was utterly impossible for them to assist in the formation of an Ugaki cabinet because of one group within the Army which is bitterly opposed to Ugaki. Although it is impossible to say that the entire Japanese Army stands for such and such, this one group is known to be homogeneous, well defined, and clear in its program. The group is the Kwantung Army faction, the leader of which is Lieutenant-General Seishiro Itagaki, Chief of Staff of the Kwantung Army. The Itagaki group believes that Japan must take Mongolia by a war against the Soviet Union; it insists upon rapidly mounting military appropriations in preparation therefor; it favors state socialism as launched in Manchuria; it anticipates changes in Japan modelled after the new régime in Manchuria; it backs the agreement with Germany against communism;¹⁵ and it believes in circumscribing politics by the building up of a monopoly party, under Army inspiration, of

¹⁴ Not reprinted.

¹⁵ Dated November 25, 1936; see *Foreign Relations*, 1936, vol. I, pp. 390 ff.

the fascist type. It is the group within the Army of definite political ideas and definite political danger.

To the Itagaki group Ugaki as Premier was completely beyond acceptance. The choice fell on Hayashi as a moderate soldier without political ideas, and the Itagaki group consented to that choice because in the last years Hayashi has had the good sense to confine himself to military affairs rather than to politics. By this principle he has avoided offending the Itagaki group, although not himself one of them. But Hayashi has been in various important positions since serving as assistant to Araki and of course realizes the strength of the Itagaki group. This realization, as well as Hayashi's shortcomings in political intuition, was immediately revealed by Hayashi's proposing Itagaki as his War Minister and Suetsugu¹⁶ as his Navy Minister.

If, in the face of the Diet attack of January 21 on the Army, Hayashi had gone ahead with his desire to place Itagaki and Suetsugu in his Cabinet, the result would have been a political upheaval unparalleled in Japan in many years. Saner advisers to Hayashi, who have followed the trend of public opinion, were able to stop this mistake. In checking this short-sighted scheme of Hayashi's the Navy played an important part. When asked to allow Suetsugu to serve, the Navy put forward Admiral Yonai who is by all odds the biggest man in the Japanese Navy, the Togo of the present generation, a moderate, and opposed to the active program of direction of the nation's affairs by the Army. So high is Yonai's standing that it was impossible for Hayashi to refuse the generous gesture of the Navy in offering his services as Navy Minister.

Hayashi's desire to have Itagaki as War Minister suffered a similar fate. The moderate "Big Three" of the Army (Sugiyama, Terauchi, Umezu¹⁷) balked absolutely. When Sugiyama himself was offered the position of War Minister with Itagaki as Vice Minister again Hayashi was voted down. The compromise reached was the choice of Nakamura, a nondescript moderate, who was succeeded after a week's time by Sugiyama; but by Sugiyama with Umezu as Vice Minister, not Itagaki. A man named Sogo, a follower of the Itagaki group, had acted as adviser to Hayashi in the organizing of the cabinet, and had pushed the Itagaki-Suetsugu panel. When calmer heads won the day Sogo withdrew from the scene in disgust and has taken up duty at Tientsin in an enterprise which the Kwantung Army is interested in developing.

Superficially the Itagaki group has been excluded from the present Government, but the importance of this exclusion should not be mis-

¹⁶ Admiral Nobumasa Suetsugu, formerly Commander in Chief of the Japanese Fleet.

¹⁷ Gen. Yoshijiro Umezu, who signed the Tangku Truce, May 31, 1933.

interpreted. Hayashi is a compromise called for by the etiquette of Far Eastern political psychology, but he is not a serious handicap to the further development of the aims of the Itagaki group. The Itagaki group definitely anticipates war with the Soviet Union and is insistent on increased appropriations to pave the way. Hayashi is not committed to war but nevertheless believes in larger military appropriations and will doubtless succeed in getting them. His very limitations as a political thinker make him a Premier not unwelcome to those men in the Army who have very definite political ideas for Japan's future.

A compromise choice, Hayashi made his first announcement of policy in the form of five non-committal principles which might be interpreted by opposing factions at will. Dependent on the Diet's approval of a budget making large appropriations to the military, he has been forced to go to the Diet in as friendly an attitude as possible. There is no reason to suppose that Hayashi has any special leaning to constitutional politics. He is simply a soldier and because he desires appropriations he is approaching the problem in the smoothest manner he knows.

It should not be supposed that the Itagaki group has been shunted off by the developments of the last month. In an important respect that faction of the Army has been awakened to new effort. An Itagaki controlled cabinet has been prevented, and it has been prevented because of fear of the Diet and the Diet's influence on public opinion. This failure has pointed with great force to the need for pushing another side of the Itagaki program: the development of a monopoly political party to control the Diet and to permit constitutional politics to operate in a manner which the Army conceives to be of the nature of state structure peculiar to Japan, but which in actuality would probably be not far different from the Nazi party system in Germany or the Fascist party system in Italy.

For this purpose the Army has at hand the nucleus of an organization which simply requires expansion. Under the leadership of Lieutenant-General Yoshitsugu Tatekawa, retired, with the cooperation of other retired officers (Colonel Kingoro Hashimoto, Colonel Junichiro Kobayashi, Vice Admiral Shozaburo Kobayashi) there was held on November 15, 1936, a conference of military organization leaders to discuss the formation of a party temporarily called the "restoration" party. Making use of already existing patriotic societies and reactionary organizations, this movement has already shown great activity and will probably be developed further by the Army in the present political contingency. The lessons to be derived from the monopoly parties so effectively employed by Hitler and Mussolini have not been without a hearing among army men in Japan. Already

in Manchuria, where the Kwantung Army is able to try out its political philosophy, the Concordia party is carrying into execution political ideas which are undoubtedly entertained by the Army for Japan itself.

What can be expected for the future? During the last two months the people, sensitive (like others of the human race) in the region of the purse-string, stunned by a request for approval of a budget thirty percent larger than the last because of military demands, gathered their voice in protest. The government fell. Effort to form a cabinet favored by the entire civilian population was blocked by the Army, and a military cabinet, though a moderate one, has been installed. It presents a slightly smaller budget but with the same increased military expenditures. Because of the necessity of having the budget passed, its attitude toward the Diet is friendly and conciliatory. But, under the surface, back of this stop-gap cabinet, something else is going on. The Army has learned its lesson. Under the present organization of party politics the Diet can be troublesome. The Army must work through the Diet also. The next move is the active development of a single dominating Army-inspired party to control the Diet. Concentrated effort in this direction may confidently be expected. At present it remains the only point of vulnerability in the program of the military bureaucracy. In this connection reference is made to the Embassy's despatch No. 2273, dated February 18, 1937.¹⁹

Respectfully yours,

JOSEPH C. GREW

894.00/726 : Telegram

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

Tokyo, May 3, 1937—6 p. m.

[Received May 3—10:20 a. m.]

122. Embassy's despatch 2367, April 16, 1937,¹⁹ last paragraph.

1. The Japanese press interprets the returns of the general election of April 30 as a distinct defeat for the Hayashi Government. In the new Lower House the seats of the opposition parties, the Minseito and Seiyukai total 354 or 22 less than in the previous House; those of the opposition Shakai Taishuto 37 or 19 more than previously; those of the Government-supporting Kokumin Domei and Showakai 30 or 7 less than previously and those of the lesser groups and independents 45 or 10 more than previously.

¹⁹ Not printed.

2. A mellifluous declaration by the Cabinet today states that because regeneration of the Diet is the cornerstone of governmental reform the Lower House was dissolved a month ago; that the Government looks to the newly elected members to be guided by a spirit of self-sacrifice in developing the constitutional system peculiar to Japan; that this hope is generally entertained by the people; and that the Government will continue on its way confident of the nation's support of the Government's earnest desire for perfect cooperation with the people.

3. The Hayashi Cabinet is apparently determined to remain in power as long as possible but the measures which it will take to accomplish this purpose in the face of the declared opposition of the major parties remain obscure. However, it is probable that the Hayashi Cabinet can remain in office until the extraordinary session of the Diet (probably in August) as the Government can claim that the election failed to show a popular mandate for government by either the Min-seito or the Seiyukai which have nearly equal representation in the new House. The Shakai Taishuto made impressive gains but still lacks strength enough to hold the balance of power for either major party. The Embassy is therefore of the opinion that the temper of the new House will be restrained although superficially blustering because of its realization of the futility of attempting to insist upon a party government in the face of the opposition of the military.

Repeated by mail to Peiping.

GREW

894.00/738 : Telegram

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

TOKYO, May 31, 1937—7 p. m.

[Received May 31—9:30 a. m.]

141. The Hayashi Cabinet resigned this afternoon. The next Cabinet will probably contain a few Ministers taken from the parties, in response to a concerted drive by the parties during the last few days. The decision of resignation followed soon after a strong public statement by Prince Konoe²⁰ that the Hayashi Cabinet should have admitted some Ministers taken from the parties immediately after the election. High Japanese authorities attribute the situation to a serious error of political judgment on the part of the Premier.

GREW

²⁰ President of the Japanese House of Peers.

894.00/740: Telegram

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

TOKYO, June 1, 1937—10 p. m.
[Received June 1—12: 45 p. m.]

144. Embassy's number 143, June 1, 7 p. m.,²¹ confirmed. Prince Konoe has undertaken the formation of a Cabinet and is generally expected to be successful.

Taking into account available information and in view of the fact that the military-controlled Hayashi Cabinet resigned with the evident purpose of forestalling an unruly Diet, it appears likely that Konoe will attempt to form a Cabinet in which the War, Navy and Finance Ministers will remain in office and the Minsedoto [*Minseito*] and Seiyukai will be represented.

I am informed that Konoe is trying to persuade Hirota, his personal friend and political adviser, to become Foreign Minister. If the latter feels that the present is too soon to reenter politics it is generally expected that Sato, who was selected by Hayashi on Hirota's recommendation, will remain or that Konoe himself will take the position.

GREW

894.002/333

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs

[WASHINGTON,] June 2, 1937.

Prince Fumimaro Konoye (Konoe), who has been commanded to form a Cabinet in Japan, is the first and highest noble in Japan. The family traces its lineage back to the "Age of the Gods". With the exception of Prince Saionji, he is the only representative of the pre-Restoration Court Nobility who has been active in Japan's political life since the Restoration of 1868. It will be recalled that after the February 26, 1936, Incident, Saionji recommended Konoye as a successor to Okada, whose ministry fell after that Incident, but Konoye declined at that time. The fact that Konoye has again been sought for the premiership is of exceptional significance. Not because of any demonstrated political ability on his part but because of his great family and personal prestige, which should enable him to enlist the support of the ablest statesmen, he, if anyone, may be expected to be able to bring the opposing elements in Japan out of the deadlock which has been created by the inept methods of General Hayashi.

Konoye, who is forty-five years of age, will be the youngest man who has been Prime Minister of Japan within the last half century at least. So far he is without experience in party politics. The posi-

²¹ Not printed.

tions of Vice President and President of the House of Peers which he has held successively since 1931 are traditionally regarded as requiring aloofness from politics. Nevertheless, with the possible exception of Hirota no recent Prime Minister has been better trained to deal with affairs from a world point of view. Konoye was on the staff of Prince Saionji, the principal Japanese delegate to the Versailles Peace Conference; he visited the United States in 1934, when he was received by the President and by the Secretary, and he had at that time a number of conferences with other statesmen, publicists and business leaders. Articles published by him upon his return to Japan and interviews given by him show that in the course of his American visit he obtained a good grasp of the American attitude toward Far Eastern questions. He has a strong tie with this country in that he has a son at Princeton.

It should not be understood, however, that Konoye's selection for the premiership represents a triumph for liberalism. It is true that he himself is inclined toward liberalism, but his selection as Prime Minister is undoubtedly based upon the expectation that he will remain a neutral in politics. His selection, therefore, represents rather a compromise, and his Cabinet will probably be a coalition formed by the retention of the Ministers of War and of the Navy of the outgoing cabinet and the inclusion of representatives of the political parties. While it is not yet definite that he will succeed in forming a cabinet, there is little likelihood that he will fail.

894.00/743 : Telegram

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

TOKYO, June 3, 1937—5 p. m.
[Received June 3—7: 42 a. m.]

145. My telegram No. 144, June 1, 10 p. m. We have just learned by telephone from the Foreign Office that Hirota has accepted the Foreign Affairs portfolio. The reappointment of Ministers of War and of the Navy has been confirmed. Kaya, now Vice Minister of Finance, has accepted the Ministry of Finance.

It is generally expected that the formation of the new Cabinet will be completed before end of the day.

GREW

894.00/744 : Telegram

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

TOKYO, June 4, 1937—1 p. m.
[Received June 4—9: 20 a. m.]

148. My telegram No. 145, June 3, 5 p. m.

1. As of early this morning Konoe required only the formal acceptance by Kaya of the Finance portfolio to complete formation of the

new Cabinet. It is expected that after Kaya has ascertained the character of the economic policies to be followed by the new Cabinet he will give his acceptance, and that formal investiture of Cabinet will take place today.

2. The selection of Konoe as Premier has been popular, the comment most generally heard being that the selection of the person favored over all others by public opinion is a significant indication of trend toward more normal condition. However, in one of his first statements after receiving command to form a Cabinet, Konoe announced that, although he would endeavor to include in his Cabinet two members of the political parties (which he has done), they would be selected on the basis of their personal merits and not as representatives of the parties. This statement has perceptibly cooled the ardor with which the parties acclaimed the news of Konoe's appointment. There seems to be little doubt but that the parties now possess a destructive power, but their inability to put forward an intelligent and constructive program leads most observers to believe that Konoe's present great popularity warrants his avoiding too close a sort of association with the parties.

3. The disclosure of composition of the new Cabinet has had an adverse effect upon the enthusiastic response of the press to selection of Konoe.

4. Comment by press and by individuals is that the continuance in office of present Ministers of War and Navy indicates that increased armament and doctrine of "increasing power of industrial production" favored by the armed services are to be among the Cabinet's policies. In business circles the appointment to the Home Ministry of Baba, whose views on finance are considered to be unsound as well as unorthodox, is regarded with apprehension. Although it is reported that Kaya will if appointed follow the policies of his predecessor, it seems doubtful whether he has sufficient prestige and force to counteract the probable endeavors of Cabinet officers previously mentioned to give effect to policies leading toward more rigid state control over industry and toward uncontrollable financial inflation.

5. The collapse of the Hayashi Cabinet of itself has eliminated certain elements of uncertainty and the formation of a new Cabinet will undoubtedly tend to stabilize political and economic conditions. I shall withhold further effort at interpreting significance of the present change of government until the policies of the Konoe Cabinet have been disclosed and discussed in the press.

6. I hope to have an opportunity to call next week on Hirota.

7. Please make available copies to Commerce and Treasury.

To Peiping by mail.

894.00/761

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

No. 2608

Tokyo, September 29, 1937.

[Received October 18.]

SIR: I have the honor to refer to the Embassy's despatches No. 2519 of August 3, 1937, and No. 2551 of August 18, 1937,²² and to previous despatches concerning the trial of General Mazaki²³ and the participants in the Incident of February 26, 1936.

For the alleged reason that the evidence was considered insufficient for conviction, on September 25, 1937, the Tokyo Court Martial acquitted General Jinzaburo Mazaki of the charge of having aided the rebels in the uprising of February 26, 1936. There is enclosed a clipping from the *Japan Advertiser* of September 26, 1937,²⁴ containing the Tokyo Court Martial's statement with regard to its decision, as given in translation by Domei.

It would appear from this statement that the Court Martial was in possession of ample evidence to convict General Mazaki not only of complicity in the Incident but also of having lent moral encouragement to the insurgents, if not of having given them active aid. For example, as admitted by the Court Martial, General Mazaki had full knowledge of the "Showa Restoration" movement as far back as the summer of 1935; he had frequent interviews with the plotters from December 1935 until the outbreak and was well aware of their aims; and he let it be known to the plotters that he was bitterly opposed to his dismissal in July 1935 from the post of Inspector General of Military Education and to the death sentence pronounced against Lt. Col. Aizawa on May 7, 1936, for the murder of Major General Nagata on August 12, 1935, thus contributing to the unrest of the insurgents. Furthermore, he was informed by one of the rebels at about four-thirty o'clock on the morning of February 26, 1936, that the Premier, the Lord Keeper of the Privy Seal, and others were to be attacked, and he subsequently interceded with the higher authorities of the War Office in favor of the insurgents, stating that he "understood very well the spirit in which the rebels had acted."

It is probable that despite the apparently conclusive evidence against General Mazaki the Court Martial found it advisable to acquit him in view of his distinguished career and of the unfavorable repercussion that might have resulted from convicting him at this time of national emergency.

²² Neither printed.

²³ Formerly Japanese Inspector General of Military Education.

²⁴ Not reprinted.

The *Nichi Nichi* of September 25 quoted a War Office spokesman as having said that the disposal of General Mazaki's case had ended the consideration by the Tokyo Court Martial of the February 26 Incident. In this connection, it should be stated that Zei Nishida and Kazuteru Kita, who were sentenced to death on August 14, 1937 (Embassy's despatch No. 2551 of August 18, 1937), as ringleaders in the insurrection, were executed on August 19, as announced by the Ministry of War.

Respectfully yours,

JOSEPH C. GREW

894.00/770

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

No. 2722

TOKYO, January 6, 1938.

[Received January 24.]

SIR: Whatever may be the label put on the conflict with China,²⁶ it has led to the placing of Japan on a war basis. About one million men are estimated to be with the colors, and every form of national effort is being subordinated to the attainment in as short a time as possible of military and political objectives in China. There is taking place, as a normal consequence of the mustering of Japan's material and spiritual resources, a change in virtually every aspect of Japanese life. There is a pervading consciousness of the consequence of failure in the present effort, and that consciousness, stimulated by the disapprobation and moral opposition of the greater part of the world, has developed a sense of national unity which does not nourish political factionalism. It is not being suggested that the decline of political parties in this country can be attributed entirely to the conflict with China, which in the larger sense began, not in July 1937, but on September 18, 1931; that trend really falls within a trend with a wave-length of far greater amplitude.

Japan as a world power is still in a transitional stage. It renounced medievalism eighty years ago, and although amazing progress has been made in "things that are of the earth earthy", and although there have been advances in certain social problems, notably in the position of the womanhood of the country, there has not been sufficient time for dilution by purely natural processes of archaic spiritual and moral ideas. There are Japanese still living who wore armor and fought with bow and arrow. The "revolt of youth" after the World War was considered to be something of a phenomenon in America and Europe, but, ever since the middle of the Nineteenth Century there has been in Japan a chronic revolt of each new generation against its predecessor. The impact of events and new ideas

²⁶ See vol. III, pp. 128 ff.

varies with the individual and with the measure of medievalism he has inherited and assimilated. The political struggle in Japan, therefore, is primarily a struggle between generations, and not between classes.

During a period of forty years after the establishment of the Diet in 1890, there appeared to be a substantial, if slow, progress out of military oligarchy, through bureaucracy, and toward constitutional democratic government. The first twenty years were the concluding decades of the Meiji Era, one of the most brilliant epochs in Japan's history, and from the point of view of progress they were the most important decades. Behind a "modern" political facade, an extra-constitutional group of powerful personages—the so-called Elder Statesmen—ruled the country, but as time passed and these personages grew older or died, men came who performed in plain view on the political stage. These flourished and gained influence, and around them collected the minor political fry. It was from such agglomerations that the "old line" parties developed. They were not, however, associations of persons animated by a common political objective, but rather they were loosely formed groups of which each member was bound to its leader under a tacit agreement by which the leader gave patronage and in return he was given support. In 1913 there occurred the first change of government arising out of defeat in the Lower House on a vote on a Government measure, and by force of repetition there evolved the beginnings of a tradition—for the Constitution is silent on this point—of a parliamentary system. A further impulse in this direction was given by a tendency which became marked during the second decade of this century for the parties to divide along the lines of conflict of interest between the industrial and agrarian elements of the population. Owing to circumstances which need not be gone into in this despatch, the land-owning classes tended to support the Seiyukai, and the perversity of politics made the Minseito the instrument of their opponents.

The two parties thrived so long as men with capacity for leadership, such as Count Kato and Mr. Hara, could be found to fill the shoes of such political geniuses as Count Okuma and Prince Ito; but when they died their places were taken by party wheel-horses with nothing to raise them above the common ruck. Personal leadership, the element which created parties and gave them cohesion, was lost, and they have since been beset with factional jealousies and strife. To add to their troubles the venality and corruption which existed on a wide scale in politics were brought to light by a series of prosecutions conducted with courage by the law-enforcing authorities against a number of politicians of no small importance, including former Cabinet officers. The disclosures of the immorality of the politicians, in contrast with the standards enforced among public servants, es-

pecially Army and Navy officers, have created such mistrust and suspicion of party politicians that no competent observer today seriously believes that these parties can be rehabilitated without reforms so drastic as to change them out of all recognition.

There appeared in the meantime two new elements in the political situation. The adoption in 1924 of universal manhood suffrage made possible some concerted expression for liberal thought. There was at first a general movement of the newly enfranchised toward the parties then existing, but these were firmly controlled by conservatives. In their disillusionment, they found much that was attractive in advanced Marxian thought, or they turned to the Second International, or again to the ideas of the British Labor Party. Each of these various groups produced a party, and from the three there finally appeared the Social Mass Party. At the opposite end of the political scale an effort was being made to bring together a large number of reactionary and nationalistic groups. These are the lineal descendants of the faction in the Shogunate who agitated, under the Prince of Mito, to "Drive out the Barbarians." Some of these groups are completely disreputable and, under the guise of patriotism, exist only for blackmail and bullyragging. The most important is the notorious Amur (more commonly translated as the Black Dragon) Society, the head of which is the equally notorious Mitsuru Toyama, a colorful and venerable political adventurer.

Until quite recently the indications were strong that a basis was being formed for the revival of government by political parties—not by the old-line parties, which are not divided by any difference of political doctrine worth mentioning, but by the Social Mass Party on the left and by a Nationalist Party in process of creation on the right. The Social Mass Party gained considerably in respectability when, some weeks ago, it purged itself of the Moscow element and eliminated from its platform certain planks which the Moscow element insisted upon when the party was formed. Certain progress was apparently made toward unification of the nationalistic groups by the promoters of this idea, the most indefatigable of whom is Mr. Shiratori (who obtained considerable publicity during the Manchuria Incident as the "Foreign Office Spokesman"), as indicated by the fact that Toyama, Prince Sanjo, a *kugé*, or one of the ancient nobility, and Admiral Yamamoto, a retired naval officer, issued jointly a manifesto advocating the formation of a Nationalist Party. The stage seemed set for interesting developments, but during the closing days of 1937 the police undertook an extensive round-up of "Communists" and among those gathered in was Mr. Kaju Kato, a member of Parliament and one of the leading spirits of the Social Mass Party, who was arrested as he returned from making a "comfort visit" to the soldiers in China! This has led to further upheavals

in the Party, and it is now difficult to say what the future will bring.

The collapse of party politics after almost fifty years' effort can be attributed in the final analysis to ignoring the real bases for political divergencies. These bases exist in the conflict between medievalism and modern thought. The mechanization of industry is affecting every aspect of Japanese life and is bringing in its train a horde of new problems which in advanced countries would be primary political issues. Instead, they have in effect been banned from the political arena, and effort is being made with the cooperation of the politicians to solve them within the framework of what the press is pleased to call "Japanese tradition and polity". An example from the particular will clarify this generality: The cotton spinning and weaving industry is the most important industry in the country. The fact that the operatives are largely young girls recruited from the farms, that they are indentured for a period of years, and that they are housed in dormitories and paid a low wage is well known. This arrangement works admirably in the interests of both the mill operators, who are supplied with cheap labor, and the landowning classes, whose tenants obtain added income, but at the same time it is admirably calculated to preserve medieval concepts and to prevent the inevitable—a desire by labor for a greater share in the profits of industry.

These conditions lead to the observation that it is unlikely that a two-party system can rest on solid ground in Japan until there comes into existence a substantial number of trained mechanics and artisans employed in mechanized factories. Unlike the native artisans, working along manual lines, they divest themselves readily of feudal concepts of relations between employer and employee, and what is also to the point, they are apt to have more schooling than the average laborer. One of the results of the war with China is a growing heavy metals industry, and as aftermath of the war there might well be introduced into Japanese politics a new honesty and vigor.

Respectfully yours,

JOSEPH C. GREW

REPRESENTATIONS ON ESTABLISHMENT OF OIL MONOPOLIES IN JAPAN AND MANCHURIA ²⁷

894.6363/304 : Telegram

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

TOKYO, January 8, 1937—7 p. m.

[Received January 8—9: 10 a. m.]

3. Embassy's 268, December 24, 6 p. m.²⁸

1. The Standard and Shell gasoline quotas for Korea for the first half of 1937 have been reduced by 37.7% from one half of the 1936

²⁷ Continued from *Foreign Relations*, 1936, vol. iv, pp. 786-806.

²⁸ *Ibid.*, p. 805.

quotas and their quotas for other petroleum products have been reduced to a less degree. The foreign oil companies assume that this step has been taken to make room for the products of the newly established Chosen Oil Company although it is expected that some other reason will be advanced for this cut in their trade. No definite assurances have ever been given in regard to their trade in Korea but in this connection see item 2 of the 5 point memorandum of April, 1935²⁹ (Embassy's despatch No. 1253, April 19, 1935).

2. The British Ambassador has telegraphed the above facts to his Foreign Office with the expectation that the Foreign Office will bring them to the attention of the Japanese Ambassador in London.

3. I shall send Dickover³⁰ to the Chief of the Bureau of Commercial Affairs of the Foreign Office tomorrow, not to make formal representations but simply to refer orally and informally to our representations of December 24; to bring to his attention the facts of the Korean quota reduction; and to point out that such developments are extremely discouraging to the foreign oil companies. Sir George Sansom, the Commercial Counselor of the British Embassy, will take the same step on behalf of the British interests at approximately the same time.

GREW

894.6363/305 : Telegram

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

TOkyo, January 11, 1937—1 p. m.

[Received January 11—6: 55 a. m.]

4. Embassy's 3, January 8, 7 p. m.

1. In Dickover's talk on Saturday morning with Matsushima, Chief of the Commercial Bureau of the Foreign Office, the latter agreed with apparent sincerity that it was out of the question for the foreign oil companies either to invest further money in Japan or to guarantee an adequate return to Mitsui when their future was so uncertain as was indicated by the latest developments in the Japan and Korea quotas. He said that the Minister for Foreign Affairs had asked him to take up with the Ministry of Commerce and Industry the whole problem of the foreign oil interests in Japan and that Arita³¹ was pressing him almost daily to persuade that Ministry to seek an early adjustment of the situation by meeting in some degree the reasonable requirements of the foreign oil companies. The impression received by Dickover is that our representations of Decem-

²⁹ Memorandum of April 13, 1935, *Foreign Relations*, 1935, vol. III, p. 896.

³⁰ Erle R. Dickover, First Secretary of Embassy in Japan.

³¹ Hachiro Arita, Japanese Minister for Foreign Affairs.

ber 24³² have fallen on good ground, at least so far as the Foreign Office is concerned, and that Arita is genuinely disturbed at the situation of the oil companies.

2. Sansom in his talk with Matsushima also received the distinct impression that the Foreign Office is sympathetic to the plight of the oil companies.

GREW

894.6363/307 : Telegram

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

Tokyo, January 15, 1937—6 p. m.

[Received January 15—9:40 a. m.]

6. Embassy's 4, January 11, 1 p. m.

1. Matsushima, the Chief of the Commercial Bureau of the Foreign Office, today handed Dickover the following *note verbale* in reply to our representations of December 24. The note was delivered in English as well as Japanese (a most unusual proceeding with the Foreign Office) in order, as Matsushima said, to avoid any misunderstanding.

“Translation. *Note verbale*. The Department of Foreign Affairs having consulted the competent department on the subject of the *aide-mémoire* of the United States Embassy dated December 24, 1936 have the honor to state in reply as follows:

The Japanese Government have no intention to make any discrimination between business operations of the Standard Vacuum Oil Company which represents the American oil interests in Japan and those of any other oil industrialists. Nor have they any thought whatever of driving out of Japan the American oil interests represented by that company. To be more precise the phrase ‘they will be taken into full consideration’ in the reply addressed by the Director of the Mines Bureau in the Department of Commerce and Industry to the General Manager of the Standard Vacuum Oil Company under date of October 21, 1936 did not mean that consideration would be given to the question as to whether or not the four points enumerated in the letter addressed by the General Manager of the said company to the Minister for Commerce and Industry on October 9, 1936, would be carried into effect. On the contrary the reference was intended to be a confirmation in writing of the four points. The company therefore need entertain no misgiving and it is hoped that this information will be conveyed to it so that there shall be no misunderstandings in this connection.

The Japanese Government hereby declare that so long as the above mentioned company faithfully observes the Japanese laws and regulations concerned they will always be prepared to give favorable con-

³² See Embassy's telegram No. 268, December 24, 1936, 6 p. m., *Foreign Relations*, 1936, vol. IV, p. 805.

sideration to its business operations. At the same time they desire to point out that the company should speedily fulfill the obligations required by the Japanese laws and regulations."

2. The *note verbale* was accompanied by a paper marked "unofficial" replying to my oral representations of December 24 and stating that:

(a) In regard to the kerosene quotas for the latter part of 1936, increases were given to the Japanese companies and not to the foreign companies because of an increase in the domestic production of oil. It is therefore an exceptional matter and was treated in accordance with the first of the four points upon which the foreign oil companies request assurances.

(b) The proposed tariff revision admits of no reasonable objection as it is applicable without distinction to any person or concern.

3. A *note verbale* substantially identical with the foregoing was handed to Sansom today. We concur with the British Embassy that this result of our representatives [*representations?*] is gratifying as definitely confirming the assurances previously given orally to the companies.

GREW

894.6363/314

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

[Extract]

No. 2347

TOKYO, April 2, 1937.

[Received April 19.]

SIR: [Here follows a report on developments in the situation affecting American and foreign oil interests under the Japanese Petroleum Industry Law of 1934.]

FUTURE POSITION OF THE FOREIGN OIL COMPANIES IN JAPAN

As was reported in despatch No. 2337, dated April 1, 1937,³³ the Japanese Government is apparently determined to proceed with its grandiose scheme to render Japan fairly self-sufficient in liquid fuel through the hydrogenation of coal, oil synthesis by the Fischer method, low temperature carbonization of coal, and the mixing of absolute alcohol with gasoline. The project, which contemplates the investment of about Yen 750,000,000, will establish the Imperial Fuel Company, which will act as the financing and administrative organ of all the synthetic gasoline plants to be established in Japan, Korea and presumably Manchuria. The plan contemplates the use of about 9,000,000 metric tons of coal per annum and, it is estimated, will render Japan about 60 per cent self-sufficient in gasoline and about 45 per cent self-sufficient in heavy oil (fuel and diesel oil) at the end of

³³ Not printed.

seven years. Government subsidies amounting to about Yen 114,000,000 will be necessary to attain this end, in addition to the Government's investment in the Imperial Fuel Company.

In view of the fact that coal hydrogenation industries in other countries have not been commercially feasible because of the high cost, as compared with the cost of petroleum gasoline, of the gasoline produced by such hydrogenation industries, it might be thought that the Japanese scheme is impractical. Foreign experts who have studied the question in Japan, however, are of the opinion that the project is feasible, largely because of the low cost of labor and coal in Japan, although it is improbable that the object can be attained in seven years (ten years being a more likely period) or that the scheme will cost only Yen 750,000,000. It is considered more probable that the total cost of the project will be about Yen 1,200,000,000. However, if the military authorities are determined to proceed with the plan and render Japan reasonably self-sufficient in liquid fuel, there is every reason to believe that they will eventually accomplish their object, regardless of the cost to the nation. The plans have been delayed for a time by the dissolution of the Lower House of the Diet before the Imperial Fuel Company bill and the bill providing for subsidies for the hydrogenation industries could be approved, but the bills will undoubtedly be reintroduced into the next session of the Diet and there is no reason to believe that they will not be approved.

This scheme of the Government is of great importance to the foreign oil interests in Japan, principally because it will, if carried out, deprive them of their market here for gasoline and kerosene, although it is probable that they could continue to do some business in other petroleum products. As was stated before, the plan contemplates the production of 60 per cent of Japan's requirements of gasoline by the 1943-44 fiscal year. This production does not include the gasoline refined in Japan from imported crude oil. The existing Japanese oil refineries, plus those already sanctioned, will be able to produce the remaining 40 per cent of Japan's requirements. In regard to kerosene, the authorities are already in a position to dispense with imports from foreign sources at any time. The position therefore is that, by 1944, or a year or two later, there will be no room in the Japanese trade for imports of so-called "white products".

The assurances recently received from the Japanese Government concerning the future position of the foreign oil companies in Japan do not protect the companies against reduction of quotas caused by increase of indigenous production of gasoline substitutes. The assurances only specify that "consideration will be given that the decrease is apportioned fairly in the light of actual conditions at the time". It may therefore reasonably be assumed that the decrease in the demand for petroleum gasoline caused by the increase in pro-

duction of gasoline from coal will fall upon the foreign gasoline importing companies, and that the domestic refineries will be authorized to care for the entire amount of gasoline which cannot be supplied by the hydrogenation plants. In regard to fuel and diesel oils, the foreign oil companies will be in a somewhat better position, as the hydrogenation plants, according to the estimate, will be able to supply only about 45 per cent of the demand, but the foreign companies estimate that most of the demand will be given to Japanese importers, unless and until the foreign companies lay in the six months' stocks required by law. As the foreign companies cannot store such stocks under present conditions in Japan, it appears that all or almost all of the fuel and diesel oil trade will go to Japanese importers. The same conditions apply to the lubricating oil and grease trade.

Recent circumstances tend to indicate that the Japanese authorities have in mind the forcing out of Japan of the two foreign oil importing companies by the gradual reduction of their quotas as products from the hydrogenation of coal come into the market. This is, of course, implied in the whole scheme of obtaining oil from coal, but recently a new circumstance lends strength to this opinion. For months previous to last November the Government had been pressing both the foreign oil companies and the Mitsui interests, with whom the oil companies then were trying to reach an agreement in regard to the storage of non-commercial stocks of oil, to proceed with the laying in of six months' stocks as required by law. Since November, 1936, however, the foreign oil companies have heard nothing further, either from the Government or from the Mitsui interests, in regard to the matter, and the supposition is that the Government prefers that the oil companies remain in the position of law-breakers (not having stored six months' stocks as required by law), in order that they will have no claim to rights or privileges and that their quotas may be cut at any time to make room for the products of the projected hydrogenation plants.

The above forecast of the situation is predicated upon the supposition that (1) the Japanese will be able to accomplish their program for the hydrogenation of coal and (2) that they will be able to obtain supplies of crude oil for their oil refineries. There is nothing now to indicate that they will not succeed in fulfilling both of these conditions. Of course, many things may occur between now and the year 1944 which will completely change the aspect of the case, such as a *volte face* in regard to Japan's policy of nationalistic economy, or trade agreements which would require the maintenance of the *status quo* as regards foreign investments in Japan. At the present time, however, it can only be said that conditions in Japan do not appear at all hopeful for the future of the foreign oil companies.

The foreign oil interests, therefore, are confronted with the problem of deciding whether to sell out at once to Japanese interests (who undoubtedly would be protected by the Government in their trade) or to wait for two or three years longer in order to ascertain the probability of success of the Japanese venture in the production of artificial gasoline. The only other alternative, if the Japanese venture is successful, will be for the companies to stay in the market, selling what they are permitted to, and eventually withdrawing and selling their properties at such prices as may be obtainable under the conditions then prevailing.

Under these circumstances, the Embassy believes that it would be most useful if the headquarters of the Standard and Shell interests could formulate a definitive policy in regard to their trade in Japan, based on the latest developments and trends, as well as upon their past experiences in this market. The time appears to have passed for the oil companies to be concerning themselves with minor details of their trade in the Japanese Empire, and it would appear to be the part of wisdom for them to consider with the utmost seriousness the question of their future in Japan in the light of the Japanese Government's apparent determination to acquire a degree of self-sufficiency in liquid fuels. If and when the oil interests reach a decision in regard to this matter, their respective diplomatic agencies will be able to adopt an intelligent policy of assistance to them.

Respectfully yours,

JOSEPH C. GREW

893.6363 Manchuria/294 : Telegram

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

WASHINGTON, April 19, 1937—6 p. m.

62. The Standard-Vacuum Oil Company has informed the Department that it desires to press its claim in Manchuria which has been left in abeyance pending the outcome of negotiations in regard to its business in Japan. The Company proposes to act concurrently with the Asiatic Petroleum Company, which is requesting assistance of the British Foreign Office, and to make representations simultaneously at Hsinking and at Tokyo. The company has requested that the Embassy be instructed to support its representations at Tokyo. The company further proposes in its discussions with the authorities at Tokyo and at Hsinking to confine its arguments to the subject of the commercial losses incurred and to endeavor to avoid the raising of political issues.

Before reaching a decision in regard to the company's request the Department would welcome an expression of the Embassy's views.

HULL

893.6363 Manchuria/295 : Telegram

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

TOKYO, April 21, 1937—5 p. m.
[Received April 21—9:10 a. m.]

115. Department's 62, April 19, 6 p. m. In view of the apparent desire of the present Japanese Government to cooperate with and conciliate other nations I believe that the present moment is propitious for opening the question of settlement of the oil interests' Manchurian claims. I see no reason why the Embassy should not support the representations of the Standard interests and believe that our representations should be based on the argument advanced in the penultimate paragraph of my note to the Minister for Foreign Affairs of April 15, 1935 (enclosure No. 3 to the Embassy's despatch No. 1250, April 18, 1935).³⁴

The British Embassy has not yet heard from London on this subject but concurs in the foregoing opinion.

GREW

893.6363 Manchuria/295 : Telegram

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

WASHINGTON, April 22, 1937—2 p. m.

64. Embassy's No. 115, April 21, 5 p. m. Subject to concurrent similar action by the British Embassy, you are authorized to make an informal and oral approach to the Foreign Office in support of representations by the American oil interests to obtain settlement of their Manchurian claim.

The Department is of the opinion that at the present time it would be unwise for the Embassy to base its approach upon the argument referred to in the Embassy's No. 115 of April 21, 5 p. m. The Department desires that the Embassy emphasize the equity of the case of the American oil interests and the hardship which is imposed upon them by deprivation of their trading rights in Manchuria without just compensation for their losses. Both the Embassy and the Standard-Vacuum Oil Company will of course endeavor to avoid injecting political issues into the discussions.

In connection with simultaneous action which the Standard-Vacuum Oil Company expects to take at Hsinking, please repeat the text of this telegram to the Consul at Mukden and inform him that he is authorized, in case his British colleague is similarly instructed, to support the American company's representations at Hsinking in the manner and along the lines set forth in this telegram. The

³⁴ See Embassy's telegram No. 87, April 16, 7 p. m., *Foreign Relations*, 1935, vol. III, p. 898.

Embassy should of course keep the Consul at Mukden informed of action taken by it.

HULL

893.6363 Manchuria/299 : Telegram

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

ТоКГО, May 24, 1937—6 p. m.
[Received May 24—7 : 57 a. m.]

135. Department's 64, April 22, 2 p. m.

1. Representatives of the oil interests conferred with Manchukuo Monopoly Bureau officials and with the Chief of the General Affairs Bureau of Manchukuo on May 21 and were informed that the monopoly would offer to purchase their properties, an offer which could be accepted by the oil interests under protest as being only a partial settlement but that settlement of intangible items of their claims would have to await a favorable opportunity for negotiation through diplomatic channels. The Chief of the General Affairs Bureau then referred to the possibility of improved relations between Manchukuo and the United States and Great Britain.

2. This definite indication that Manchukuo will not consider settlement of the intangible items of the claims of the oil interests without political considerations has complicated the problem and therefore the local representatives of the oil interests have referred the matter to their head offices which will probably consult with the Department and the British Foreign Office. In the meantime the Embassy and the Consul at Mukden will take no action. The Embassy is of the opinion that the injection of political issues by Manchukuo must be ignored and that all parties concerned should proceed as contemplated in the Department's 64, April 22, 2 p. m.

GREW

894.6363/316 : Telegram

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

ТоКГО, May 24, 1937—7 p. m.
[Received May 24—9 a. m.]

136. Embassy's 3, January 8, 7 p. m.

1. The oil interests have been unable as yet to obtain a settlement of the Korean gasoline quota question which they regard as a test case indicative of the treatment which they may expect under the assurances given by the Foreign Office in January last. At their last interview at the Foreign Office the Chief of the Bureau of Commercial Affairs suggested that they compile a strongly worded statement of their position for reference to the Minister for Foreign

Affairs and intimated that the Foreign Office expected that inquiries would be made by the respective Embassies on the subject. The Department will therefore probably be approached by the Standard Oil interests with a request that the Embassy make representations requesting a settlement of the Korean quota question in the light of the assurances referred to above.

2. The assurances do not specifically refer to Korea but the Foreign Office has never denied that Korea is included therein. The Embassy therefore perceives no reason why such representations should not be made.

GREW

894.6363/316 : Telegram

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

WASHINGTON, May 27, 1937—6 p. m.

73. Reference your 136, May 24, 7 p. m. The Standard-Vacuum Oil Company has informed the Department that, in the event that the company does not receive an answer from the Foreign Office this week in regard to the Korean oil quota problem, the company and the interested British oil company plan to submit a statement of their position to the Foreign Office for reference to the Minister for Foreign Affairs. The company has asked the Department to authorize the Embassy to make representations to the Japanese Foreign Office in regard to settlement of the Korean oil quota question in the light of the assurances given by the Foreign Office in January of this year.

Inasmuch as you state in paragraph 2 of your telegram under reference that the Embassy perceives no reason why such representations should not be made, the Department authorizes you to make representations and leaves to your discretion the form and manner in which they shall be made.

This authorization is of course contingent upon the British Embassy being prepared to make similar and concurrent representations on behalf of the interested British oil company.

Please keep the Department informed by telegraph with regard to action you may take in the matter.

WELLES

894.6363/320 : Telegram

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

TOKYO, June 1, 1937—5 p. m.

[Received June 1—8 a. m.]

142. Department's 73, May 27, 6 p. m. Under date of May 29 the oil companies received from the Foreign Office a fairly satisfactory

reply in the form of an *aide-mémoire* in regard to the Korean oil quota problem and have referred the reply to their principals for consideration. Under the circumstances the Embassy does not consider it necessary at the present juncture to take action under the Department's authorization. The Standard interests concur in this view.

GREW

893.6363 Manchuria/299 : Telegram

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

WASHINGTON, June 12, 1937—4 p. m.

81. Your 135, May 24, 6 p. m. The Department concurs in the view expressed in paragraph 2 of your telegram. You are authorized to proceed in the manner and under the conditions set forth in the Department's 64, April 22, 2 p. m.

HULL

893.6363 Manchuria/303 : Telegram

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

TOKYO, July 2, 1937—4 p. m.

[Received July 2—6:20 a. m.]

175. Department's 81, June 12, 4 p. m., American oil claim. Informal and oral representations made today and Consul at Mukden instructed to proceed in accordance with Department's 64, April 22, 2 p. m.

GREW

893.6363 Manchuria/304 : Telegram

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

TOKYO, July 14, 1937—noon.

[Received July 14—6:20 a. m.]

198. Embassy's 175, July 2, 4 p. m., American oil claim. Standard Vacuum Oil Company reports that Hsinking authorities are now willing to authorize Monopoly Bureau to negotiate direct with oil companies on a commercial basis for lump sums including compensation in addition to assessed value of property. Although authorities desire to conclude an early settlement it was made clear that substantial reductions in companies' offers are essential; and that such settlement is not conditional upon political issues.

In view of the foregoing Consul Langdon³⁵ reports that he has made no representations.

GREW

³⁵ William R. Langdon, Consul at Mukden.

893.6363 Manchuria/309 : Telegram

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

TOkyo, August 21, 1937—1 p. m.
[Received August 21—8:30 a. m.]

293. Embassy's 198, July 14, noon, Manchuria oil claim.

1. According to figures furnished by local government [*sic*] representatives of Standard Vacuum, that company's offer of settlement to Manchukuo authorities was United States \$1,725,650 of which physical property represents \$448,096; good will \$101,439 and miscellaneous \$298,115. Rising Sun, British company, submitted offer equivalent to United States \$2,089,375 of which \$728,440 physical property; \$846,545 good will; and miscellaneous \$514,390. The "miscellaneous" items cover repatriating of employees, retirement allowances and duty paid on stocks.

2. The counter offer of Manchukuo to the two companies was a lump sum of Manchukuo yuan 2,000,000 from which yuan 150,000 is to be paid Texas Company for good will, that company already having disposed of its physical property.

3. The Standard representative states that his principals in New York have been informed of the foregoing and will discuss with the Department question of future procedure. We have expressed no opinion to local representative, but we believe that there is still room for negotiation and that termination at this time of negotiation would be premature. In that belief the British Commercial Counselor concurs.³⁶

GREW

REPRESENTATIONS TO JAPAN IN REGARD TO REGULATION OF
FISHERIES OFF THE COAST OF ALASKA³⁷

711.008 North Pacific/33a : Telegram

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

WASHINGTON, March 22, 1937—7 p. m.

51. 1. An Associated Press despatch from Tokyo published in local papers on March 17 reports that an official of the Department of Agriculture and Forestry made a statement on March 16 to the effect that it is the intention of the Japanese Government to encourage Japanese to fish for salmon off the coast of Alaska. Please telegraph if possible text in translation of the statement under reference.

³⁶ Further efforts by the companies to bring about a settlement of their claims were not effective.

³⁷ For previous correspondence, see *Foreign Relations*, 1936, vol. iv, pp. 942 ff.

2. Please keep the Department currently informed of developments in regard to the matter, which is receiving increasing attention in the United States.

HULL

711.008 North Pacific/34 : Telegram

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

ТокYO, March 23, 1937—7 p. m.
[Received March 23—9 : 25 a. m.]

94. Department's 51, March 22, 7 p. m.

1. The Associated Press despatch is substantially the same as press release given out by Domei on March 16 which was not published in local Japanese or English press.

2. The statement is based on reply of the Director of the Bureau of Fisheries to an interpellation at a committee meeting of the Lower House. The interpellation was apparently inspired by pamphlet published last month by the "Kaigo Gyogyo Shinko Kyokai" (Society of Oceanic Fishing Promotion) of Tokyo answering the protests of American and Canadian fisheries publications regarding the Japanese rights to take salmon in the northeast Pacific outside American and Canadian territorial waters.

3. Diet committee hearings are not published in the *Official Gazette*. The Embassy is endeavoring to procure the exact Japanese text of the committee hearings but so far without success and it is doubtful if the text can be obtained.

4. The views of the society mentioned in paragraph 2 were first published in the press on March 20 and 21 and reported to the Department in despatch No. 2328 on March 22³⁸ forwarded in pouch on March 22. The society defends the Japanese point of view in regard to the question of salmon fishing in waters adjacent to the territory of other countries. It contends that the Japanese because of their characteristic ability should base their livelihood upon the open sea and thereby contribute to human welfare; that foreign vessels in former days were accustomed to catch seals and whales off the coast of Japan; that the same international right should exist today; that the high seas are the common property of the people of the world and should not be monopolized by any nation or nationalities; that it is absurd to attempt to claim ownership of seals or salmon in the high seas; and that there is some reason in claiming that fishing by aliens in adjacent seas might cause unemployment through injury to domestic industries but that the conditions in any individual

³⁸ Not printed.

country should not be confused with the general principle of the freedom of the high seas. In an annexed list of recommendations the society requests the Japanese Government to investigate and deliberate on the following three points:

(1) That care must be taken for preservation and protection of the salmon which are of economic importance.

(2) That in conformity with the principles of international law full regard will be given for maintenance of public order and interest of other countries.

(3) That harmony must be maintained among the whole salmon fishing industries.

5. A distinct movement appears to have arisen recently among the Japanese fisheries interests to obtain a share of the salmon fishery industry of the eastern North Pacific. According to the statement summarized above, there [*this?*] is to be claimed as a matter of international justice and according to the recommendations it is apparently hoped to gain the right to the share of the industry through governmental negotiation and without unduly disturbing international relations or interfering with the rights and interests of the United States and Canada under international law. How it is hoped to accomplish this purpose is not explained.

GREW

711.008 North Pacific/35 : Telegram

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

TOKYO, March 24, 1937—4 p. m.
[Received March 24—5:45 a. m.]

96. Embassy's 94, March 23, 7 p. m. According to Domei report released last night, the Minister of Agriculture and Forestry stated at a meeting yesterday of the House Budget Committee in reply to interpellation on "Japanese fishing in the Alaska District" that "Japanese fishing outside territorial waters is permissible, although this matter is to be seriously considered because of international relations between Japan and the United States."

I have not been able to obtain Japanese text of the foregoing nor text referred to in telegram under reference.

GREW

894.628 Vessels/180

The Secretary of State to the Japanese Ambassador (Saito)

The Secretary of State presents his compliments to His Excellency the Japanese Ambassador and has the honor to refer to the

Ambassador's note No. 55 of March 13, 1937,³⁹ inquiring whether it would be agreeable to this Government for the training ship *Hakuyo Maru* of the Tokyo Fishing Institute to visit during its cruise, Bristol Bay, St. Paul (Pribilof Islands) and Dutch Harbor (Aleutian Islands). Reference is also made to the Department's note of March 30, 1937,³⁹ requesting information in regard to the reasons for the proposed visit of the *Hakuyo Maru* to St. Paul Island, and to the Japanese Ambassador's note No. 83 of April 6, 1937,³⁹ in reply stating that it is proposed to send the *Hakuyo Maru* to St. Paul Island for the purpose of making a study in connection with the breeding of fur seals.

The statement in the Ambassador's note of March 13, 1937, to the effect that the *Hakuyo Maru* does not intend to enter port in Bristol Bay has been noted. In view of the fact that navigation near the shores of Bristol Bay is extremely hazardous because of the flat shore line with infrequent landmarks, the lack of satisfactory charts, and the absence of qualified pilots, this Government desires that the *Hakuyo Maru* not enter the territorial waters of the United States in the region of Bristol Bay.

It has been the practice of the American Government to construe liberally the provisions of the so-called Fur Seals Treaty of 1911⁴⁰ and to consent to visits by vessels belonging to the Japanese Department of Agriculture and Forestry to St. Paul Island and to other territories of the United States in order to manifest its desire to cooperate with the Japanese Government in the carrying out of the purposes of that Treaty. It is, however, the view of the American Government that the purpose of the proposed visit to St. Paul Island of the *Hakuyo Maru*, as set forth in the Japanese Ambassador's note of April 6, cannot be construed as falling within the purview of the Treaty, and permission for the visit is therefore withheld.

The proposed visit of the *Hakuyo Maru* to Dutch Harbor between July 14 and July 17, 1937, is agreeable to the authorities of this Government and the necessary action is being taken to arrange for the extension to the vessel of the customary courtesies and facilities.

WASHINGTON, May 11, 1937.

894.628 Vessels/181

The Secretary of State to the Japanese Ambassador (Saito)

The Secretary of State presents his compliments to His Excellency the Japanese Ambassador and has the honor to refer to the Japanese Embassy's note No. 93 of April 24, 1937,³⁹ in which permission is

³⁹ Not printed.

⁴⁰ Signed at Washington, July 7, 1911, *Foreign Relations*, 1911, p. 260.

requested for the *Hakuho Maru* to visit Chichagof Harbor on Attu Island, Constantine Harbor on Amchitka Island, and Nazan Bay on Atka Island, "for the purpose of making an investigation of the courses taken by the seals migrating back from the Asiatic lands". The Ambassador expresses the hope that favorable consideration will be given to this matter in view of the fact that both Japan and the United States are parties to the so-called Fur Seals Convention of 1911, which, he states, necessitates the Japanese Government making the investigation mentioned above.

In the absence of special circumstances, this Government would be reluctant to set aside the general practice of withholding permission for foreign public vessels to enter harbors of the United States not listed as ports of entry in the Department's circular note of October 2, 1936.⁴² At the same time, as stated in the Department's note of May 11, 1937, it has been the practice of the American Government to construe liberally the provisions of the Fur Seals Treaty of 1911 in order to manifest its desire to cooperate with the other signatory powers in the carrying out of the purposes of that Treaty. Accordingly, this Government has welcomed visits by the proper authorities of those powers to those territories and waters of the United States which are frequented or visited by fur seals, and has endeavored to accord all available facilities to those authorities in their study of the fur seals.

However, this Government has no information on record to indicate that fur seals of the Pribilof Islands may be found in the vicinity of any of the harbors mentioned in the note of the Japanese Ambassador. Moreover, there is no evidence that any of those harbors are ever visited by seals migrating to or from the Komandorski Islands, or to and from Robben Island or any other Asiatic island. In view of these facts, this Government finds it difficult to construe the proposed visit by the *Hakuho Maru* to Chichagof Harbor, Constantine Harbor and Nazan Bay as falling within the purview of the above-mentioned Treaty, and is therefore constrained to withhold the permission requested. Nevertheless, should further investigation by the authorities of this Government yield evidence that the places above mentioned are in fact frequented or visited by fur seals, the Department will not fail to acquaint the Governments of the parties to the Fur Seals Treaty thereof and will be prepared, in conformity to its desire to cooperate with the other powers to the end of preserving and protecting the fur seals, to give further consideration to requests of the Japanese Government for visits by its appropriate public vessels to the places in question.

WASHINGTON, May 22, 1937.

⁴² Not printed.

894.628 Vessels/191

The Japanese Ambassador (Saito) to the Secretary of State

No. 112

The Japanese Ambassador presents his compliments to the Honorable the Secretary of State and, with reference to the Secretary's note of May 11, 1937, has the honor to state that the Ambassador's note No. 83 of April 6, 1937⁴³ did not seem to explain sufficiently the reasons for the proposed visit of the *Hakuyo-Maru* to St. Paul Island and that he, therefore, takes the liberty of again informing the Secretary as follows:

The Tokio Fishery Institute belongs to the Department of Agriculture and Forestry of the Japanese Government and a part of the expenses of the students in the Institute are defrayed by the Government. The Japanese Government also appoints every year many of its graduates to the various Departments and some of them are undoubtedly engaged in performing the obligations provided for in the so-called Fur Seals Treaty of 1911. The proposed visit of the *Hakuyo-Maru* to St. Paul Island is to give its students an opportunity to acquaint themselves with conditions in connection with the breeding of fur seals and the facilities provided for their protection while breeding, as stated in the Ambassador's note of April 6.

The Ambassador is well aware that it has been the practice of the American Government to cooperate with the Japanese Government in the carrying out of the purposes of the Fur Seals Treaty, and he trusts that the American Government, through the good offices of the Secretary, will reconsider the matter in the above light. He would be very happy if the American Government would see its way to giving its consent to the proposed visit in question of the *Hakuyo-Maru*.

[WASHINGTON,] May 22, 1937.

894.628 Vessels/191

The Secretary of State to the Japanese Ambassador (Saito)

The Secretary of State presents his compliments to His Excellency the Japanese Ambassador, and has the honor to acknowledge the receipt of the Ambassador's note No. 112 of May 22, 1937, requesting, with reference to the Secretary of State's note of May 11, 1937, that reconsideration be given to the question of consent to the proposed visit of the *Hakuyo Maru* to St. Paul Island, and setting forth a further explanation of the reasons therefor.

⁴³ Not printed.

In view of the explanation set forth in the Japanese Ambassador's note of May 22, the competent authorities of this Government have reconsidered the matter and now find it agreeable for the *Hakuyo Maru* to visit St. Paul Island between July 12 and July 13, 1937. The necessary action has been taken to extend the customary courtesies and facilities to the vessel. In granting permission for the visit in question this Government desires that it be understood that this action is not to be considered a precedent.

WASHINGTON, June 1, 1937.

711.008 North Pacific/92

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

No. 1262

WASHINGTON, June 5, 1937.

SIR: The Department encloses for your confidential information a memorandum containing a review of developments and observations in connection with the question of the participation of Japanese in the salmon fisheries in certain waters of Bering Sea and Bristol Bay.

There is growing insistence on the part of American fisheries interests upon governmental action in the direction of conserving for their benefit the salmon resources of Alaskan waters. Moreover, the exacerbation of feelings on the Pacific coast which the prospects of Japanese participation in Alaskan fisheries are likely to engender cannot but be prejudicial to good relations between the United States and Japan. Consequently, notwithstanding the difficulties outlined in the enclosed memorandum which appear to lie in the way of a solution of this question satisfactory to American fisheries interests, it is important that means be devised as promptly as possible to meet the situation.

The Department after reviewing all the circumstances involved has come to the conclusion that the best hope of reaching a solution satisfactory to all concerned lies in an effort to commit the governments of the countries bordering the North Pacific Ocean to a policy of conservation of the salmon resources of those waters. To this end the Government of the United States would propose to the Governments of Japan, the Soviet Union and Canada the conclusion of a multilateral convention under which each of the parties would establish a governmental agency to formulate a national policy for the conservation of their respective salmon resources in the northern Pacific Ocean, conformable to the principles of permitting an escapement to spawning grounds of a portion of the annual run of salmon in such waters, of establishing regulations to give effect to such policy, and of each party exercising control over its nationals and

their vessels engaged in salmon fisheries. It would be desirable that the proposed convention provide for the creation of an international commission whose function it would be to receive and correlate reports from and to act in advisory capacity to the several national commissions on matters affecting the conservation of salmon resources. Most essential of all in connection with the objective sought by the Department would be the inclusion of a provision whereby the contracting parties would mutually and reciprocally agree that their respective nationals and vessels would be prohibited from engaging in fishing for salmon in waters within fifty miles of the shore line of any of the other parties except as otherwise might be specifically provided.

It will thus be seen that the Department envisages a convention which, without impairing existing principles of international law, would operate to prevent Japanese from exploiting our salmon resources for the period of its life, during which time Japan and the Soviet Union (as well as the United States and Canada) would employ methods calculated to prevent depletion of their own salmon resources.

Although the Japanese Government has clearly indicated that it would not be in position to consider the question of entering into negotiations with the American Government until the Japanese Government had completed its investigations of the fishery resources of Bristol Bay, the Department is of the opinion that it would not be inappropriate at this time for the Embassy to sound out the Foreign Office at Tokyo on the subject of a convention of the character described with the suggestion that the appropriate Japanese authorities might welcome an opportunity to consider such a convention in connection with the Japanese survey now being made of the salmon resources of the northern Pacific. The Department accordingly requests that you make such an approach at the first favorable opportunity. If the Embassy's approach should meet with a favorable response, you may suggest that this Government would be prepared to endeavor to work out with the Japanese Government the details of such a convention.

There are circumstances in the situation which render it important that the matter be handled with discretion and delicacy. The salmon interests and labor unions on the Pacific coast have gone on record as opposing the conclusion of any treaty with Japan in regard to salmon. It is their view that the United States has proprietary rights in the salmon of Bering Sea and that, therefore, such salmon should not be the subject of any treaty with Japan. The discussions which have accompanied the assertion of that point of view indicate, however, that these elements on the Pacific coast are apprehensive

lest any such treaty with Japan should provide for some Japanese participation, limited though it might be, in salmon fishing off the coast of Alaska. The possibility of any approach along the lines of conservation, carrying with it an undertaking on the part of each Party to prohibit national fishermen from approaching the coast line of each of the other parties, except as otherwise might be specifically agreed to, has thus far not been envisaged, but it is in the Department's opinion likely that premature disclosure of the fact that there is under consideration a convention along the lines indicated would create misconceptions with regard to the contents of the proposed convention and excite opposition in this country to any negotiation on this matter with Japan.

The Department proposes to await the results of the approach to the Japanese Government before taking similar action vis-à-vis any of the other powers, as it considers that the attitude of Japan is more problematical and has a more crucial bearing upon the prospects of success in the objectives sought than that of any of the other powers.

The Department is of the opinion, however, that there are important considerations which should influence the Japanese Government in favor of concluding the proposed convention. In the estimation of the Department the Japanese survey of the salmon runs in Bristol Bay has primarily been prompted by concern over the future of Japanese fisheries in waters off the coast of the Soviet Union in Asia where on account of relative proximity Japanese fishermen can operate more conveniently and economically than in waters as remote as Bristol Bay. (In this connection, reference is made to the statements made by Mr. Booth enclosed with your despatch No. 1425 of August 9, 1935.⁴⁴) The convention would serve to bring Japan into association with the Soviet Union for the conservation of the salmon resources of the waters of the northwestern Pacific. It may confidently be expected that appropriate conservation measures which the convention would seek to provide would serve not only to insure against a depletion of these resources arising from unrestricted fishing, but also to develop a permanent adequacy of supply. Such association would also provide Japan with an approach for regularizing Japanese participation in fisheries in Soviet waters. It is obvious too that while Japan might benefit temporarily from unrestricted fishing in Alaskan waters, such operations would soon bring about a depletion in those waters of the salmon resources. Even without Japanese participation such depletion would result if the American and Canadian Governments did not continue to restrict the operations of their own fishermen and to expend considerable sums for the propagation and conservation of salmon. Naturally it would be difficult for these governments to continue

⁴⁴ Not printed.

to restrict the operation of their fishermen in the face of competition by nationals of other countries who are not subject to restriction.

The fact that the Japanese Government is already committed to policies of conservation with regard to a number of natural resources and the further fact that the Society of Oceanic Promotion in its report of February 1937 (forwarded to the Department as enclosure No. 1 to despatch No. 2348 of April 2, 1937, from the Embassy ⁴⁵) recommends to the Japanese Government that care be taken for the preservation and protection of salmon, encourage the hope that the Japanese Government would give favorable consideration to the proposal of a convention of the type the Department has in mind.

A further consideration in favor of the proposed convention is that it would serve to bring to an end the agitation on the Pacific coast against Japan to which the prospect of Japanese participation in Alaskan salmon fisheries has given rise. The evidence given in the past by the Japanese Government of its desire to remove causes of friction which might arise in American-Japanese relations gives ground for the belief that this proposal will receive the earnest consideration of the Japanese Government, especially as no concession of principle is involved.

The Department requests that you report by telegraph the results of your approach to the Japanese Government on this matter. You should indicate whether in your opinion it would be opportune at this time to provide the Japanese Government for its consideration with a draft of the proposed convention.

Very truly yours,

CORDELL HULL

[Enclosure—Memorandum]

The possibility that Japanese vessels might fish for salmon in waters off the coast of Alaska, especially in the non-territorial waters of Bristol Bay, into which flow the rivers where are spawned the highly prized red salmon, has for several years engaged the attention of the Department of State and of the Department of Commerce. So early as 1930, the Department of Commerce pointed out to this Department that a difficult situation would be presented if Japanese vessels were to pack salmon in international waters off the coast of Alaska; and shortly thereafter the desirability was suggested to the Japanese Government that it withhold from Japanese fishing vessels licenses to fish for salmon in Bristol Bay.

As a result of informal discussions which ensued between the Embassy at Tokyo and various Japanese officials and Japanese interested in the fishing industry, it was ascertained that the Japanese Govern-

⁴⁵ Not printed.

ment did not find it practicable to give this Government an informal undertaking to prevent Japanese fishing vessels from packing salmon in Bristol Bay, but informal assurances were given that no licenses would be issued to private Japanese fishing interests to fish for salmon in that area without previous notification having been given to this Government.

Since 1932, the Japanese Government has each year sent one or two of its public vessels to waters off the coast of Alaska for the purpose of studying the fishery resources of those waters. From time to time, Japanese floating crab canneries have operated in the non-territorial waters of Bristol Bay, and occasionally Japanese fishing vessels have engaged in waters off the coast of Alaska in the catching of cod, halibut, hake, and other types of fish, which catches, it is understood, are converted into fish meal and fertilizer, and are used also for the extraction of fish oil. No evidence has been obtained by any agency of this Government that Japanese vessels, with the single exception hereafter noted, have engaged in packing salmon in Bristol Bay; nevertheless, manifestations of increasing interest of the Japanese in the fishery resources of Bering Sea cause widespread apprehension in Alaska, of which Territory the salmon packing industry is the principal industry, and in the Pacific northwest.

In the hope that some arrangement might be made with the Japanese Government whereby these apprehensions would be allayed, the Embassy at Tokyo was instructed in 1935⁴⁶ to inquire whether the Japanese Government would be disposed to enter into negotiations with this Government looking toward the conclusion of a convention whereby Japanese nationals would be prohibited from engaging in fishing for salmon in certain non-territorial waters of Bristol Bay. The Embassy was informed by the Japanese Foreign Office that the Japanese Government would not be in position to decide whether it would enter into such negotiations until after investigations which were being made of the fishery resources of Bristol Bay had been concluded, and further assurances were given that no licenses would be granted for the time being by the Japanese Government to fishing vessels to fish for salmon in waters off the coast of Alaska.

Recently the Japanese Government appropriated Yen 89,000 for a study of the runs of salmon off the coast of Alaska, and, as a result, the *Tenyo Maru* and an accompanying trawler during the season of 1936 made extensive investigations in the waters of Bristol Bay. It is understood that the investigations thus initiated by the Japanese Government are to continue for three seasons.

⁴⁶ See Department's telegram No. 119, August 3, 1935, 2 p. m., *Foreign Relations*, 1935, vol. III, p. 1076.

The Japanese vessel *Chichibu Maru* was observed by the Coast Guard cutter *Morris* on June 8, 1936, fishing for salmon with gill nets many miles off shore in Bering Sea. In reply to an inquiry made by the Embassy in Tokyo, the Foreign Office stated that the vessel under reference had been licensed to fish only off the coast of Siberia.

Although evidence is lacking that substantial injury has been done by Japanese to the fishery resources off the coast of Alaska, the operations of Japanese public vessels, of Japanese floating crab canneries, and of Japanese fishing vessels has brought about among the people of Alaska and certain sections of the population of the Pacific states a state of feeling which may be described without exaggeration as one of alarm. That state of feeling is reflected in articles which are appearing with increasing frequency in newspapers and periodicals. Representative of such articles is one entitled "Protect our Alaska Salmon from Alien Exploitation" which appeared in the September issue of *Pacific Fisherman*.

Your attention is especially drawn to certain statements in the article mentioned in the *Pacific Fisherman*, as follows:

"Regardless of anything else, however, we can and must by all means maintain and insist upon our inherent, exclusive and proprietary right to these salmon, wherever they may be found, as a distinctive natural resource of Alaska. Such a claim can be supported on substantial grounds, and is based on recognized biological, geographical and economic facts . . ." ⁴⁷

"It is the duty of our Government to proclaim and maintain this principle; to demand its recognition; to devise and promulgate firm policies that will effectively protect the American fisheries. Our right will be recognized if we assert it and insist upon it—as Japan has repeatedly and successfully insisted upon carrying out its national policies, regardless of opposition, even when its claim was based on no such firm ground as is ours in Alaska. All that is needed is reasonable firmness and energy in maintaining our right."

The Department is making a study of the thesis advanced by the *Pacific Fisherman* that the salmon spawned in American waters are property of the United States wherever they may be found. It would seem from examinations thus far made that there are many points of resemblance between such a contention and the position which was taken by the United States in the fur seal arbitration case of 1893. ⁴⁸

In 1868 and 1869, consideration was given by this Government to the advisability of there being taken measures to prevent extinction by pelagic sealing of the several American herds of fur seals in the Bering Sea, and in accordance with an Act approved March 3, 1869, ⁴⁹

⁴⁷ Omission indicated in the original memorandum.

⁴⁸ See *Foreign Relations*, 1894, Appendix 1, pp. 107 ff.

⁴⁹ 15 Stat. 348.

the Pribilof Islands were declared to be a Government reserve. The Congress further prohibited, by an act approved July 1, 1870,⁵⁰ the killing of "any fur seal upon the islands of St. Paul and St. George or in waters adjacent thereto, except during the months of June, July, September and October in each year". The killing of fur seals by means of firearms, or by any other means which tended to drive the fur seals away from the islands, was declared to be unlawful. The measures taken by Congress to protect the seals were found to be inadequate so long as the proscribed methods of killing the fur seals could be employed with impunity in extraterritorial waters. Upon being apprized of this fact the Acting Secretary of the Treasury directed officers of the Treasury Department to consider all the waters eastward of an imaginary line, defined by the treaty between Russia and Great Britain of February 16, 1825,⁵¹ as the western line of demarcation between their respective possessions in North America, as being comprised within the waters of Alaska. During the years ensuing, United States revenue cutters seized on the high seas a number of British vessels, which were thereupon charged with capturing seals in violation of section 1956 of the Revised Statutes of the United States, which declared it to be unlawful to kill seals "within the limits of Alaska territory or in the waters thereof". These vessels were taken into American harbors, tried before the various courts, their masters were found guilty, and the vessels were confiscated and condemned to be sold.

On February 29, 1892, there was concluded at Washington a treaty by which the United States and Great Britain agreed to submit to arbitration the issues raised by the position taken by the Government.⁵² The arbitral tribunal, which met at Paris on February 23, 1893, and which continued its sessions well into the summer of that year, formulated five questions which were conceived to embrace the real issues in the case. Of these five questions only the fifth needs for present purposes to be considered in connection with the present case, and it was as follows:

"Has the United States any right, and if so, what right of protection or property in the fur seals frequenting the islands of the United States in the Behring's Sea when such seals are found outside the ordinary three-mile limit?"

The arguments of the agent of the United States on the question presented by the tribunal rested "upon a principle fundamental in the institution of property, that principle being that whenever any useful wild animals, the supply of which may be exhausted by indis-

⁵⁰ 16 Stat. 180.

⁵¹ *British and Foreign State Papers*, vol. XII, p. 38.

⁵² For text of award, see *Foreign Relations*, 1894, Appendix I, p. 109.

criminate slaughter, or by reckless handling, 'so far submit themselves to the control or dominion of particular men as to enable them exclusively to cultivate such animals and to obtain the annual increase for the supply of human wants, and, at the same time, to preserve the stock, they have a property in them; or, in other words, whatever may be justly regarded as the product of human art, industry, and self-denial, must be assigned to those who make these exertions, as their merited reward.'"

The agent further argued that "The United States hold that the ownership of the islands upon which the seals breed; that the habit of the seals in regularly resorting thereto and rearing their young thereon; that their going out in search of food and regularly returning thereto, all the facts and incidents of their relations to the islands,—give to the United States a property interest therein. . . ." ⁵³

No useful purpose would be served by discussion herein of the entire range of the arguments presented pro and contra. In general, it was the contention of the United States that it was the duty of the tribunal to give effect to principles of reason in determining what are the rights recognized by the law of nations; whereas the efforts of Great Britain were concentrated on the argument that the respective rights in the controversy of the United States and Great Britain should be determined by the tribunal "upon grounds of positive law, resting in the affirmative assent of the nations, independently of ethical considerations arising out of distinctions which the conscience of the world makes between what is morally right and what is morally wrong . . ." ⁵³

It was held by the arbitral tribunal in its award "That the United States have no right to protection of, or property in, the seals frequenting the islands of the United States in Bering Sea, when the same are found outside the ordinary three-mile limit."

The foregoing syllabus of the Bering sea case, will, it is believed, serve to explain the urgent need of this Government's approaching the problem under discussion with deliberation and only after the most careful examination of the principles and problems therein involved. From the studies thus far made, the facts upon which a claim by the United States to proprietary rights in the salmon found in extraterritorial waters off the coast of Alaska would rest are substantially analogous to the facts upon which rested the claim of the United States to proprietary rights in the fur seals found off the coast of Alaska. Like the fur seal, the red salmon begins its life cycle within the jurisdictional limits of the United States; it shares with the fur seal the *animus revertendi*, or the instinct to return to its normal

⁵³ Omission indicated in the original.

habitat; and like the fur seal, it is protected against extinction by methods involving expenditure of public funds. While it must be emphasized that studies with regard to this matter have not been completed, it would seem that the principal arguments which could be advanced in support of such a claim are those unsuccessfully advanced in the fur seals dispute.

It should further be borne in mind that after the studies have been completed, there would still be need to give thought to the question whether the United States should, by claiming proprietary rights in salmon found in extraterritorial waters, or alternatively by claiming jurisdiction in waters regarded as extraterritorial, take a position at variance with the principle of the freedom of the seas.

711.008 North Pacific/94a : Telegram

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

WASHINGTON, June 10, 1937—6 p. m.

79. The President and various senators have been receiving telegrams from American Pacific coast and Alaskan fisheries interests insisting upon action being taken in connection with Japanese fishing activities in Alaskan waters. Some of these telegrams which have been referred to the Department allege that over 100 Japanese fishing vessels including 5 large steamers are already in Alaskan waters preparatory to invading the Bristol Bay salmon fisheries and that some of them are already there engaged in fishing. The Coast Guard, after an investigation made at the instance of the Department, reports that in addition to the *Hakuyo Maru*, the *Kaihoku Maru* with 11 trawlers and the *Toten Maru* with 8 launches and one 90 foot crab trap planter are in Bristol Bay.

Although it seems unlikely, as the salmon run has not yet commenced, that these vessels are engaged in salmon fishing, the Department requests that you endeavor to ascertain from the Foreign Office whether the Japanese Government has made any change in the policy mentioned in your despatch No. 1558 of November 20, 1935,⁶⁴ of refusing to permit Japanese vessels to fish for salmon in waters adjacent to Alaska.

Please report promptly by cable.

HULL

⁶⁴ Not printed.

711.008 North Pacific/96 : Telegram

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

Tokyo, June 12, 1937—9 a. m.

[Received June 11—10:15 p. m.]

155. Department's telegram No. 79, June 10, 6 p. m. Foreign Office informed us yesterday that no license has been issued for salmon fishing in Bering Sea and stated that Japanese vessels reported to be operating near Alaska are presumably engaged in crab fishing. Foreign Office added that it is approaching Department of Agriculture and Forestry with a view to giving us further assurance that no license for salmon fishing will be granted, not only until after 3 year investigations are completed, but until there has been opportunity for discussion with the American Government of salmon problem after completion of such investigations. Will telegraph further developments.

GREW

711.008 North Pacific/96 : Telegram

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

WASHINGTON, June 12, 1937—5 p. m.

82. Your 155, June 12, 9 a. m.

1. At the press conference this morning the Secretary in reply to questions regarding a letter to him from Senator Bone⁶⁵ concerning the operation of Japanese fishing vessels in Alaskan waters stated that the Department has been in touch with the Japanese Foreign Office; that it is our understanding that no licenses have been issued by the Japanese Government for salmon fishing in that area; that he naturally credits the Japanese Government when it informs us that no licenses have been issued; that the vessels might be there for other purposes; and that the Department has been giving full attention to all phases of this matter.

2. Senator Bone's letter which was dated June 10 and received today encloses one of the telegrams referred to in the Department's No. 79, June 10, 6 p. m., and expresses the hope that assurance can be given by the Department to the people of the Northwest that the incursions of the Japanese can be stopped.

HULL

⁶⁵ Homer T. Bone, Democrat, of Washington; letter not printed.

894.628 Vessels/200

The Japanese Ambassador (Saito) to the Secretary of State

No. 131

The Japanese Ambassador presents his compliments to the Honorable the Secretary of State and has the honor to refer to the Secretary's note of May 22, 1937, in which it is stated that the American Government has no information on record to indicate that fur seals of the Pribilof Islands may be found in the vicinity of Chichagof Harbor, Constantine Harbor and Nazan Bay mentioned in the Ambassador's note No. 93 of April 24, 1937;⁵⁶ that there is no evidence that any of these harbors are ever visited by seals migrating to or from Komandorski Islands, or to and from Robben Island or any other Asiatic Island; and that, in view of these facts, the American Government finds it difficult to construe the proposed visit by the *Hakuho Maru* to those harbors as falling within the purview of the Fur Seals Treaty of 1911, and is therefore constrained to withhold permission for the proposed visit mentioned above.

As to the question whether fur seals of the Pribilof Islands may be found in the vicinity of Chichagof Harbor, Constantine Harbor and Nazan Bay, this Embassy is informed by the home Government that the investigations made by the proper authorities of the Japanese Government since 1924 show facts contrary to the views entertained by the American Government mentioned in the Secretary's note above referred to. The Japanese Government has also several evidences that fur seals of the Pribilof Islands migrate to the waters near the Japanese territories, but so far their route of migration is not known to it. It is for the purpose of ascertaining the route of migration of these fur seals that the Japanese Government wishes to obtain permission for the *Hakuho Maru* to visit the Attu, Amchitka and Atka Islands. In this connection, the Ambassador takes the liberty to point out that the said investigation may be the more useful in view of the fact that the two Governments appear to entertain different views concerning the migration of the fur seals in the vicinity of those islands.

In placing these facts at the Secretary's disposal, the Japanese Ambassador would be happy if the American Government, through the good offices of the Secretary, would reconsider the matter to the end that the proposed visit by the *Hakuho Maru* to the harbors mentioned above may be permitted.

If, however, there are circumstances which make it difficult for the American Government to give the permission requested, the *Hakuho*

⁵⁶ Not printed.

Maru will, as far as her cruise for this year is concerned, change her schedule and will visit Dutch Harbor around June 30, 1937, and Mr. Saito would like to be informed whether the said visit will be agreeable to the American Government and the usual courtesies and facilities extended to the vessel.

[WASHINGTON,] June 14, 1937.

894.628 Vessels/200

The Secretary of State to the Japanese Ambassador (Saito)

The Secretary of State presents his compliments to His Excellency the Japanese Ambassador and has the honor to acknowledge the receipt of his note No. 131 of June 14, 1937, requesting with reference to the Secretary's note of May 22, 1937, that reconsideration be given to the question of consent to the proposed visit of the *Hakuho Maru* to Chicagof Harbor on Attu Island, Constantine Harbor on Amchitka Island and Nazan Bay on Atka Island, and setting forth a further explanation of the reasons for such a visit.

It is desired to point out in amplification of the statements contained in the Secretary of State's note of May 22, 1937, that the records of this Government indicate that fur seals do not frequent the waters of the islands mentioned, either on their spring and autumn migrations or during the summer months, and that competent scientists and observers of this Government have never reported fur seals in the vicinity of the Western Aleutian Islands. In view of these facts, this Government continues to hold the opinion that the proposed visit by the *Hakuho Maru* to the places mentioned cannot be construed as falling within the purview of the so-called Fur Seals Convention of 1911, which would warrant this Government in setting aside the general practice of withholding permission for foreign public vessels to enter harbors of the United States not listed in the Department's circular note of October 2, 1936.^{56a}

In reference to the Japanese Ambassador's request that he be informed whether, if the American Government should find it difficult to give the permission requested, a visit by the *Hakuho Maru* to Dutch Harbor around June 30, 1937, would be agreeable to the American Government, the Secretary of State has the honor to inform the Japanese Ambassador that the visit in question will be agreeable to the American Government and that the appropriate authorities have been requested to extend the usual courtesies and facilities to the vessel. It is requested, however, that the Secretary of State be in-

^{56a} Not printed.

formed in advance of the exact dates of arrival and of departure of the *Hakuho Maru* at Dutch Harbor as soon as the information becomes available.

WASHINGTON, June 25, 1937.

711.008 North Pacific/129 : Telegram

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

TOkyo, July 6, 1937—6 p. m.

[Received July 6—10:10 a. m.]

179. Department's instruction 1262, June 5. I called yesterday afternoon on the Minister for Foreign Affairs and left with him an *aide-mémoire* presenting brief review of informal discussions which have thus far taken place between the American and Japanese Governments and embracing substance of second, third, fourth, sixth, and eighth paragraphs of the instruction. I then orally stressed considerations which should persuade the Japanese Government to favor the conclusion of proposed convention, and I emphasized the urgent need of avoiding publicity. The Foreign Minister said that he would study the matter in collaboration with Bureau of Fisheries and that he would give me a reply as soon as possible.

The Counselor of the Embassy called at the same time on Yoshizawa and went over with Yoshizawa the *aide-mémoire* which I left with the Foreign Minister to make certain that the Foreign Office understood that no modification of existing international law or of Japanese rights in Soviet fisheries was contemplated.

GREW

711.008 North Pacific/137

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

No. 1305

WASHINGTON, July 23, 1937.

SIR: There is enclosed for your information and consideration a copy of a letter under date July 9, 1937, from Senator Homer T. Bone,⁵⁷ suggesting that this Government should obtain full information about the destination of all Japanese fishing vessels, where they fish and what they catch, and also that permission be obtained from the Japanese Government for representatives of this Government to board Japanese public and private vessels in Bering Sea and examine their operations. The Department's reply is also enclosed.⁵⁷ The Depart-

⁵⁷ Not printed.

ment will give consideration to any recommendations which may occur to you with reference to Senator Bone's suggestions.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

711.008 North Pacific/163½

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs of a Conversation With Commander Derby of the United States Coast Guard

[WASHINGTON,] July 23, 1937.

Commander Derby informed Mr. Ballantine over the telephone that a message had been received from the *Daphne* that it has returned to Unalaska from its special reconnaissance carrying Mr. Sturgeon⁵⁸ and a representative of the fishing industry (Mr. Arnold⁵⁹). The *Daphne* reported that no alien fishing vessels were observed and that there is very convincing evidence that alien fishing vessels have all left Bering Sea. This opinion is concurred in by representatives of the American fishing industry and by the American cod fishing fleet which has made similar observations. Commander Derby said that he would send Mr. Ballantine a copy of the message.

Commander Derby added that Mr. Bell, Commissioner of Fisheries, had asked whether the Coast Guard could make available for a reconnaissance by representatives of the Bureau of Fisheries the *Duane*, an up to date vessel equipped with planes. The Coast Guard informed Mr. Bell that they would comply with this request and issue orders accordingly, but in view of the report just received they have canceled the orders.

711.008 North Pacific/171: Telegram

Mr. Leo D. Sturgeon of the Division of Far Eastern Affairs to the Secretary of State

ABOARD S. S. "MCKINLEY" [undated].
[Received August 2, 1937—8:25 a. m.]

Following is outline of brief statement prepared with Arnold for possible release to press representatives at Seattle.

Visit to Bristol Bay undertaken in conjunction with Bureau of Fisheries as result of Department's recognition of situation in salmon fishing industry requiring closest study and attention of all Govern-

⁵⁸ Leo D. Sturgeon, of the Division of Far Eastern Affairs.

⁵⁹ W. C. Arnold.

ment agencies concerned. Principal objects to assemble facts of situation and obtain full expression of views in interested quarters regarding protective and conservation measures thought necessary. Acknowledge cooperation extended to me by fishing interests and valuable assistance of Arnold. State not in position to comment [upon?] data assembled on steps that may be taken to meet fishery situation, but express belief that genuine and comprehensive efforts will be made to solve problem of conserving fishery resources. Suggest value of continued cooperation of fishing interests in support of Government efforts to aid industry.

Arnold and I believe that a statement along these lines would discourage conjecture and speculation and possibly add to industry's confidence in present handling of fishery matter. I arrive at Seattle on S. S. *McKinley* at about 3 p. m., Pacific standard time August 2d and respectfully request Department's instructions be telegraphed directly to vessel.⁶⁰

STURGEON

711.008 North Pacific/170

The Secretary of State to the Chairman of the Senate Committee on Commerce (Copeland) ⁶¹

WASHINGTON, August 4, 1937.

MY DEAR SENATOR COPELAND: Reference is made to your letter of June 19, 1937,⁶² transmitting on behalf of the Senate Committee on Commerce a copy of S. 2679 "To protect and preserve the salmon fishery of Alaska, and for other purposes"⁶³ and requesting that I furnish the Committee with such suggestions as I may deem proper concerning the merits of the bill and the propriety of its passage. Reference is also made to my acknowledgment of your letter under date June 24, 1937.⁶²

Officers of the Department have given careful study to the bill, and I now offer for the consideration of the Senate Committee on Commerce comment thereon, as follows:

The provisions of the bill which appear to be of chief concern to the Department are contained in Sections 2 and 3 (a) which read as follows:

⁶⁰ The Department on August 2 telegraphed approval of the outlined statement to the press.

⁶¹ The Department wrote similarly to the Chairman of the House Committee on Merchant Marine and Fisheries (Bland).

⁶² Not printed.

⁶³ Introduced by Senator Bone, June 18, *Congressional Record*, vol. 81, pt. 6, p. 5953.

Sec. 2. The salmon which are spawned and hatched in the waters of Alaska are hereby declared to be the property of the United States, and it shall be unlawful for any person, firm, or corporation to fish for, take, or catch any of said salmon in the waters adjacent to the coast of Alaska, except under such reasonable rules and regulations as the Secretary of Commerce may provide. Jurisdiction of the United States over the waters adjacent to the coast of Alaska for the necessary protection and preservation of the salmon fishery shall extend, subject to all valid treaties, in all cases outward from the coast of Alaska a distance of four leagues, and in addition thereto to all the waters adjacent to the coast of Alaska, east of the international boundary in Bering Sea between the United States and the Union of Soviet Socialist Republics, the depth of which is less than one hundred fathoms, and which the President has found and declared to be salmon-fishery law-enforcement areas as hereinafter provided.

Sec. 3. (a) Whenever the President finds and declares that in any place or within any area on the waters adjacent to any part of the coast of Alaska any vessel or vessels hover or are being kept off the coast of Alaska for the purpose of catching or taking Alaska salmon which are en route to the lakes, rivers, or other inland waters of Alaska to spawn, such place or area so found and declared shall constitute a salmon-fishery law-enforcement area for the purposes of this Act. Only such waters shall be within a salmon-fishery law-enforcement area as the President finds and declares are in such proximity to such vessel or vessels that the area so defined is used or is likely to be used by such vessel or vessels for the fishing for, taking, or catching of Alaska salmon. No salmon-fishery law-enforcement area shall include any waters more than one hundred nautical miles from the place or immediate area where the President declared such vessel or vessels are hovering or being kept, and, notwithstanding the foregoing provision, shall not include any waters more than four leagues from shore unless said waters are less than one hundred fathoms deep, or any waters lying west of the boundary between the United States and the Union of Soviet Socialist Republics in the Bering Sea. . . .⁶⁴

There is transmitted under separate cover, for the inspection of your Committee, a copy of the Hydrographic Office Chart No. 68 on which is shown: (a) the line described in Article I of the treaty of March 30, 1867, ceding Alaska to the United States,⁶⁵ which is the line referred to in the foregoing provisions as the "International boundary in Bering Sea between the United States and the Union of Soviet Socialist Republics", (b) the limit of waters within twelve nautical miles (four leagues) of territory of the United States and (c) the one hundred fathom submarine contour line.

In regard to the merits of the bill, while the Department is sympathetic with the purposes which the bill seeks to achieve, it is to be

⁶⁴ Omission indicated in the original letter.

⁶⁵ *Foreign Relations*, 1867, pt. 1, p. 388.

noted that the bill is based upon principles extending jurisdiction on the high seas which would appear to be without legal precedent. More specifically, the bill, breaking with the generally established principle that in the absence of a treaty granting rights on the high seas jurisdiction of the United States should be asserted only to the distance of three nautical miles from the coast, would provide for the possibility of extension by presidential proclamations of jurisdiction of the United States up to the line established by the above-mentioned treaty of March 30, 1867, on the basis of the unprecedented depth principle of one hundred fathoms.

It will be observed that under the provisions aforementioned of the bill the jurisdiction of the United States could be asserted over waters as far distant as 200 nautical miles from the coast and with respect to Bristol Bay as far as 135 nautical miles from the coast. The effect of this provision would then be to afford the possibility of extension by presidential proclamation of salmon-fishery law-enforcement areas, to any of the waters east of the line established by the treaty of 1867 and north of the 61° north latitude and to nearly one-half of all the waters between that latitude and the Aleutian Islands and east of the above-mentioned line. The dangers of international controversies and dissensions inherent in such a proposal are at once apparent.

Furthermore, it is to be pointed out that should this bill be enacted and if similar claims as to jurisdiction and to the right of enforcing such claims were made by another nation this Government would find it difficult to object to the application of the principle against our own nationals and vessels. It would therefore be desirable that study be made in this connection of how the rights of American vessels to fish in waters off the coast of Newfoundland, British Columbia and Mexico would be affected by an assertion by the government concerned of claims as to jurisdiction analogous to those proposed in the bill.

Notwithstanding the foregoing comments, it is my view that the question of the possible extension of the present three mile limit for territorial waters should not be dismissed simply because that limit has heretofore been largely accepted. It is recognized that under modern conditions an extension of the limit might be helpful in connection with questions such as fisheries and hovering. The Department will therefore expect to continue to give careful thought to this phase of the matter and to the supplemental question of how international agreement upon this subject, if an extension should be considered advantageous and desirable, might be brought about.

With regard to the propriety of passage of such a bill, the problems presented by the prospects of participation by nationals of

other countries in the salmon fisheries off the coast of Alaska is one which has for some time been engaging the Department's constant and earnest attention. After careful study of these problems, the Department has come to the conclusion that the solution should be sought through the medium of diplomatic negotiations with the governments chiefly concerned. For the confidential information of the Committee, it may be stated that the Department has already taken appropriate preliminary steps to this end. It is obvious that discussion of the subject through diplomatic channels has required careful preparation by the Department and can be pursued successfully only under circumstances and conditions which are propitious for an advantageous solution of the problem. The enactment of such a bill, by reason of its controversial assertions as to jurisdiction, would seriously embarrass the course of negotiations which the Government might otherwise be in a favorable position to pursue with other governments in regard to this matter; moreover, the debates and discussions incident to the consideration of the bill in Congress might, by arousing public feeling over the question both in the United States and in the foreign countries concerned, prove prejudicial to effective action by this Government in regard to the existing situation and to a successful outcome of the negotiations.

It is my considered belief that pending the outcome of negotiations by this Department, the enactment by Congress of such legislation, irrespective of its merits, would be inopportune.

Sincerely yours,

CORDELL HULL

711.008 North Pacific/184½

The Ambassador in Japan (Grew) to the Adviser on Political Relations (Hornbeck)

TOKYO, September 2, 1937.

MY DEAR MR. HORNBECK: I am writing to you personally with regard to the Department's instruction No. 1305 of July 23, 1937, with which there was enclosed a copy of Senator Bone's letter of July 9, 1937,⁶⁶ suggesting that the American Government obtain from the Japanese Government information about the destination of all Japanese fishing vessels, where they fish and what they catch, and also that permission be obtained from the Japanese Government for representatives of the American Government to board Japanese public and private vessels in Bering Sea and examine their operations. I have noted the Department's willingness to give consideration to any recommendation which may occur to me with ref-

⁶⁶ Letter not printed.

erence to Senator Bone's suggestion. I have, however, reached the conclusion that it would be unwise, for the reasons set forth hereunder, for the American Government to make to the Japanese Government any approach along the lines suggested by Senator Bone.

There seems to be some disposition among interested parties in the United States to construe the assurances which have been given by the Japanese Government, that no licenses to fish for salmon in the Bering Sea have been issued or will be issued before the completion in 1938 of the Japanese fishery surveys, as tacit acceptance of the contention that the United States has proprietary rights in salmon found in the non-territorial waters of that Bay. The fact is that the Japanese Government has been careful to reserve its rights under international law with regard to salmon fishing in the Bering Sea. The assurances which it has given us merely manifest its desire to put off as long as possible the taking of any action which would cause unfavorable repercussions in the United States. It is equally true that the Japanese Government is reluctant to expose itself to attack not only from influential Japanese fishery interests but also from the nationalistic elements which are now in the ascendancy in Japan, by assenting to the contention above-mentioned of the American fishery interests or by taking any other action which might be construed as a surrender without substantial compensation of Japanese rights.

In view of the foregoing facts, if our Government were to propose, as suggested by Senator Bone, that the Japanese Government furnish us complete information with regard to the operations of Japanese fishing vessels, we would have to expect the reply that the assurances already given, that no licenses to fish for salmon have been issued and that no salmon have been caught, should be sufficient.

With regard to the second suggestion of Senator Bone, that we propose that arrangements be made whereby officers of the American Government would be permitted to board and inspect Japanese vessels in the Bering Sea, I note that Senator Bone appears to believe that the extension of similar privileges by our Government to Japanese officers to board American vessels would constitute a suitable basis for the Japanese Government accepting any such proposal, if made, and that if the Japanese Government were unwilling to enter into such arrangement there would be furnished "further circumstantial evidence that the Japanese are covering up salmon fishing operations". The conclusion suggested by Senator Bone may or may not be correct. The probabilities are, however, that the Japanese Government would not favorably entertain any such proposal, for the reason, among others, that the concerned interests in Japan would be strongly opposed to the granting to a foreign Government of the privilege of inspecting

the exercise by Japan of a right which it holds under international law.

If the Department shares my view that no proposal along the lines suggested by Senator Bone be made, I would be glad to have the Department inform Senator Bone, if it should so desire, that I associate myself with the Department in such view, but I am sure that you will appreciate the reasons which make me reluctant to have primary responsibility imposed on me for any unfavorable reply which might be made to Senator Bone.

If you no longer have supervision over the salmon fishing matter, I would appreciate your referring this letter to Mr. Hamilton.⁶⁷

Sincerely yours,

JOSEPH C. GREW

711.008 North Pacific/185½

Memorandum by Mr. Leo D. Sturgeon of the Division of Far Eastern Affairs

[WASHINGTON,] September 28, 1937.

The attached report⁶⁸ which deals with the problem presented by the prospects of Japanese participation in the salmon fisheries of Alaska is based upon an investigation carried out between the dates July 30 and August 11 by Consul Leo D. Sturgeon in behalf of the Department of State in cooperation with Mr. Charles E. Jackson, Deputy Commissioner of Fisheries, and Dr. Ward T. Bower, Chief of the Alaska office of the Bureau of Fisheries, and with the assistance of Mr. W. C. Arnold, a representative of the Alaska salmon canning industry.

The general itinerary of the investigation extended from Seattle, Washington, to the Bristol Bay area with stops at intermediate fishing centers. After reaching Unalaska, Mr. Sturgeon and Mr. Arnold conducted their investigation independently of the offices of the Bureau of Fisheries.

Pages 1 to 31 of the report contain a chronological account of the course of investigation beginning with a conference at Seattle attended by representatives of the Bureau of Fisheries, United States Coast Guard and Navy and of the American Pacific coast fishing interests. At this conference and at subsequent conferences with representatives of the American fishing industry at each place in Alaska visited by Mr. Sturgeon, as well as in subsequent conferences

⁶⁷ Maxwell M. Hamilton, Chief of the Division of Far Eastern Affairs. In reply, on September 21, Dr. Hornbeck agreed with the Ambassador that he should not bear "primary responsibility" for the reply to Senator Bone.

⁶⁸ Not printed.

at Seattle upon his return, Mr. Sturgeon had an opportunity thoroughly to canvass the views of the American fishing interests on the subject of his investigation. These views are summarized and the conclusions based thereon are set forth on pages 32 to 37 of the report. The conclusions briefly stated are as follows:

1. That despite the lack of conclusive evidence, American fisheries interests are convinced that Japanese fishing vessels have begun salmon fishing in Bristol Bay and that Bristol Bay is exposed to fishing methods available to the Japanese.

2. That Bristol Bay is menaced by the prospects of more intensive Japanese operations which will eventually deplete the salmon supply and thus deal a severe blow to the American salmon fishing industry, affecting adversely the prosperity of Alaska and the Pacific Northwest.

3. That in order to insure protection of the salmon supply, it will be necessary to control fishing operations for a long distance outside territorial waters; the exact distance to which such control need be extended cannot be determined until a thorough scientific study of the movements of salmon has been made.

4. That the American Government, as a means of inducing Japan to assent to such control, should stress the thesis that the salmon resources of Alaska are vital to large sections of the American people.

On the basis of the investigation which is reported and studies previously made by the Department, it is recommended that:

1. Adequate facilities be provided to enable the Bureau of Fisheries to undertake, during the next fishing season at the latest, investigations with a view to the assembling of complete scientific data in regard to salmon fishing in Bristol Bay, and that such investigations be conducted with particular regard to the migration habits of salmon, and the possibilities of salmon fishing in such off-shore areas as may become the subject of negotiation with Japan; if necessary, the President be asked to request Congress for an appropriation for this purpose.

2. Instructions be sent to the Ambassador at Tokyo to follow up his previous approach to the Japanese Government and to make further representations in regard to the urgency of arriving at a solution of the Bristol Bay salmon fishing problem.

3. Upon entering into conversations with the Japanese Government, only interim arrangements be proposed pending the outcome of the investigation mentioned in (1) above.

711.008 North Pacific/208 : Telegram

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

TOKYO, November 12, 1937—8 p. m.
[Received November 12—9: 15 a. m.]

536. 1. The Foreign Office today stated to us orally that the Japanese Consul General at San Francisco has reported that the Alaska Fishermen's Association has adopted a resolution to boycott Japanese

goods on and after November 15 unless all Japanese fishing vessels "illegally operating in Bristol Bay" are immediately withdrawn. The Consul General further reports that unions of seamen and longshoremen on the Pacific Coast have decided to support that resolution by picketing and refusing to work cargo on Japanese vessels. A telegram from the Japanese Embassy at Washington quotes a press report to the effect that the Department is contemplating asking the Japanese Government to cause the withdrawal of Japanese fishing vessels from Alaskan waters.

2. The Foreign Office stated categorically that with the exception of one public vessel which visited Bristol Bay with the knowledge of the American Government no Japanese vessel is or has been licensed to pack salmon in those waters and that the Japanese vessels now or in the past operating in those waters are engaged only in catching crab or in catching fish used for fish meal and fertilizer. The Japanese Ambassador is being instructed to make to the Department a statement in the foregoing sense and to request that the American Government take appropriate measures vis-à-vis any action affecting Japanese interests contemplated by the labor unions.

GREW

711.008 North Pacific/208 : Telegram

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

WASHINGTON, November 19, 1937—6 p. m.

307. Your 536, November 12, 8 p. m. The Counselor of the Japanese Embassy has made to the Department an oral statement of the views of the Japanese Government in regard to the Alaska fisheries situation. A memorandum of the conversation which took place will be forwarded in an early mail.⁶⁹

The Department expects shortly to forward to the Embassy for presentation to the Foreign Office a comprehensive memorandum on the salmon fishery situation.

HULL

711.008 North Pacific/211a : Telegram

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

WASHINGTON, November 19, 1937—6 p. m.

308. Department's instruction No. 1262, June 5. There is being communicated to you in a separate telegram ⁷⁰ a draft of a memoran-

⁶⁹ Not printed.

⁷⁰ *Infra.*

dum regarding Japanese fishing operations in Alaskan waters which I desire that you present in person to the Minister for Foreign Affairs. If you find that the text contains any statement or implication which in your opinion might be prejudicial to action by the Japanese Government in harmony with the objectives sought by this Government, please telegraph your suggestions and hold in abeyance presentation of the memorandum pending receipt of further instructions. When the memorandum has been delivered, please telegraph that fact; also the text of any reply when received.

The Department offers supplemental comment and instruction as follows:

1. The Department is of the opinion that in view of strong indications that further to delay disposition of the Alaska fisheries problem would be to risk the occurrence of serious disturbance on the Pacific Coast, the problem cannot be allowed to await indefinitely the convenience of the Japanese Government. Time is of the essence. Fishing and maritime organizations which are very influential in the Pacific northwest have taken action toward uniting and demonstrating their opposition to Japanese fishing activities through a proposal for the suspension of the handling of Japanese ocean freight cargo at Pacific ports. Interlocking membership of the Alaska Fishermen's Union and the Maritime Federation of the Pacific Coast facilitates the cooperation of these two organizations. The press and public of the Pacific Coast share the apprehensions manifested by these organizations over Japanese fishing operations in the North Pacific. There is, therefore, every likelihood that action taken by the interested groups in opposition to Japanese fishing in Alaskan waters will readily receive strong popular support. Although this government has, of course, no connection with the agitation it must recognize certain results which may develop therefrom, such as boycotts or other activities designed to interfere with Japanese trade, which activities this Government would be powerless to prevent.

2. The Department has not abandoned the possibility of a broad adjustment of the fisheries question through consultation with the several governments concerned but believes that the needs for early interim action has become pressingly urgent.

3. Having regard to the repeated assurances given by the Japanese Government that for the time being no licenses would be granted to Japanese fishing vessels for salmon fishing in waters off the Coast of Alaska, you should strongly urge upon the Japanese Government the desirability of these assurances being supplemented by further assurances that the operation of Japanese fishing vessels in the offshore salmon fishing areas of Alaska will be prohibited pending discussions in regard to and the working out of a permanent and com-

prehensive arrangement for the general protection of the fisheries of the North Pacific Ocean, and you should impress upon the Minister for Foreign Affairs the importance of there being taken by the Japanese Government early action in order to reduce the risk of disturbing incidents.

4. The Japanese Government should be discouraged from any thought that we anticipate sharing with Japan the salmon resources of Alaska.

5. For your own information the Department has given careful study to the interest of Canada in this matter and is advising the Canadian Government of the course of action this Government is taking.

HULL

711.008 North Pacific/211a Suppl. : Telegram

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

WASHINGTON, November 20, 1937—noon.

309. Memorandum. Beginning in 1930, and in every year since then, there have been present in the Bristol Bay area of western Alaska during the salmon fishing season Japanese fishing fleets made up of floating canneries and auxiliary vessels varying in type from small motorboats to diesel-powered trawlers. As long as the activities of these vessels were confined to the taking of crabs which abound in the Bering Sea they gave the American Government no cause for serious concern. Recently, however, evidence has accumulated which indicates that the Japanese fishing vessels operating in Bristol Bay are engaging in salmon fishing, thus raising the question of the protection and perpetuation of the salmon resources in these and other Alaskan waters.

In this connection the following trend of events is noteworthy: In 1936 the Japanese Government announced that a 3-year fishing survey of the salmon resources of Bristol Bay would be undertaken. Two years of the survey have been completed and a third year will carry it through the 1938 fishing season. The regular appearance in Bristol Bay of the fishery survey vessels, coupled with the operations of Japanese fishing fleets, has caused deep concern among large sections of the American public with regard to the object and significance of such activities.

Now reports from reliable sources have become increasingly numerous that Japanese fishing vessels operating in Bristol Bay are beginning to intercept the salmon runs of these waters. Such reports are

becoming more and more insistent and reliable, and during the past season their authenticity has been supported by impressive affidavits, and by actual photographs of the fishing operations in question.

The American Government has understood from assurances given by the Japanese Government to the American Embassy at Tokyo that no licenses were being granted to Japanese fishing vessels to fish for salmon in the Bristol Bay area. Nevertheless evidence which continues to reach the American Government raises a strong presumption that Japanese nationals have actually begun salmon fishing on a substantial scale in the waters in question. The fact of such fishing being without the authority of the Japanese Government renders it of no less concern to the affected American interests. The persistence by Japanese nationals in such fishing operations in Alaskan waters would inevitably cause, among American interests, the gravest anxiety for the future of the salmon fisheries with which is inseparably joined the employment and economic welfare of large sections of the American people.

The American Government must also view with distinct concern the depletion of the salmon resources of Alaska which would inevitably occur should Japanese nationals continue unrestricted fishing with the highly developed methods available to them. These resources have been developed and preserved primarily by steps taken by the American Government in cooperation with private interests to promote propagation and permanency of supply. But for these efforts, carried out over a period of years, and but for consistent adherence to a policy of conservation, the Alaska salmon fisheries unquestionably would not have reached anything like their present state of development.

The laws enacted by Congress for the protection of the fisheries of Alaska have especially provided for the perpetuation of the salmon resources by requiring an escapement for breeding purposes of at least 50 percent of the runs. To assure such escapements, the fishing laws provide for weekly closed periods, and prohibit commercial salmon fishing at the mouths of all but the larger Alaska salmon streams. The Secretary of Commerce is authorized to fix the size and character of nets, boats, and other equipment used in salmon fishing, to limit the catch of fish, and to regulate the length of the fishing season. In practice the season is limited to approximately one month and fishing equipment to the simplest varieties, but Japanese nationals fishing in Bering Sea appear to be without restriction as to season or equipment. The effect of these measures of conservation has been not only to maintain normal production from the Alaska salmon fisheries but to raise the salmon pack in recent years to the highest levels in the history of the industry. Conservation measures have also in-

cluded biological surveys, the development of hatcheries, supervisory patrols, and the maintenance of special facilities for the conduct of these activities. The cost of these conservation measures to the American Government over the past 10 years has averaged annually the substantial sum of \$358,000.

The cost of the extensive efforts made by the Government to regulate salmon fishing and to perpetuate the supply of salmon has been borne by the American people, and not infrequently American fishermen have suffered loss of employment and income as a result of the various restrictions imposed. Because of such sacrifices, and the part that American citizens have played in bearing the cost of conserving and perpetuating the salmon resources, it is the strong conviction and thus far unchallenged view on the part of millions of American citizens on the Pacific Coast interested in the salmon industry and on the part of the American public generally that there has been established a superior interest and claim in the salmon resources of Alaska.

Large bodies of American citizens are of the opinion that the salmon runs of Bristol Bay and elsewhere in Alaskan waters are an American resource; that the salmon fisheries relate to and are linked with the American continent, particularly the northwest area; and that for all practical purposes, the salmon industry is in fact a part of the economic life of the Pacific northwest coast. The fact that salmon taken from waters off the Alaskan coast are spawned and hatched in American inland waters, and when intercepted are returning to American waters, adds further to the conviction that there is in these resources a special and unmistakable American interest.

The Bristol Bay red salmon spawn in the tributary rivers and lakes of the adjacent region; the young hatch and remain in their fresh water habitat for 1 or 2 years and then migrate to sea. After the seaward migration the salmon return in 2 or 3 years to their native streams where they spawn and die. It is during the spawning migration that salmon are exposed to commercial fishing, and the need for conservation measures arises.

In the principal Alaska fishing areas, and particularly in Bristol Bay, salmon appear in runs near the surface of the water and, in large part because of the shallowness of these waters, are subject to capture chiefly after they have passed from the open ocean to the continental shelf. The continental shelf, extending for a considerable distance from shore, thus becomes a kind of bridge between the deep sea and the inland rivers and lakes where salmon spawn.

American fishermen are aware that salmon fishing operations can be successfully conducted in the comparatively shallow off-shore area of certain Alaskan waters; and that by using motor-powered vessels, long and deep fishing nets, and special seines the per capita

catch of salmon may be greatly increased. The prospect of the use of these more effective methods by Japanese nationals engaging in off-shore fishing in Alaskan waters, while similar methods are denied to American fishermen, has provoked among American citizens expressions of serious concern and resentment. It is clear to all that if foreign nationals are permitted to carry on fishing operations off the shores of Alaska, the conservation efforts of the American Government would in a comparatively short period be completely nullified, whatever the intentions of those engaged in such fishing operations. Such an eventuality would be all the more deplorable for the reason that no conceivable economic gain would compensate the nationals of Japan for the probable destruction, however unintentional, of resources developed through the general efforts of American citizens.

The economic welfare of the Pacific Coast and the perpetuation of the salmon industry are peculiarly interdependent. Employees engaged in the fisheries and the capital invested in them come largely from the states of the Pacific northwest. The Alaska salmon industry in turn has been developed from a single cannery producing 12,500 cases in 1878 to an industry which in 1936 comprised 117 modern canneries, employed 25,000 persons, and packed approximately 8½ million cases of salmon. Bristol Bay operations began with an experimental pack of 400 cases, and by 1936 24 canneries were in operation, 8,000 persons were employed, and the salmon packed in 1936 amounted to 1½ million cases.

The Alaska salmon industry is not only of importance in itself but has had and continues to have a direct and important influence upon allied and related industries, in which many thousands of American citizens are employed. Ship-builders, transportation companies, insurance companies, banks, and producers of marine supplies and fishing equipment on the Pacific Coast, have predicated their investments and operating plans on the expectation of normal levels of production in the salmon industry. It is reliably estimated that the Alaska canned salmon industry as a whole annually pays to steamship companies for the handling of passengers and freight approximately \$3,500,000, pays about \$7,500,000 for canning materials, and expends roughly \$15,000,000 in taxes and for supplies incident to the operation of the salmon industry. The manufacture of supplies and equipment for the fishing industry contributes substantially to employment and industrial enterprise not only in the Pacific Coast area but in widely separated regions of the country.

The interest of the residents of Alaska in the adjacent fishing waters is also real and vital. Upon the maintenance of a prosperous salmon fishing industry depends the entire fiscal and economic welfare of the Territory of Alaska. About 80 percent of the public revenues

are derived from the salmon fishing industry. It is clear therefore that not only expenditures for the ordinary functions of the Government of Alaska but also funds for the maintenance of its school system and public institutions depend upon the perpetuation of the salmon resources of Alaskan waters. It is also an important fact that Alaska's trade with the United States is confined to water transportation, and the facilities upon which such intercourse is based are indirectly dependent upon the stability and prosperity of the salmon industry.

The views hereinbefore expressed are strongly supported by members of Congress, the Delegate to Congress from the Territory of Alaska, a large section of the American press, and business interests and residents of the Pacific Coast generally. Unless there is found a prompt solution to the question of affording adequate protection to the salmon resources of Alaska, there is every likelihood that existing tension will be further increased and the situation further complicated.

Notwithstanding the fact that the American Government has counseled against and actively discouraged any group of citizens from taking action which might make more difficult an adjustment by diplomatic processes the issues which have arisen, this Government has reason to believe that there may be efforts made by various elements on the Pacific Coast to initiate activities calculated to disturb the commercial relations of this country and Japan. There must also be envisaged the possibility of the occurrence of serious and unforeseen incidents between American and Japanese fishermen in the fishing areas over which controversy has arisen.

It is important to consider in this situation the actual and potential influence of the radio and press. Through both of these mediums of publicity the attention of the American public is frequently called to the presence of Japanese vessels in Bristol Bay and the potential injury which such vessels might inflict upon American employment and investments in the Alaska salmon industry. Stimulated and encouraged by this publicity, the organized longshoremen at Pacific ports already have gone on record as contemplating action toward the disruption of commercial relations between Japan and the United States through the suspension of the handling of Japanese freight cargo. The possibility of the Maritime Federation's taking action in support of the fishermen's unions is increased by the fact that the majority of American fishermen have their permanent residence on the Pacific Coast and are members of the Federation.

The broader public apprehension in regard to the salmon fisheries is reflected in draft legislation recently introduced into Congress for the protection of the Alaska salmon industry. This proposed legislation is conceived by its supporters to be based upon just and equitable prin-

ciples flowing generally from the consideration that American citizens have established prior superior rights and interests with respect to the resources in question. Moreover the support of the proposed legislation is increasing and, both in and out of Congress, is becoming national instead of sectional in character.

The American Government is confident that the Japanese Government will realize the seriousness of the problem involved in this situation and the urgency of there being taken early and effective action to dispose of it. The American Government also believes that any solution or arrangement arrived at for the protection of Alaska salmon resources should cover not only the Bristol Bay area but also include and afford protection to all principal American salmon fishing waters adjacent to the Territory of Alaska. The emphasis which has been placed in this statement upon the situation in Bristol Bay arises from the fact that the activities of Japanese fishing vessels have been chiefly observed there; it should not be inferred for this reason that a similar situation in other Alaskan waters would be of less concern to American fishing interests.

Having in mind the high importance of the Alaska salmon fisheries as an industry fostered and perpetuated through the efforts and economic sacrifices of the American people, the American Government believes that the safeguarding of these resources involves important principles of equity and justice. It must be taken as a sound principle of justice that an industry such as described which has been built up by the nationals of one country cannot in fairness be left to be destroyed by the nationals of other countries. The American Government believes that the right or obligation to protect the Alaska salmon fisheries is not only overwhelmingly sustained by conditions of their development and perpetuation, but that it is a matter which must be regarded as important in the comity of the nations concerned. These beliefs are reinforced by the fundamental consideration that Americans will always regard each appearance of a foreign fishing vessel in Alaskan waters as a danger or threat to their employment and general welfare.

Instruction contained in Department's no. 308.

HULL

711.008 North Pacific/264

*Memorandum by President Roosevelt to the Counselor of the
Department of State (Moore)*

WASHINGTON, November 21, 1937.

JUDGE MOORE: I wish you would talk with the Secretary and tell him I suggest that you proceed immediately to the study of the possibility of adopting a new policy relating to off-shore fishing in

Alaska. The policy would be based on the fact that every nation has the right to protect its own food supply in waters adjacent to its coast in which its fish, crabs, etc., leave at certain times of the year on their way to and from the actual shore-line or rivers.

I am fully aware of the old decisions in sealing decisions and awards. Nevertheless in the case of Alaska, we are faced with the problem of food supplies rather than of fear [*fur?*], which can hardly be classed as a necessity of life. Therefore, if on the facts it is necessary to protect fish which would normally be used for food in the United States on their migrations up to any reasonable distance from the actual shore, we would be giving some needed protection to one of our national food supplies.

I make the suggestion of a study of this kind only with the thought that Japan may seek to delay action and that we can not go along with much further delay. It occurs to me that a Presidential proclamation closing the sea area along the Alaskan coast to all fishing—Japanese, Canadian and American—might be a way out—in other words a kind of marine refuge where one is essential to end depletion. I do not know what Japan could well say in the event of such a proclamation and I am reasonably certain that the Canadian Government would approve and probably do the same thing along their British Columbia coast-line.

F[RANKLIN] D. R[OOSEVELT]

711.008 North Pacific/212 : Telegram

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

Tokyo, November 22, 1937—5 p. m.

[Received November 22—7: 33 a. m.]

560. Department's 308, November 19, 6 p. m., and 309, November 20, noon.

1. We have no suggestion to offer with regard to the memorandum.

2. As previously reported, the Minister for Foreign Affairs' knowledge of English is not too secure and in order to prevent any misunderstanding it is my intention when presenting the memorandum also to leave with the Minister an *aide-mémoire* along the lines of the Department's "supplemental comment and instructions".

3. However, before taking action I would appreciate clarification as to the precise use to be made of paragraph 4 of "supplemental comment and instructions": Does the Department desire that I use the paragraph only as guidance in answering questions which the Minister might put to me now or later or is the substance thereof to be included in my initial written presentation of our Government's views?

4. Tomorrow is a Japanese national holiday and the Foreign Office will not be open.

GREW

711.008 North Pacific/265

*The Under Secretary of State (Welles) to the Counselor of the
Department of State (Moore)*

[WASHINGTON,] November 22, 1937.

DEAR JUDGE MOORE: In the course of a conversation which I had the opportunity of having with the President Sunday⁷² afternoon at the White House, he happened to tell me that he had seen our memorandum to the Japanese Government⁷³ on the subject of the Alaskan fisheries and that he was heartily in accord with the step proposed. He added that he had been thinking a good deal about the subject and I understood him to say that he had dictated a memorandum⁷⁴ on it which I assume will be sent to you.

He asked me to say to you that he felt the time had come when the United States should consider a pretty far-reaching move with regard to this whole subject. He said that what he had in mind was an Executive proclamation by the President, declaring that on account of the peculiar scientific conditions which exist with regard to the habits of salmon and which consequently affect the salmon fisheries industry, the waters of the Pacific Ocean between the three mile limit and that point of the ocean bed where the water reaches a depth of 100 fathoms, must be considered as territorial waters indispensable to the proper safeguarding of this important portion of the food supply of the American people. He stated that he had under consideration the proclamation of these waters as territorial waters of the United States and as a national game preserve within which no fishing, whether American or of any other nationality, could be undertaken, except upon the prior issuance of a license permitting such fishing, to be issued by the Government of the United States.

The President called special attention to the fact that these territorial waters for the purpose indicated should extend from the United States-Canada boundary north of Prince Rupert, around the Aleutian Islands, to the center point of the Bering Strait dividing the Soviet Union from the United States. The President emphasized the fact that Bering Strait, as he recalled it, did not attain a depth of more than about 150 to 200 feet and that, consequently, such proclamation on his part would make Bering Strait a closed channel for fishing purposes, except for such fisheries as might be licensed

⁷² November 21.

⁷³ See telegram No. 309, November 20, noon, to the Ambassador in Japan, p. 763.

⁷⁴ *Infra.*

by the Soviet Union or by the United States. When the proper time came he indicated the step to be taken should be explained to the Soviet Union so that they would understand that the step taken was in no way directed against them, but was undertaken solely for the protection of our own national resources.

The President believed that as a first step you might request the Navy Department to supply you with the ocean charts which they have available and which will show where the 100 fathom line, above referred to, runs so that we may be certain in advance that, from the technical standpoint, there will be no difficulty involved in the delimitation of the territorial waters he has in mind.

If there are any points above mentioned which are not very clear—inasmuch as you know I am not familiar with the subject matter of this question which you have been handling—you may wish to get further clarification directly from the President. Insofar as I can recall, the specific suggestions which he mentioned are contained above.

S[UMNER] W[ELLES]

711.008 North Pacific/266

*Memorandum by President Roosevelt*⁷⁵

WASHINGTON, November 22, 1937.

I am delighted with your memorandum in regard to Alaska salmon which you sent to Grew.

You speak of the "shelf" extending as a kind of "bridge" from the shore line out to keep [*deep*] water.

That gives me the thought that it might be possible, if the worst comes to the worst, to forbid fishing on this "shelf" and to a distance of perhaps twelve miles beyond it into real deep water.

Could you:

- (1) Let me have a map showing the depth contours of the Alaskan Coast, and,
- (2) The estimate from the experts as to which contour depth could be chosen as affording complete protection.

You are right in saying that far more than the Bristol Bay area is involved. Whatever we do should protect the entire shore line of the whole of Alaska.

Please read this in connection with the previously dictated memorandum appended hereto.^{75a} I think it is well worthwhile to stress not only the investment in this American industry but also its relationship as a large factor in the American food supply.

F[RANKLIN] D. R[OOSEVELT]

⁷⁵ Addressed to the Secretary of State and the Counselor of the Department of State.

^{75a} Presumably the memorandum of November 21, p. 768.

711.008 North Pacific/212 : Telegram

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

WASHINGTON, November 22, 1937—7 p. m.

311. Your 560, November 22, 5 p. m. Your paragraph 2. Department approves proposed method of presenting memorandum.

Your paragraph 3. Paragraph 4 of Department's 308 is for your guidance in answering questions and not for inclusion in written communication.

HULL

711.008 North Pacific/214 : Telegram

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

TOKYO, November 24, 1937—5 p. m.

[Received November 24—7:40 a. m.]

563. Department's 311, November 22, 7 p. m.

1. I called today on the Minister for Foreign Affairs and after a long oral explanation of the salmon fisheries situation in which the urgency of the matter was especially emphasized, I left with him the memorandum and *aide-mémoire*. The Minister made no comment except to express surprise that Japanese were still fishing for salmon in Alaskan waters in spite of the refusal of the Government to grant licenses. He said that he would immediately take the matter up with the Department of Agriculture and would give us a reply at the earliest possible moment.

2. No opportunity occurred to bring up the substance of paragraph 4 of the Department's 308.

GREW

711.008 North Pacific/266a

The Counselor of the Department of State (Moore) to President Roosevelt

WASHINGTON, November 24, 1937.

DEAR MR. PRESIDENT: This refers to the salmon fishing industry on our west coast and particularly to the suggestions contained in your memorandum to me of November 21st and your memorandum to the Secretary and myself of November 22nd.

For several weeks, at the Secretary's request, the problem presented has been carefully studied with the result of cables being sent Mr. Grew, copies of which are herewith enclosed⁷⁶ for convenient reference

⁷⁶ Telegrams No. 308, November 19, 6 p. m., p. 761, and No. 309, November 20, noon, p. 763.

although you have perhaps heretofore seen them. The lengthy cable of November 20th containing a full statement of the case was discussed, before being sent, at a meeting here attended by Senator Schwellenbach of Washington (Senator Bone was unable because of illness in his family to be present), some of the Representatives in Congress from Washington and Delegate Dimond of Alaska, and it had their very full approval. They were advised that we would furnish Mr. Grew instructions and these are contained in the shorter cable of November 19th. They agreed with us that we should await information as to the reaction at Tokyo before determining what further should be done in the event the attitude of the Japanese Government is unfavorable, but as you will see from looking at the enclosed Bill recently introduced by Mr. Dimond,⁷⁷ who has probably studied the situation more closely than any of the members of Congress from the Pacific coast, that such action is being thought of as you seem to have in mind. Of course, it will be urged by some, who adhere to the idea that government can be conducted on the strict basis of precedent, that such action is unwarranted and there will be others who think that it might involve us in trouble relative to the Bering Sea fur seals industry, and in our relations with such countries as Mexico where the right is claimed to control fishing much beyond the three mile limit. You will, of course, be advised of what we hear from Tokyo within the next few days, and then some of us would like to have the opportunity of taking up with you the question as to what legislation may be enacted.

The attached is the best map⁷⁸ obtainable showing the depth contours of the the Alaskan coast, which, however, are conjectural except so far as concerns Bristol Bay. It seems very certain from the information available that a fifty mile limit or even a substantially higher mile limit would not effectively protect the industry. The run of the salmon into our rivers could be intercepted in Bristol Bay, for instance by Japanese fishing vessels using long gill nets, say seventy-five or one hundred miles off the coast. We can have no assurance of the industry being maintained unless the Japanese will forego their fishing activities a very considerable distance beyond the coast line. It seems to me that about the only new policy that can be thought of is one that will vest the President with authority to prevent any fishing activities that will imperil our industry which, as you state, involves among other things a very important food supply. Prior to the conference mentioned I had talked a good deal with Mr. Dimond about possible legislation and through him am keeping in touch with the other members of Congress who are manifesting

⁷⁷ H. R. 8344, November 15, *Congressional Record*, vol. 82, pt. 1, p. 20.

⁷⁸ Not attached to file copy.

a great deal of interest, and also can tell you that we have talked with some of the best posted men engaged in the industry and a representative of the Fishermen's Union.

It is proper to say that in dealing with the subject Assistant Secretaries Sayre and Wilson, Mr. Hackworth our Legal Adviser, and Mr. Sturgeon of the Far Eastern Division have been steadily in cooperation with me and that all of us must be regarded as being equally responsible for what has been done. This I say in order to avoid giving the impression that I am trying to put myself at the front.

Yours very sincerely,

R. WALTON MOORE

PS: Since the above was dictated a cable has been received from Mr. Grew dated November 24th,^{78a} a copy of which is enclosed.

You will wish to know that since we communicated with Mr. Grew we have informally advised the Canadian Minister of what we have done.

711.008 North Pacific/214 : Telegram

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

WASHINGTON, November 29, 1937—2 p. m.

320. Your 563, November 24, 5 p. m.

1. The Department is under continuous pressure from organized fishing interests, members of Congress, and the general public in regard to the Alaskan salmon fishing question. On November 26th we mailed you⁷⁹ a copy of a bill introduced in Congress by Delegate Dimond for the protection of Alaskan fisheries. You will appreciate, when you read this bill, which is gaining support in Congress, that its provisions are even more far-reaching than those of his previous bill. In addition to these forms of pressure, there is the continuous possibility of direct action against Japanese shipping on the Pacific Coast by labor elements sympathetic to the fishing industry.

2. In the absence of an early and favorable response from the Japanese Government to your representations there is every likelihood that the situation with reference to the salmon fisheries will become increasingly serious.

3. In view of the foregoing, it is desired that, in your discretion, you again call upon the Foreign Minister and emphasize once more the urgency of prompt action by the Japanese Government.

HULL

^{78a} Telegram No. 563, *supra*.

⁷⁹ Instruction No. 1383, not printed.

711.008 North Pacific/225 : Telegram

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

ТоКГО, November 30, 1937—6 p. m.
[Received November 30—10:55 a. m.]

581. Department's 320, November 29, 2 p. m.

1. I received last week an intimation that the Foreign Minister is actively interesting himself in a prompt and favorable reply. In view of that fact and of the attention which the press has been giving my calls at the Foreign Office with regard to problems in China, I exercised the discretion which the Department gave me and did not personally call on the Foreign Minister to present the views of the Department as set forth in the telegram under reference. However, I did embody those views in a personal letter to the Foreign Minister which was left today by a member of my staff with a responsible Foreign Office official.

2. The latter said informally that the Foreign Office fully shares the Department's feeling that something must be done at once. He added that reply would be made as soon as the Japanese fishery authorities can decide whether a decision responsive to the desires of our Government would not adversely affect Japanese fishery interests in other quarters, notably in Siberian waters a new convention with regard to which is now under negotiation with the Soviet Government.

GREW

711.008 North Pacific/229 : Telegram

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

ТоКГО, December 7, 1937—4 p. m.
[Received December 7—7:10 a. m.]

602. Our 581, November 30, 6 p. m. Intimation was given us today at the Foreign Office that the Japanese reply which would be sent in a few days would be substantially favorable but would involve no commitment on matters of principle. The Foreign Office realizes that any concession which the Japanese Government may make in order to meet our views will have to be given publicity in the United States if it is to serve its full purpose and desires that such publicity be delayed owing to its possibly adverse effect on the current fishery negotiations with Soviet Russia. It is expected, however, that those negotiations will be terminated shortly.

GREW

711.008 North Pacific/229 : Telegram

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

WASHINGTON, December 17, 1937—5 p. m.

356. Your 602, December 7, 4 p. m. In view of very great pressure by public men and others it is hoped that you can at once obtain some definite statement from the Japanese Government in response to the Department's memorandum and your representations in regard to the Alaska salmon fishery situation.

You may in your discretion inform the Foreign Minister that the Department believes that if definite response of the Japanese Government is further delayed, it is likely to become increasingly difficult to satisfy Congress and private interests with regard to the steps this Government is taking.

HULL

711.008 North Pacific/239 : Telegram

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

TOKYO, December 18, 1937—8 p. m.
[Received December 18—9:35 a. m.]

656. Department's 356, December 17, 5 p. m.

1. I called this evening on the Minister for Foreign Affairs and again explained to him the pressing importance as set forth in the Department's telegram of an immediate reply to our memorandum and representations. Hirota explained the reasons for the delay (our 602, December 7, 4 p. m.) but said that the Japanese response was now being drafted and would be delivered to us within a few days. I pressed him most urgently for an early and definite date and he finally promised that on Monday he would tell me definitely on what day the reply would be delivered. He said that the Ministry of Agriculture wishes to publish the reply here before it is published in Washington in order to explain the situation to the Japanese public. The Minister added that the reply would be conciliatory.

2. If the Department considers it important that the release to the press of the Japanese reply should be simultaneous in Tokyo and Washington please so advise me before Monday.

652 and 653^a have been repeated to Shanghai for the Commander in Chief.

GREW

^a Dated December 17, 7 p. m., and December 17, 8 p. m., respectively, p. 507.

711.008 North Pacific/239 : Telegram

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

WASHINGTON, December 18, 1937—4 p. m.

359. Your 656, December 18, 8 p. m. You may inform the Foreign Minister as follows:

The Department appreciates the reasons given for publication in Japan of the Japanese reply before the reply is published in Washington. However, the Department considers it highly important that this Government be given an opportunity before publication in Tokyo to consider the text of the reply with reference to its possible effect upon public opinion in this country. After such consideration it is the present belief of the Department that publication of the reply should preferably be made simultaneously in Tokyo and Washington.

For your information and discretionary use in conversation with the Foreign Minister, the Department contemplates that it may be necessary, in order to satisfy American interests concerned that suitable representations have been made, to publish here concurrently with the Japanese reply the memorandum presented to the Foreign Minister.

HULL

711.008 North Pacific/247 : Telegram

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

TOKYO, December 22, 1937—8 p. m.
[Received December 22—2:03 p. m.]

669. Our 673 [661], December 20, noon.⁸²

1. The Foreign Office today handed us its reply, translation of which is as follows:

“Confidential. *Note verbale*. The Imperial Foreign Office takes note of the views set forth in the *aide-mémoire* handed by the American Ambassador at Tokyo to the Minister for Foreign Affairs on the occasion of their conversation on November 24 as follows:

The American Government is of the opinion that further to defer settlement of the Alaska fisheries problem would incur the risk of serious disturbances being raised on the Pacific Coast, and that time is of the utmost importance in the settlement of these problems. Various labor organizations are concerning themselves with these problems, and apparently have various plans. It is therefore hoped that the Japanese Government will appreciate the need of taking speedy action with a view to eliminating the danger of unfortunate incidents arising by which the situation would be made complicated.

⁸² Not printed.

The Imperial Government firmly believes in the justice of its contention that so long as salmon fishing is carried on on the high seas such fishing cannot warrantably be subjected to restriction by another power. Especially is such the case when effort is being made by Japan to coordinate conservation of fishery resources with existing fishing industries. A 3-year project is being undertaken by means of a Government experimental vessel to investigate the degree to which the resources of the high seas are capable of being developed, and it is believed that such official investigations cannot properly be made the grounds for controversy. Nevertheless, in the light of the view of the American Government to which reference has been made, and from the broad viewpoint of relations between Japan and the United States, the Japanese Government at this time and for the time being will on its own initiative suppress pertinent plans of fishing industries, and the above-mentioned investigations arising out of a fixed plan will be suspended. It will be prepared to give this matter as sympathetic consideration as possible.

As it is expected that the discontinuance of the investigations will impose a serious penalty on the Japanese fishing industry, it is, from the standpoint of domestic relations, an extremely delicate matter. Accordingly, the Imperial Government desires that the time of publication of its views shall be decided by arrangement between the American and Japanese Governments.

Tokyo, December 22, 1937.

Addendum: Japanese floating canneries and vessels producing fish meal will, as heretofore, operate in the waters of Bristol Bay, as the American Government is aware. These vessels have no relation whatever to the salmon fishing industry. In the past, those uninformed of the facts have related the operations of the above-mentioned experimental vessels with these vessels, thus tending to give rise to misapprehensions."

2. The following is a translation of the press communiqué which will be released at a time to be agreed upon between the two Governments.

"Bristol Bay, Alaska, salmon fishery question. Following the experimental salmon fishing operations of experiment ships of the Department, [of] Agriculture and Forestry in Bristol Bay, Alaska, this year and last, persons in American enterprises affected have made a great sensation over the question of fishing in that area by Japanese and recently American public opinion has become increasingly worse. To leave this matter in its present state would be to incur the danger of serious disturbances arising, and consequently for the purpose of clearing up the danger in this disturbed state of affairs, it has become necessary to give consideration to some appropriate solution.

We firmly believe in the justice of the contention that fishing which is limited to the high seas cannot warrantably be subjected to any restriction by another power particularly when Japan is attempting to coordinate conservation of fishery resources with existing fishing industries and to investigate the degree to which the resources of the

high seas are capable of being developed and we believe that such official investigations cannot properly be made grounds for controversy.

While making this as our explanation nevertheless the views of persons in affected enterprises in America being as set forth above, and having in mind the broad viewpoint of reconciliation and agreement between Japan and the United States, it has been decided to give as sympathetic consideration as possible to suspending the carrying out of the investigations based on the plan for 1938."

3. In delivering to us the note the Foreign Office made orally the following statement which is strictly confidential and is not to be divulged to any private persons whatsoever:

a. The last sentence of the second paragraph of the Foreign Office note is to be interpreted by the American Government as an assurance that the Japanese Government will continue in the future as in the past to refrain from issuing licenses to fish for salmon in Alaskan waters. The Japanese Government cannot, in view of the importance to Japan of preserving its right to fish on the high seas, formally and publicly give such an assurance.

b. It has not been easy to abandon an appropriation made by the Diet at the request of the Government but the Japanese Government is prepared to risk censure on this point in order that it may convince the American Government of its desire to seek amicable settlement of this problem.

c. There has been no commercial fishing for salmon in Bristol Bay. The Japanese Government is confident that next season when the Government fishing vessel will not have entered Alaskan waters no evidence will be found of any Japanese vessel fishing for salmon and that the American Government will understand that charges of this tenor are not based on fact.

4. The Foreign Office will be glad to receive indication of the date on which the Department desires publication of the note.

GREW

711.008 North Pacific/247 : Telegram

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

WASHINGTON, December 23, 1937—6 p.m.

370. Your 669, December 22, 8 p.m. The Department has given preliminary consideration to the press communiqué to be released by the Foreign Office, and will have certain suggestions to make. Accordingly it is desired that publication be postponed until these suggestions have been communicated.

HULL

711.008 North Pacific/249 : Telegram

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

TOKYO, December 24, 1937—7 p.m.

[Received December 24—11:30 a.m.]

678. Our 669, December 22, 8 p.m. The Foreign Office today informally brought to my attention a "March of Time" feature of the Alaska fishery question presented in a manner calculated to excite unfriendly feeling against Japan and stated that it would appreciate any action which the Department could appropriately take in the matter.

GREW

TRADE RELATIONS BETWEEN THE UNITED STATES AND JAPAN⁸³

611.946/346

*Memorandum by Mr. Eugene H. Dooman of the Division
of Far Eastern Affairs*

[WASHINGTON,] January 4, 1936 [1937].

Conversation: Mr. Lawrence Richmond and Colonel Howlett, representatives of the American cotton velveteen industry; Mr. Sayre;⁸⁴ Mr. Dooman.

Mr. Richmond thanked Mr. Sayre for the opportunity which had been given the representatives of the American cotton velveteen industry to call on Mr. Sayre and lay before him recent developments with regard to certain conversations which had been held between the American and Japanese cotton velveteen interests. He referred to the hearing which was held on December 15 by the Tariff Commission on the velveteen complaint, and he said that, following that hearing, representatives of the two industries had met together and had worked out a plan to regulate imports into the United States of Japanese velveteens. An outline of this plan had been initialed, and a formal agreement embodying the plan had now been formulated by the counsel for the American industry. Mr. Richmond then handed to Mr. Sayre the outline, as initialed, and the draft of the formal agreement.⁸⁵

Mr. Sayre stated that he was appreciative of the trouble taken by Mr. Richmond and Colonel Howlett in coming to Washington and

⁸³ For previous correspondence, see *Foreign Relations*, 1936, vol. IV, pp. 806 ff.

⁸⁴ Francis B. Sayre, Assistant Secretary of State.

⁸⁵ Neither found in Department files.

informing him of recent developments. He said that, of course, he had been kept informed of the discussions between the American and Japanese industries, and that he knew in a general way the purport of the agreement which had been reached.

Mr. Sayre then gave a brief review of the administration's general economic policy and of its economic policy vis-à-vis Japan. With regard to the former, he said that it was the earnest desire of the Department to increase the foreign trade of the United States, and with that end in view this Government has striven earnestly to remove barriers to international trade. With regard to the trade with Japan, Mr. Sayre pointed out that Japan is the most important purchaser of American raw cotton, that it bought much more from the United States than the United States bought from Japan, and that any movement toward substantially decreasing Japanese imports would have an unfavorable effect upon international relations. Fortunately, he continued, the trade between the United States and Japan is largely complementary in character, but there is a narrow range of goods imported into this country from Japan which is competitive in character. The introduction of these goods had created sharp problems, and this Government has sought, in collaboration with the Japanese Government, to adjust these problems in a friendly and satisfactory manner. It had been increasingly felt, however, that greater benefits could be derived by collaboration between the American and Japanese industries affected by such a problem than by efforts toward regulation by the American and Japanese Governments; and it was for this reason that Mr. Sayre had been gratified to learn that the conversations which had been initiated between the American and Japanese cotton velveteen industries were developing favorably.

Mr. Sayre then stated that it was his expectation that the American velveteen industry would do nothing which might be regarded as illegal, but that, out of an abundance of caution, he took this opportunity to express his concern that nothing be done by the industry which might warrantably be construed as violating laws in restraint of trade.

Mr. Richmond said that he and his colleagues had been guided all along by legal advice. He said that the industry had engaged Mr. Max Steuer as a counsel, that Mr. Steuer had carefully studied the Wilson Act ⁸⁶ and other similar acts, and that Mr. Steuer (in whose office the draft agreement had been drawn up) had advised that the agreement would not be illegal. The responsibility with regard to the legality of the agreement would, therefore, have to be placed on Mr. Steuer.

⁸⁶ Approved August 27, 1894; 28 Stat. 509.

Mr. Richmond went on to say that it was his hope, and that of his colleagues, that Mr. Sayre would indicate his approval of the purposes of the arrangement with the Japanese by initialing the agreement.

Mr. Sayre replied that it was not within the province of this Department to express an opinion with regard to the legality of the agreement: that would be within the province of the Department of Justice. Nor could the Department of State express any opinion with regard to the question whether the substance of the agreement would be fair and equitable to all concerned. He could say, however, that he viewed with approval this effort on the part of the American and Japanese industries to adjust in a spirit of goodwill problems of common concern.

Mr. Sayre stated that this Government had sought to reach an understanding with the Japanese Government on the question of imports of Japanese cotton piece goods into the United States. An agreement had been practically worked out but it could not be completed because of the refusal of the private Japanese interests to fulfill certain requirements of the Japanese Government. Mr. Sayre went on to say that we had felt that if the cotton piece goods negotiations had been carried on between the American and Japanese interests, instead of between the American and Japanese Governments, a complete and satisfactory agreement could have been reached. He felt that it was a matter for gratification that, in the case of cotton velveteens, the private interests had been able to work out a plan which each side considered to be fair and equitable.

At Mr. Richmond's request, Mr. Sayre read through the draft agreement. Mr. Sayre then stated that he could not, of course, express any opinion with regard to the legality of the document. He stated, however, that it would be closer to the facts if a phrase indicating that the agreement had been concluded "with the approval and consent" of the State Department be corrected to read "with the knowledge" of the Department. Mr. Richmond said that he would be glad to have the correction made.

Mr. Richmond reviewed briefly the efforts during the past two years of the American cotton velveteen industry to obtain protection against Japanese competition. He referred to the fact that an officer of this Department had, a few months ago, expressed to him (Mr. Richmond) the opinion that the most satisfactory protection against Japanese competition would be a voluntary undertaking on the part of the Japanese interests to restrict their exports to the United States. The American industry was somewhat skeptical of the benefits of any such arrangement, but it had nevertheless gone into the matter and had finally succeeded in working out an arrangement with the Japanese.

Mr. Richmond said that the indications which he had received from Mr. Sayre of the American Government's viewing with favor this effort to work out in friendly cooperation with Japanese industry a solution of a common problem would be received with gratification by him and by his colleagues. He felt sure also that the Japanese interests would appreciate receiving, after the agreement is signed, further expression of Mr. Sayre's approval.

Mr. Sayre said that he would repeat that this Government would view with approval efforts on the part of American industry to work out with the Japanese any plans which would tend to stabilize American market conditions, instead of having recourse to measures which might lead to complete exclusion of imports from Japan. He did not think it wise, however, for him to initial the agreement or to express his approval in writing, for the effect of either of these two methods would be to convert the arrangement, which is intended to be a purely private arrangement, into a governmental arrangement—and that was the thing which it would be desirable to avoid.

At this point Mr. Sayre left the room in order to fulfill an engagement elsewhere.

Mr. Richmond then outlined to Mr. Dooman his plans to complete the agreement. He said that he and Colonel Howlett would return to New York and would endeavor to obtain the signatures to the contract of the other members of the American group. The contract would then be signed by the Japanese representative. Mr. Richmond said that, as soon as the contract is completed, representatives of the American and Japanese groups, respectively, would call at the Department and at the Japanese Embassy for the purpose of giving notification that the agreement had been completed and to leave copies of the contracts at the Department and at the Japanese Embassy. Mr. Richmond hoped that it might be possible for him and his colleagues to return to Washington on or about January 11.

The conversation ended with an exchange of amenities.

611.9417/198 : Telegram

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

TOKYO, January 25, 1937—6 p. m.

[Received January 25—11:55 a. m.]

27. Embassy's 11, January 22, 11 a. m.⁸⁷

1. The following is a synopsis of the Japanese-American unofficial cotton textile agreement signed on January 22.

⁸⁷ Not printed.

(a) A quota is established for cotton piece goods or piece goods of which the principal material is cotton for 1937 of 155,000,000 square yards or of the volume of contracts on hand on January 21, 1937, for shipment of such piece goods to the United States whichever amount is smaller. Quota for 1938 is 100,000,000 square yards but 25% of this amount may be added to the 1937 quota and deducted from the 1938 quota. (The figure for 1937 was reached by compromise after calculating the approximate amount of unfilled orders for shipments to the United States in the hands of Japanese mills on January 21. The figure for 1938 is an arbitrary one reached after negotiation and compromise.)

(b) Japanese customs statistics of exports are to be used in calculating shipments under the quotas but similar assistance to that given in the administration of the cotton rug quota will be requested of the American Government.

(c) Existing agreements on cotton goods between the two Governments or industries are not included in the present arrangement.

(d) Japanese goods transshipped into the United States from third countries will be deducted from the quota but the American side agrees to strive to reduce the volume of such transshipments. Reexported goods will not be included in the quota.

(e) A joint committee will be established to deal with difficulties arising under the quota agreement and to assist in negotiating future arrangements.

(f) The Japanese side accepts the principle of the quota limits in regard to cotton specialties and will institute negotiations for such quota agreements.

(g) The American side states that it regards the arrangements made as rendering unnecessary further American governmental restriction of Japanese cotton textile imports and also that the arrangements may serve as ground work for a reciprocal trade treaty between the two countries.

(h) The agreement may be repudiated by the Japanese side on or before February 15, 1937. (This clause was included to enable the Japanese side to refer the agreement to the individual members of the industry. Murchison⁸⁸ regards this provision as a mere formality).⁸⁹

2. Murchison will confer with the Department upon his arrival in Washington on or about February 16 in regard to the American governmental assistance referred to in 1 (b) above. He also desires that one American member of the joint committee in Japan be an American official, preferably the American Consul General at Osaka or the Commercial Attaché of the Embassy. He will discuss this question with the Department. He will also supply the Department with copies of the minutes of the negotiations and copies of the

⁸⁸ Claudius T. Murchison, chairman of the American Textile Mission to Japan.

⁸⁹ The Japanese cotton textile associations ratified the agreement, which was to be effective as of February 15. Rules governing exports from Japan of cotton textiles were published June 26 in ordinance No. 68 in the *Official Gazette*. (611.9417/195, 220)

agreement and consequently this Embassy will not copy and forward these items.⁹⁰

3. Murchison states that the members of the mission are greatly pleased to have succeeded in reaching this agreement which they regard as satisfactory. The Embassy believes it likely that Foreign Office pressure was brought to bear upon the Japanese cotton men to induce them to agree to the arrangement.

GREW

611.946 Rag Rugs/185

Memorandum by Mr. Eugene H. Dooman⁹¹ of the Division of Far Eastern Affairs

[WASHINGTON,] January 28, 1937.

Conversation: Mr. Toyoji Inouye, Japanese Commercial Secretary;
Mr. Tsuneo Hayama, Second Secretary, Japanese Embassy;
Mr. Charles R. Cameron, American Consul General, Osaka;
Mr. Dooman.

Mr. Inouye said that, following the conversation which he had a few days ago at Washington with Messrs. Fox,⁹² Veatch⁹³ and Dooman, he had sounded out certain of the principal importers in New York of Japanese rugs with regard to the question whether there had been a marked increase in the demand in the United States for cotton rugs. The information he had received indicated that general business conditions in this line have improved and the demand is greater than it was a year ago. He had also been told that the supply from Japan is so much below the demand that there have been substantial imports from China, Italy and Belgium. He presented a table⁹⁴ setting forth the present quotas in the different categories of cotton rugs, and increases recommended in the various quotas. The information Mr. Inouye had was that if the increases recommended were acceptable, the increased quotas would amount to only about fifty percent of the present estimated demand for Japanese cotton floor coverings. Mr. Dooman asked whether Mr. Inouye had given full consideration to the question raised by Mr. Fox, which was, would a request for increased quotas warrant the risk of alienating the cooperation of the domestic industry and cause the latter to seek the taking

⁹⁰ These were printed by the Cotton-Textile Institute, Inc., of New York, in its *Current Information* pamphlet of March 10 (vol. 3, no. 3, supplement).

⁹¹ Appointed Counselor of Embassy in Japan.

⁹² A. M. Fox, Director of Research, U. S. Tariff Commission.

⁹³ Roy Veatch, of the Office of the Economic Adviser.

⁹⁴ Not printed.

of some restrictive action by Congress? Mr. Inouye said that he had given that question thought and had decided that it was a risk worth taking. He explained that if the quotas for the present year are not increased the export guild in Japan, he felt sure, would see to it that the quotas were not exceeded, but that upon expiration of the agreement the guild would permit unrestricted shipments to the United States, which would result in very unfortunate consequences. He thought, therefore, that, in the light of the probability that the demand in the United States had substantially increased, he could ask us to consider favorably the increases proposed.

Mr. Dooman said that a careful survey would be made of market conditions in the United States, and that he would communicate again with Mr. Inouye as soon as the investigations had been completed.

611b.9417/226 : Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, February 6, 1937—9 a. m.

[Received 10:25 a. m.]

Reference is made to Consul General Hoover's confidential telegram of May 5, 5 p. m., 1936,⁸⁵ regarding exports of Japanese textiles from Hong Kong to the Philippines.

Mr. Shotaro Kakisaki, a representative of the Japan Cotton Yarn and Piece Goods Exporters Association for East Asia called at the Consulate General yesterday to discuss the situation. He presented a card of introduction from my Japanese colleague.

According to Mr. Kakisaki Japanese are unable to prevent Japanese textiles from reaching Hong Kong since they [are] purchased by Chinese firms in good faith with branches in Kobe and Osaka and the business is very difficult to control. He said that if the names of the Chinese firms in Hong Kong exporting these textiles to the Philippines were furnished the Association it would be in a position to prevent their obtaining Japanese textiles for reshipment from Hong Kong to the Philippines. He was informed of the confidential character of consular invoices and his request refused.

However, since this appears the only practicable method of control for Hong Kong the Department may wish to give this request consideration.

The Consulate General has available accurate information taken from consular invoices regarding the country of origin of textile ex-

⁸⁵ *Foreign Relations*, 1936, vol. iv, p. 887.

ports from Hong Kong to the Philippines during the past 6 months.

I am unable to find the report mentioned in Consul General Hoover's telegram of May 5. The file on this subject was turned over to me upon his departure and a report thereon is now in course of preparation.

During January 2,104,000 yards of cotton textiles were exported from Hong Kong to the Philippines of which 1,731,000 yards were manufactured in Japan and the remainder in Hong Kong and China. Chinese firms were the only shippers of these Japanese textiles.

DONOVAN

611b.9417/226 : Telegram

The Secretary of State to the Consul at Hong Kong (Donovan)

WASHINGTON, February 16, 1937—noon.

Your February 6, 9 a. m. The position taken by you in response to the request of Mr. Shotaro Kakisaki is quite correct. You may wish to inform him, however, that the present problem is being discussed with the Japanese Embassy here, and that the Japanese Government will be informed of any means by which this Government can cooperate in securing the desired information for the Japanese exporters.

HULL

611.9417/201

Memorandum by Mr. Roy Veatch of the Office of the Economic Adviser

[WASHINGTON,] February 19, 1937.

Conversation: Mr. Sayre

Mr. Claudius T. Murchison, President, Cotton-Textile Institute

Mr. Fox, United States Tariff Commission

Mr. Dooman

Mr. Veatch

Mr. Murchison left copies⁹⁸ of a press release of February 18, from the Cotton-Textile Institute, containing the full text of the "Memorandum of Understanding" between the Japanese and the American industries providing for voluntary limitation of shipments of Japanese textiles to the American market. He explained that this agreement had been approved by all of the Japanese textile associations concerned prior to February 15 so that the agreement is now definite and final.

⁹⁸ Not reprinted.

Mr. Sayre and the others present congratulated Mr. Murchison heartily upon the successful outcome of his mission. He in turn expressed his appreciation of the cooperation of this Government, and particularly of the splendid support and advice which his group had received from Ambassador Grew and the staff of the American Embassy in Tokyo. At the same time he gave much credit to the Japanese who had approached the entire matter sympathetically, and who, because of their frankness and goodwill had gained the confidence of the American group. He remarked particularly upon the action of the Japanese industry in refusing to accept orders from the United States after December 5, on which date it was definitely arranged that the American group should go to Japan.

Mr. Murchison requested the cooperation of the American Consulate General in Osaka in supplying statistics upon invoices of Japanese shipments of cotton piece goods to the United States in a manner similar to the way in which shipments of cotton floor-coverings are reported by the Consulate General in Kobe. Mr. Murchison was assured that such an arrangement could be made.

Mr. Murchison then explained one further request which he had to make of this Government. Two joint Japanese-American textile committees are to be set up, one in the United States, and one in Japan, to continue a study of the textile situation and to handle the negotiations for restriction agreements upon various textile specialties. There are no representatives of the American textile industry in Japan. Mr. Murchison suggested that it would be desirable therefore if either the American Consul General in Osaka (Mr. Cameron), or the Assistant Commercial Attaché in Tokyo (Mr. Steintorf) might serve as one of the two Americans on the committee. They may be able to fill the other position by a representative of the National City Bank in Osaka.

After discussion, it was agreed that it would be preferable for Mr. Steintorf to do this work since he would be more free to act in a private capacity than an American consular officer. Mr. Murchison intends to request the Department of Commerce to transfer Mr. Steintorf from Tokyo to Osaka for at least a year. If this is impossible, then it was felt that he might travel to Osaka for special meetings of the committee. Mr. Sayre and Mr. Dooman expressed their opinion that it would be desirable, and useful to the committee, for Mr. Cameron to sit in on the discussions without taking any official part in the work of the committee.

Mr. Murchison pointed out the fact that the agreement as signed provides for the explicit inclusion of transshipped goods in the quota

limiting shipments to the United States. The American industry has promised to inform the Japanese industry of the volume and sources of transshipped goods which may arrive in this country, and to persuade the Merchants Associations in this country to refuse to handle such transshipped goods.

Mr. Murchison left with Mr. Sayre a copy of a telegram ⁹⁷ which he had received from Mr. Shoji, Chairman of the Japanese Textile Committee, the cable suggesting that this Government be requested to instruct the Consul General in Osaka to refuse visas for any invoices of textile exports to the United States which are not accompanied by a certificate of the Japanese committee controlling such exports. It was explained to Mr. Murchison that such action by American consular officers was prohibited by law, and it was agreed that this situation should be set forth in a letter to Mr. Murchison so that he might make an appropriate reply to Mr. Shoji's cable.

CONTINUATION OF THE AGREEMENT CONCERNING JAPANESE TEXTILES IN THE PHILIPPINE MARKET

Mr. Murchison said that he had little opportunity to discuss the existing agreement affecting the Philippine market, but that he had gained the impression that the Japanese are discouraging all efforts to control the transshipment trade through Hong Kong. They admitted that their plan for control of this trade through the imposition of export fees on transshipped goods had not proven successful. In his opinion, the only way to handle this problem is for the Philippine Government to impose quotas upon the importation of cotton textiles from all foreign countries, the Japanese quota being set in conformity with the gentleman's agreement. It was recognized that transshipments form a difficult problem, but Mr. Dooman felt that as a result of steps just taken the matter might be cleared up without the necessity of the imposition of quotas by the Philippine Government.

It was suggested that the textile industry might prefer to handle the Philippine arrangement through a private agreement rather than through the extension of the present governmental agreement, since the Japanese exporting to the Philippines are largely the same interests as those included in the private agreement affecting the American market. Mr. Murchison responded favorably to this suggestion and agreed to take the matter up with his colleagues.

⁹⁷ Not found in Department files.

611b.9417/234

Memorandum by Mr. Roy Veatch of the Office of the Economic Adviser

[WASHINGTON,] March 24, 1937.

Conversation: Mr. Sayre

Mr. Claudius T. Murchison, President of the Cotton
Textile InstituteMr. Frank H. Hillery, President, Cotton Textile Ex-
porters Association

Mr. Alexander Collon, Neuss-Hesslein and Company

Mr. Fox, Tariff Commission

Mr. Dooman

Mr. Veatch

Mr. Murchison, together with Mr. Hillery and Mr. Collon, representing the exporters of cotton textiles to the Philippines, called by appointment to discuss the present status of the agreement between this Government and the Japanese Government regarding control of Japanese textiles shipped to the Philippine market and the possibility of modifying or extending that agreement.

Mr. Murchison expressed the conviction of the exporters that the present voluntary control by the Japanese industry is not sufficient to protect American textiles in the Philippine market and that, therefore, the Philippine Government itself must be brought into the picture if the arrangement is to work. It was their desire, either directly or through this Government, to request the Philippine Government to establish a quota system limiting textile imports from other countries as well as Japan.

As a background for the discussion, Mr. Sayre explained present plans regarding the adjustment of trade relations with the Philippines including the appointment of a joint Philippine-American committee of experts to recommend a program for the adjustment of Philippine economy in preparation for the final termination of preferences for Philippine goods in the American market. In view of the conversations now being held with President Quezon and of the agreement between President Quezon and this Government that preferences in this market shall be terminated after a period of economic adjustment, Mr. Sayre was of the opinion that the present is not an auspicious time to request favors from the Philippine Government.

Mr. Murchison was of the opinion that the Philippine Government might institute a quota system based upon the present quota with the Japanese, action which would not result in any increase in price, and which the Philippine Government might not regard, therefore, as a concession requiring some return. Mr. Sayre pointed out, however, that such legislation would require the approval of the President of

the United States, and that it would be very embarrassing to the President to be asked to approve the institution of a quota system in the Philippines in view of this Government's strong opposition to quota systems throughout the world.

Mr. Murchison asked if it would be helpful at all to Mr. Sayre, in his discussions with President Quezon with respect to trade relations, if the textile leaders interested in the Philippine market should talk with President Quezon regarding their problem, seeking to acquaint him with their difficulties without suggesting legislation by the Philippines to establish a quota system. Mr. Sayre replied that there would not appear to be much that could be gained from discussions with President Quezon at this time but that, of course, the textile people were entirely free to approach the Filipinos at any time they desire. Mr. Murchison asked if Mr. Sayre would prefer not to be present at such discussion and Mr. Sayre replied that he would not wish to be present.

The imports into the Philippines of Japanese cotton piece goods under the terms of the existing agreement were discussed and it was agreed by all present that direct negotiations between the American industry and the Japanese industry would be most likely to achieve a desirable adjustment of the present situation and a continuation of a workable agreement beyond July 31, 1937, when the present agreement expires. It is felt that the success of the American group negotiating an agreement regarding Japanese textiles in the American market has created a favorable opportunity to transform the present governmental agreement with respect to the Philippines into a private agreement. The American industry might find it possible now to secure limitation upon the shipments of Japanese rayon to the Philippines as well as an adjustment of the amounts of Japanese cotton piece goods to be furnished that market.

In the course of the discussion Mr. Hillery said that the American exporters had not been so active recently in their opposition to Japanese goods in the Philippines because the domestic market for American textiles has been very profitable. He said, also, that, in view of the fact preferences in the Philippine market are not to be retained permanently, the American industry might well reexamine the Philippine problem with a view of deciding whether the amount of goods that might be sold there during the next few years would justify the industry in making very great effort to save that business. He was of the opinion, however, that even the present business would be worth an effort to secure a private agreement with the Japanese industry.

It was agreed that Mr. Murchison would inform Mr. Sayre regarding any decision which the industry reaches respecting initiative by the industry to secure a private agreement with the Japanese.

611b.9417/236

Memorandum by Mr. Roy Veatch of the Office of the Economic Adviser

[WASHINGTON,] April 8, 1937.

Conversation: Mr. Claudius T. Murchison, President, Cotton Textile Institute
Mr. Frank H. Hillery, President, Cotton Textile Exporters Association
Mr. Fred W. Morrison, Attorney for cotton textile interests
Mr. Sayre
Mr. Fox
Mr. Dooman
Mr. Veatch

Mr. Murchison called by appointment to report upon his conversation with President Quezon and, following that, his discussion with Mr. Inouye, Commercial Attaché of the Japanese Embassy, with respect to the extension of the agreement with Japan covering the Philippine cotton textile market.

President Quezon had quite monopolized the conversation which the textile group had had with him, urging the American textile industry to support his tariff plan, that is, the act of the Philippine legislature now awaiting action by President Roosevelt which would empower the President of the Commonwealth to increase or decrease tariff rates. President Quezon said that if he were given these tariff powers the American industry would have nothing to worry about so far as the Philippine market was concerned. Mr. Murchison said that the implication was clear, however, that President Quezon would expect some return in the way of better conditions in the American market for Philippine products if he should increase the Philippine tariff on foreign textiles in order to give American goods better protection in that market. It was clear to the American group that President Quezon wished these tariff powers in order to bargain for continued protection in the American market for Philippine sugar and coconut oil. Mr. Hillery's comment upon this situation made it clear that the American cotton textile exporters would be prepared at the present time, as they have been formerly, to support the Philippine demand for better trade treatment in the American market if the Philippine Government first provides for better protection of American textiles in the Philippine market.

Mr. Sayre and Mr. Fox presented the point of view that any advantages created for American textiles in the Philippine market by large tariff increases at the present time could only be temporary at best and that they would be out of line with the announced policy

with respect to the eventual termination of trade preferences between the two countries. Quite aside from constitutional questions involved in the tariff legislation under discussion it was made clear that from the standpoint of policy, approval of this legislation by the President of the United States would be undesirable.

During the discussion of this point Mr. Hillery and Mr. Morrison inquired if it would be possible for this Government to allow the Philippine Government (either through executive action by President Quezon in the event the tariff bill is approved, or through tariff legislation of the Philippine Assembly) to raise the tariff on cotton textiles, and presumably, also, on rayons, to the same extent that the Madrigal Bill would have provided. The great concern of the American exporters is with the volume of their sales in the Philippines, and in view of the failure of the present agreement with Japan to protect that volume the American industry would be most pleased with tariff action by the Philippines. Mr. Hillery pointed out that some of the principal American exporting houses deal only in exporting and do not enter the domestic market in the United States so that their stake in the Philippine trade is very important. In view of this fact, the exporters felt that this Government should be willing to make some concessions to the Philippines in return for higher tariffs to protect American textiles.

In reply to this argument it was pointed out that it would be very difficult to extend any additional privileges in the American market for Philippine sugar and coconut oil due to the opposition of American agricultural interests, and the further point was made that increases in the Philippine tariff would almost certainly lead to the establishment of Japanese branch textile mills in the Philippines. Mr. Hillery's comment on the latter point was that American concerns might also be glad to establish branch plants in the Philippines if they could have adequate protection against imports from Japan, but he had no particular reply to make to the comment that such action on the part of American capital would not appear to serve interests of American workers.

Mr. Murchison then described the difficulties that had arisen as a result of the conversation with Mr. Inouye. Mr. Inouye had expressed the opinion that the Japanese industry might object to substituting a private agreement for the present informal agreement between the two governments, the principal ground for such objection, if it should exist, being the fear that the American Government might wish to end its commitment with respect to increases in the Philippine tariff on cotton textiles. Mr. Murchison had surmised from remarks made by Mr. Inouye that the Japanese were well informed regarding the plans of the United States in connection with

the settlement of its trade relations with the Philippines, and that the Japanese suspected a desire on the part of the United States to free itself from any commitments so that it might bargain with the Philippines without restriction.

After discussion, Mr. Sayre and Mr. Dooman expressed the opinion that this Government might very well continue the sort of informal commitment which it had made in response to the action of the Japanese Government in arranging for control by Japanese exporters of shipments of cotton textiles to the Philippines, and that such a commitment might be continued by this Government even though the actual agreement respecting the Philippine market should be taken over by the private industries in place of the governments.

It was agreed, therefore, that Mr. Murchison should ask Mr. Inouye if the Japanese industry would be willing to go ahead with the private agreement in the event the United States Government would be willing to continue its commitment in connection with such an agreement, Mr. Murchison being free to express the opinion that he would be able to secure such a commitment by the American Government. Meanwhile the Office of Philippine Affairs in the Department of State would be instructed to study the question and to advise Mr. Sayre as to whether there would be any difficulties in the way of such a commitment on the part of this Government.

611.946 Rag Rugs/189

*Mr. Eugene H. Dooman of the Division of Far Eastern Affairs
to the Second Secretary of the Japanese Embassy (Okazaki)*

WASHINGTON, April 9, 1937.

DEAR MR. OKAZAKI: I acknowledge the receipt of your letter of April 2, 1937,⁹⁸ in which it is stated that a quota agreement on cotton rugs has been reached between the Japanese Association of Exporters of Cotton Rugs and the Cotton Rug Manufacturers Association of America. You refer to the fact that American consuls in Japan have cooperated with the exporters in effecting control over the exportation of cotton rugs by checking consular invoices and reporting to the Department the quantity of rugs exported each month to the United States, and you inquire whether such cooperation may be expected to continue.

The American consular officers in Japan were recently informed that the Department desires that they cooperate with the Japanese Association concerned in such manner as may be practical and appropriate, such as furnishing the Japanese with figures with regard to

⁹⁸ Not printed.

quantities of cotton rugs covered by consular invoices. I wish, however, to make it clear that the consular officers would not be warranted in declining to authenticate consular invoices covering shipments of cotton rugs effected in circumstances not contemplated in the agreement under reference, or warranted in divulging any confidential information contained in consular invoices.

Sincerely yours,

EUGENE H. DOOMAN

694.006/8 : Telegram

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

Тоkyo, April 23, 1937—4 p. m.
[Received April 23—6:04 a. m.]

119. Embassy's despatch No. 2330, March 24, 1937.⁹⁰

1. At a farewell dinner given the Kadono Economic Mission on April 21 the Minister for Foreign Affairs said that although it may be impossible completely to restore the international free trade of the past the present trend towards extreme trade protection should be checked and that Japan should join in the movement in America and Europe for freer international trade.

2. Yesterday it was reported in the press that the Finance Office has decided to continue after July 1 the import exchange control measures adopted on January 8th and to enlarge the scope of the measures so as gradually to restrict imports into Japan of non-essential materials and luxury goods.

3. The inconsistency involved in these two policies is indicated to the Department for its information should it have occasion to consult with the mission.

GREW

611b.9417/238

Memorandum by Mr. Roy Veatch of the Office of the Economic Adviser

[WASHINGTON,] May 28, 1937.

Conversation: Mr. Tsuneo Hayama, Second Secretary, Japanese Embassy
Mr. Ballantine¹
Mr. Veatch

Mr. Hayama called to transmit information just received by cable from Tokyo to the following effect: Although the cotton textile manufacturers and exporters had been opposed to the American suggestion that the arrangement might be continued after August 1, 1937,

⁹⁰ Not printed.

¹ Joseph W. Ballantine, of the Division of Far Eastern Affairs.

in the form of a private agreement, the Japanese Government had urged them to reconsider and as a result they are now prepared to negotiate with the cotton textile industry in the United States, probably through a representative who would be sent to this country from Japan as soon as arrangements can be made. The private industry in Japan is strongly of the opinion, however, that some guarantee on the part of the American Government will be necessary to make the agreement work smoothly and efficiently.

Mr. Hayama was asked if members of the Japanese industry had in mind the form which such a guarantee should take. In reply Mr. Hayama indicated that his instructions were not specific on this point.

It was suggested to Mr. Hayama, therefore, that it probably would be more satisfactory for the representatives of the cotton textile industry in the two countries to begin their discussions of details of a private agreement. It might be that the Japanese representatives would then find that there was no reason to fear that the arrangement would not work smoothly under a strictly private agreement. If it appears to the Japanese industrialists that some action or guarantee on the part of the two Governments, or particularly of the American Government, is desirable even after details of a private arrangement have been fully explored, then the matter can be brought to the attention of this Government again. Undoubtedly this Government would be prepared, in such case, to give sympathetic consideration to any practical measures which might be taken.

This reply appeared satisfactory to Mr. Hayama and he stated that he would communicate with Mr. Inouye, Commercial Secretary of the Embassy in New York, so that Mr. Inouye might get in touch with Dr. Murchison, President of the Cotton Textile Institute, and make arrangements for opening the discussions between representatives of the two industries.

611b.9417/247

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs of a Conversation With the Second Secretary of the Japanese Embassy (Hayama)

[WASHINGTON,] June 24, 1937.

Mr. Hayama said that the Japanese Embassy had received this morning an instruction to the effect that the Japanese cotton textile group have fully approved the plan of entering into negotiations with the American textile group looking to the renewal in the form of a

private agreement of the present Philippine textile agreement. He said that the Japanese group had appointed for this purpose a special committee distinct from the present joint committee concerned with the execution of the Murchison agreement. Mr. Hayama said (1) that the Japanese group desired that Osaka be the place of negotiations, (2) that if the American group was willing to go to Osaka to negotiate the Japanese group would endeavor voluntarily to control exports to the Philippine Islands after the lapse of the present agreement pending the conclusion of a new agreement to prevent unrestricted competition to the detriment of American cotton interests; and (3) that this proposal was subject to the understanding that in case any agreement is reached the American Government would take steps so that the Philippine Government would not increase duties or impose other restrictions upon Japanese textiles.

Mr. Ballantine said that he would refer Mr. Hayama's proposals to the Department for its consideration.

611b.9417/240

*Memorandum by Mr. Joseph W. Ballantine of the Division of
Far Eastern Affairs*

[WASHINGTON,] June 28, 1937.

Conversation: Dr. Claudius T. Murchison, President, Cotton Textile
Institute
Mr. Jacobs²
Mr. Waring, Tariff Commission³
Mr. Ballantine

Dr. Murchison was told of the decision of the Interdepartmental Committee that it would be best to try to renew for one year the present Philippine cotton textile agreement as a governmental agreement. It was explained to him that the chief reason for this decision was the present state of flux existing in our relations with the Philippines. Dr. Murchison expressed himself as entirely satisfied with this decision and hoped that we could make it clear to the Japanese informally or otherwise that we considered that the quantities of Japanese textiles transshipped from Hong Kong to the Philippines should be included within the quota provided for in the existing agreement.

Dr. Murchison made some general observations in regard to the probability that it would be increasingly difficult to make restrictive agreements with the Japanese in view of the outcome of the visit to

² Joseph E. Jacobs, Chief of the Office of Philippine Affairs.

³ Frank A. Waring, assistant to the Director of Research.

the United States of the Japanese Economic Mission which had its principal contacts here with the exporters of raw cotton and the importers. As a result of those contacts the Japanese have become convinced that the United States would go a long way to avoid sacrificing its raw cotton market in Japan.

After Mr. Murchison left, it was decided that an *aide-mémoire* of what should now be said to the Japanese Ambassador should be prepared and be handed to him at an early date.

611b.9417/248

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs

[WASHINGTON,] July 2, 1937.

The attached *aide-mémoire* ⁴ in regard to the renewal of the Philippine cotton textile agreement was handed to Mr. Suma, Counselor of the Japanese Embassy, by Mr. Hornbeck today. Mr. Hayama, Second Secretary of the Japanese Embassy, Mr. Fox of the U. S. Tariff Commission, and Mr. Ballantine were also present.

Mr. Hornbeck pointed out that the reference in the *aide-mémoire* to the independent status of the Philippines was to be interpreted as referring not to the present status of the Philippine Islands but to the status which it was contemplated would be created in the future by the independence act.

Mr. Suma raised a question in regard to whether the proposal that the maxima mentioned would include all importations into the Philippines of cotton piece goods of Japanese origin did not represent a modification of the existing agreement. Mr. Fox explained that this proposal was merely a clarification of our original intention in regard to the existing agreement, as the question of the possibility of transshipment of Japanese cotton piece goods through Hong Kong had not then been envisaged by us and had subsequently been an open question.

611b.9417/248

The Department of State to the Japanese Embassy ⁵

Reference is made to recent conversations between members of the Japanese Embassy staff and officers of the Department in regard to the existing arrangement as set forth in the conversation of October

⁴ *Infra.*

⁵ Handed to the Counselor of the Japanese Embassy by Mr. Ballantine on August 3 in substitution for previous versions handed to the Counselor on July 2 and 27 (neither printed).

11, 1935,⁶ relating to the importation of Japanese cotton piece goods into the Philippines which will expire on July 31, 1937. It will be remembered that, according to the terms of this arrangement, the Association of Japanese Exporters of Cotton Piece Goods into the Philippine Islands agreed to limit, for a two-year period, the annual importation of Japanese cotton piece goods into the Philippines to 45,000,000 square meters, and the United States Government agreed that it would take no action directed toward securing an increase in the Philippine tariff rates on cotton piece goods during this period.

On June 24, 1937, Mr. Hayama of the Japanese Embassy informally communicated to the Department a proposal looking toward the negotiation at Osaka of a private agreement between the textile industries of Japan and of the United States to take the place of the existing arrangement. This Government, after careful consideration of this proposal and after consultation with the American textile interests, believes that it would be preferable to continue the existing arrangement.

In reaching its conclusion, this Government was influenced by the consideration that, in connection with the independence program contemplated in the Philippine Independence Act of March 24, 1934,⁷ the Government of the United States and the Government of the Commonwealth of the Philippines have established a Joint Committee to study United States-Philippine trade relations. It is contemplated that this Committee will make recommendations which are designed to provide for the gradual adjustment of these trade relations to a position in harmony with the independent status of the Philippines provided for in that Act. Accordingly, it would seem to us not expedient to attempt to negotiate a new type of arrangement and not logical to offer to continue the existing arrangement for a period longer than six months or at the most twelve months. It therefore is suggested that, in accordance with the terms of the present arrangement, the maximum importation be fixed at 22,500,000 square meters, if a six-months' period is selected, or at 45,000,000 square meters, if a one-year period is selected. Inasmuch as the suggested period of extension does not exceed one year, that provision of the existing arrangement which provides for a tolerance of ten percent in the first year will obviously be unnecessary.

This Government trusts that the Association of Japanese Exporters of Cotton Piece Goods into the Philippine Islands will agree to the continuance of the present arrangement either for six months or one year. It is hoped that the report of the Joint Committee, to which reference has been made, will afford a more permanent basis, mutually

⁶ *Foreign Relations*, 1935, vol. III, p. 1007.

⁷ 48 Stat. 456.

satisfactory to all parties concerned, for the continuance of this trade which has been profitable both to Japan and to the United States.

WASHINGTON, [July 2, 1937.]

611.9431/129a : Telegram

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

WASHINGTON, July 2, 1937—7 p. m.

105. The Department would appreciate your views upon the desirability of acquainting the Japanese Government informally with this Government's concern over the reported intention of the Japanese Government to establish stricter measures of import control through exchange restriction, and of indicating that should such action be taken it would be a source of disappointment to this Government, which is seeking to extend its program of removing trade barriers through the negotiation of reciprocal trade agreements and which considers that exchange control measures, wherever adopted, tend to prevent trade expansion and often lead to a contraction of trade.

If you consider it desirable that the proposed intimation to the Japanese Government be given, the Department purposes to instruct you to make an approach to the Foreign Office and at the same time an approach would be made to the Japanese Ambassador here.

HULL

611.9431/131 : Telegram

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

TOKYO, July 7, 1937—4 p. m.
[Received July 7—5:16 a. m.]

182. My 180, July 6, 7 p. m.,⁸ and previous. Effective as of today, there were promulgated today revised texts of the foreign exchange control regulations. The maximum of 30,000 yen per month for transactions not requiring foreign exchange permit has been reduced to yen 1,000 per month. "However, no permission shall be required for foreign exchange and letter of credit covering shipments already arrived in this country or those which are loaded on vessels at the time of the promulgation of this ordinance, or those which are to be loaded within a week following such promulgation".

No exchange permit is required for contracts entered into for amounts below 30,000 yen per month prior to promulgation.

Full text by mail.⁸ Please advise Commerce and Treasury.

GREW

⁸ Not printed.

611.9431/132 : Telegram

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

TOkyo, July 8, 1937—1 p. m.
[Received July 8—9 : 50 a. m.]

184. My 180, July 6, 7 p. m.⁹

1. The following are our conclusions reached after study of the proposition as set forth in the Department's telegram No. 105, July 2, 7 p. m.

2. Toward the end of last year, there began a sharp increase in Japanese purchases of certain commodities likely to be affected by, (a) Japan's rearmament program; (b) increasing prices in world markets; (c) anticipated increase in Japanese import duties, as announced by Minister of Finance.

There resulted a widespread wave of speculation, as indicated by an increase during the past 6 months of 95 per cent in warehouse stocks of raw cotton alone. There have been also alarmingly heavy purchases of steel and other essential commodities. Although the purchases by the individual traders have been speculative in character, the fact that there have been increased importations of commodities required for the rearmament program and of primary commodities entering into the manufacture of articles for export indicates that it is the considered intention of the Japanese Government to promote such importations in order to permit the carrying out of certain fixed policies. From evidence available it appears very doubtful that Japan can continue to finance such imports without either drastically reducing export of capital funds to Manchukuo or curtailing imports of nonessential commodities.

3. The change reported in my No. 182, July 7, 4 p. m., in the existing exchange control regulations in the direction of more drastic and rigid control indicates that, even though the exchange situation has not improved, and has probably deteriorated since last January, the Japanese Government will endeavor to regulate the exchange situation by restricting imports of goods which do not have bearing on the rearmament program or which do not enter into the manufacture of goods for export rather than to modify national policies contributing largely toward creation of such situation.

4. Capital transferred to Manchukuo for military expenditures and for the industrial and economic development of that area is roughly estimated at about yen 400 million per annum. There is no evidence that notwithstanding the extreme difficulty of Japan's present exchange position this amount is being substantially curtailed.

⁹ Not printed.

5. Although the present adverse trade situation has been brought to a head by speculation due to certain economic causes, such as rising world prices and the probable increase in Japanese import duties, it is in the main due to increased purchases of commodities needed for the carrying out of national policies. The degree of dislocation in Japan's trade position which can be traced to such purchases, aggravated as the dislocation is by continued export of capital to Manchukuo, has now become an integral factor in Japan's economic situation and to that extent may be regarded as a matter of deliberate and calculated policy.

6. It is our opinion that an expression of concern by the American Government over the Japanese exchange control system, for the reason that such control tends to prevent expansion of trade, would probably be met with the rejoinder that Japan had substantially increased its total imports since the exchange control regulations became effective, its imports from the United States having increased in point of value by 30% as compared with the corresponding period of last year. While such increase has been caused chiefly by greater purchases at higher prices of certain primary commodities and semi-manufactured articles there has been increasing difficulty in effecting imports into Japan of other commodities not falling within these two categories. Although it is our opinion that exchange control as now applied is so closely tied up with certain Japanese national policies that it is unlikely that an expression of concern by the American Government would bear useful result, nevertheless we feel that as exchange control is irreconcilable with American commercial policy and as it is being used to restrict imports of certain types of American products, an expression of concern such as that outlined in Department's telegram under reference might properly be made.

GREW

611b.9417/242 : Telegram

The Secretary of State to the Consul at Hong Kong (Donovan)

WASHINGTON, July 24, 1937—3 p. m.

Trade Commissioner at Manila reports heavy increase in arrivals at Philippine ports of Japanese cotton textiles transshipped from Hong Kong. Please report by naval radio declared exports of these products for May, June, and July to date, together with available information explaining increases, if any.

Please forward Trade Commissioner at Manila report of declared exports of Japanese cotton textiles for months of 1936 and 1937 to date.

HULL

611b.9417/253

*The Japanese Embassy to the Department of State*¹⁰

MEMORANDUM

The Japanese Embassy has transmitted to the Department for Foreign Affairs of the Japanese Government the memorandum of the State Department, dated July 2, 1937, in which it is proposed by the Government of the United States that the existing arrangement as set out in the Conversation of October 11, 1935 relating to the importation of Japanese cotton piece goods into the Philippine Islands which is to expire on July 31, 1937, will remain in force either for a period of six months or one year.

The Japanese Embassy is now instructed to inform the Government of the United States that the Association of Japanese Exporters of Cotton Piece Goods into the Philippine Islands agrees to the continuation of the present arrangement for a period of one year from August 1, 1937 to July 31, 1938, and further that, as to the importation of Japanese cotton piece goods into the Philippine Islands via intermediate ports, the Association of Japanese Exporters of Cotton Piece Goods into the Philippine Islands, which has been taking measures to restrict the exportation of the said goods to the Philippine Islands, will as far as possible continue its voluntary adjustments by exerting every effort to make the restrictions at least as effective as they were during the period November, 1936, through May, 1937.

WASHINGTON, July 27, 1937.

611b.9417/256 : Telegram

The Consul at Hong Kong (Donovan) to the Secretary of State

HONG KONG, July 29, 1937—5 p. m.

[Received July 30—3 : 34 p. m.]

Referring to the Department's telegram of July 24, 3 p. m. Exports of textiles manufactured in Hong Kong and China from Hong Kong to the Philippines amounted to 248,000 linear yards valued at 70,500 Hong Kong dollars in May and to 312,000 linear yards valued at 89,000 Hong Kong dollars in June. Similar exports of Japanese made textiles amounted to 1,338,000 linear yards valued at 233,000 Hong Kong dollars in May and to 3,527,000 linear yards valued at 760,000 Hong Kong dollars in June. Figures for July will be forwarded by August 3rd.¹¹

¹⁰ Handed by the Counselor of the Japanese Embassy to Mr. Ballantine on August 3 in substitution for a previous version handed to Mr. Ballantine on July 27 (not printed).

¹¹ Not printed.

Six leading firms, comprising both local manufacturers and exporters, have been interviewed on this subject. Four of these firms were unable to give any explanation for this increase other than seasonal demand and improved business conditions.

The other two firms gave the following reasons:

Japanese textile manufacturers anticipating trouble in North China with a reluctant [*resultant?*] lack of demand in that area and a drop in prices.

Japanese textile manufacturers were short of ready cash and therefore disposed of their products at any price obtainable.

Increased vigilance of the customs authorities in North China has recently made smuggling of Japanese textiles very difficult.

Manila importers bought heavily due to fear of a Sino-Japanese war with consequent irregular sailings, higher freight rates, and higher insurance rates.

The new Imperial Preference requirements for cotton textiles will affect unfavorably the demand for Japanese textiles as reported in my despatch No. 593 of July 23, 1937.¹²

It is difficult to evaluate the reasons given but it is believed that all of them played some part in the recent increase. The volume of June exports is still below the figures for some months of 1936.

Stocks of Japanese textiles in Hong Kong are at present estimated at 3,006,000 linear yards.

Trade Commissioner Manila fully informed.

DONOVAN

894.5151/43

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

No. 1345

WASHINGTON, October 4, 1937.

SIR: Reference is made to your despatch No. 2535, dated August 7, 1937, enclosing a memorandum from the Commercial Attaché entitled "American Funds Frozen in Japan",¹³ in which it is suggested that this Department take immediate action to secure the transfer into United States dollars of some 30 million yen of surplus funds owned in Japan by American citizens.

The situation reported by the Commercial Attaché is substantially a repetition of developments which have taken place during the past several years in numerous countries which have instituted rigorous exchange controls. In such situations, in the absence of pertinent treaty provisions, neither the imposition of non-discriminatory restrictions on payments abroad nor the recall of holdings from abroad appear to afford ground for protest as a violation of rights of other

¹² Not printed.

¹³ Neither printed.

governments. Such situations have, however, been the occasion for the development of the widely prevalent system of clearing and payments agreements and the bilateral balancing of trade implicit in such agreements. On grounds of policy which have been frequently stated, this Government has not only not entered into such clearing agreements but has consistently opposed such agreements as being the most disruptive, discriminatory and restrictive types of trade-control devices. This Department is, therefore, not disposed to take action looking toward the withdrawal of funds of American concerns from Japan by offset against funds of Japanese concerns in the United States, as the Commercial Attaché would appear to suggest.

The Department has found it useful in such situations to do what it can informally to seek to induce governmental authorities to make exchange available for the gradual paying off of frozen commercial indebtedness of this kind, certainly to the extent that exchange is made available to creditors of other nationalities either by the free action of the exchange control authorities or as part of clearing or other control arrangements. It therefore believes you should take suitable occasion to explain to the Japanese authorities that the American enterprises concerned are naturally embarrassed by the tying up of their liquid working capital as a result of exchange controls, and that this Government hopes the Japanese Government will do everything within reasonable possibilities to provide the exchange necessary to liquidate this indebtedness.

Moreover, it may be assumed that in view of the experience of American business firms with the exchange controls and currency depreciations in numerous countries in all parts of the world, the American firms having funds in Japan will be familiar with the problems arising in such situations. There will no doubt be many requests for the assistance of American officials in the premises. Such requests should be given sympathetic consideration within the ordinary framework of appropriate assistance to private interests affected by foreign governmental regulations. The exchange control systems lend themselves readily either to practices of arbitrary discrimination or to discriminations on grounds of commercial or other policy affected by the nationality of the foreign private interest concerned. The Embassy should be vigilant to watch for developments of this kind, which may give occasion for the exercise of good offices, for informal representations and eventually for formal representations or protest.

In several cases where considerable amounts of blocked funds owed to Americans have accumulated, the eventual negotiations for the liquidation of such frozen funds have been conducted by private organizations such as the National Foreign Trade Council, by direct negotiation with the foreign government concerned.

In such negotiations this Government has sometimes been able to play an effective informal role in bringing the negotiations to a successful conclusion.

The Embassy is requested to keep the Department informed of all developments in this field in view of its commercial economic and financial importance. It should endeavor to secure accurate estimates in bulk and in reasonable detail of the volume of frozen funds, and keep close observation over any agreements which the Japanese authorities may enter into with other governments dealing with this matter.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

611b.9417/267

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Ballantine)

[WASHINGTON,] November 2, 1937.

The attached statement appearing on a Japanese Embassy letter-head¹⁴ was handed to Mr. Ballantine by Mr. Suma of the Japanese Embassy and relates to new measures to make more effective the control of transshipment of Japanese cotton piece goods to the Philippines by way of Hong Kong. Mr. Suma referred to the conversation¹⁵ which Mr. Ballantine had on October 22 with Mr. Sakamoto, First Secretary of the Japanese Embassy, in regard to measures of control previously put into effect, and asked whether there had been any decrease in transshipments. Mr. Ballantine said that the October figures had come in, which showed no decrease over those of the previous month, but he assumed that as the measures referred to by Mr. Sakamoto did not go into effect until October 26, the effect would not be apparent until we receive the November figures.¹⁶

611.9431/140 : Telegram

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

TOKYO, December 17, 1937—4 p. m.
[Received December 17—9:30 a. m.]

649. Department's 351, December 16, 3 p. m.¹⁴

1. We have, on several occasions when discussing at the Foreign Office Japanese exchange control and regulation of imports and ex-

¹⁴ Not printed.

¹⁵ Memorandum of conversation not printed.

¹⁶ The Japanese Consul General at Manila, Uchiyama, also discussed this problem in a letter of November 5 to the U. S. High Commissioner, McNutt (not printed).

ports, pointed out that these measures are not in harmony with American efforts to liberalize trade. We expressed doubt whether there would be any basis for a trade agreement with the United States so long as any tariff concession which Japan might make could be made valueless by exchange and import control.

2. Yoshizawa,¹⁷ with whom these discussions were held, fully understands the position and in fact indicated that the Japanese Government is not giving active consideration to proposing a trade agreement with the United States. Nevertheless we will take an early opportunity to clarify the situation.

GREW

UNWARRANTED ACTION BY THE JAPANESE CONSUL GENERAL AT
HONOLULU WITH RESPECT TO PHOTOGRAPHER TAKING PICTURE
OF JAPANESE GROUP ON U. S. NAVY PIER

702.9411a/19

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) of a Conversation With the Japanese Ambassador
(Saito)*

[WASHINGTON,] June 12, 1937.

I asked the Japanese Ambassador to be so good as to call at his convenience. The Ambassador called on me this morning by appointment. I opened the conversation with reference to the visit here during the past two days of the Japanese Economic Mission, the pleasure which it had given us to meet the members of the Mission, the very agreeable impression which they had made (the Head of the Mission, Mr. Kadono, had left Washington only two hours before this conversation was held, and two officers of FE¹⁸ had been present at the train), etc., etc.

I then said that the matter which I unfortunately had to take up with the Ambassador related to an incident which had occurred at Honolulu. I said that I had prepared a brief memorandum covering the facts in the case, as reported to us, and including comment which it was my duty to make. I then handed the Ambassador the ribbon copy of the informal memorandum of which copy is here attached.¹⁹ I supplemented the statement by saying that, as reported to us, the Naval "Chief Photographer" (U.S.N.) upon whom the Japanese Consul General had laid hands had made no physical resistance and had refrained from calling to his aid naval personnel who were within call, in order that there might not be created a disturbance. I said

¹⁷ Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.

¹⁸ Division of Far Eastern Affairs.

¹⁹ *Infra*.

that I was sure that the Ambassador would agree with us that action on the part of a consular officer and associated nationals such as was reported in this account was objectionable, could not fail to make for ill-will, and should be definitely discouraged by the authorities of the country of which these persons are nationals. The Ambassador said that he shared these views, and he asked me what I thought he should do. I replied that I felt that I ought not endeavor to make any suggestion; that it seemed to me that this was a matter with regard to which the Ambassador should decide without any prompting from us what action on his part would be appropriate and what suggestions might appropriately be made by him toward ensuring against repetition by a Japanese consular officer and Japanese nationals of any similar activities. The Ambassador said that he thought that probably I was right and that the problem was his: he would give it careful consideration.

With some further references to the visit of the Japanese Economic Mission and reciprocal expression of gratification that it was possible for us to talk things over frankly, the conversation ended.

S[TANLEY] K. H[ORNBECK]

702.9411a/19

*The Department of State to the Japanese Embassy*²¹

A complaint against Mr. T. Fukuma, Japanese Consul General at Honolulu, for unwarranted action in seizing and detaining A. J. Carroll, Chief Photographer, United States Navy.

According to reports made to the Department, there occurred at Honolulu on April 8, 1937, when the Japanese naval tanker *Hayatomo*, which had been moored to the United States Navy Pier in Honolulu Harbor, was completing preparation for departure, an incident as follows:

A member of the *Hayatomo's* crew had set up on her deck a large camera to take pictures of certain groups of persons on the pier, in one of which groups were the Japanese Consul General and some members of his staff. During the posing of this group Carroll, who was on the pier in civilian clothing, took a photograph of the group, after which he was grasped by the arm from behind and jerked around by the Japanese Consul General, who demanded that the roll of films in the camera be surrendered to him. When Carroll refused to comply he was surrounded by a group of Japanese from the Consul General's party, one of whom demanded the film stating that the picture of the

²¹ Handed to the Japanese Ambassador on June 12 by the Chief of the Division of Far Eastern Affairs "as an *aide-mémoire* in record of an oral statement".

Consul General had been taken without the Consul General's permission. Carroll again refused to surrender the film, whereupon the Consul General again seized him by the arm. When Carroll persisted in refusing to give up the film he was seized by two Japanese, forced into the back seat of an automobile, and taken to the Honolulu Police Station. Two of these Japanese are members of the Consul General's staff and the third, who is manager of the Japanese Chamber of Commerce at Honolulu and who acted as spokesman at the police station, stated that he wanted Carroll arrested for taking the picture of the Consul General and demanded that the film be turned over to the Consul General. He was informed by the police authorities that any American citizen was free to take pictures anywhere in the territory, except in restricted areas.

On the following day Captain W. K. Kilpatrick, Acting Chief of Staff, called on the Japanese Consul General who stated that he objected to having his picture taken without permission, that he had asked that the film be surrendered to him, that he regarded the whole thing a minor incident, and that he did not consider that any assault had been committed.

Although the Department is bringing the matter to the attention of the Ambassador orally and informally, it should be understood that this Government considers the action of the Consul General and his associates in this incident highly objectionable.

702.9411a/19

*The Japanese Embassy to the Department of State*²²

1. On April 8, 1937, when the Japanese Consul-General at Honolulu and his party were lined up on a pier of the Honolulu Harbor to see the departure of the Japanese tanker *Hayatomo*, an unknown foreigner in civilian clothes appeared in front of the group and took a photograph. The attitude of the photographer was very impolite.

2. This was not the only case of Japanese residents being photographed in similar circumstances by unidentified photographers. Whenever a Japanese warship visited Honolulu, persons entering and leaving the ship were watched by unidentified foreigners who surreptitiously took photographs of them. The motive behind such acts being unknown, much uneasiness was caused to the Japanese residents of the Island. The Japanese Consul-General called to the individual mentioned above, who happened to be about twenty feet away from him, with the intention of ascertaining his motive. As the Con-

²² Handed by the Japanese Ambassador on June 28 to the Chief of the Division of Far Eastern Affairs.

sul-General and his party approached to within five feet of him, the Consul-General asked one of his staff to inquire of the said individual his name, profession and identity. (The Consul-General never grasped him by the arm or jerked him around.) It was learned that his name was Carroll (it was known later that he falsified his initials) and that he was a photographer by profession. He, however, failed to identify himself as belonging to the navy at that time.

3. The said member of the staff asked Carroll to surrender the film, as a matter of courtesy, stating that a photograph of the Consul-General taken by an unknown person might easily be misused.

Carroll declined to consent to this request and proposed to have the matter settled at a police station or any other proper place.

4. Thereupon two members of the Staff of the Japanese Consulate-General, and a secretary of the Japanese Chamber of Commerce, together with Carroll went to the police station, with the object, on the part of the Japanese, of ascertaining the identification of the unknown person. At that time Carroll was asked whether he was willing to ride in a car owned by the Japanese. He consented and voluntarily entered the car. It is not a fact that Carroll was forced into the said car.

5. Investigation at the police station revealed that Carroll was a member of the Intelligence Bureau of the Naval Authorities at Honolulu. The Secretary of the Chamber of Commerce, acting as spokesman, asked Mr. Carroll to surrender the film. As he still refused to comply with the wish, the matter was dropped.

6. The Consul-General explained to Captain Kilpatrick, Acting Chief of Staff, who visited him on the following day, that Mr. Carroll voluntarily entered the car and was not forced to do so by any means, that from the beginning there never was a question of any use of force against him and that as this was a minor incident he did not think it worth while to report it to the Foreign Office.

702.9411a/19

*The Department of State to the Japanese Embassy*²³

The memorandum handed by the Japanese Ambassador to Mr. Hornbeck on June 28 has been read with care.

It is noted that the account of the facts as given in the memorandum under reference differs in several particulars from the account given the Department by authorities at Honolulu.

It is possible that differences of language and customs leading to misunderstanding of motives and actions have been factors in the incident, and, with a view to being helpful toward preventing there

²³ Handed to the Japanese Ambassador on July 12 by the Chief of the Division of Far Eastern Affairs "as a record of an informal oral statement".

arising similar troublesome incidents in the future, comment is offered as follows:

1. The Pier under reference is a United States Navy Pier, and it must be assumed that officials of foreign governments who proceed to such a Pier are aware of that fact. It must be assumed also that officials of foreign governments who are present on a United States Naval Reservation are cognizant of the fact that primary jurisdiction in regard to what may occur on said Naval Reservation to the dissatisfaction of visitors rests with the appropriate United States Naval Authorities, especially those on the Reservation.

2. It must be assumed that foreign officials stationed in American territory are aware of the fact that in this country the taking of photographs, except in certain special areas or places, is subject to very little restriction and that our people when taking photographs are not accustomed to being interrogated with regard to their motives. Such interrogations, if and when there is occasion for them, are usually made by police officers or other persons in whom there resides some special authority to make them.

3. A foreigner or group of foreigners present on or near a Naval or Military Reservation should realize that any action in which they may there engage should be scrupulously circumspect.

4. Without going beyond the statements made in the memorandum under reference, it is clear that various of the acts of the Consul General and his party were of such a character as to invite criticism by the authorities at Honolulu and the calling of the incident in all friendliness by the Department to the attention of the Japanese Ambassador.

5. Conformity with custom and with the appropriate procedures is expected of officials of foreign governments who are present on any territory of the United States and is especially desirable on or near Naval Reservations and Military Reservations.

REFUSAL OF JAPANESE GOVERNMENT TO AUTHORIZE VISIT BY UNITED STATES NAVY VESSEL TO PORTS ON ISLANDS UNDER MANDATE TO JAPAN²⁴

811.3394/251 : Telegram

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

TOKYO, February 12, 1937—4 p. m.
[Received February 12—4:30 a. m.]

54. Department's 28, February 10, noon.²⁵ Foreign Office has orally informed me today that Army and Navy have stated that

²⁴ Continued from *Foreign Relations*, 1936, vol. iv, pp. 984-993.

²⁵ Not printed.

visits of *Gold Star* to Palau, Saipan and Truk would not be agreeable but visits to Yokohama, Kobe and Miike would be agreeable.

GREW

8621.01/329

The Consul at Yokohama (Boyce) to the Secretary of State

No. 315

YOKOHAMA, June 25, 1937.

[Received July 12.]

SIR: I have the honor to report, as of possible interest to the Department, that an officer of this Consulate has had several interviews with Captain Alfred Parker, who was an applicant at this office for a Section 3 (2) Non-immigration Visa, concerning his experiences and observations while stranded in the Japanese Mandated Islands.

Captain Parker, a Norwegian subject, was the captain of the *M. S. Fijian*, a motorship under Panamanian registry and owned by Flood Brothers, 444 Market Street, San Francisco, California, which sank after an explosion, on March 25, 1937, near the island of Majuro. The captain and crew, consisting of Norwegian and Chinese nationals, were rescued by the Japanese vessel, *Shinko Maru*. They were taken by this vessel to the island of Ahrno.

After staying at Ahrno for 36 hours, the *Shinko Maru* proceeded to the island of Jaluit. At Jaluit the captain and crew of the *Fijian* disembarked under police supervision. They remained on this island from March 28 to April 24, on which date they sailed on the *Kasagi Maru* for Yokohama. En route to Yokohama, the vessel made brief stops at the islands of Kusaie, Ponape, Truk and Saipan.

According to Captain Parker he was questioned by the police on 21 different occasions during his stay at Jaluit. He believes that the police regarded him as a spy of some foreign nation and for that reason greatly restricted his freedom of action on Jaluit and refused to allow him or the members of the crew to land at any of the islands visited en route to Yokohama.

Captain Parker stated that Jaluit has an excellent harbor which can only be entered by vessels under the guidance of pilots familiar with the reef formations in the channel. There were three Japanese Naval Destroyers and one Airplane Carrier stationed in Jaluit harbor. The Captain saw no indications of fortifications on the island.

While on Jaluit Captain Parker became acquainted with Mr. Carl Heine, a missionary representative of the American Foreign Board of Missions, who has been on the islands for 48 years. Mr. Heine travels throughout the Mandated Islands in his work and is acquainted with a number of Japanese naval officers. Mr. Heine stated that these

officers had told him that their naval plans provided for the immediate capture of Guam in case of war between Japan and the United States. Captain Parker also stated that Mr. Heine did not believe that the Japanese would allow him to leave the islands.

Captain Parker observed from the vessel on the voyage to Yokohama that a large airport was being constructed on the island of Kusaie. He stated that of the islands visited radio stations were located on Jaluit, Truk and Saipan.

The Consulate has no way of verifying Captain Parker's statements.
Very respectfully yours, RICHARD F. BOYCE

811.3394/258 : Telegram

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

WASHINGTON, July 20, 1937—7 p. m.

120. Navy Department proposes that the U. S. S. *Gold Star* make informal visits to Palau August 30 to September 1, Truk September 6 to 8 and Saipan September 11 to 13.

If you perceive no objection, inquire of Foreign Office whether proposed visits are agreeable and cable reply received as soon as possible.²⁶

Reference is made to Department's mail instruction No. 1294, July 7,²⁷ which you probably have not yet received.

HULL

894.0144/29

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

No. 1351

WASHINGTON, October 12, 1937.

SIR: Reference is made to the Embassy's despatch no. 2133 of November 13, 1936²⁸ in which it was stated that an official of the Japanese Foreign Office had called at the Embassy to make inquiries regarding the identity of an airplane which flew over the Island of Rota on October 26, 1936.

The Department is now in receipt of a letter, a copy of which is enclosed,²⁷ from Pan American Airways Company of New York, in which it is stated that on or about October 25, 1936, an aircraft of the Pan American Airways System, under the command of Captain Musick, was proceeding from Midway to Guam and may have flown over the Island of Rota, although it is Captain Musick's belief that

²⁶ On August 2 a Japanese note refused permission for the visits (811.3394/267).

²⁷ Not printed.

²⁸ *Foreign Relations*, 1936, vol. iv, p. 992.

he flew to the north of the island. It will be noted that the Pan American Airways Company has again brought to the attention of its personnel its instructions to avoid unauthorized flight over foreign territory or territorial waters.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

ASSISTANCE BY JAPANESE GOVERNMENT IN SEARCH FOR MISSING
AIRPLANE OF MISS AMELIA EARHART

800.79611 Putnam, Amelia Earhart/140

Memorandum by Mr. Joseph W. Ballantine of the Division of Far Eastern Affairs of a Conversation With the Second Secretary of the Japanese Embassy (Hayama)

[WASHINGTON,] July 5, 1937.

Mr. Hayama informed Mr. Ballantine over the telephone that the Japanese Embassy had received an urgent telegram from Tokyo asking that inquiry be made of this Government whether the Japanese Government could be of assistance in connection with the search for Amelia Earhart, in view of the fact that Japan had radio stations and warships in the Marshall Islands. Mr. Ballantine expressed his appreciation of the kind offer of the Japanese Government and said that he would refer it at once to the authorities of the American Government.

Mr. Ballantine got into touch with Mr. Hornbeck³⁰ who communicated with Admiral Leahy.³¹ Mr. Ballantine then communicated to Mr. Hayama the reply of Admiral Leahy, which reply Mr. Hornbeck had relayed to Mr. Ballantine. Mr. Ballantine told Mr. Hayama that the Navy had received a faint message which offered a clue that Miss Earhart's plane might be down at a spot about 200 miles north of Howland Island, that the U. S. S. *Lexington* was now on its way to the spot from the Pacific Coast, and the *Colorado* from Honolulu, but that as the spot in question was some days sailing distant, if the Japanese Government had any vessels which could reach the spot earlier any assistance they could give would be appreciated. Mr. Ballantine said that the search was being directed by the Naval Commandant at Honolulu, and suggested that the Japanese Navy get into touch with the Commandant for latest developments and in regard to arrangements for cooperation. Mr. Hayama said that the Embassy would telegraph Tokyo immediately.

³⁰ Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs.

³¹ Chief of Naval Operations.

800.79611 Putnam, Amelia Earhart/141

Memorandum by Mr. William T. Turner of the Division of Far Eastern Affairs of a Conversation With the Second Secretary of the Japanese Embassy (Hayama)

[WASHINGTON,] July 6, 1937.

Mr. Hayama telephoned that the Naval Attaché of the Japanese Embassy had been informed that the Japanese Navy Department had instructed the survey ship *Koshu*, 2500 tons, which is now somewhere in the South Seas, to take part in the search for the airplane of Miss Earhart and to get into touch with Japanese vessels near the place where Miss Earhart's airplane is reported to have been lost.

800.79611 Putnam, Amelia Earhart/143 : Telegram

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

WASHINGTON, July 10, 1937—2 p. m.

107. The authorities of the Navy Department and the relatives of Miss Earhart express the opinion that if Miss Earhart's plane was forced down on the ocean it may have drifted, because of the prevailing currents, in the general direction of the Gilbert Islands.

In view of the urgency of the time element involved please endeavor to advise the appropriate authorities of the Japanese Government immediately of these facts and state to them that because of the generous offer of assistance tendered by the Japanese Government and because of the continuing interest which the Japanese Government has taken in the search for Miss Earhart's plane, your Government suggests that if any suitable vessels or airplanes of the Japanese Government are located in or near the Gilbert Islands they may be asked to be on the lookout for Miss Earhart's plane.

Please telegraph such reply as may be made to you by the Japanese Government.

HULL

800.79611 Putnam, Amelia Earhart/144 : Telegram

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

TOKYO, July 11, 1937—11 a. m.

[Received July 10—11:55 p. m.]

188. Department's 107, July 10, 2 p. m. Contents of Department's telegram under reference communicated immediately to Senior Aide to the Navy Minister who stated that no Japanese aircraft in that area but survey ship *Koshu* has proceeded toward Marshall Islands and should now be there. Japanese radio stations have been ordered

to be on continuous watch for Earhart signals and many Japanese fishing craft in and to east of Marshall Islands have been instructed to be on lookout. The Senior Aide expressed greatest willingness to cooperate.³²

GREW

800.79611 Putnam, Amelia Earhart/160

The Japanese Ambassador (Saito) to the Secretary of State

No. 158

[WASHINGTON, undated].³³

SIR: I have the honor to acknowledge, with thanks, the receipt of your note of July 15, 1937³⁴ concerning the assistance which is being given by my Government in the search for Miss Earhart.

The Japanese Government and people will, I assure you, appreciate highly the kind sentiments of the President and yourself which you are good enough to convey in your note and which I have had the pleasure of transmitting to Tokyo.

I should like to take the opportunity of expressing the deep concern of the whole Japanese nation that no trace of Miss Earhart has yet been found.

Accept [etc.]

HIROSI SAITO

FAILURE OF JAPAN TO GIVE SATISFACTORY ASSURANCES THAT AMERICAN CONSULAR OFFICERS IN JAPAN HAVE THE RIGHT TO VISIT AMERICAN CITIZENS UNDER DETENTION OR ARREST IN JAPAN

394.1121 Keoahu, David L./2

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

No. 1335

WASHINGTON, September 14, 1937.

SIR: Reference is made to the ultimate sentence of the Embassy's despatch No. 2523 of August 4, 1937,³⁴ in which it is suggested that if the Department should decide not to proceed toward the conclusion of the proposed consular convention with Japan it would be helpful for the Embassy and consular offices in Japan to receive standing instructions in regard to the policy which should be followed in cases wherein the Japanese authorities refuse to permit American consular offices to communicate with American citizens under detention or arrest.

³² The Department's telegram No. 109, July 12, noon, expressed "appreciation of Japanese Government's cooperation." (800.79611 Putnam, Amelia Earhart/149)

³³ Received in the Department July 20.

³⁴ Not printed.

Although there has been no decision on the part of the Department to halt discussions looking toward the conclusion of a consular convention with Japan, actually the informal discussions in regard to the proposed convention between officers of the Department and officers of the Japanese Embassy have been in suspense for several months because of the failure so far of the Japanese to give satisfactory assurances that American consular officers in Japan shall have the right to visit American citizens under detention or arrest in that country. For your confidential information it may be stated that the Department is not disposed to proceed further with the discussions until such assurances are forthcoming.

The Department suggests that hereafter in each case coming to the attention of the Embassy of American citizens being held incommunicado, a communication, formal or informal as the Embassy may consider appropriate, be addressed to the Foreign Office in which should be set forth the circumstances of the case and inquiry made in regard to the reasons for refusal to permit a visit by the consular officer. In each instance the attention of the Foreign Office might be invited to the fact that it is the custom in the United States and most other countries to permit such visits by consular officers.

At the same time, the Department desires that the Embassy give consideration to the possibility that special effort on the part of consular officers to develop useful contacts among local officials might in some cases place them in position more effectively to intercede in protection cases of this nature. The Department in making this observation does not wish it to be implied that any criticism is intended of the handling by the Vice Consul at Yokohama of the case under reference. The observation is offered as a suggestion for consideration.

Very truly yours,

For the Secretary of State:
HUGH R. WILSON

**REFUSAL BY THE UNITED STATES GOVERNMENT TO AUTHORIZE
OPERATION OF A JAPANESE AIR LINE FROM TAIHOKU (FORMOSA)
TO MANILA**

811b.79694a/11

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] June 7, 1937.

Reference, memorandum of conversation between the Japanese Ambassador and Mr. Hornbeck, March 16, 1937,³⁵ and subsequent papers.

³⁵ Not printed.

On March 16, 1937, the Japanese Ambassador, Mr. Hiroshi Saito, informed Mr. Hornbeck orally and informally that the Japanese Government had instructed the Ambassador to request permission for the operation of a Japanese air line from Taihoku into Manila. Mr. Hornbeck inquired whether this request would imply and carry with it the principle of reciprocity. The Ambassador replied that it was his understanding that reciprocity was intended.

Under date March 31, the Department informed the Secretaries of War, Navy, Treasury, Commerce, and the Postmaster General of the matter under reference, with request for comments.

At a meeting of the Interdepartmental Committee on Civil International Aviation, early in April, this matter was discussed (simultaneously with discussion of the pending request of the Netherland Government to establish air line communication between the Netherland East Indies and Manila³⁷), and there was arrived at a consensus of opinion unfavorable to the Japanese request: it was decided that the Department should inform the Japanese Ambassador that the American Government is not favorably disposed toward the proposal made.

By the end of April, replies had been received from the Secretaries of War, Navy, Treasury, Commerce, and the Postmaster General, unanimously unfavorable.

Mr. Hornbeck conferred with Judge Moore³⁸ and it was decided that the reply should be given by Mr. Hornbeck, to whom the original inquiry had been addressed, in the same informal and oral manner in which the Japanese Ambassador had communicated the inquiry.

As the reply to be given was in the negative, and as the matter was in no way urgent, it was considered by officers of FE³⁹ advisable to await, for the communicating of this reply, a favorable moment, preferably a moment when, some other matter being under discussion, communication of this reply might be made to the Japanese Ambassador casually.

On June 4, Mr. Kitazawa of the Japanese Embassy inquired of Mr. Ballantine⁴⁰ when a reply might be expected to the inquiry which the Japanese Ambassador had made of Mr. Hornbeck (in relation to the matter under reference).

On June 5, Mr. Hornbeck informed the Japanese Ambassador orally and informally that, "this matter having been given consideration by the authorities concerned of this Government, he was under in-

³⁷ On November 9 it was decided to enter into negotiations with the Netherlands for a reciprocal air agreement between the Philippines and the Netherlands East Indies, but no results had been obtained to the time of the outbreak of war in Europe.

³⁸ R. Walton Moore, Counselor of the Department of State.

³⁹ Division of Far Eastern Affairs.

⁴⁰ Joseph W. Ballantine, of the Division of Far Eastern Affairs.

struction to say that the American Government is not prepared to respond in the affirmative to the request under reference".

S[TANLEY] K. H[ORNBECK]

EXCHANGE OF NOTES BETWEEN THE UNITED STATES AND JAPAN ON
MARCH 25, 1937, IN SETTLEMENT OF PERPETUAL LEASES IN JAPAN ⁴¹

894.52/48

Memorandum of Conversation, by the Ambassador in Japan (Grew) ⁴²

[Tokyo,] January 13, 1937.

The British Ambassador ⁴³ called on me today and said that after conference with representatives of the British perpetual leaseholders in Kobe, he had obtained their reluctant consent to propose to the Japanese Government that the perpetual leases be terminated at the end of a period of five years dating from April, 1937. Sir Robert said that he was to see the Minister for Foreign Affairs tomorrow and would present to Mr. Arita a note, a copy of which he would send to me, proposing this solution of the case. Sir Robert said he was aware that our policy had been to let the American perpetual leaseholders deal directly with the Japanese Government and that our Government had taken no official action. He hoped, however, that we might now see our way clear to taking official action along the lines of his own proposal. I replied that we had purposely abstained from official action in order not to embarrass or complicate his own negotiations, but now that a definite proposal was in sight, I would submit the matter to our own perpetual leaseholders and would then take it up with Washington. I said that I thought the five year period was a reasonable solution of the matter, particularly as the system of perpetual leases is an anachronism in modern international relations. Sir Robert concurred and said that no international agreement involving rights in perpetuity could be expected to stand.

J[OSEPH] C. G[REW]

894.52/49 : Telegram

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

Tokyo, February 25, 1937—1 p. m.

[Received February 25—7:10 a. m.]

63. 1. The British Ambassador has informed me that the Japanese Foreign Office has accepted the British proposal for the settlement of

⁴¹ For previous correspondence, see *Foreign Relations*, 1936, vol. iv, pp. 964 ff.

⁴² Copy transmitted to the Department by the Ambassador in Japan in his despatch No. 2240, February 1; received February 19.

⁴³ Sir Robert H. Clive.

the perpetual leasehold question a copy of which was transmitted with despatch Number 2240 of February 1.⁴⁴ The Japanese Foreign Office must obtain approval of the Privy Council which is expected within the next 2 weeks after which notes of acceptance will be exchanged. The British Ambassador also informed me that he believes that the Japanese Foreign Office will shortly approach us asking that American holders accept the same terms.

2. I have consulted one of the larger American holders who informed me that he would be willing to accept the terms of the British proposal and that he would consult other American holders.

3. The Department's instructions regarding the attitude the Embassy should assume towards the American holders with respect to acceptance by them of the same terms are requested.

GREW

894.52/49 : Telegram

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

WASHINGTON, February 27, 1937—2 p. m.

36. Your 63, February 25, 1 p. m.

1. The terms of the plan of settlement arrived at between the British and Japanese Governments would seem to be less favorable to the leaseholders than the terms which recommended themselves to this Government as constituting an equitable basis of settlement. In view, however, of the fact that British interests involved are substantially greater than American interests, this Government desires to avoid the taking of position which would obstruct conclusive disposal of this long-standing issue. You may, therefore, orally inform the Foreign Office that this Government is prepared to accept settlement on the basis of the proposal presented to the Japanese Government by the British Ambassador in his note of January 14.

2. For guidance with regard to Embassy's attitude toward American leaseholders, please see paragraph 4, Department's telegram No. 138, November 3, 3 p. m.⁴⁵

HULL

894.52/50 : Telegram

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

TOKYO, March 4, 1937—3 p. m.

[Received March 4—9:15 a. m.]

70. Department's 36, February 27, 2 p. m. I orally and informally advised the Vice Minister for Foreign Affairs today that the United

⁴⁴ Despatch not printed; but see memorandum by the Ambassador in Japan, *supra*.

⁴⁵ *Foreign Relations*, 1936, vol. iv, p. 979.

States Government is prepared to accept settlement of the perpetual lease question on the basis of the proposal presented to the Japanese Government by the British Ambassador in his note of January 14. I made it clear that the legal rights of American leaseholders can not be compromised by such an acceptance and in order that the Embassy may discuss the matter with the leaseholders I suggested that no publicity at present be given to my announcement. I, however, suggested to the Vice Minister that before any formal approach is made to our Government by the Japanese Government it would be helpful if he would advise me informally in advance of any such step so that if desirable a public announcement might then be made that the American Government had already indicated its willingness to accept settlement of the question prior to a formal approach by the Japanese Government. The Vice Minister agreed to this procedure. He expressed appreciation of our attitude.

I believe that the Embassy should now inform the principal American leaseholders of our Government's position.

GREW

894.52/51 : Telegram

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

TOKYO, March 4, 1937—7 p. m.
[Received March 4—9:30 a. m.]

71. My telegram 70, March 4, 3 p. m., perpetual leaseholds.

1. This afternoon the Chief of the Treaty Division of the Foreign Office handed a member of the Embassy staff in strict confidence, and as he said with the consent of the British Ambassador, copies of the notes with accompanying letters to be exchanged between the Japanese Government and the British Embassy.^{45a} The notes confirm substantially the terms proposed in the British Ambassador's note of January 14, copy of which accompanied our despatch 2240, February 1.

2. The letters accompanying the notes are designed to clarify the statement in the notes that "until the 31st day of March, 1942, the present position as regards exemptions shall be maintained". The letters state that this is to be understood as providing that until March 31, 1942, no taxes at present in force shall be collected other than those hitherto collected from the leaseholders nor shall any taxes which may be introduced in future be collected from them if such taxes are directly connected with the perpetual leaseholds. The letters also specify that in the event of a leasehold being transferred it shall continue to be subject to the terms of their agreement in the notes.

^{45a} *British and Foreign State Papers*, vol. CXXI, p. 390.

3. Kuriyama said that because of my visit to the Vice Minister this morning to make known our attitude we were the only other interested Government being informed regarding the exchange of notes with the British and that other governments would not be informed until the exchange had been approved by the Privy Council which would be done on March 17. Kuriyama added that if we wished to submit a draft note and letter of the same tenor as the British note and accompanying letter the Foreign Office would be pleased to receive them on or before March 10 as the Foreign Office wished to have them at least a week before submitting them to the Privy Council.

4. Please instruct.

GREW

894.52/51 : Telegram

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

WASHINGTON, March 5, 1937—11 a. m.

40. Your telegrams No. 70, March 4, 3 p. m., and No. 71, March 4, 7 p. m.

1. You are authorized to carry out an exchange of notes and of accompanying letters, as set forth in your telegram No. 71.

2. You are also authorized in your discretion to inform the principal American leaseholders of our position.

3. With regard to the making of a public announcement, the Department had no intention of giving publicity to the approaching settlement of the leasehold question until such time as might have proved convenient to the Japanese Government and to the British Government. However, an Associated Press despatch with London dateline of March 2 attributed to "official sources" a report to the effect that Great Britain and Japan have virtually completed an agreement providing for the settlement of the perpetual leasehold question. In view of the publicity given out in London, the Department had prepared a statement for the press and was about to release it when your telegrams under reference were received.

4. It is requested that you inform the Foreign Office of the circumstances set forth in the preceding paragraph and that you state that this Government is confident that the Japanese Government will realize that it would be embarrassing to this Government to withhold a statement to the press for an unduly long period of time after the publicity which has already been given in London.

HULL

894.52/54 : Telegram

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

TOKYO, March 6, 1937—noon.

[Received March 6—12:52 a. m.]

80. Department's 40, March 5, 11 a. m. Perpetual leaseholds. Draft documents submitted to Foreign Office this morning. Foreign Office perceives no objection to immediate publicity release in Washington.

GREW

894.52/53 : Telegram

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

WASHINGTON, March 8, 1937—6 p. m.

43. Your 73, March 5, 1 p. m.⁴⁶ and 80, March 6, noon. On March 6 Department issued a press release⁴⁷ presenting brief review of developments preceding the giving of notification to the Japanese Government of the willingness of the American Government to accept settlement of the leasehold question on terms similar to those arranged between the British and Japanese Governments, and concluding with expression of hope that American leaseholders will accept such terms.

HULL

894.52/55 : Telegram

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

TOKYO, March 9, 1937—5 p. m.

[Received March 9—6:56 a. m.]

83. Embassy's 80, March 6, noon; Department's 43, March 8, 6 p. m.—perpetual leaseholds.

1. Foreign Office informs me that our draft note and letter will be submitted together with the British documents to the Privy Council March 17 and that signature and exchange will take place on the 18th or 19th.⁴⁸

2. I have filed no reservation to the effect that any right of American leaseholders which may be legally enforceable cannot be compromised by this settlement. There seems to be nothing to be gained by such action particularly as the Japanese Government proposes to introduce a law which would invalidate all perpetual leaseholds on

⁴⁶ Not printed.⁴⁷ Department of State, *Press Releases*, March 6, 1937, p. 133.⁴⁸ Signature took place March 25; Executive Agreement Series No. 104, or 50 Stat. 1611.

April 1, 1942. Furthermore, the Japanese Government would not accept a formal reservation of that nature.

3. The Department's press release is appreciated by the Foreign Office.

GREW

894.52/64

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

No. 2385

TOKYO, April 28, 1937.

[Received May 17.]

SIR: With reference to the Embassy's despatch No. 2338 of April 1, 1937,⁴⁹ relating to the settlement of the perpetual lease question, I have the honor to report that the Japanese Foreign Office on Thursday, April 15, exchanged notes with the French Ambassador and the Swiss Minister for the relinquishment of the perpetual leases held by French and Swiss nationals. The notes are reported to be of the same purport as those exchanged with the British Embassy and ourselves on March 25, 1937.

According to a report issued by Domei, the texts of official notes to be exchanged with Italy, Holland, Denmark, and Portugal in settlement of perpetual leases held by nationals of those countries will be considered by the Privy Council holding its regular session today. The exchange of notes with those countries will conclude negotiations for the termination of perpetual leaseholds held by foreign nationals in Japan.

Respectfully yours,

JOSEPH C. GREW

⁴⁹ Not printed.

SIAM

TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION BETWEEN THE UNITED STATES AND SIAM, NOVEMBER 13, 1937¹

611.9231/16

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

[WASHINGTON,] May 27, 1937.

Conversation: The Siamese Minister, Phya Abhibal Rajamaitre;
Mr. Sayre.²

Present: Mr. Hamilton.

The Siamese Minister called at the request of Mr. Sayre. Mr. Sayre informed the Minister that he had asked him to be so good as to call in order that Mr. Sayre might inform the Minister of two points in connection with the study which the Department was giving to the question of the new commercial treaty with Siam.

Mr. Sayre informed the Siamese Minister that the first of these two points was that since receipt from the Siamese Government of the draft of the proposed treaty,³ the Department has been preparing two counterdrafts, one following the lines of our standard draft and the other following the lines of the Siamese draft with such suggested amendments as would be needed to bring the draft into conformity with the desires of this Government. Mr. Sayre said that we have been working very hard on these counterdrafts; that a good many divisions in the Department were concerned and had to scrutinize carefully each proposed article; that our study was taking a good deal more time than had originally been anticipated but that the time and effort which had been put forth would probably serve to shorten the period of actual negotiation; and that we hoped to be in position within one or two weeks to hand the Siamese Minister in tentative form the two counterdrafts which we were preparing.

Mr. Sayre continued that the second point in regard to which he wished to inform the Siamese Minister was that both the British and the Japanese Governments had indicated to us that they would be interested in receiving information in regard to our attitude to-

¹ For previous correspondence, see *Foreign Relations*, 1936, vol. iv, pp. 994 ff.

² Francis B. Sayre, Assistant Secretary of State.

³ Missing from the Department files; it was handed to the Legation in Siam on November 5, 1936.

ward the draft of the treaty between the United States and Siam proposed by the Siamese Government. Mr. Sayre said that we were now communicating to the British and Japanese Governments, in reply to their inquiries, information of a general character in regard to our attitude. Mr. Sayre stated that we of course wished the Siamese Minister and his Government to know what we were doing in this regard. Mr. Sayre thereupon handed the Minister an informal memorandum (copy attached hereto)⁴ containing the substance of the information which we were communicating to the British and the Japanese Governments.

The Minister read the memorandum and then expressed his appreciation of and thanks for the information which Mr. Sayre had given him.

The Minister raised the question of the place where negotiation of the new treaty between the United States and Siam should be held. After some discussion and interchange of views Mr. Sayre and the Minister expressed agreement that from a number of points of view it would seem preferable that the negotiations be conducted at Bangkok rather than at Washington.

611.9231/16

*The Department of State to the Siamese Legation*⁵

Both the Japanese and the British Governments have evinced interest in the attitude of the American Government toward the draft of a treaty between the United States and Siam proposed by the Siamese Government. The information which the American Government is communicating informally and in confidence to the Japanese and to the British Governments is in substance as follows:

During the past few years the American Government has concluded a number of commercial treaties with other governments. Since receipt from the Siamese Government of the draft of a proposed treaty, the Department of State has been preparing a counterdraft which incorporates the results of the experience gained by this Government in the negotiations of previous treaties and which accords more closely with the views of this Government than does the Siamese draft. The counterdraft resembles closely the standard form followed in recent treaties, an example of which is the Treaty of Friendship, Commerce, and Consular Rights signed February 13, 1934, between the United States and Finland.⁶ This counterdraft incorporates certain provi-

⁴ *Infra.*

⁵ Handed to the Siamese Minister on May 27 by Assistant Secretary of State Sayre.

⁶ See *Foreign Relations*, 1934, vol. II, pp. 134 ff.

sions relating to quotas and monopolies which were taken from the recent trade agreements concluded by this Government, an example of which is that signed on November 15, 1935, between the United States and Canada.⁷

As an alternative basis for negotiation there is being prepared a second counterdraft based upon the Siamese draft but incorporating no important variations from the first counterdraft.

The counterdrafts being prepared by the Department are, of course, not regarded as necessarily final, and it is understood that either of the Governments concerned may propose further changes at any time during the course of the negotiations.

It is believed desirable and it is requested that no publicity be given to the foregoing information.

711.922/84

The Secretary of State to the Siamese Minister (Abhibal Rajamaitre)

WASHINGTON, September 14, 1937.

SIR: I have the honor to refer to your note of November 5, 1936,^{7a} giving notice in regard to the termination for your Government's part of the Treaty of Friendship, Commerce and Navigation, and Annex, of December 16, 1920,⁸ and to your recent oral discussions with Mr. Sayre regarding a note from the Siamese Foreign Office of November 5, 1936, to the American Legation at Bangkok,⁹ with which was enclosed the draft of a proposed treaty of friendship, commerce and navigation between the United States and Siam.⁹

This Government has given careful consideration to the proposals of the Siamese Government and desires to offer comments as follows:

The problem of the adequate expression of the obligations normally set forth in commercial treaties is one to which the authorities of this Government have, over a period of fifteen years, been giving especial attention with a view to arriving at the best methods of meeting present-day needs. In the opinion of this Government the standard draft thus developed warrants the earnest consideration of your Government as the basis of a treaty between the two countries. I should like to recommend the adoption of this form in the ensuing negotiations for a new commercial treaty between the United States and Siam. A draft treaty, prepared on the basis of the standard draft and adapted for use in the present negotiations, is enclosed

⁷ See *Foreign Relations*, 1935, vol. II, pp. 18 ff.

^{7a} *Ibid.*, 1936, vol. IV, p. 999.

⁸ *Ibid.*, 1921, vol. II, p. 867.

⁹ Missing from Department files.

herewith in the hope that it may meet with your Government's approval. It is marked "Draft (1)".¹⁰

Should such approval be withheld, however, this Government is willing to negotiate on the basis of the draft which your Government has submitted, altered to meet the necessities of this Government in the manner indicated by the enclosed document marked "Draft (2)".¹¹ The following paragraphs are limited to a discussion of Draft (2).

Article 1 of Draft (2) is substantially identical with Article 1 of the original Siamese draft. Two changes have been made in the first paragraph of Article 1, both of which have the effect of restoring the wording of the existing treaty. In speaking of the right to lease land, the Siamese draft adds to the words "for residential, commercial, industrial, religious, charitable" the words "and other lawful purposes". This Government prefers not to elaborate the existing commitment.

It is noted that in the same sentence the promise of national and most-favored-nation treatment relates only to trade. It would seem to be highly desirable to relate such a promise to all of the enumerated privileges, and hence the word "trade" has been replaced by the phrase "the enjoyment of any of the foregoing privileges".

The third change in the opening paragraph of Article 1 consists of striking out the new condition "in so far as may be permitted by local law" and restoring the existing condition: "submitting themselves to the laws and regulations there established". The new condition suggested by the Siamese draft would make the grant largely illusory, as the existence of any particular right would be determined by local law. The condition which this Government proposes be restored admits the existence of the right but stipulates that in the manner of enforcing it local laws and regulations shall be obeyed.

It is suggested that in the first sentence of the last paragraph of Article 1 the words "industrial pursuits, and to" be omitted. The sentence would then relate only to callings and professions. Having stipulated with respect to commerce, manufacture and trade in the first paragraph, it would seem to be unnecessary to include the words "industrial pursuits" in the last paragraph.

The second sentence of the last paragraph of Article 1 is accepted, but some elaboration and clarification of the sentence has been suggested.

With regard to the proposal which appears in the last sentence of the last paragraph of Article 1 of the Siamese draft relating to rights of acquisition, possession and disposition of immovable property, this Government is giving consideration to the subject therein dealt with

¹⁰ Enclosure 1, p. 834.

¹¹ Enclosure 2, p. 847.

and expects to present at a later date a counter-proposal in regard to that subject.

In connection with the commitment to accord national treatment in the protection of persons and property, I wish to suggest the addition, at the end of the third paragraph of Article 1, of two sentences which are standard in the treaties of the United States:

“They shall also enjoy in this respect that degree of protection and security that is required by international law. Their property shall not be taken without due process of law or without payment of just compensation.”

In view of the foregoing suggested provisions, it would seem unnecessary to make further provision as to compensation in the next paragraph. In connection with the provisions relating to forced military contributions and military requisitions, contained in the fourth paragraph of Article 1, I wish to point out that these provisions seem to be broad enough to prohibit a recently devised form of military contribution or requisition. I refer to a requirement made of persons engaged in business to carry stocks of merchandise above and beyond their normal business needs. An indication whether your Government concurs in this interpretation would be welcomed.

A new paragraph bearing upon rights in connection with mineral resources has been added. Provisions on this subject are customary in the commercial treaties of the United States.

Article 2 of the Siamese draft is acceptable. Slight changes have been made in order to accomplish more effectively the evident purpose of the article.

The first paragraph of Article 3 of the Siamese draft is acceptable, but in the interest of clarification it is suggested that the condition of most-favored-nation treatment be specified in such manner that the paragraph would read as follows:

(new matter underscored)

“The nationals of each of the High Contracting Parties, equally with those of the most favored nation, shall have liberty freely to come with their ships and cargoes to all places, ports and rivers in the territories of the other which are or may be opened to foreign commerce and navigation, subject always to the laws of the country to which they thus come.”

The first and second sentences of the second paragraph of Article 3 are satisfactory. While this Government readily concurs in the principle expressed in the third sentence that, in the event quotas are established, the country establishing such quota must grant the other an equitable share in the allocation of the global amount, it believes that an effort should be made to clarify the meaning of equitable treatment in quota allocation.

It is suggested, therefore, that the third sentence of the second paragraph be eliminated and a new paragraph near the end of Article 3 be added, reading as follows:

“If either High Contracting Party establishes or maintains import or customs quotas or other quantitative restrictions on the importation of any article in which the other High Contracting Party has an interest, or regulates the importation of any such article by means of licenses or permits, the High Contracting Party taking such action shall, upon request, inform the other High Contracting Party of the total quantity of any such article permitted to be imported and shall allot to the other High Contracting Party a share of the total permissible imports of such article equivalent to the proportion of the total importation of such article which the other High Contracting Party supplied during a previous representative period, unless it is mutually agreed to dispense with such allotment.”

You will observe that the second category of exceptions relating to restrictions on the trade in arms and munitions, has been removed from the list of exceptions and made the subject of a separate paragraph preceding that list. Gold and silver have been added to the new paragraph. The effect of this change is to make this provision of Draft (2) correspond to Draft (1) which this Government prefers.

To the list of exceptions appearing in Article 3, it is suggested that the following be added:

“(4) Prohibitions or restrictions relating to prison-made goods, or imposed on moral or humanitarian grounds.”

At the very end of Article 3 you will note that provisions in respect of foreign exchange control have been added which are identical with the foreign exchange control provisions in Article VIII of Draft (1).

This Government has examined with interest the fourth exception of the Siamese draft which reserves complete freedom in respect of monopolies, and desires to show its good will toward the Siamese Government by agreeing at once to the inclusion of this provision. It will view the passing of the provision in Article III of the existing treaty forbidding monopolies with no concern, because of its confidence that the Siamese Government would not take American property without compensation in order to establish such monopolies or deny American producers an equal opportunity to supply such monopolies after they have been established.

In order that there may be no misunderstanding in the future in regard to this matter, it is suggested that there be incorporated an article dealing with monopolies in exactly the form found in practically all of the trade agreements to which the United States is a party:

“In the event that the Government of the United States of America or the Government of Siam establishes or maintains a monopoly for

the importation, production or sale of a particular commodity, or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular commodity, the Government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency the commerce of the other country shall receive fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any product such monopoly or agency will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms."

Article 4 of the Siamese draft is acceptable. A slight change in the order of words is suggested.

This Government perceives no objection to the provisions contained in the first and second paragraphs of Article 5, but prefers the provisions suggested in the enclosed Draft (2). The third paragraph of this article deals largely with rights of corporations in the ownership of movable and immovable property. This matter has been covered in the new paragraph proposed for Article 1.

In connection with the provision for national treatment in respect of transit duties, warehousing, et cetera, in Article 6, it is suggested that the paragraph be broadened to include goods as well as persons and to cover bounties. The object of this suggestion is merely to make the article more precise and to obtain conformity with other treaty provisions already in force. Your attention is invited to the addition of the words "internal taxes". This is an important addition but one which you will recognize as being intrinsically equitable and standard in modern commercial treaties. The article would read as follows:

"The nationals and goods, products, wares and merchandise of each High Contracting Party within the territories of the other shall receive the same treatment as nationals and goods, products, wares and merchandise of the country with regard to internal taxes, transit duties, charges in respect to warehousing and other facilities and the amount of drawbacks and export bounties."

Article 7 of the Siamese draft proposes most-favored-nation treatment in important aspects of treatment of shipping, such as tonnage, harbor and lighthouse dues. The policy of this Government since its foundation has been to ask for and to accord national treatment of shipping, exception being made of the coasting trade. It is, however, prepared to agree to both national and most-favored-nation treatment. Additions have been made to Article 7 of the Siamese draft which would accomplish this result.

Article 8 of the Siamese draft, which provides for most-favored-nation treatment as to importation and exportation, is one of the

most important articles of the proposed treaty. It is regretted that this Government is not in a position to concur in the proposal that quantitative restrictions such as quotas or licenses should be regarded as an exception to the most-favored-nation provision. While I am certain that the Siamese Government would not contemplate the establishment of a quota system which would operate to place American suppliers at a disadvantage as compared with other foreign suppliers, this Government could not agree to an exception in favor of quotas, which would constitute a new and unfortunate precedent among the treaties of the United States.

In the event the Siamese Government accepts the previous suggestion made in connection with quantitative restrictions, it will be unnecessary to include the first two phrases of the first paragraph and the entire second paragraph of Article 8. It is therefore proposed that they be omitted. The statement of the scope of the most-favored-nation guarantee has been somewhat elaborated.

Article 9 of the Siamese draft is unchanged.

Article 10 of that draft, providing for national treatment of vessels in the carrying of passengers and cargoes, fails to make exception of the coasting trade and to stipulate for most-favored-nation treatment in regard to such trade. The following article, which appears in several of the treaties in force between the United States and many large maritime States, is suggested as a substitute for the proposed article:

“Merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties shall be permitted to discharge portions of cargoes at any port open to foreign commerce in the territories of the other High Contracting Party, and to proceed with the remaining portions of such cargoes to any other ports of the same territories open to foreign commerce, without paying other or higher tonnage dues or port charges in such cases than would be paid by national vessels in like circumstances, and they shall be permitted to load in like manner at different ports in the same voyage outward, provided, however, that the coasting trade of the High Contracting Parties is exempt from the provisions of this Article and from the other provisions of this Treaty, and is to be regulated according to the laws of each High Contracting Party in relation thereto. It is agreed, however, that nationals and vessels of either High Contracting Party shall within the territories of the other Party enjoy with respect to the coasting trade most-favored-nation treatment.”

Articles 11, 12 and 13 of the Siamese draft are acceptable. Slight changes in phraseology are suggested.

Article 14 of that draft is unacceptable because it would not be consistent with what is settled law and practice in the United States. It was formerly the policy of the American Government to include in consular conventions provisions relating to the return of deserting

seamen. This policy was terminated in 1915 because of the provisions of Section 16 of the Seamen's Act, approved March 4, 1915 (38 Stat. 1184). It is not believed that the qualifying phrase "such assistance as can by law be given to them" removes the objection of the United States, and accordingly it is suggested that the entire article be omitted.

No change is suggested in Article 15 of the Siamese draft or in the added condition of reciprocity. The Siamese Government may wish to give consideration to the desirability of concluding, at a later date, a separate consular convention. Two paragraphs have been added relating to the ownership of lands and buildings used exclusively for governmental purposes.

With respect to Article 16 of the Siamese draft concerning rights of consular officers in relation to the settlement of estates, my Government prefers the provisions on this subject which have been incorporated in treaties now in force between the United States and many countries.

It is noted that Article 17 of the Siamese draft is identical with Article XV of the existing treaty between the United States and Siam. This Government would prefer to omit the word "trade" in the article under reference, in order to make the provision accord with the existing treaty policy of this Government.

In view of the provision proposed earlier with respect to the coasting trade, in Article 10, it would seem possible to dispense entirely with Article 18.

Article 19 is entirely acceptable so far as it goes. However, this Government desires further exceptions to the most-favored-nation clause, as follows:

"Advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America."

Although this Government is firmly convinced of the value of arbitration as a method for the peaceful settlement of international disputes, it would prefer, rather than to include in a treaty of commerce and navigation provisions of the nature of the proposed Article 20, to engage in negotiations looking toward the conclusion of general arbitration and conciliation conventions which would cover not only such disputes as might arise in connection with this treaty but other types of disputes. Article 20 is, therefore, omitted.

On condition that agreement is reached upon the various points which have a bearing upon the conclusion of a new treaty between

the United States and Siam, this Government will accept the provision of Article 21 terminating the treaty signed December 16, 1920, the protocol establishing the right of evocation, and the exchange of notes concerning real property appended to that treaty.

Articles 22 and 23 are acceptable, although I raise for your consideration the question whether it might not be mutually advantageous to provide for an initial period of ten years rather than five years. You will observe in Draft (2) an entirely new article as to the territorial applicability of the treaty.

In connection with the suggestion made in the note from the Siamese Foreign Office of November 5, 1936, above mentioned, to the effect that the negotiations in regard to the proposed treaty be conducted at Bangkok, I am happy to say that my Government concurs in this proposal.

It is understood that either Government may propose further changes at any time during the course of the negotiations.

Accept [etc.]

CORDELL HULL

[Enclosure 1]

*Draft (1) of Treaty of Friendship, Commerce and Navigation
Between the United States of America and Siam*

The United States of America and the Kingdom of Siam, desirous of strengthening the bond of peace which happily prevails between them, by arrangements designed to promote friendly intercourse between their respective territories through provisions responsive to the spiritual, cultural, economic and commercial aspirations of the peoples thereof, have resolved to conclude a Treaty of Friendship, Commerce and Navigation and for that purpose have appointed as their plenipotentiaries,

The President of the United States of America,

.....

and

His Majesty the King of Siam,

.....

Who, having communicated to each other their full powers found to be in due form, have agreed upon the following Articles:

ARTICLE I

The nationals of each of the High Contracting Parties shall be permitted to enter, travel and reside in the territories of the other; to exercise liberty of conscience and freedom of worship; to engage in professional, scientific, religious, philanthropic, manufacturing and

commercial work of every kind without interference; to carry on every form of commercial activity which is not forbidden by the local law; to employ agents of their choice, and generally to do anything incidental to or necessary for the enjoyment of any of the foregoing privileges upon the same terms as nationals of the State of residence or as nationals of the nation hereafter to be most favored by it, submitting themselves to all local laws and regulations duly established.

The nationals of either High Contracting Party within the territories of the other shall not be subjected to the payment of any internal charges or taxes other or higher than those that are exacted of and paid by its nationals.

The nationals of each High Contracting Party shall enjoy freedom of access to the Courts of Justice of the other on conforming to the local laws, as well for the prosecution as for the defense of their rights, and in all degrees of jurisdiction established by law.

[Paragraph with respect to the acquisition, possession and disposition of immovable property to be supplied later.]¹²

Upon compliance with the provisions of local law, the nationals, including corporations, partnerships and associations of each of the High Contracting Parties, shall in the territory of the other High Contracting Party have the right to acquire, possess and dispose of every kind of movable property on the same terms as the nationals, including corporations, partnerships and associations, of such other party.

The nationals, including corporations, partnerships and associations, of each High Contracting Party shall receive within the territories of the other, the most constant protection and security for their persons and property, and shall enjoy in this respect that degree of protection and security that is required by international law. Their property shall not be taken without due process of law or without payment of just compensation.

Nothing contained in this Treaty shall be construed to affect existing statutes of either of the High Contracting Parties in relation to emigration or to immigration or the right of either of the High Contracting Parties to enact such statutes, provided, however, that nothing in this paragraph shall prevent the nationals of either High Contracting Party from entering, traveling and residing in the territories of the other Party in order to carry on international trade or to engage in any commercial activity related to or connected with the conduct of international trade on the same terms as nationals of the most favored nation.

¹² Brackets appear in the original.

ARTICLE II

With respect to that form of protection granted by National, State or Provincial laws establishing civil liability for bodily injuries or for death, and giving to relatives or heirs or dependents of an injured person a right of action or a pecuniary compensation, such relatives or heirs or dependents of the injured person, himself a national of either of the High Contracting Parties and injured within any of the territories of the other, shall, regardless of their alienage or residence outside of the territory where the injury occurred, enjoy the same rights and privileges as are or may be granted to nationals, and under like conditions.

ARTICLE III

The dwellings, warehouses, manufactories, shops, and other places of business, and all premises thereto appertaining to the nationals of each of the High Contracting Parties in the territories of the other, used for any purposes set forth in Article I, shall be respected. It shall not be allowable to make a domiciliary visit to, or search of any such buildings and premises, or there to examine and inspect books, papers or accounts, except under the conditions and in conformity with the forms prescribed by the laws, ordinances and regulations for nationals of the State of residence.

ARTICLE IV

The nationals of each of the High Contracting Parties in the exercise of the right of freedom of worship, within the territories of the other, as hereinabove provided, may, without annoyance or molestation of any kind by reason of their religious belief or otherwise, conduct services either within their own houses or within any appropriate buildings which they may be at liberty to erect and maintain in convenient situations, provided their teachings or practices are not contrary to public morals; and they shall be permitted to bury their dead according to their religious customs in suitable and convenient places established and maintained for the purpose, subject to the mortuary and sanitary laws and regulations of the place of burial.

ARTICLE V

The nationals of each of the High Contracting Parties shall, in the territories of the other, be exempt from compulsory military service, on land, on sea, or in the air, in the regular forces, or in the national guard, or in the militia; from all contributions in money or in kind, imposed in lieu of personal military service, and from all forced loans or military contributions. They shall not be subjected, in time of peace or in time of war, to military requisitions except as imposed upon nationals, or the nationals of the most favored nation.

ARTICLE VI

The nationals of each of the High Contracting Parties shall have in the territories of the other the same rights as nationals of that High Contracting Party in regard to patents for inventions, trademarks, trade names, designs and copyright in literary and artistic works, upon fulfillment of the formalities prescribed by law.

ARTICLE VII

Between the territories of the High Contracting Parties there shall be freedom of commerce and navigation. The nationals of each of the High Contracting Parties equally with those of the most favored nation, shall have liberty freely to come with their vessels and cargoes to all places, ports and waters of every kind within the territorial limits of the other which are or may be open to foreign commerce and navigation, subject always to the laws of the country to which they thus come.

ARTICLE VIII

With respect to customs duties or charges of any kind imposed on or in connection with importation or exportation, and with respect to the method of levying such duties or charges, and with respect to all rules and formalities in connection with importation or exportation, and with respect to all laws or regulations affecting the sale, taxation, or use of imported goods within the country, any advantage, favor, privilege or immunity which has been or may hereafter be granted by either High Contracting Party to any article originating in or destined for any third country, shall be accorded immediately and unconditionally to the like article originating in or destined for the other High Contracting Party.

Neither of the High Contracting Parties shall establish or maintain any import or export prohibition or restriction on any article originating in or destined for the territories of the other High Contracting Party which is not applied to the like article originating in or destined for any third country. Any withdrawal of an import or export prohibition or restriction which may be granted even temporarily by either High Contracting Party in favor of an article originating in or destined for a third country shall be applied immediately and unconditionally to the like article originating in or destined for the territories of the other High Contracting Party.

If either High Contracting Party establishes or maintains any form of quantitative restriction or control of the importation or sale of any article in which the other High Contracting Party has an interest, or imposes a lower import duty or charge on the importation or sale of a specified quantity of any such article than the duty or charge imposed on importations in excess of such quantity, the High

Contracting Party taking such action shall, upon request, inform the other High Contracting Party as to the total quantity, or any change therein, of any such article permitted to be imported or sold or permitted to be imported or sold at such lower duty or charge during a specified period, and shall allot to the other High Contracting Party for such specified period a proportion of such total quantity as originally established or subsequently changed in any manner equivalent to the proportion of the total importation of such article which the other High Contracting Party supplied during a previous representative period, unless it is mutually agreed to dispense with such allotment. Neither of the High Contracting Parties shall regulate the total quantity of importations into its territory or of sales therein of any article in which the other High Contracting Party has an interest by import licenses or permits issued to individuals or organizations, unless the total quantity of such article permitted to be imported or sold during a quota period of not less than three months shall have been established, and unless the regulations covering the issuance of such licenses or permits shall have been made public before such regulations are put into force.

If either High Contracting Party establishes or maintains, directly or indirectly, any form of control of the means of international payment, it shall, in the administration of such control:

(a) Impose no prohibition, restriction, or delay on the transfer of payment for imported articles the growth, produce, or manufacture of the other High Contracting Party, or of payments necessary for and incidental to the importation of such articles;

(b) Accord unconditionally, with respect to rates of exchange and taxes or surcharges on exchange transactions in connection with payments for or payments necessary and incidental to the importation of articles the growth, produce, or manufacture of the other High Contracting Party, treatment no less favorable than that accorded in connection with the importation of any article whatsoever the growth, produce, or manufacture of any third country; and

(c) Accord unconditionally, with respect to all rules and formalities applying to exchange transactions in connection with payments for or payments necessary and incidental to the importation of articles the growth, produce, or manufacture of the other High Contracting Party, treatment no less favorable than that accorded in connection with the importation of the like article the growth, produce, or manufacture of any third country.

With respect to non-commercial transactions, each High Contracting Party shall apply any form of control of the means of international payment in a non-discriminatory manner as between the nationals of the other High Contracting Party and the Nationals of any third country.

In the event that either High Contracting Party establishes or maintains a monopoly for the importation, production or sale of a

particular product or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular product, the High Contracting Party establishing or maintaining such monopoly, or granting such monopoly privileges, shall, in respect of the foreign purchases of such monopoly or agency, accord the commerce of the other High Contracting Party fair and equitable treatment. In making its foreign purchases of any article such monopoly or agency shall be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms.

With respect to the amount and collection of duties on imports and exports of every kind, each of the two High Contracting Parties binds itself to give to the nationals, vessels and goods of the other the advantages of every favor, privilege or immunity which it shall have accorded to the nationals, vessels and goods of a third State, whether such favored State shall have been accorded such treatment gratuitously or in return for reciprocal compensatory treatment. Every such favor, privilege or immunity which shall hereafter be granted to nationals, vessels or goods of a third State shall simultaneously and unconditionally, without request and without compensation, be extended to the other High Contracting Party, for the benefit of itself, its nationals, vessels, and goods.

ARTICLE IX

All articles which are or may be legally imported from foreign countries into ports of the United States or are or may be legally exported therefrom in vessels of the United States may likewise be imported into those ports or exported therefrom in Siamese vessels, without being liable to any other or higher duties or charges whatsoever than if such articles were imported or exported in vessels of the United States; and reciprocally, all articles which are or may be legally imported from foreign countries into the ports of Siam or are or may be legally exported therefrom in Siamese vessels may likewise be imported into those ports or exported therefrom in vessels of the United States without being liable to any other or higher duties or charges whatsoever than if such articles were imported or exported in Siamese vessels.

In the same manner there shall be perfect reciprocal equality in relation to the flags of the two countries with regard to bounties, drawbacks, and other privileges of this nature of whatever denomination which may be allowed in the territories of each of the Contracting Parties on goods imported or exported in national vessels, so that such bounties, drawbacks, and other privileges shall also in like

manner be allowed on goods imported or exported in vessels of the other country.

ARTICLE X

The nationals, goods, products, wares, and merchandise of each High Contracting Party within the territories of the other shall receive the same treatment as nationals, goods, products, wares, and merchandise of the country with regard to internal taxes, transit duties, charges in respect of warehousing and other facilities and the amount of drawbacks and export bounties.

ARTICLE XI

The vessels of war of each of the High Contracting Parties may enter, remain and make repairs in those ports and places of the other to which the vessels of war of any other nation are accorded access; and they shall submit to the same regulations and enjoy the same honors, advantages, privileges and exemptions as are now, or may hereafter be conceded to the vessels of war of any other nation.

ARTICLE XII

Any ship of war or merchant vessel of either of the High Contracting Parties which may be compelled by stress of weather, or by reason of any other distress, to take shelter in a port or place of the other shall be at liberty to refit therein, to procure all necessary supplies, and to put to sea again, without paying any dues other than such as would be payable by national vessels in like circumstances. In case, however, the master of a merchant vessel should be under the necessity of disposing of a part of his cargo in order to defray expenses, he shall be bound to conform to the regulations and tariffs of the place to which he may have come.

If any ship of war or merchant vessel of one of the High Contracting Parties should run aground or be wrecked upon the coasts of the other, the local authorities shall give prompt notice of the occurrence to the nearest Consular Officer of the other Party.

Such stranded or wrecked ship or vessel and all parts thereof, and all equipment and appurtenances belonging thereto, and all goods and merchandise saved therefrom, including those which may have been cast into the sea, or the proceeds thereof, if sold, as well as all papers found on board such stranded or wrecked ship or vessel, shall be given up to the owners or their agents, when claimed by them.

If such owners or agents are not on the spot, the aforesaid property or proceeds from the sale thereof and the papers found on board the vessel shall be delivered to the proper Consular Officer of the High Contracting Party whose vessel is wrecked or stranded, provided that such Consular Officer shall make claim within the period fixed by the

laws, ordinances and regulations of the country in which the wreck or stranding has occurred; and such Consular Officer, owners or agents shall pay only the expenses incurred in the preservation of the property, together with the salvage or other expenses which would have been payable in the case of a wreck or stranding of a national vessel.

The goods and merchandise saved from the wreck or stranding shall be exempt from all duties of the customs unless cleared for consumption, in which case they shall pay ordinary duties.

In the case of a ship or vessel belonging to the nationals of one of the High Contracting Parties being driven in by stress of weather or by reason of any other distress, run aground or wrecked in the territories of the other, the proper Consular Officer of the High Contracting Party to which the vessel belongs, shall, if the owners or their agents are not present, or are present but request it, be permitted to interpose in order to afford appropriate assistance to the nationals of his State.

ARTICLE XIII

The vessels and cargoes of each of the High Contracting Parties shall, within the territorial waters and harbors of the other Party, in all respects and unconditionally be accorded the same treatment as the vessels and cargoes of that Party, irrespective of the port of departure of the vessel, or of the port of destination, and irrespective of the origin or the destination of the cargo. No duties of tonnage, harbor, pilotage, lighthouse, quarantine, or other similar or corresponding duties or charges of whatever nature or of whatever denomination, levied in the name or for the profit of the Government, public functionaries, private individuals, corporations or establishments of any kind shall be imposed in the ports of the territories or territorial waters of either country upon the vessels of the other country, which shall not equally, under the same conditions, be imposed on national vessels. In no case shall the treatment accorded to the vessels and cargoes of one of the Parties be less favorable than that accorded to the vessels and cargoes of any third State.

ARTICLE XIV

Merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties and carrying the papers required by its national laws in proof of nationality shall, both within the territorial waters of the other High Contracting Party and on the high seas, be deemed to be the vessels of the Party whose flag is flown.

ARTICLE XV

Merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties shall be permitted to dis-

charge portions of cargoes at any port open to foreign commerce in the territories of the other High Contracting Party, and to proceed with the remaining portions of such cargoes to any other ports of the same territories open to foreign commerce, without paying other or higher tonnage dues or port charges in such cases than would be paid by national vessels in like circumstances, and they shall be permitted to load in like manner at different ports in the same voyage outward, provided, however, that the coasting trade of the High Contracting Parties is exempt from the provisions of this Article and from the other provisions of this Treaty and is to be regulated according to the laws of each High Contracting Party in relation thereto. It is agreed, however, that nationals and vessels of either High Contracting Party shall, within the territories of the other Party, enjoy with respect to the coasting trade most-favored-nation treatment.

ARTICLE XVI

In all that concerns the entering, clearing, stationing, loading and unloading of vessels in the ports, basins, docks, roadsteads, harbors, or rivers of the two countries, no privilege shall be granted to vessels of a third Power which shall not equally be granted to vessels of the other country, the intention of the High Contracting Parties being that in these respects the vessels of each shall receive the treatment accorded to vessels of the most favored nation.

ARTICLE XVII

Limited liability and other corporations and associations, whether or not for pecuniary profit, which have been or may hereafter be organized in accordance with and under the laws, National, State or Provincial, of either High Contracting Party and which maintain central offices within the territories thereof, shall have their juridical status recognized by the other High Contracting Party provided that they pursue no aims within its territories contrary to its laws. They shall enjoy free access to the Courts of Justice, on conforming to the laws regulating the matter, as well for the prosecution as for the defense of rights in all the degrees of jurisdiction established by law.

The right of corporations and associations of either High Contracting Party which have been so recognized by the other to establish themselves in the territories of the other Party or to establish branch offices and fulfill their functions therein shall depend upon and be governed solely by the consent of such Party as expressed in its National, State, or Provincial laws.

ARTICLE XVIII

The nationals of either High Contracting Party shall enjoy within the territories of the other, upon compliance with the conditions

there imposed, such rights and privileges as have been or may hereafter be accorded the nationals of any other State with respect to organization of and participation in limited liability and other corporations and associations, for pecuniary profit or otherwise, including the rights of promotion, incorporation, purchase and ownership and sale of shares and the holding of executive or official positions therein. In the exercise of the foregoing rights and with respect to the regulation or procedure concerning the organization or conduct of such corporations or associations, such nationals shall be subjected to no conditions less favorable than those which have been or may hereafter be imposed upon the nationals of the most favored nation. The rights of any of such corporations or associations as may be organized or controlled or participated in by the nationals of either High Contracting Party within the territories of the other to exercise any of their functions therein, shall be governed by the laws and regulations, National, State or Provincial, which are in force or may hereafter be established within the territories of the Party wherein they propose to carry on their activities. The foregoing stipulations do not apply to organization of and participation in political associations.

The nationals, including corporations and associations, of either High Contracting Party shall enjoy in the territories of the other Party, upon compliance with the conditions there imposed, most favored nation treatment in respect of the exploration for and exploitation of mineral resources; provided that neither Party shall be required to grant rights and privileges in respect of the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain, or in respect of the ownership of stock in domestic corporations engaged in such operations, greater than its nationals, corporations and associations receive from the other Party.

It is understood, however, that neither High Contracting Party shall be required by anything in this paragraph to grant any application for any such right or privilege if at the time such application is presented the granting of all similar applications shall have been suspended or discontinued.

ARTICLE XIX

Commercial travelers representing manufacturers, merchants and traders and domiciled in the territories of either High Contracting Party shall on their entry into and sojourn in the territories of the other Party and on their departure therefrom be accorded most-favored-nation treatment in respect of customs and other privileges and of all charges and taxes of whatever denomination applicable to them or to their samples.

If either High Contracting Party requires the presentation of an authentic document establishing the identity and authority of a com-

mercial traveler, a signed statement by the concern or concerns represented, certified by a Consular Officer of the country of destination shall be accepted as satisfactory.

ARTICLE XX

There shall be complete freedom of transit through the territories, including territorial waters, of each High Contracting Party on the routes most convenient for international transit, by rail, navigable waterway and canal, other than the Panama Canal and waterways and canals which constitute international boundaries, to persons and goods coming from, going to or passing through the territories of the other High Contracting Party, except such persons as may be forbidden admission into its territories or goods of which the importation may be prohibited by law or regulations. The measures of a general or particular character which either of the High Contracting Parties may be obliged to take in case of an emergency affecting the safety of the State or vital interests of the country may, in exceptional cases and for as short a period as possible, involve a deviation from the provisions of this paragraph, it being understood, however, that the principle of freedom of transit shall be observed to the utmost possible extent.

Persons and goods in transit shall not be subjected to any transit duty, or to any unnecessary delays or restrictions, or to any discrimination as regards charges, facilities or any other matter.

Goods in transit must be entered at the proper customhouse, but they shall be exempt from all customs or other similar duties.

All charges imposed on transport in transit shall be reasonable, having regard to the conditions of the traffic.

Nothing in this Article shall affect the right of either of the High Contracting Parties to prohibit or restrict the transit of arms, munitions and military equipment in accordance with treaties or conventions that may have been or may hereafter be entered into by either Party with other countries.

ARTICLE XXI

The Government of each High Contracting Party shall have the right to acquire and own land and buildings required for diplomatic or consular premises in the territories of the other High Contracting Party and also to erect buildings in such territories for the purposes stated, subject to local building regulations.

Lands and buildings situated in the territories of either High Contracting Party of which the other High Contracting Party is the legal or equitable owner and which are used exclusively for governmental purposes by that owner shall be exempt from taxation of every kind, National, State, Provincial and Municipal, other than

assessments levied for services or local public improvements by which the premises are benefited.

ARTICLE XXII

Nothing in this Treaty shall be construed to prevent the adoption of measures prohibiting or restricting the exportation or importation of gold or silver, or to prevent the adoption by either High Contracting Party of such measures as it may see fit with respect to the prohibition or the control of the export, or sale for export, of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies.

Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either High Contracting Party against the other High Contracting Party in favor of any third country, the stipulations of this Treaty shall not extend to prohibitions or restrictions (1) imposed on moral or humanitarian grounds; (2) designed to protect human, animal, or plant life or health; (3) relating to prison-made goods; (4) relating to the enforcement of police or revenue laws.

The stipulations of this Treaty do not extend to advantages now accorded or which may hereafter be accorded to neighboring States in order to facilitate short frontier traffic, or to advantages resulting from a customs union to which either High Contracting Party may become a party, so long as such advantages are not extended to any other country.

The stipulations of this Treaty do not extend to advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE XXIII

Each of the High Contracting Parties may appoint Consuls General, Consuls, Vice Consuls and other Consular Officers or Agents to reside in the towns and ports of the territories of the other where similar officers of any other Power are permitted to reside.

Such Consular Officers and Agents, however, shall not enter upon their functions until they shall have been approved and admitted by the Government to which they are sent.

They shall be entitled on condition of reciprocity to exercise all the powers and enjoy all the honors, privileges, exemptions and im-

munities of every kind which are, or may be, accorded to Consular Officers of the most favored nation.

ARTICLE XXIV

In case of the death of a national of either High Contracting Party in the territory of the other without having in the locality of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the State of which the deceased was a national of the fact of his death, in order that necessary information may be forwarded to the parties interested.

In case of the death of a national of either of the High Contracting Parties without will or testament, in the territory of the other High Contracting Party, the consular officer of the State of which the deceased was a national and within whose district the deceased made his home at the time of death, shall, so far as the laws of the country permit and pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates provided the laws of the place where the estate is administered so permit.

In case of the death of a national of either of the High Contracting Parties without will or testament and without any known heirs resident in the country of his decease, the consular officer of the country of which the deceased was a national shall be appointed administrator of the estate of the deceased, provided the regulations of his own Government permit such appointment and provided such appointment is not in conflict with local law and the tribunal having jurisdiction has no special reasons for appointing someone else.

Whenever a consular officer accepts the office of administrator of the estate of a deceased countryman, he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a national of the country where he was appointed.

ARTICLE XXV

Subject to any limitation or exception hereinabove set forth, or hereafter to be agreed upon, the territories of the High Contracting Parties to which the provisions of this Treaty extend shall be understood to comprise all areas of land and water over which the Parties, respectively, claim and exercise dominion as sovereign thereof, except the Panama Canal Zone.

ARTICLE XXVI

The present Treaty shall, from the date of its entry into force, be substituted for the Treaty of Friendship, Commerce and Navigation between Siam and the United States of America signed at Washington on the 16th December 1920, and from this date the said Treaty of 1920 and all arrangements and agreements subsidiary thereto concluded or existing between the High Contracting Parties shall cease to be binding.

ARTICLE XXVII

The present Treaty shall enter into force in all of its provisions on the day of the exchange of ratifications and shall continue in force for the term of five years from that day.

If within one year before the expiration of five years from the day on which the present Treaty shall enter into force, neither High Contracting Party notifies to the other Party an intention of terminating the Treaty upon the expiration of the aforesaid period of five years, the Treaty shall remain in full force and effect after the aforesaid period and until one year from the day on which either of the High Contracting Parties shall have notified to the other Party an intention of terminating it.

IN WITNESS WHEREOF the undersigned plenipotentiaries have hereunto signed their names and affixed their seals, this day of in the nineteen hundred and year of the Christian era, corresponding to the day in the month of in the two thousand four hundred and year of the Buddhist era.

[Enclosure 2]

*Draft (2) of Treaty of Friendship, Commerce and Navigation
Between the United States of America and Siam*

ARTICLE 1

There shall be constant peace and perpetual friendship between the United States of America and the Kingdom of Siam. The nationals of each of the High Contracting Parties shall be permitted to enter, travel and reside in the territories of the other, to carry on their commerce and manufacture, to trade in all kinds of merchandise of lawful commerce, to engage in religious, educational and charitable work, to own or lease and occupy houses, manufactories, warehouses and shops, to employ agents of their choice, to lease land for residential, commercial, industrial, religious and charitable purposes, and for use as cemeteries, and generally to do anything incident to or necessary for the enjoyment of any of the foregoing privileges upon the

same terms as nationals of the State of residence or on the same terms as the nationals of the most favored nation, submitting themselves to the laws and regulations there established.

They shall not be compelled, under any pretext whatsoever, to pay any internal charges or taxes other or higher than those that are or may be paid by nationals of the State of residence.

The nationals of each of the High Contracting Parties shall receive, in the territories of the other, the most constant protection and security for their persons and property, and shall enjoy in this respect the same rights and privileges as are or may be granted to nationals of the State of residence on their submitting themselves to the conditions imposed upon nationals of the State of residence. They shall also enjoy in this respect that degree of protection and security that is required by international law. Their property shall not be taken without due process of law or without payment of just compensation.

They shall be exempt in the territories of the other from compulsory military service on land, on sea, or in the air, in the regular forces, or in the national guard, or in the militia; from all contributions in money or in kind, imposed in lieu of personal military service, and from all forced loans or military contributions. They shall not be subjected, in time of peace or in time of war, to military requisitions except as imposed upon nationals, or nationals of the most favored nation.

The nationals of each of the High Contracting Parties shall enjoy in the territories of the other entire liberty of conscience, and, subject to the local laws, ordinances and regulations, shall enjoy the right of private and public exercise of their worship.

In all that relates to callings and professions, the nationals of each of the High Contracting Parties shall throughout the whole extent of the territories of the other on condition of reciprocity be placed in all respects on the same footing as the nationals of the most favored nation. Furthermore, upon compliance with the provisions of local law, the nationals, including corporations, partnerships and associations of each of the High Contracting Parties, shall, in the territory of the other High Contracting Party, have the right to acquire, possess and dispose of every kind of movable property on the same terms as the nationals, including corporations, partnerships and associations, of such other Party.

[Paragraph with respect to immovable property to be supplied later.]¹⁸

The nationals, including corporations and associations, of either High Contracting Party shall enjoy in the territories of the other Party, upon compliance with the conditions there imposed, most

¹⁸ Brackets appear in the original.

avored nation treatment in respect of the exploration for and exploitation of mineral resources; provided that neither Party shall be required to grant rights and privileges in respect of the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain, or in respect of the ownership of stock in domestic corporations engaged in such operations, greater than its nationals, corporations and associations receive from the other Party.

It is understood, however, that neither High Contracting Party shall be required by anything in this paragraph to grant any application for any such right or privilege if at the time such application is presented the granting of all similar applications shall have been suspended or discontinued.

ARTICLE 2

The dwellings, warehouses, manufactories, shops and other places of business and all other property of the nationals of each of the High Contracting Parties in the territories of the other, and all premises appertaining thereto used for any purposes set forth in Article 1 shall be respected. It shall not be allowable to proceed to make a domiciliary visit to, or a search of, any such buildings and premises, or to examine or inspect books, papers, or accounts, except under the conditions and in conformity with the forms prescribed by the laws, ordinances and regulations for nationals of the State of residence.

ARTICLE 3

The nationals of each of the High Contracting Parties, equally with those of the most favored nation, shall have liberty freely to come with their ships and cargoes to all places, ports and rivers in the territories of the other which are or may be opened to foreign commerce and navigation, subject always to the laws of the country to which they thus come.

Neither High Contracting Party shall establish or maintain prohibitions or restrictions on imports from or exports to the territories of the other Party which are not applied to the import and export of any like article originating in or destined for any other country. Any withdrawal of an import or export prohibition or restriction which is granted even temporarily by one of the High Contracting Parties in favor of any article originating in or destined for a third country shall be applied immediately and unconditionally to the like article originating in or destined for the territories of the other Party.

Nothing in this Treaty shall be construed to restrict the right of either High Contracting Party to impose, on such terms as it may see fit, measures prohibiting or restricting the exportation or importation of gold or silver, or measures for the prohibition or the control of

the export, or sale for export, of arms, ammunition or implements of war, and, in exceptional circumstances, all other military supplies.

Nothing in this Treaty shall be construed to restrict the right of either High Contracting Party to impose, on such terms as it may see fit, subject to the principle of non-discriminatory treatment:

(1) Prohibitions, restrictions or regulations for the enforcement of police or revenue laws, including laws prohibiting or restricting the importation, exportation, or sale of alcohol or alcoholic beverages or of opium, the coca leaf, their derivatives, and other narcotic drugs, as well as other laws imposed upon articles the internal production, consumption, sale or transport of which is or may be forbidden or restricted by the national law;

(2) Prohibitions or restrictions necessary for the protection of national or public security or health, or for the protection of animal or plant life against disease, harmful pests or extinction;

(3) Prohibitions or restrictions upon articles which, as regards production or trade, are or may hereafter be subject within the country to a monopoly exercised by or under the control of the State;

(4) Prohibitions or restrictions relating to prison-made goods, or imposed on moral or humanitarian grounds.

If either High Contracting Party establishes or maintains import or customs quotas or other quantitative restrictions on the importation of any article in which the other High Contracting Party has an interest, or regulates the importation of any such article by means of licenses or permits, the High Contracting Party taking such action shall, upon request, inform the other High Contracting Party of the total quantity of any such article permitted to be imported and shall allot to the other High Contracting Party a share of the total permissible imports of such article equivalent to the proportion of the total importation of such article which the other High Contracting Party supplied during a previous representative period, unless it is mutually agreed to dispense with such allotment.

If either High Contracting Party establishes or maintains, directly or indirectly, any form of control of the means of international payment, it shall, in the administration of such control:

(a) Impose no prohibition, restriction, nor delay on the transfer of payment for imported articles the growth, produce, or manufacture of the other High Contracting Party, or of payments necessary for and incidental to the importation of such articles;

(b) Accord unconditionally, with respect to rates of exchange and taxes or surcharges on exchange transactions in connection with payments for or payments necessary and incidental to the importation of articles the growth, produce, or manufacture of the other High Contracting Party, treatment no less favorable than that accorded in connection with the importation of any article whatsoever the growth, produce, or manufacture of any third country; and

(c) Accord unconditionally, with respect to all rules and formalities applying to exchange transactions in connection with payments

for or payments necessary and incidental to the importation of articles the growth, produce, or manufacture of the other High Contracting Party, treatment no less favorable than that accorded in connection with the importation of the like articles the growth, produce, or manufacture of any third country.

With respect to non-commercial transactions, each High Contracting Party shall apply any form of control of the means of international payment in a non-discriminatory manner as between the nationals of the other High Contracting Party and the nationals of any third country.

ARTICLE 4

In the event that the Government of the United States of America or the Government of Siam establishes or maintains a monopoly for the importation, production or sale of a particular commodity, or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular commodity, the Government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency the commerce of the other country shall receive fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any product such monopoly or agency will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms.

ARTICLE 5

The nationals of each of the High Contracting Parties shall have free access to the Courts of Justice of the other in pursuit and defense of their rights; they shall be at liberty, equally with nationals of the State of residence and with the nationals of the most favored nation, to choose and employ lawyers, advocates and representatives to pursue and defend their rights before such Courts.

There shall be imposed upon the nationals of either of the High Contracting Parties no conditions or requirements in connection with such access to the Courts of Justice of the other which do not apply to nationals of the State of residence or to the nationals of the most favored nation.

ARTICLE 6

Limited liability and other corporations and associations, whether or not for pecuniary profit, which have been or may hereafter be organized in accordance with and under the laws, National, State or Provincial, of either High Contracting Party and which maintain

central offices within the territories thereof, shall have their juridical status recognized by the other High Contracting Party provided that they pursue no aims within its territories contrary to its laws. They shall enjoy free access to the Courts of Justice, on conforming to the laws regulating the matter, as well for the prosecution as for the defense of rights in all the degrees of jurisdiction established by law.

The right of corporations and associations of either High Contracting Party which have been so recognized by the other to establish themselves in the territories of the other Party or to establish branch offices and fulfill their functions therein shall depend upon and be governed solely by the consent of such Party as expressed in its National, State or Provincial laws.

ARTICLE 7

The nationals and goods, products, wares and merchandise of each High Contracting Party within the territories of the other shall receive the same treatment as nationals and goods, products, wares and merchandise of the country with regard to internal taxes, transit duties, charges in respect to warehousing and other facilities and the amount of drawbacks and export bounties.

ARTICLE 8

No duties of tonnage, harbor, pilotage, lighthouse, quarantine or other similar or corresponding duties or charges of whatever nature or of whatever denomination levied in the name or for the profit of the Government, public functionaries, private individuals, corporations or establishments of any kind shall be imposed in the ports of the territories or territorial waters of either country upon the vessels of the other country, which shall not equally and under the same conditions be imposed in the like cases on national vessels. Such equality of treatment shall apply reciprocally to the respective vessels, from whatever port or place they may arrive and whatever may be their place of destination. In no case shall the treatment accorded to the vessels and cargoes of one of the Parties be less favorable than that accorded to the vessels and cargoes of any third State.

ARTICLE 9

Each of the High Contracting Parties binds itself, in all that pertains to the amount and collection of duties and other charges on or in connection with importation or exportation, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all laws or regulations affecting the sale, taxation, or use of imported goods within the country, to grant to the nationals, vessels or goods of the other the advantage of every favor, privilege or immunity which it accords or may hereafter accord

to the nationals, vessels or goods of any other State, regardless of whether such other State shall have been accorded such treatment gratuitously or in return for reciprocal compensatory treatment.

ARTICLE 10

The nationals of each of the High Contracting Parties shall have in the territories of the other the same rights as nationals of that High Contracting Party in regard to patents for inventions, trademarks, trade-names, designs and copyright in literary and artistic works, upon fulfillment of the formalities prescribed by law.

ARTICLE 11

Merchant vessels and other privately owned vessels under the flag of either of the High Contracting Parties shall be permitted to discharge portions of cargoes at any port open to foreign commerce in the territories of the other High Contracting Party, and to proceed with the remaining portions of such cargoes to any other ports of the same territories open to foreign commerce, without paying other or higher tonnage dues or port charges in such cases than would be paid by national vessels in like circumstances, and they shall be permitted to load in like manner at different ports in the same voyage outward, provided, however, that the coasting trade of the High Contracting Parties is exempt from the provisions of this Article and from the other provisions of this Treaty, and is to be regulated according to the laws of each High Contracting Party in relation thereto. It is agreed, however, that nationals and vessels of either High Contracting Party shall within the territories of the other Party enjoy with respect to the coasting trade most-favored-nation treatment.

ARTICLE 12

In all that concerns the entering, clearing, stationing, loading and unloading of vessels in the ports, basins, docks, roadsteads, harbors, or rivers of the two countries, no privilege shall be granted to vessels of a third Power which shall not equally be granted to vessels of the other country, the intention of the High Contracting Parties being that in these respects the vessels of each shall receive the treatment accorded to vessels of the most favored nation.

ARTICLE 13

Any ship of war or merchant vessel of either of the High Contracting Parties which may be compelled by stress of weather, or by reason of any other distress, to take shelter in a port or place of the other shall be at liberty to refit therein, to procure all necessary supplies, and to put to sea again, without paying any dues other than such

as would be payable by national vessels in like circumstances. In case, however, the master of a merchant vessel should be under the necessity of disposing of a part of his cargo in order to defray expenses, he shall be bound to conform to the regulations and tariffs of the place to which he may have come.

If any ship of war or merchant vessel of one of the High Contracting Parties should run aground or be wrecked upon the coasts of the other, the local authorities shall give prompt notice of the occurrence to the nearest Consular Officer of the other Party.

Such stranded or wrecked ship or vessel and all parts thereof, and all equipment and appurtenances belonging thereto, and all goods and merchandise saved therefrom, including those which may have been cast into the sea, or the proceeds thereof, if sold, as well as all papers found on board such stranded or wrecked ship or vessel, shall be given up to the owners or their agents, when claimed by them.

If such owners or agents are not on the spot, the aforesaid property or proceeds from the sale thereof and the papers found on board the vessel shall be delivered to the proper Consular Officer of the High Contracting Party whose vessel is wrecked or stranded, provided that such Consular Officer shall make claim within the period fixed by the laws, ordinances and regulations of the country in which the wreck or stranding has occurred; and such Consular Officer, owners or agents shall pay only the expenses incurred in the preservation of the property, together with the salvage or other expenses which would have been payable in the case of a wreck or stranding of a national vessel.

The goods and merchandise saved from the wreck or stranding shall be exempt from all duties of the customs unless cleared for consumption, in which case they shall pay ordinary duties.

In the case of a ship or vessel belonging to the nationals of one of the High Contracting Parties being driven in by stress of weather or by reason of any other distress, run aground or wrecked in the territories of the other, the proper Consular Officer of the High Contracting Party to which the vessel belongs, shall, if the owners or their agents are not present, or are present but request it, be permitted to interpose in order to afford appropriate assistance to the nationals of his State.

ARTICLE 14

The vessels of war of each of the High Contracting Parties may enter, remain and make repairs in those ports and places of the other to which the vessels of war of any other nation are accorded access; and they shall submit to the same regulations and enjoy the same honors, advantages, privileges and exemptions as are now, or may hereafter be conceded to the vessels of war of any other nation.

ARTICLE 15

Each of the High Contracting Parties may appoint Consuls General, Consuls, Vice Consuls and other Consular Officers or Agents to reside in the towns and ports of the territories of the other where similar officers of any other Power are permitted to reside.

Such Consular Officers and Agents, however, shall not enter upon their functions until they shall have been approved and admitted by the Government to which they are sent.

They shall be entitled on condition of reciprocity to exercise all the powers and enjoy all the honors, privileges, exemptions and immunities of every kind which are, or may be, accorded to Consular Officers of the most favored nation.

The Government of each High Contracting Party shall have the right to acquire and own land and buildings required for diplomatic or consular premises in the territories of the other High Contracting Party and also to erect buildings in such territories for the purposes stated, subject to local building regulations.

Lands and buildings situated in the territories of either High Contracting Party of which the other High Contracting Party is the legal or equitable owner and which are used exclusively for governmental purposes by that owner shall be exempt from taxation of every kind, National, State, Provincial and Municipal, other than assessments levied for services or local public improvements by which the premises are benefited.

ARTICLE 16

In case of the death of a national of either High Contracting Party in the territory of the other without having in the locality of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the State of which the deceased was a national of the fact of his death, in order that necessary information may be forwarded to the parties interested.

In case of the death of a national of either of the High Contracting Parties without will or testament, in the territory of the other High Contracting Party, the consular officer of the State of which the deceased was a national and within whose district the deceased made his home at the time of death, shall, so far as the laws of the country permit and pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates provided the laws of the place where the estate is administered so permit.

In case of the death of a national of either of the High Contracting Parties without will or testament and without any known heirs resident in the country of his decease, the consular officer of the country of which the deceased was a national shall be appointed administrator of the estate of the deceased, provided the regulations of his own Government permit such appointment and provided such appointment is not in conflict with local law and the tribunal having jurisdiction has no special reasons for appointing someone else.

Whenever a consular officer accepts the office of administrator of the estate of a deceased countryman, he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a national of the country where he was appointed.

ARTICLE 17

It is understood by the High Contracting Parties that the stipulations contained in this Treaty do not in any way affect, supersede, or modify any of the laws, ordinances and regulations with regard to naturalization, immigration, police and public security which are in force or which may be enacted in either of the two countries.

ARTICLE 18

The provisions of the present Treaty as regards the most-favored-nation treatment do not apply to:

- 1) Favors now granted or which may hereafter be granted to an adjoining State to facilitate frontier traffic;
- 2) Favors now granted or which may hereafter be granted to a third State in virtue of a Customs Union;
- 3) Favors now contractually granted or which may hereafter be contractually granted to a third State for the avoidance of double taxation or the mutual protection of revenue;
- 4) Favors now granted or which may hereafter be granted to an adjoining State with regard to navigation on or use of boundary waterways not navigable from the sea;
- 5) Advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE 19

The present Treaty shall, from the date of its entry into force, be substituted for the Treaty of Friendship, Commerce and Navigation between Siam and the United States of America signed at Washington

on the 16th December 1920, and from this date the said Treaty of 1920 and all arrangements and agreements subsidiary thereto concluded or existing between the High Contracting Parties shall cease to be binding.

ARTICLE 20

Subject to any limitation or exception hereinabove set forth, or hereafter to be agreed upon, the territories of the High Contracting Parties to which the provisions of this Treaty extend shall be understood to comprise all areas of land and water over which the Parties, respectively, claim and exercise dominion as sovereign thereof, except the Panama Canal Zone.

ARTICLE 21

The present Treaty shall remain in force for 5 years from the date on which it enters into force.

In case neither of the High Contracting Parties shall have notified 12 months before the expiration of the said 5 years the intention of terminating it, the Treaty shall remain binding until the expiration of one year from the day on which either of the High Contracting Parties shall have notified to the other Party an intention of terminating it.

It is clearly understood, however, that termination of the present Treaty as above provided for shall not have the effect of reviving any of the Treaties, Conventions, Arrangements, or Agreements abrogated by the present Treaty.

ARTICLE 22

This Treaty shall be ratified, and the ratifications thereof shall be exchanged at Bangkok, as soon as possible, and the said Treaty shall enter into force on the date of the exchange of ratifications.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have hereto signed their names and affixed their seals, this day of in the nineteen hundred and year of the Christian era, corresponding to the day in the month of in the two thousand four hundred and year of the Buddhist era.

711.922/88 : Telegram

The Secretary of State to the Minister in Siam (Neville)

WASHINGTON, September 16, 1937—6 p. m.

17. Note and two counterdrafts on treaty of friendship, commerce and navigation presented to Siamese Minister September 14. Copies being forwarded air mail.

HULL

711.922/84

The Secretary of State to the Chargé in Siam (Chapman)

No. 194

WASHINGTON, September 25, 1937.

SIR: The Department transmits herewith for the confidential information and study of the Legation a copy of a note which was handed to the Siamese Minister at Washington on September 14, 1937, together with a copy each of two counter-drafts of a treaty of friendship, commerce and navigation between the United States and Siam.¹⁴ There are enclosed for your information copies of telegrams to and from the American Embassy at London, a memorandum handed to an officer of the Japanese Embassy, and notes exchanged between the Department and the Siamese Minister as well as two memoranda.¹⁵

You will observe in the note of September 14 to the Siamese Minister that this Government agrees to conduct the negotiations at Bangkok.

The Department believes that at the time of the signature of the treaty there should be an exchange of notes providing that the Siamese Government will not interfere with the holding by missions of lands under lease from the Siamese Government pursuant to paragraph numbered 2 of the exchange of notes signed December 16, 1920.

In the same exchange of notes it is believed that there should be laid down principles for the settlement of all land titles now in dispute. The Department invites your comment on this point.

In both of the Department's drafts, a provision has been incorporated accepting the proposition made in Article 19 of the Siamese draft excepting favors relating to agreements for the avoidance of double taxation and mutual protection of revenue. It is believed that the Siamese Government intends that the most-favored-nation clause should not be invoked to obtain the benefits of an agreement for relief from double income taxes or similar agreements. Further elucidation of point 3 in Article 19 of the Siamese draft would be desirable.

It is probable that the Siamese Government will prefer to negotiate on the basis of draft (2) rather than draft (1). If it should so prefer, it would be well to bear in mind that in the opinion of the Department the termination article of draft (1) is more carefully drafted than the corresponding article of draft (2).

These drafts may be susceptible to some refining of phraseology, which it may be possible to effect at later stages in the negotiations when and as opportunity arises.

¹⁴ *Ante*, p. 827.

¹⁵ For those printed, see memorandum of May 27, p. 825; memorandum of November 5, 1936, *Foreign Relations*, 1936, vol. iv, p. 998; note from the Siamese Minister, November 5, 1936, *ibid.*, p. 999; note to the Siamese Minister, November 17, 1936, *Treaty Information*, Bulletin No. 86, November 1936, p. 19.

The Department will welcome any comment the Legation has to offer on any of the points raised by the note and drafts.

It is desired that the Legation report developments by telegraph when to do so promises to save substantial amount of time without considerable increase in the Legation's normal expenditure for tolls.

Very truly yours,

For the Secretary of State:

FRANCIS B. SAYRE

711.922/93

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

[WASHINGTON,] October 4, 1937.

The Siamese Minister called. He said that this morning he had received a telegram from his Government informing him that the Siamese Government had received the Minister's letter of September 15 forwarding the two counter-drafts which the Department had put forward of a new treaty between the United States and Siam. The Minister said that his telegram asked him to obtain from the Department as soon as possible the text of the paragraph in regard to immovable property. The Siamese Government desired that the Minister forward this text by cable. The Minister said also that his telegraphic instruction indicated that the Siamese Government desired to conclude negotiations by November 5.

I told the Minister that the draft of a provision in regard to immovable property rights was still under consideration; that the Government had not yet decided on the language which it would desire to propose; and that unfortunately we could not give any definite indication as to when the paragraph in question would be ready for presentation to the Siamese Government. I explained to the Minister that one reason why it was necessary for us to proceed carefully in this matter was that such a provision might constitute a precedent in our treaties with Far Eastern countries.

I told the Minister that when we were ready to present the paragraph in regard to immovable property we would furnish him with the text in order that he might cable it to his Government.

M[AXWELL] M. H[AMILTON]

711.922/94

Memorandum of Conversation, by the Assistant Secretary of State (Sayre)

[WASHINGTON,] October 8, 1937.

The Siamese Minister called to inquire about the Siamese treaty. He told me of his conversation with Mr. Hamilton on October fourth

(See Mr. Hamilton's memorandum). He said that he had received another telegram from the Siamese Minister of Foreign Affairs inquiring about the text of the paragraph in regard to immovable property. He said that the Siamese Minister of Foreign Affairs was anxious to conclude the new treaty, if possible, by November fifth, when the present treaty expires.

In reply, I told him that it did not seem possible to bring the new treaty into force by November fifth since it will require Senate ratification and since the Senate will not be sitting in regular session until January. I also told him, confidentially, that the reason for the delay with regard to the language covering immovable property is that we do not want to propose a treaty which will not be ratified and that, since it would be unwise to insert in the Siamese treaty language which we could not adopt in treaties with other countries, it seemed wise to consult with some of the influential members of the Senate to secure their agreement so as to be sure that they would support the Siamese treaty when it comes up for ratification. I told him that this was the cause of the delay and that we could not go forward until we had received further word from some of the Senate leaders whom we had consulted. I added, however, that I had asked Mr. Hamilton to have follow-up letters sent out to hurry matters as much as possible. I added that we would let the Siamese Minister know as soon as we had reached a definite conclusion.

The Minister said that he would report this to the Siamese Minister for Foreign Affairs and thanked me for the information.

F[RANCIS] B. S[AYRE]

711.922/90 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, October 9, 1937—11 a. m.

[Received October 9—5:50 a. m.]

27. Department's 17, September 16, 5 [6] p. m. Copies not received. Foreign Office tells me informally that the Siamese have completed their study of the two American treaty drafts and wish to discuss them. Foreign Office states most treaties except British and American are pretty close to final revision and desires to know whether I am prepared to take up the matter including land clause. I stated that I was without instructions.

NEVILLE

711.922/90 : Telegram

The Secretary of State to the Minister in Siam (Neville)

WASHINGTON, October 12, 1937—3 p. m.

21. Your 27, October 9, 11 a. m.

1. Copies of Department's counter-proposals 1 and 2, as well as other documents, were despatched by air mail via London September 25 and should arrive Bangkok by middle of this week. Department's counter-proposals omit paragraph in regard to real property provisions and Department is not in position as yet to present a paragraph on that subject.

2. You are authorized to discuss Department's counter-proposals with the Siamese Foreign Office. Pending receipt by you of documents mentioned in paragraph 1 above, Department suggests that you proceed on basis of copies forwarded to the Foreign Office by the Siamese Minister at Washington. While the Department would prefer that negotiations be conducted on the basis of counter-proposal 1 rather than counter-proposal 2, if the Siamese Government is averse to negotiating on that basis, you may proceed on the basis of counter-proposal 2.

HULL

711.922/95 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, October 16, 1937—9 p. m.

[Received October 16—1:55 p. m.]

28. Department's instruction No. 194 and telegram No. 21, October 12, 3 p. m. Siamese accept Draft 2 with following modifications:

Article 1, paragraph 1, delete "or" through "favored-nation"; provide for favored-nation treatment in final protocol;

Paragraph 3 delete "just" add after "compensation" "according to law" or "on same terms as nationals";

Paragraph 4 delete "or" through "favored-nation";

Paragraph 7 immovable property, willing to accept wording of present treaty or omit reference thereto;

Paragraph 8 insert "iron" before "phosphate".

Article 3: delete under any obligations references to control of international payment, including sub-paragraphs *a*, *b*, *c* and final paragraph, substituting "if either High Contracting Party establishes or maintains, directly or indirectly, any form of control of the means of international payment, it shall in this respect apply to the other High Contracting Party the most-favored-nation treatment."

Delete Article 4, to reappear in exchange of notes.

Article 7, delete "and export bounties". Siamese Government pays no bounties and prefers to have no reference thereto in treaties.

Article 8 delete pilotage. Siamese Government charges lower fees for small Siamese coasting vessels.

Article 9, satisfactory but insert as paragraph 1 "It is agreed that the customs tariffs applicable to articles, the produce or manufacture of either of the high contracting parties imported into the territories of the other, shall be regulated by the laws of the country of importation." This phrase is desired for use before the Assembly.

Article 11, insert as final paragraph "The national fisheries of the High Contracting Parties are likewise exempt from the provisions of this treaty."

Article 15 paragraph 5, delete "legal or equitable" substituting "rightful" as Siamese code does not recognize equity.

Article 18 subsection 3, Department's understanding is correct, the wording is a Geneva formula; delete subsection 5, inserting text unchanged in final protocol.

Article 20, substitute "include" for "comprise" and delete "claim and," to avoid serious difficulties in translation.

Article 21, for paragraphs 1 and 2, substitute paragraphs 1 and 2 of article 27 of draft 1.

Article 22 paragraph 1, delete all after "soon as possible."

Final protocol as follows: "At the moment of proceeding this day to the signature of the Treaty of Friendship, Commerce and Navigation between the Kingdom of Siam and the United States of America, the plenipotentiaries of the two High Contracting Parties have agreed as follows:

(1) It is understood that in all matters for which national treatment is provided in this, the nationals of each of the High Contracting Parties shall not be treated by the other less favorably than the nationals of any other country

(2) It is understood that the provisions of article 7 shall not be deemed to preclude either of the High Contracting Parties from charging differing rates of license fees for the sale of imported spiritous liquors and of spiritous liquors manufactured by or under license from the State

(3) It is understood that the provisions prescribing most-favored-nation treatment in this do not apply to any advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba, or to any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America. In witness whereof, et cetera."

Siamese Government agrees to exchange of notes in regard to mission lands and settlement of land titles now in dispute in the sense

desired by Department. In regard to monopolies suggests following exchange of notes:

"In the event of the establishment of a monopoly for the importation, production or sale of a particular commodity for the profit either of the Government or of a private individual or organization, my Government agrees that in respect of the foreign purchases of such monopoly the commerce of your country shall receive fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any product such monopoly will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms."

NEVILLE

711.922/96 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, October 18, 1937—11 a. m.

[Received October 18—10:04 a. m.]

29. My telegram number 28, October 17 [16], 9 p. m. The Government here is extremely anxious to have treaty assuring fiscal and judicial autonomy signed before elections November 7th, being apprehensive of domestic complications if the opposition elements make political capital of the delay. The Legation is unable to estimate the weight of these apprehensions but they appear to be a real factor in the minds of the Minister of Foreign Affairs and some others.

If we consistently can we might well accede to the Siamese desires, particularly as I understand the Japanese are inclined to and may be in a position to do so.

NEVILLE

711.922/100

The Minister in Siam (Neville) to the Secretary of State

No. 6

BANGKOK, October 19, 1937.

[Received November 2.]

SIR: I have the honor to refer to the Legation's telegram No. 28, of October 16, 1937, 9 p. m., in regard to the new treaty with Siam, and to enclose a draft, prepared in the Legation,¹⁶ of the treaty as it stands with the suggested Siamese modifications. The previous numbering of the Articles has been retained, although the deletion of Article 4 would reduce the number of Articles by one, and would require Article 6 to be numbered Article 5, and so on to the end. The Department will

¹⁶ Not printed.

note that in the final article the language of the termination article of draft (1) has been incorporated, as well as paragraph 3 of Article 21 of draft (2). In this draft are included a suggested form of protocol and exchange of notes to replace Article 4 of Department's draft (2).¹⁷ I have compared the suggested wording with the Ministry of Foreign Affairs. I have made no effort to draft a land-holding clause, but I am inclined to believe that in their present state of mind and with reference to the Legation's telegram No. 28, of October 16, the Siamese would be willing to accept almost any wording suggested.

I venture to enclose a suggested form of exchange of notes covering the Presbyterian Mission property.¹⁸ It is identical with the exchange of notes of December 16, 1920,¹⁹ annexed to the present treaty,²⁰ except for paragraph 3, which is no longer applicable, as the house in Ratburi has been returned to the Siamese Government. I am assured that the Siamese Government is prepared to regularize the land holdings in question whenever evidence of legal possession, as contemplated in paragraph 1 of the exchange of notes, is produced to the proper authorities. I have discussed the matter with the local representative of the Presbyterian Mission.

After discussing the matter with my British colleague I am inclined to think that I have not overstated the anxiety of the Minister of Foreign Affairs to have treaty matters out of the way at an early date. The British Minister informs me that he is urging early action upon his own Government, as there is no question of principle involved in his negotiations, and he feels it extremely desirable to have the new treaty signed when the present one expires on November 5. He seems decidedly of the opinion that the Minister of Foreign Affairs would find himself in an embarrassing position if he had to face the Assembly without having concluded treaties which assure Siamese fiscal and judicial autonomy. I am in accord with this appraisal of the situation and therefore urge the Department to expedite the treaty negotiations as much as possible.

Respectfully yours,

EDWIN L. NEVILLE

711.922/97

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

[WASHINGTON,] October 20, 1937.

The Siamese Minister called at his request. He said that yesterday he had received a telegram from the Siamese Government stating

¹⁷ See Legation's telegram No. 28, October 16, 9 p. m., p. 861.

¹⁸ Not printed.

¹⁹ *Foreign Relations*, 1921, vol. II, pp. 876-877.

²⁰ *Ibid.*, p. 867.

that the Siamese Government very much hoped that it would be possible to sign a new treaty between the United States and Siam on or before November 5. He said that his telegram indicated that the Siamese Government had made a number of suggestions in regard to the language of one of the counter-drafts proposed by the Department, but that the Siamese Minister for Foreign Affairs could see no reason why the treaty could not be signed at an early date and not later than November 5.

I told the Minister that we had received from Mr. Neville a telegram setting forth the suggestions which the Siamese Government had offered; that we were studying these suggestions; and that, while we might wish to offer certain counter-suggestions, we did not anticipate any great difficulty in regard to any of the matters with the exception of a provision relating to immovable property rights. I said that we were giving this whole matter of the treaty negotiations special attention and that we anticipated that we could before November 5 clear up all points with the exception of the immovable property question. I said that in reference to that question it was possible that we would be prepared to proceed by November 5 but that I personally had doubt whether we could by that date be ready to act in regard to the immovable property provision. I told the Minister that we would, however, before November 5 expect to inform the Siamese Government as to how the situation stood here.

M[AXWELL] M. H[AMILTON]

711.922/110

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] October 22, 1937.

The Siamese Minister came in to see me on October twenty-first to show me a copy of the cable which he had received from the Siamese Minister of Foreign Affairs (copy attached hereto),²¹ to the effect that Siam expects to sign shortly a new treaty with Japan and hopes that the first of the new series of treaties which it signs may be that with the United States. I thanked the Minister for the copy of the telegram and asked him to come in to see me about the matter on the following day.

(Immediately after the Minister's departure, Mr. Hamilton, Mr. Hackworth,²² Mr. Hiss²³ and I discussed the situation. We considered the possibility of signing the Siamese treaty without a formula covering land tenure but containing, in its place, some such clause as follows:

²¹ Not printed.

²² Green H. Hackworth, Legal Adviser.

²³ Alger Hiss, assistant to Mr. Sayre.

"The question of land tenure in the two countries shall be dealt with in a separate protocol to be signed hereafter, which when signed will constitute an integral part of this treaty and will be ratified concurrently with this treaty."

We decided, however, that this would not be desirable and that, instead, we ought to use every effort to get the land formula settled in time for the signing of a treaty by the date requested by the Siamese, namely November seventh.)

The Siamese Minister again called on October twenty-second to discuss what reply he should send to his Government. I suggested to him that he might want to cable back to his Government a reply based upon the following suggestions: that he had had a talk with me and that I had expressed serious concern to expedite in every way possible the settling of the land formula so as to enable the treaty to be signed, if possible, by November seventh; that it was important, however, since the treaty must be ratified by the Senate, to have the approval of various important Senators of the land formula, as well as of other important provisions, and that to this end we had communicated with certain Senators; that we had not yet received their replies but were seeking to expedite replies in every way, by the use of long distance telephone and telegraph; that we still hoped that the matter could be satisfactorily arranged in order to sign the treaty by November seventh but that of course we could guarantee nothing until we received the necessary replies; and that if the worst came to the worst I had suggested that it might be of assistance for the Siamese Minister of Foreign Affairs and the American Minister at Bangkok to issue a joint statement to the effect that substantial agreement had been reached on the treaty and that it was expected the treaty would shortly be signed. The Minister thanked me for these suggestions and said that he would cable to Bangkok as suggested.

F[RANCIS] B. S[AYRE]

711.922/95 : Telegram

The Secretary of State to the Minister in Siam (Neville)

WASHINGTON, October 23, 1937—3 p. m.

22. Your No. 28, October 16, 9.00 p. m.

Article 1, paragraph 1. As at present informed Department perceives no objection to this proposal, and to the conclusion of a final protocol. It was the intention of this paragraph as drafted to assure both national and most-favored-nation treatment and the Department desires to have it understood that placing part of the commitment in the final protocol will make no difference in the result. Department wishes you to inquire discreetly whether there are now any

differences between the treatment accorded to Siamese nationals and nationals of other countries in matters of establishment. There are apparent omissions in the first and third paragraphs of the protocol after the word "this".

Paragraph 3. Department wishes to retain "just" before "compensation" because compensation as provided by law on a national basis may not be adequate. Acceptance of Siam's proposal would constitute an unfortunate precedent in the treaties of the United States.

Paragraph 4. Department takes same position as on paragraph 1.

Paragraph 7. Department is not yet prepared to forward its proposals as to immovable property but is making every effort to expedite their preparation. In the event negotiations can not be concluded by November 7, suggest you join with Minister of Foreign Affairs, if and when you deem it advisable, in statement to press that substantial agreement has been reached and early consummation of negotiations expected.

Paragraph 8. Does the Siamese Government mean "iron, phosphate" or "iron phosphate"? We had in mind only calcium phosphate.

Article 3. Siamese proposal as to foreign exchange acceptable if "unconditional" is substituted for "the," preceding "most-favored-nation", and if following is added:

"Such control shall be administered so as not to influence to the disadvantage of the other High Contracting Party the competitive relationships between articles originating in the territories of such Party and similar articles originating in third countries, and so as not to impair the operation of any other provision of this treaty."

Article 4. The Department insists upon the original wording of its monopoly article but accepts the proposal to include it in an exchange of notes provided they are considered to be an integral part of the treaty.

Article 7. Accepted.

Article 8. Department cannot agree to deletion of "pilotage". Small Siamese coasting vessels already amply protected by reservation in respect of coasting trade contained in Article 11.

Article 9. Accepted if "understood" is substituted for "agreed" and new matter is inserted as paragraph 2.

Article 11. Department prefers not to stipulate with respect to fisheries inasmuch as this is not a practical problem in the relations between the two countries. For your information only, Department fears that enunciation of such a principle may complicate Alaskan situation.

Article 15. Accepted.

Articles 18 and 20. Accepted.

Articles 21 and 22. Accepted.

Final protocol, Paragraph 2. Accepted.

Proposal as to exchange of notes as to land titles accepted.

HULL

711.922/98 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, October 26, 1937—noon.

[Received October 26—6:50 a. m.]

30. Department's 22, October 23, 3 p. m.

Article 1. 1. I am assured orally by the Minister for Foreign Affairs that it is the intention of the Siamese Government to assure both national and most-favored-nation treatment in the treaty and that placing the commitment in the final protocol will make no difference in the result. The word "treaty" should be inserted after "this" in the first and third paragraphs of the protocol.

To take care of certain points raised in the Department's telegram the Minister for Foreign Affairs proposes additional paragraphs in the final protocol to follow.

Paragraph 3. The Siamese accept "just" before "compensation" but wish compensation to be settled by means of legal tribunals rather than by diplomatic negotiations. The latter proposes following additional paragraph 1 (a) to protocol. "It is understood that the payment of just compensation provided for in article 1, paragraph 3, shall be determined by due process of law".

Paragraph 8. The Siamese mean "iron, phosphate".

Article 3, paragraph 6. The Siamese prefer to place Department's new language in following new paragraph 1 (b) in protocol. "It is understood that the most-favored-nation treatment provided for in the last paragraph article 3 in respect of the control of the means of international payment shall be applied unconditionally, and that such control shall be administered so as not to influence to the disadvantage of the other High Contracting Party the competitive relationships between articles originating in the territories of such party and similar articles originating in third countries, and so as not to impair the operation of any other provisions of this treaty."

Article 4. In regard to monopoly the Siamese prefer their own wording, principally because they do not like the word "agencies", the legal implications of which they say would be difficult to explain to the Assembly in Siamese. They would be willing to accept the word "farm" which appeared in a former treaty, but appear to be frightened of a new word.

Article 8. Siamese proposed following additional paragraph 2 (a) to protocol. "It is understood that in the application of the provisions

of article 8, Siam reserves the right to apply, in the matter of compulsory pilotage, the provisions of the convention and statute in the international regime of maritime ports, signed at Geneva, December 9th, 1923".²⁴ Siam is a party to this convention and does not wish to make an exception in the case of the United States, but is willing to accept the word "pilotage" if her adherence to this convention is recognized in the treaty (article 11 of the statute is the item concerned).

Article 9. Siamese accept Department's proposals.

Article 11. The Japanese have agreed to a fisheries article in the final protocol of their treaty, as have other countries, according to the Minister for Foreign Affairs. Siamese would like some mention of it in our treaty. I have suggested that they make a reservation on their own account, but the Minister asked whether we could not accept it in the final protocol and proposed following wording as paragraph 2 (b). "It is understood that Siam reserves her national fisheries, which shall continue to be regulated by her national laws".

In regard to land titles, the Siamese propose the wording of the exchange of notes accompanying the present treaty, with appropriate altering of the introductory paragraph and the omission of item 3 which is no longer applicable.

The final protocol and exchanges of notes are to be integral parts of the treaty.

NEVILLE

711.922/98 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, October 29, 1937—7 p. m.

23. Your No. 30, October 26, noon.

Article 1, paragraph 1. Department accepts insertion of word "treaty" in first and third paragraphs of the Protocol.

Paragraph 1 (a), Protocol. Department proposes following addition after "due process of law", "the results of which shall be accepted in the absence of a manifest denial of justice according to the standards of international law".

Paragraph 8. Department prefers not to accept insertion of word "iron" since it feels bound by the terms of the minerals leasing act of 1920²⁵ which does not include this mineral. For your information only, insistence upon the change is bound to prolong the negotiations since the Department could not agree to stipulations which might

²⁴ League of Nations Treaty Series, vol. LVIII, p. 285.

²⁵ Approved February 25, 1920; 41 Stat. 437.

affect the State laws of Wisconsin and Michigan without very extensive study of the domestic iron ore situation and all laws relating thereto.

Article 3, paragraph 6. Accepted.

It is suggested, however, that new paragraph 1 (b) of the protocol be revised to read as follows:

“It is understood that the most-favored-nation treatment in respect of the control of the means of international payment provided for in the seventh paragraph of Article 3 of this treaty shall be applied unconditionally, et cetera.”

Please insert comma after “countries”.

Article 4. Department proposes following revision of Siamese monopoly proposal:

In the event of the establishment of a monopoly for the importation, production or sale of a particular commodity by the Government, or by a private individual or organization under authority of the Government, my Government agrees that in respect of the foreign purchases of such monopoly the commerce of your country shall receive fair and equitable treatment. To this end, etc., [remainder unchanged].²⁶

Article 8. Accepted.

Article 11. Accepted.

Department now preparing exchange of notes as to land titles.

In lieu of paragraphs 1 (a) and (b) and 2 (a) and (b) of Protocol please number them 4, 5, 6 and 7.

WELLES

711.922/99: Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 1, 1937—5 p. m.

[Received November 1—9:22 a. m.]

31. Department's 23, October 29, 7 p. m.

1 (a), protocol. The Siamese suggest after “due process of law” the following “subject to the application of international law” or “without prejudice to settlement according to international law” instead of Department's wording as being easier to explain to Assembly.

Paragraph 8. The Siamese do not insist on iron.

Article 3, paragraph 6, wording of paragraph 1 (b) protocol accepted here.

Article 4, monopoly. Department's wording accepted.

Department's numbering of paragraphs of final protocol accepted.

²⁶ Brackets appear in the original.

The Minister of Foreign Affairs asked me whether I was in a position to join him in a public statement in regard to progress with the treaty in case we could not finish in time. I told him I was. He showed extreme anxiety to include some wording regarding immovable property and drafted and suggested the following as I left. "Furthermore the nationals of the High Contracting Parties shall, in conformity with the provisions of law in force in the country, have the right to acquire, possess, and dispose of every kind of movable property. As regards the acquisition, possession and disposition of immovable property the nationals of each of the High Contracting Parties shall enjoy in the territories of the other the treatment accorded by the laws of the place where the property is situated." The Department will note that it contains a reference to movable property as well which is already in the draft.

If the Department's wording of the land clause and the exchange of notes can be speeded up, I urge that it be done.

NEVILLE

711.922/98 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 1, 1937—6 p. m.

24. Your No. 30, October 26, noon. Department has given long and careful study to the question of immovable property and proposes the following provisions for Article 1 of the treaty as being the sole practical formula embodying strict reciprocity. Acceptance of the first paragraph is deemed necessary to secure ratification of the treaty by the Senate without reservations.

"In all that relates to the acquisition, possession and disposition of immovable property the nationals, including corporations, partnerships, associations and other legal entities, of each high contracting party shall in the territory of the other high contracting party be subject exclusively to the applicable laws of the situs of such immovable property. The applicable laws of the situs of immovable property as herein used shall in reference to the nationals of Siam be understood and construed to mean the laws applicable to immovable property of the state, territory or possession of the United States of America in which such immovable property is situate; and nothing herein shall be construed to change, affect or abrogate the laws applicable to immovable property of any state, territory or possession of the United States of America.

It is expressly agreed that the nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of

immovable property, shall be accorded all the rights respecting immovable property which are or may be accorded in Siam to Siamese nationals, including corporations, partnerships and associations."

In an effort to conclude negotiations by November 6 the Department agrees to Siamese proposal to modify slightly the existing exchange of notes as to real property. The first paragraph of the notes to be exchanged creates only a moral obligation on the part of Siam to settle equitably the existing title problems. In so far as you are able to do so you should indicate the specific cases at the time you present these proposals, and add that your list of cases is not necessarily complete.

The words "of which they are the rightful owners" have been added to the existing exchange of notes. The Department would have preferred to say "of which they are the legal or equitable owners" but has not done so in view of the fact that the Siamese law does not recognize a distinction between law and equity. The phrase would cover mortgages held by the Socony-Vacuum Corporation on lands registered in the name of employees or others.

Introduction and second paragraph of new exchange of notes same as existing notes. New first paragraph as follows:

1. With respect to lands of which American nationals, partnerships, corporations or associations are the rightful owners, for which they now possess papers of any kind, or of which they are otherwise in legal occupation, they should apply to have title papers issued in the regular way.

Would it not be more appropriate to insert monopoly article at end of protocol?

WELLES

711.922/99 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 2, 1937—5 p. m.

25. Your No. 31, November 1, 5 p. m. Department agrees to phrase "without prejudice to settlement according to international law".

With reference to proposal drafted by Minister of Foreign Affairs this Government prefers provision concerning movable property in Article 1 already agreed upon. As to immovable property see Department's telegram No. 24 of November 1.

As soon as Department is informed that you have reached agreement on immovable property Department will send you telegram confirming its understanding of final text of treaty, protocol and exchange of notes.

WELLES

711.922/101a : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 2, 1937—7 p. m.

26. Department's 25 of November 2, 5 p. m. Confirmation of agreement reached as follows on Draft 2:

Article 1, paragraph 1 delete "or on the same terms as the nationals of the most favored nation." Otherwise unchanged.

Article 1, paragraphs 2 and 3 unchanged.

Article 1, paragraph 4 delete "or nationals of the most favored nation."

Article 1, paragraphs 5 and 6 unchanged.

Article 1, paragraphs 7 and 8 subject to final disposition in accordance with Department's telegram No. 24 of November 1.

Article 1, paragraphs 9 and 10 unchanged.

Article 2 unchanged.

Article 3 unchanged, except omit all references to control of international payment, including sub-paragraphs (a), (b), (c). Final paragraph of Article 3 unchanged.

Article 4 omitted.

Articles 5 and 6 unchanged.

Article 7. Delete "and export bounties." Otherwise unchanged.

Article 8 unchanged.

Article 9, paragraph 1 unchanged. Second paragraph as follows:

"It is understood that the customs tariffs applicable to articles, the produce or manufacture of either of the high contracting parties imported into the territories of the other, shall be regulated by the laws of the country of importation."

Articles 10, 11, 12, 13 and 14 unchanged.

Article 15 substitute "rightful" for "legal or equitable" in paragraph 5. Otherwise article unchanged.

Articles 16 and 17 unchanged.

Article 18, paragraph 5 omitted, but otherwise article unchanged.

Article 19 unchanged.

Article 20, substitute "include" for "comprise" and delete "claim and." Otherwise unchanged.

Article 21, paragraphs 1 and 2 omitted and paragraphs 1 and 2 of Article 27 of Draft 1 substituted therefor. Paragraph 3 unchanged.

Article 22, paragraph 1 reads "This treaty shall be ratified, and the ratifications thereof shall be exchanged at Bangkok". Second paragraph unchanged.

In engrossing treaty, protocol and exchange of notes be careful that the name of the United States appears first in the copy to be retained by you.

Text of protocol follows. Note changed preamble.

"At the moment of proceeding this day to the signature of the treaty of friendship, commerce and navigation between the United States of America and the Kingdom of Siam, the undersigned Plenipotentiaries have adopted the present Protocol which will have the same validity as if the provisions thereof were inserted in the text of the treaty to which it refers.

"(1) It is understood that in all matters for which national treatment is provided in this treaty, the nationals of each of the High Contracting Parties shall not be treated by the other less favorably than the nationals of any other country.

"(2) It is understood that the provisions of Article 6 shall not be deemed to preclude either of the High Contracting Parties from charging differing rates of license fees for the sale of imported spiritous liquors and of spiritous liquors manufactured by or under license from the state.

"(3) It is understood that the provisions prescribing most-favored-nation treatment in this treaty do not apply to any advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba, or to any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

"(4) It is understood that the payment of just compensation provided for in Article 1, paragraph 3, shall be determined by due process of law, without prejudice to settlement according to international law.

"(5) It is understood that the most-favored-nation treatment in respect of the control of the means of international payment provided for in the seventh paragraph of Article 3 of this treaty shall be applied unconditionally, and that such control shall be administered so as not to influence to the disadvantage of the other High Contracting Party the competitive relationships between articles originating in the territories of such party and similar articles originating in third countries and so as not to impair the operation of any other provisions of this treaty.

"(6) It is understood that in the application of the provisions of Article 7, Siam reserves the right to apply, in the matter of compulsory pilotage, the provisions of the convention and statute on the international regime of maritime ports, signed at Geneva, December 9, 1923.

"(7) It is understood that Siam reserves her national fisheries, which shall continue to be regulated by her national laws.

"(8) In the event of the establishment of a monopoly for the importation, production or sale of a particular commodity by the Government, or by a private individual or organization under authority of the Government, each Government agrees that in respect of the foreign purchases of such monopoly the commerce of the other country shall receive fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any product such monopoly will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favorable terms."

End of protocol. Please check foregoing against your records and telegraph urgently any discrepancies.

WELLES

711.922/101a : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 3, 1937—4 p. m.

27. Department's No. 26 of November 2, 5 [7] p. m. Following correction for Article 3 of treaty.

Article 3 unchanged except following paragraph is in substitution for original sixth and seventh paragraphs:

"If either High Contracting Party establishes or maintains, directly or indirectly, any form of control of the means of international payment, it shall in this respect apply to the other High Contracting Party the most-favored-nation treatment."

The fifth paragraph of the protocol repeated in telegram No. 26 of November 2 is correct but please substitute "last paragraph" for "seventh paragraph".

WELLES

711.922/98 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 3, 1937—7 p. m.

28. Department's 24, November 1, 6 p. m. Please telegraph Department urgently whether Siamese Government has accepted immovable property provision. It is the earnest hope of the Department that this provision will be accepted. It represents long and careful study by the Department and the Department has given intensive attention thereto, especially during recent weeks, in order that the treaty may be ready for signature by November 6 as desired by the Siamese Government. We have expressed this view to the Siamese Minister here and desire that you, if you have not already done so, take similar action there.

WELLES

711.922/102 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 4, 1937—noon.
[Received November 4—3:48 a. m.]

32. Department's 24, November 1, 6 p. m. Siamese accept first sentence of Department's immovable property clause as it stands.

They accept second sentence in substance if we can agree to the following wording to be placed in final protocol.

"It is understood that the applicable laws of the situs of immovable property as used in article 1 shall in reference to the nationals of Siam be understood and construed to mean the laws applicable to immovable property of the state, territory or possession of the United States of America in which such immovable property is situate; and nothing in the said article shall be construed to change, affect or abrogate the laws applicable to immovable property of any state, territory or possession of the United States of America."

The Siamese will accept the following as paragraph 8 article 1: "However, it is expressly agreed that the nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of immovable property in Siam.²⁷"; or the following as a subsequent paragraph in the protocol "it is expressly agreed that the nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of immovable property in Siam [*sic*"]".

NEVILLE

711.922/103 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 4, 1937—1 p. m.

[Received November 4—4: 14 a. m.]

33. Department's 24, November 1, 6 p. m.—exchange of notes regarding mission lands. The Siamese objected to widening the scope of the exchange of notes accompanying the treaty of 1920. They propose the following text:

"I have the honor to confirm the agreement reached between us that the exchange of notes which took place at Washington on December 16, 1920 regarding American mission lands in Siam, shall be continued in force until the obligations assumed thereunder by the Siamese Government are fulfilled."

In my judgment this exchange of notes will lose much of its importance provided the immovable property clauses are adopted as

²⁷ With regard to apparent omission here, see telegram No. 29, November 4, 1 p. m., to the Minister in Siam, p. 877.

numbers of American organizations will then be able to hold property in their own right.

Monopoly. The Siamese have arranged an exchange of notes with the British and would like to follow the same procedure with us.

Department's 26, November 2, 7 p. m. protocol, paragraph 4. The Siamese would like following wording:

"It is understood that the payment of just compensation provided for in article 1, paragraph 3, shall be determined by due process of law, without prejudice to redress, if any, according to international law."

The Legation will make careful comparison of texts with Foreign Office today and telegraph discrepancies, if any, later.

The Minister of Foreign Affairs suggests that to avoid delay my full powers to sign treaty be shown to Siamese Minister at Washington or authority be telegraphed *en clair* to Bangkok.

New Japanese treaty with Siam was approved by the Cabinet on November 1st and was signed provisionally November 2nd.

NEVILLE

711.922/104 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 4, 1937—6 p. m.
[Received November 4—7:15 a. m.]

34. Department's 26, November 2, 7 p. m. Text of treaty as indicated by the Department compared with Foreign Office and agreement confirmed.

The Siamese accept changed preamble of protocol.

Protocol confirmed except explanation of "just compensation" which was subject of my telegram No. 33, November 4, 1 p. m.

Department's 27, November 3, 4 p. m., substitutions confirmed.

NEVILLE

711.922/104 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 4, 1937—1 p. m.

29. Your Nos. 32, 33 and 34 of November 4. The last sentence of the Siamese counter proposal, in regard to immovable property, as received, does not seem to be complete inasmuch as it omits the stipulation that American nationals residents of such states shall be accorded all the rights in Siam accorded to Siamese nationals.

Assuming that the Siamese intended to grant this right and that the omission represents merely an oversight, it appears that the Siamese are proposing a change in form only.

Department desires that you strongly urge the Siamese Government to accept the proposal in its original form. The proposal was prepared after months of collaboration with interested Senators and influential persons and organizations. It would be extremely difficult to explain the change to them and ratification of the entire treaty would be seriously jeopardized on this ground alone. Throughout the entire course of the negotiations we have made a sincere effort to meet Siamese desires on points which they considered of special importance to them and we earnestly hope that they can meet our views on a point which we regard as highly important.

If the Siamese accept our original proposal for real property provisions in the treaty, you are authorized to accept their wording of the exchange of notes on real property, you may incorporate the monopoly provision in an exchange of notes, you may accept their latest wording for the protocol on just compensation and state the Department has already submitted your full powers to the President and is prepared upon signature thereof by the President to telegraph authority to you *en clair*.

WELLES

711.922/104 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 4, 1937—7 p. m.

30. Department's 29 of November 4, 1 p. m. Please suggest following introductory statement for exchanges of notes on monopolies and on real property substituting following for first 12 words in real property exchange:

"I have the honor to confirm the following agreement reached between us which is considered an integral part of the treaty signed today:"

WELLES

711.922/105 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 5, 1937—2 p. m.

[Received November 5—7: 57 a. m.]

35. Department's 29, November 4, 1 p. m. The Minister of Foreign Affairs told me today that Siam could not give national treatment in respect of land holding. They have refused it to all powers including the British who had national treatment under a former treaty,

and to the Japanese who asked for it, but have assured the latter most favored nation treatment in this respect. Granting national treatment to us would require the Siamese to grant it to the Japanese of whom they are afraid and whom they [suspect?] of wishing to found agricultural or other communities in Siam. The Minister begged me earnestly not to raise the question of national treatment as to land holding saying "we cannot do it; you say it is important to you but it is vital to us because we have the French and British on two sides and the Japanese not so far away; we must consider the future and reserve our land for our people".

I am sure this is their last stand. For practical purposes it seems to me this offer is satisfactory so far as our interests here are concerned. If there is a probability of ratification in the Senate I urge acceptance of the Siamese offer. Otherwise I believe they will ask that there be no land clause; they have reached their limit.

NEVILLE

711.922/105 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 5, 1937—7 p. m.

31. Your 35, November 5, 2 p. m. Department will abandon its insistence on national treatment and offers following substitute for proposal quoted in its telegram No. 24, November 1, 6 p. m.

1. Retain in the treaty both sentences of first paragraph quoted in that telegram.

2. Substitute for paragraph 2 one of following two suggestions:

(a) "It is expressly agreed that nationals of the United States of America, including corporations, partnerships and associations, shall be accorded unconditionally all the rights with respect to the acquisition, possession and disposition of immovable property which are, or may hereafter be, accorded in Siam to the nationals, including corporations, partnerships or associations of the most favored nation."

(b) "It is expressly agreed that nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of immovable property, shall be accorded unconditionally all the rights respecting immovable property in Siam which are or may hereafter be accorded to the nationals, including corporations, partnerships or associations of the most favored nation."

3. The Department would very much prefer the formula stated under paragraph (a). You should therefore offer paragraph (b) only as a last resort in the event that the Siamese Government insists on reciprocity.

4. In the event that the Siamese Government should categorically refuse to incorporate either of these paragraphs in the treaty you should endeavor to have one of them incorporated in the exchange of notes, the Department's preference still being in the order stated above.

5. In view of the Siamese Government's unwillingness to accord national treatment to American nationals you should strongly urge our broad wording of exchange of notes on real property contained in Department's telegram 24 of November 1, 6 p. m., since most-favored-nation formula in the light of what is being granted to other powers will be of scant assistance in settling our existing real property problem in Siam. You should insist strongly on the broader exchange of notes regardless of whether proposal (a) or (b) be accepted and whether in treaty or exchange of notes.

6. If you are able to reach agreement on basis of second or fourth paragraph of this telegram but cannot possibly get broader exchange of notes as indicated in Department's No. 24, of November 1, 6 p. m., you may accept continuation of existing exchange of notes as stated in Department's telegram No. 29, of November 4, 1 p. m.

7. If agreement reached on basis of this telegram, proceed to have instruments engrossed. Department expects to send you telegraphic full power in a few hours, but you must not use it unless agreement is reached in accordance with this telegram.

WELLES

711.922/103 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 5, 1937.

32. Your 33, November 4, 1 p. m. The President has signed today a full power for Edwin L. Neville to sign a treaty of friendship, commerce and navigation between the United States and Siam.

You are authorized to proceed to signature of treaty, protocol and exchanges of notes. Please request Minister of Foreign Affairs to accept this notification in lieu of autographed full power which is being sent to you by mail.²⁸

WELLES

711.922/106 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 6, 1937—6 p. m.

[Received November 6—11:25 a. m.]

36. Department's 31, November 7 [5], 5 [7] p. m. The Minister of Foreign Affairs today handed me the following memorandum as counter proposals.

²⁸ Not printed.

Counter-proposal 1. Immovable property. The Siamese Government regret that they are not in a position to grant American nationals in Siam most favored nation treatment in regard to immovable property, because they have granted most favored nation treatment in this matter to other powers only on condition of reciprocity.

In order, however, to meet the wishes of the American Government as far as they can the Siamese Government are agreeable to accept the insertion in the treaty of the American draft, subject only to the following modification at the end (second paragraph of immovable property clauses Department's 24, November 1, 6 p. m.): 'shall be accorded the right to acquire, possess and dispose of immovable property in Siam'.

It will be noted that the Siamese Government no longer ask for the insertion of the word 'likewise'.

Moreover, the Siamese Government are prepared to exchange notes, which are not to form part of the treaty but to constitute an item of diplomatic correspondence, as they have done in the case of some of the powers, as follows:

'The American Minister to the Minister of Foreign Affairs. Before proceeding to sign the new treaty of friendship commerce and navigation between our two Governments, I have the honor, under instructions from my Government, to request information in regard to the rights of nationals of the United States of America to own land in Siam, and I shall be greatly obliged if Your Excellency will be so good as to furnish me with a reply to my inquiry for communication to my Government.'

'The Minister for Foreign Affairs to the American Minister. In reply to your inquiry of blank instant as to the rights of nationals of the United States of America to own land in Siam, I have the honor to inform Your Excellency that it is the intention of the Siamese Government to grant to foreigners the right to acquire immovable property necessary for residential, commercial, industrial, religious and charitable purposes as well as for use as cemeteries, while the acquisition of lands of the public domain will be reserved for the subjects of Siam without prejudice, however, to the rights already acquired according to the laws and regulations at the coming into force of the new treaty.'

Counter-proposal 2. Exchange of notes regarding mission lands. With the above exchange of notes, it would not appear to be necessary to proceed with the exchange of notes regarding mission lands."

I think I can get some exchange of notes regarding mission lands if desirable, but nothing beyond continuing the undertaking of 1920.

I have done my best to carry out instructions, but the foregoing is the best bargain I can get. It assures Americans of land ownership here and I urge acceptance, as the Siamese are afraid of unconditional most favored nation treatment in regard to land.

NEVILLE

711.922/106: Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 7, 1937—9 p. m.

33. Your 36, November 6, 6 p. m. The Department is very much disappointed in the counterproposals put forth by the Minister for Foreign Affairs. These counterproposals, if accepted, would put the

Siamese Government in position to impose drastic restrictions upon the right of American nationals to acquire, possess and dispose of immovable property in Siam and Siam could, within the language of the Siamese counterproposal, maintain the present unsatisfactory situation with regard to land tenure by Americans or render it even more unsatisfactory. In addition, the explanatory exchange of notes suggested by the Siamese Government would make it clear how limited are the rights to be accorded but this would not guarantee that American nationals would be given equality of treatment with other foreign nationals which is of importance to this Government. The Department has given long and careful study to devising a remedy for the present admittedly unsatisfactory situation in a way which would take account of special factors in both the United States and in Siam.

The Department notes from your telegram under reference that the Siamese are afraid of unconditional most-favored-nation treatment in regard to land and that the Siamese Government is not in position to grant American nationals in Siam most-favored-nation treatment in regard to immovable property except on condition of reciprocity.

With a view to meeting the Siamese apprehension with regard to unconditional most-favored-nation treatment, the Department agrees to the deletion of the word "unconditionally" in proposal paragraph 2 (b) of its telegram 31, November 5, 7 p. m.

With regard to the question of reciprocity, the Department points out that proposal 2 (b) is based definitely on the principle of reciprocity. That proposal provides that nationals of certain states which accord to nationals of Siam rights with regard to immovable property shall be accorded most-favored-nation rights in Siam with regard to immovable property. Those states in the United States which do not grant such rights to Siamese nationals are excluded from the operation of the most-favored-nation provision. Should any states subsequently remove such rights in regard to the owning of immovable property by Siamese, Siam would thereby *ipso facto* be relieved from the obligation to accord most-favored-nation treatment to Americans residents of those states. In the large majority of the states and over an area many times that of Siam Siamese nationals enjoy rights in respect to immovable property. Special attention is invited to the fact that under proposal 2 (b) Siam would be offering merely most-favored-nation treatment in return for national treatment accorded by the majority of states of the United States to nationals of Siam.

In view of the foregoing, the Department finds it difficult to understand why the Siamese Government objects to granting to American nationals that most-favored-nation treatment which it is prepared to grant to nationals of third states, and the Department is of the opinion

that the objection of the Siamese Government formulated in counter-proposal 1 as quoted in your telegram under reference is based upon misconception as to the basis and purport of this Government's proposal 2 (b).

You should, therefore, explain the situation to the Siamese Government and urge upon it in the strongest possible terms the acceptance of the proposal set forth in the Department's telegram 31, November 5, 7 p. m., paragraph 2 (b).

The provision in the treaty with regard to immovable property would then consist of the first paragraph comprising two sentences as quoted in the Department's telegram 24, November 1, 6 p. m., and of a second paragraph consisting of the statement quoted in the Department's telegram 31, November 5, 7 p. m., paragraph 2 (b) with the deletion of the word "unconditionally".

With regard to exchange of notes with respect to clarification of existing real property rights, you should continue to be guided by paragraphs 5 and 6 of the Department's telegram 31, November 5, 7 p. m.

WELLES

711.922/107 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 8, 1937—8 p. m.
[Received November 8—10:30 a. m.]

37. Department's 33, November 7, 9 p. m. Siamese will accept proposal 2 (b) with the addition after "most favored nation" of the words "upon the principle of reciprocity" at the end, or will accept the proposal if it is altered to read "It is expressly agreed that nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of immovable property, shall be accorded the right to acquire, possess and dispose of immovable property in Siam, upon the principle of non-discriminatory treatment". The Minister informed me that the idea of reciprocity must in some way be conveyed in order to comply with the Cabinet's instructions.

With regard to the exchange of notes the Siamese would like to omit the wording "which is considered an integral part of the treaty" [which will?] require submission to the Assembly, and instead refer specifically to the article of the treaty concerned in each case. The Minister insists that the Cabinet has power to bind the Government, and that interpretative phrases or declarations of policy [do not

require?] legislative approval. So far as the real property exchange is concerned, the Siamese would like the new paragraph to read as follows: "With respect to lands of which American nationals, partnerships, corporations or associations are the rightful owners, whether or not they now possess papers of any kind, they may apply to have title papers issued in the regular way." The rest of the letter would follow the exchange of 1920 except that the opening paragraph would refer to real property held by Americans, rather than by American missionary societies, and that paragraph 3 would be omitted.

If the foregoing arrangements are acceptable, am I to proceed as indicated in the last paragraph of Department's 29, November 4, 1 p. m.

NEVILLE

711.922/107 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 9, 1937—6 p. m.

34. Your No. 37, November 8, 8 p. m.

1. Department believes that we are in agreement with the Siamese, and that they mean to accord complete most-favored-nation treatment automatically to nationals of states which permit them to own land. However, the language in the telegram under reference is ambiguous. "Upon the principle of reciprocity" may be open to the interpretation that the Siamese could insist on all our states according them the right to own land. It is also open to the objection of inaccurately describing the situation, inasmuch as Siamese enjoy national treatment in the majority of our states and in return, we would be getting only most-favored-nation treatment. "Upon the principle of non-discriminatory treatment" is ambiguous inasmuch as it may mean national as well as most-favored-nation treatment. Neither does it assure that Siam will automatically give our citizens complete most-favored-nation treatment, inasmuch as it may be interpreted by the Siamese to enable them to deny Americans full equality of treatment as against other foreign nationals on the ground that the treatment accorded to Siamese by third countries is deemed by the Siamese more favorable than that which they receive in the United States.

2. The Department desires to avoid all ambiguities and sources of possible future misunderstanding. It believes that the language set forth in Department's No. 31 of November 5, 7 p. m., achieves this result and as pointed out in Department's No. 33 of November 7, 9 p. m., embodies the principle of reciprocity. However, with a view toward meeting the Siamese desire that this concept be explicitly referred to, you are authorized to propose the insertion of the words

"in return" between the words "shall" and "be accorded" in paragraph 2 (b) of Department's telegram No. 31 of November 5, 7 p. m.

3. The real property provisions for the treaty would then be as follows: First two sentences of first paragraph quoted in Department's No. 24 of November 1, 6 p. m. Then add the following: "It is expressly agreed that nationals of the United States of America including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess, and dispose of immovable property, shall in return be accorded all the rights respecting immovable property in Siam which are or may hereafter be accorded to the nationals, including corporations, partnerships, or associations of the most-favored-nation."

4. Department accepts Siamese proposal with reference to exchange of notes as to real property both with respect to introduction and substance.

5. As to exchange of notes on monopolies, Department must insist upon retaining the introductory statement contained in Department's No. 30 of November 4, 7 p. m., in view of the fact that Article 4 of treaty relating to monopolies has been deleted.

6. You are authorized to sign, subject to the foregoing.

WELLES

711.922/109 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 10, 1937—7 p. m.
[Received November 10—10:53 a. m.]

38. Department's 34, November 9, 6 p. m. The Minister for Foreign Affairs today handed me the following memorandum:

"*Counter-proposal 1.* Immovable property. The Siamese Government accept the insertion of the words 'in return' between the word 'shall' and the word 'be'.

Instead of the specific mention of the words 'most favored nation' at the end of the paragraph, however, the Siamese Government would propose the following wording: 'of any other country, upon the principle of nondiscriminatory treatment'.

If 'most favored nation' is mentioned specifically, the members of the Assembly would expect the word 'reciprocity' to be mentioned specifically also. That is why the words 'any other country' are proposed instead. On the other hand, if 'nondiscriminatory treatment' is mentioned as well, the formula will be easily understood by the members of the Assembly. In this new context, nondiscriminatory treatment can only refer to nondiscrimination among foreigners and cannot refer to nondiscrimination between nationals and foreigners.

In case the Department of State would prefer a stronger word than 'principle', the Siamese Government would accept the word 'basis' in its place.

The paragraph will now read as follows:

'It is expressly agreed that nationals of the United States of America, including corporations, partnerships and associations, who are legal residents of or are organized under the laws of any state, territory or possession of the United States of America which accords to nationals of Siam the right to acquire, possess and dispose of immovable property, shall, in return, be accorded all the rights respecting immovable property in Siam which are or may hereafter be accorded to the nationals, including corporations, partnerships or associations of any other country, upon the basis of nondiscriminatory treatment'.

Counter-proposal 2. Letter on monopolies. If the term 'integral part of the treaty' is used, the exchange of letters would have to be submitted to the Assembly as part of the treaty, but according to the Constitution of Siam, an international engagement binding only the Executive Power need not be submitted to the Assembly in order to be valid. The Siamese Government therefore propose the addition after the words 'following agreement' the words 'which is to remain in force during the life of the treaty': This is calculated to give satisfaction in substance to the Department of State, as overcoming at the same time the constitutional difficulty mentioned above".

The introductory sentence of the exchange of notes on monopolies would then read "in regard to subparagraph 3 of paragraph 4 of article 3 of the treaty signed by us today, we have reached the following agreement which is to remain in force during the life of the treaty:"

NEVILLE

711.922/109 : Telegram

The Acting Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 10, 1937—6 p. m.

35. Your No. 38, November 10, 7 p. m.

1. Department notes that memorandum of Minister for Foreign Affairs fails to refer to point on which the Department desired to assure itself, namely that Siam will, in fact, in respect to real property accord without further compensation to citizens of states which allow Siamese to acquire, possess and dispose of real property, treatment as favorable as that accorded to any other nation. See in this connection last sentence of paragraph 1 of our No. 34 of November 9, 6 p. m. Inasmuch as the memorandum of the Minister for Foreign Affairs was in writing, the Department would prefer this confirmation in similar form but leaves this matter in your discretion. Upon receipt of such confirmation you may accept real property provision quoted in full in your telegram under reference, ending with the words "upon the principle of nondiscriminatory treatment". In

final text be sure that this is preceded by first two sentences of first paragraph quoted in Department's no. 24 of November 1, 6 p. m.

2. Introductory statement for exchange of notes on monopolies proposed in your telegram is approved.

3. As the exchange of notes on monopolies will have to be submitted to the Senate of the United States the instrument of ratification of the United States will contain both the treaty and the exchange of notes. As the instruments of ratification of the two Governments should be strictly conformable with each other, it is desired that the Siamese instrument of ratification also contain the exchange of notes on monopolies, notwithstanding that the exchange of notes is not submitted to the Siamese Assembly.

4. Department would like to be informed on the latter point before authorizing you to sign.

WELLES

711.922/111 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 12, 1937—4 p. m.

[Received November 12—8:30 a. m.]

39. Department's 35, November 10, 6 p. m. The Minister of Foreign Affairs today handed me the following memorandum:

“Paragraph 1. Meaning of immovable property clause. The United States Government are correct in assuming that the wording of the immovable property clause means that the Siamese Government will automatically accord to those Americans specified therein and without differentiation among them all the rights in immovable property which may be granted to any other foreigners in Siam.

The Siamese Government note that the words ‘upon the principle of non-discriminatory treatment’ have been adopted by the United States Government.

Paragraph 2. Exchange of notes in regard to monopolies. The Siamese Government understand that this exchange of notes should be ratified by Siam as well. This is accepted by the Siamese Government. It should be pointed out, however, that according to the practice adopted in this country, only the treaty and the protocol are mentioned in the royal instrument of ratification, and the ratification of an exchange of notes takes the form of governmental ratification as given in section 727 of Satow: *A Guide to Diplomatic Practice*, third edition.

The Siamese Government accept the draft exchange of notes regarding monopolies, submitted by the American Minister.

Paragraph 3. Exchange of notes regarding real property. The Siamese Government accept the draft submitted by the American Minister.

Paragraph 4. Final protocol paragraph 4. The Siamese Government note that the words 'without prejudice to redress, if any, according to international law' have been accepted by the United States Government".

If this is satisfactory I shall sign the treaty tomorrow noon.

NEVILLE

711.922/111 : Telegram

The Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 12, 1937—5 p. m.

36. Your no. 39, November 12, 4 p. m.

1. You may proceed to signature on basis of your telegram under reference.

2. This Government will accept the Siamese ratification of the notes concerning monopolies in the form cited in Satow. On its part the notes concerning monopolies will be included with the treaty in the President's ratification made by and with the advice and consent of the Senate.

3. Inform Department immediately by urgent cable upon signature.²⁹

HULL

[For text of treaty of friendship, commerce and navigation between the United States and Siam, with final protocol and exchange of notes, and related notes, see Department of State Treaty Series No. 940, or 53 Stat. 1731.]

711.922/137 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 26, 1937—5 p. m.

[Received November 26—8:45 a. m.]

42. The Minister of Foreign Affairs asked me today whether the United States would be willing to renounce, by an exchange of notes, the right of evocation secured to the United States by articles 2 and 3 of the Protocol annexed to the Treaty of 1920, on the understanding that within 12 months from the date of the notes the Siamese Government would submit to the Assembly of the People's Representatives an act on the conflict of laws embodying the normal principles of private international law, including especially the law of nationality in matters of personal status, and that pending the promulgation of

²⁹ The Department was informed in telegram No. 40, November 13, 1 p. m. (711.922/112).

such an act, the Siamese courts will continue to apply those principles in all cases concerning American citizens.

The British have already done this in an exchange of notes accompanying the new treaty, and the Foreign Minister said that the Siamese Government would greatly appreciate similar action by the United States as soon as possible before the Assembly meets on December 10. The exchange of notes would be effective immediately.

NEVILLE

711.922/139 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, November 29, 1937—11 a. m.

[Received November 29—2 a. m.]

43. My No. 42, November 26, 5 p. m. If there are objections to the form of the proposed exchange of notes I suggest that in place of the word "renounce", we inform the Siamese that the United States will "refrain from exercising such rights of evocation as it may have" on the understanding set forth in my telegram under reference. Such rights of evocation as treaty powers may have will disappear finally with the ratification of the new treaties, but the Government considers it important to appear before this Assembly with complete juridical autonomy.

So far as I can see such action would amount to little more than a gesture on our part and we would not stand to lose anything by following the British example. The Foreign Office tells me that the wording suggested above would be satisfactory.

NEVILLE

711.922/139 : Telegram

The Secretary of State to the Minister in Siam (Neville)

WASHINGTON, November 30, 1937—3 p. m.

39. Your despatch No. 28 of November 13³⁰ and your 42 of November 26, 5 p. m., and 43 of November 29, 11 a. m.

(1) The original of treaty signed November 13 has just been received but not yet compared. The Department does not propose to make the text public for the time being and hopes that the Siamese Government will not do so, or transmit copies to other Governments, until it is made public here, or a definite understanding is reached in regard to publicity.

(2) Please send at once, by air mail, originals of note from Minister for Foreign Affairs concerning real property and note concerning

³⁰ Not printed; it transmitted copy of treaty, protocol, and exchange of notes.

intention of Siamese Government in connection with real property rights of foreigners. Also send certified copies of your two notes in reply thereto.

(3) The Department, after careful consideration considers it inadvisable to terminate the protocol regarding evocation until the treaty enters into force. The treaty will shortly be sent to the President for transmission to the Senate. The Department will do all in its power to expedite the entry into force of the new treaty, thereby terminating the protocol concerning evocation.

(5) [*sic*] For your information, and in your discretion for oral statement to the Minister for Foreign Affairs. The protocol concerning evocation was put into force with the advice and consent of the Senate. To vary its terms or suspend its operation by exchange of notes might raise serious difficulties and possibly jeopardize the ratification of the treaty.

HULL

711.922/144 : Telegram

The Minister in Siam (Neville) to the Secretary of State

BANGKOK, December 1, 1937—4 p. m.

[Received December 1—6:46 a. m.]

45. Department's 39, November 30, 3 p. m. The Minister of Foreign Affairs told me this afternoon that the Siamese Government would give no publicity to the treaty until the Assembly had completed consideration of it, nor give the text to any one. I gave him orally the information contained in the last paragraph of the Department's telegram and he said that he quite understood the Department's position and had no desire to raise embarrassing constitutional questions in connection with the treaty.

The notes requested in the second paragraph of Department's telegram will be forwarded on next air mail leaving here December 3d.

I shall be absent from Bangkok about a week beginning tonight visiting northern Siam.

NEVILLE

INFORMAL REPRESENTATIONS TO SIAMESE GOVERNMENT AGAINST POSSIBLE LEGISLATION RESTRICTING THE TRADE IN OIL; DENIAL BY SIAMESE GOVERNMENT OF INTENTION TO INSTITUTE OIL MONOPOLY

892.6363/61 : Telegram

The Secretary of State to the Chargé in Siam (Chapman)

WASHINGTON, May 14, 1937—2 p. m.

8. On April 15 representatives of Standard-Vacuum Oil Company handed the Department what purported to be a copy of a

proposed Siamese petroleum law and regulations which were reported to have had a first reading in a secret session of the Siamese Assembly. The proposed law and regulations would provide, *inter alia*, for (1) maintenance of reserve stocks by importers of not less than half the quantity of their yearly permitted imports; (2) fixation of petroleum prices by Siamese Government; (3) optional purchase of petroleum by Siamese Government at government-fixed prices; and (4) prior authorization by the Government for the cessation or transfer of oil import business.

In compliance with request of the company's representatives that the Department take steps toward safeguarding their business interests in Siam, the Department instructed our Embassy at London to inform the British Foreign Office that we were prepared to make an appropriate approach to the Siamese Government and that we felt that similar and concurrent action by our two Governments would be desirable. On April 20 Embassy replied that it had been informed by the British Foreign Office that the British Board of Trade had been approached in the matter by the interested British company and that the Foreign Office promised to get in touch with the Embassy later.

Under date May 11 the Embassy at London reported information received from the Foreign Office to the effect that the British Minister to Siam had on March 23, on his own initiative, made oral inquiries of the Siamese Foreign Minister and that the latter had assured the British Minister that such a petroleum law had not been presented to the Assembly or been considered by the Siamese Government.

Department is forwarding to you by the next pouch copies of memoranda and other correspondence in regard to this matter.³¹

The Department desires that you discuss the situation with your British colleague. After such discussion you are authorized in your discretion to make, as on your own initiative and not as under instruction from the Department, an appropriate oral inquiry of the Siamese Foreign Office.

The Department is instructing the Embassy at London³² to inform the British Foreign Office of the substance of the foregoing paragraph.

You should inform the Department by telegraph of your decision and action, if any, in this matter.

HULL

³¹ None printed.

³² Not printed.

892.6363/63 : Telegram

The Chargé in Siam (Chapman) to the Secretary of State

BANGKOK, May 17, 1937—2 p. m.

[Received May 17—8:50 a. m.]

9. Department's 8, May 14th. Draft of law outlined recently obtained and forwarded with my despatch No. 525, May 12th.³³ Conference with British Minister only confirms facts already known to the Department. He is convinced that such a law is inevitable and that nothing but force could prevent it, an opinion which I share. The British Minister is due to arrive at London June 14th for conference concerning draft of treaty.³⁴ Favorable opportunity will be taken [to] broach the subject with the Siamese Foreign Minister. While the draft law undoubtedly crystallizes ultimate aims of the military authorities of the Siamese Government with respect to oil control, I am convinced that no such admission will be made at this stage.

CHAPMAN

892.6363/69

The Chargé in Siam (Chapman) to the Secretary of State

No. 537

BANGKOK, June 2, 1937.

[Received June 15.]

SIR: I have the honor to refer to my despatch No. 528 of May 19, 1937,³³ as well as previous telegrams and despatches, with reference to purported oil control legislation in Siam, and to report that during the course of a conversation yesterday, the Foreign Minister, Luang Pradist Manudharm, denied categorically that an oil control law has been drafted or considered by the Siamese Government.

I have no reason to doubt the Minister's word, but I nevertheless cannot escape the impression that the subject is receiving consideration in interested government circles.

Respectfully yours,

J. HOLBROOK CHAPMAN

892.6363/69 : Telegram

The Secretary of State to the Chargé in Siam (Chapman)

WASHINGTON, June 17, 1937—5 p. m.

11. Reference Department's No. 8, May 14, 2 p. m., and your reply No. 9, May 17, 2 p. m.; also your despatch No. 537 of June 2, just received.

³³ Not printed.³⁴ For treaty negotiations, see pp. 825 ff.

The Embassy at London has informed the Department that the British Foreign Office has sent an instruction to the British Legation at Bangkok the pertinent portion of which reads as follows:

"I note that despite Ministry of Foreign Affairs denials Sir Josiah Crosby considers it probable that suggested law will be tabled in due course. His Majesty's Government considers that any such legislation, while not in terms discriminatory, would operate most inequitably against established British interests; all efforts should therefore be made to prevent enactment.

My view is that the best method of approach at present to the Siamese Government would be for you to follow up Sir Josiah Crosby's action by inquiring verbally whether the Ministry of Foreign Affairs have yet heard anything regarding the intentions of the Ministry of Defense in this matter. You might observe that if any legislation of the nature suspected were in fact to be promulgated, it would call forth a strong protest from His Majesty's Government. At the same time you might hint to the Siamese Government that, with their desire to secure their position as regards oil supplies, it would hardly seem to be in their interest to take action which in the last resort might force the existing companies, which have large resources and assured supplies of oil to have to consider whether they could continue in business in Siam.

You are authorized to speak to the Siamese Ministry of Foreign Affairs on these lines if, after consultation with your United States colleague and with the local representative of the oil companies, you consider it desirable. I leave to your discretion the time of any *démarche* as also the question of acting jointly with your United States colleague."

The Department feels that concurrent approaches to the Siamese Foreign Office by you and your British colleague, rather than a joint approach, would be preferable. The Department suggests that you inquire with regard to the intentions of the Siamese Government, and in particular of the Ministry of Defense, toward the marketing of oil in Siam; inform the Foreign Office that this Government would view with concern legislation by the Siamese Government which would seriously threaten or inequitably affect the established trade of the American oil interests in Siam; and express the hope that the Siamese Government is not contemplating enactment of such legislation. You may inform the Foreign Office that this Government is committed to a policy of endeavoring to obtain the removal of excessive restrictions to international trade and could not remain indifferent to action on the part of the Siamese Government which in effect restricted or unduly interfered with American trade with Siam.

Referring to the statement in the instruction to the British Legation at Siam with regard to consideration by the oil companies as to whether or not they could continue business in Siam should the Siamese Government take the proposed action, the Department feels

that you should not make such a suggestion to the Foreign Office at this time.

You are authorized to make a further oral, informal approach to the Siamese Foreign Office along the lines set forth above. However, before taking such action, you should consult with your British colleague and with the representative of the American oil company.

In action matters, please keep Department currently informed by telegraph as well as by mail.

HULL

892.6363/70 : Telegram

The Chargé in Siam (Chapman) to the Secretary of State

BANGKOK, June 25, 1937—2 p. m.

[Received June 25—9:50 a. m.]

14. Department's 11, June 17th. Substance section 2 orally communicated to Foreign Minister June 22. The Foreign Minister said he was without specific knowledge of intentions Ministry of Defense as regards the marketing of oil although he believed that products of the projected oil refinery might be sold in the open market but explicitly denied intention to institute oil monopoly. He volunteered the information that he knew nothing about a projected oil control law. A week earlier the British Chargé d'Affaires made representations in accordance with instructions from the Foreign Office and received similar denials. My British colleague joins me in the belief that Siamese legislative action prejudicial to the oil interests in the near future seems improbable and that in the absence of material evidence of such action that may be divulged to the Siamese Government nothing is to be gained by further representations at this time.

CHAPMAN

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