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United States Department of State

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Foreign
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of the
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States



1934

Volume I

GENERAL,
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United States

Diplomatic Papers

1934

(In Five Volumes)

Volume I

General

The British Commonwealth

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PREFACE

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

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

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 045 of May 27, 1949, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the current regulation is printed below:

045 DOCUMENTARY RECORD OF UNITED STATES FOREIGN RELATIONS

045.1 *Scope of Documentation*

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

045.2 *Editorial Preparation*

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

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

¹ Division of Historical Policy Research.

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

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

045.3 Clearance

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

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

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

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

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

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

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

The increased correspondence in the Department files was reflected in an increase in the number of annual volumes from three to five beginning with those for the year 1932. At the same time the arrangement of country sections was changed from an alphabetical order to area groupings. For 1934 the arrangement of volumes is as follows: Volume I, General, British Commonwealth; Volume II, Europe, the Near East and Africa; Volume III, The Far East; Volumes IV and V, The American Republics.

The basic research and selection of papers for the 1934 volumes was done, under the direction of the Editor of *Foreign Relations*, by Miss Axton, Messrs. Churchill, Farrar, Nuermberger, Reid, and Sappington of the present staff and Henry P. Beers, George V. Blue, Howard L. Briggs, Oscar S. Dooley, Morrison B. Giffen, W. Grafton Nealley, Lena C. Regan, and the late Karl R. Samras, former staff members.

E. R. PERKINS

Editor of Foreign Relations

MAY 15, 1951.

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THE CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS, GENEVA: 1934 PHASE

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Jan. 4 (7)	<i>To the Ambassador in France (tel.)</i> Instructions to ascertain from Massigli, French delegate to the General Disarmament Conference, the latest situation with respect to convening the Bureau and the subject matter to be discussed; information that the American delegates (Norman Davis and Hugh Wilson) would find it inconvenient to arrive in Geneva before approximately January 27.	4
Jan. 5 (5)	<i>From the Chargé in Great Britain (tel.)</i> Information from Anthony Eden, British delegate, that a Council meeting will be held on January 15 at which time Arthur Henderson, President of the Conference, will consider the date for summoning the Bureau. Advice that Eden is optimistic over conciliatory nature of French <i>aide-mémoire</i> delivered to Hitler January 1.	4
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NEGOTIATIONS PRELIMINARY TO THE LONDON NAVAL CONFERENCE OF 1935

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Dec. 7	<p><i>From the President</i></p> <p>Opinion that the delegation's position is excellent at the present time and that continuation of conversations until December 31, if necessary, would be worthwhile in that the onus of denunciation would be placed on the Japanese.</p>	390
Dec. 8 (49)	<p><i>To the Chairman of the American Delegation (tel.)</i></p> <p>Opinion that the British suggestion regarding meetings in the future would appear inconsistent with U. S. position, and request that another attempt be made to obtain acceptance of the Department's original formula; suggestion of possible alternative procedure as a last resort.</p>	391
Dec. 11 (68)	<p><i>From the Chairman of the American Delegation (tel.)</i></p> <p>Summary of conversation between Atherton and a British official, who advised of Anglo-Japanese discussions of 1937-42 building programs as possible basis for a future treaty, and expressed desire to be informed of U. S. naval program.</p>	393
Dec. 12 (50)	<p><i>To the Chairman of the American Delegation (tel.)</i></p> <p>U. S. unwillingness at the present time to discuss its 1937-42 naval program.</p>	394
Dec. 12 (70)	<p><i>From the Chairman of the American Delegation (tel.)</i></p> <p>For the President and the Secretary: Conversation with Craigie, who advised as to the status of the British-Japanese conversations; further exchange of views concerning future meetings.</p>	395
Dec. 13 (71)	<p><i>From the Chairman of the American Delegation (tel.)</i></p> <p>Conversation with MacDonald during which Davis set forth the Department's views concerning future conversations and emphasized the risk in allowing the Japanese to think that conversations may be continued after denunciation.</p>	397
Dec. 13 (52)	<p><i>To the Chairman of the American Delegation (tel.)</i></p> <p>Approval of points set forth in telegram No. 70, December 12.</p>	398

LONDON NAVAL CONFERENCE

III. PRELIMINARY NAVAL CONVERSATIONS, SECOND SESSION—Continued

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1934 Dec. 13 (72)	<i>From the Chairman of the American Delegation (tel.)</i> Advice that Craigie has been informed of views contained in Department's telegram No. 50, December 10.	398
Dec. 15 (74)	<i>From the Chairman of the American Delegation (tel.)</i> British proposal that the adjournment of the conversations be brought about by a tripartite meeting on December 19 or 20, and that a communiqué (draft printed) be agreed upon beforehand for issuance at that time.	399
Dec. 15 (55)	<i>To the Chairman of the American Delegation (tel.)</i> Advice that, subject to advance agreement on a satisfactory communiqué, the Department would be prepared to accede to the British proposal; suggestions for rephrasing of certain portions of the draft communiqué.	401
Undated	<i>Memorandum of a Meeting in the Prime Minister's Office at the House of Commons, December 19, 1934, at 4 p. m.</i> Tripartite meeting for discussion of suspension of the conversations, and agreement to reconvene at the invitation of Great Britain; adoption of proposed communiqué.	402
Dec. 28 (87)	<i>From the Chairman of the American Delegation (tel.)</i> Conversation between Admiral Standley and Yamamoto concerning technical aspects of the naval question; opinion that Yamamoto was sounding out the U. S. position on his own initiative with a view to the possibility of formulating a plan for presentation by the Japanese Government to extend limitation in certain naval categories for a further period of time.	404

IV. DENUNCIATION BY JAPAN OF THE WASHINGTON NAVAL TREATY OF 1922

1934 Sept. 25 (214)	<i>From the Chargé in Japan (tel.)</i> Foreign Minister's opinion that the Washington Treaty of 1922 should be allowed to expire in 1936; his hope for an understanding regarding limitation on the size of future vessels.	405
Dec. 3 (267)	<i>From the Ambassador in Japan (tel.)</i> Information from the French Ambassador with respect to Japanese notification of proposed renunciation of the Washington Treaty and inquiry as to French attitude toward similar action; information concerning French reply.	406
Dec. 3	<i>Memorandum by the Chief of the Division of Western European Affairs to the Secretary of State</i> Conversation with the French Ambassador, who explained the French reply declining to join Japan in denouncing the Washington Treaty.	406
Dec. 5 (269)	<i>From the Ambassador in Japan (tel.)</i> Conversation with the Italian Ambassador concerning his Government's negative reply to a Japanese inquiry, similar to that addressed to the French Government, with respect to denunciation of the Washington Treaty.	407

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IV. DENUNCIATION BY JAPAN OF THE WASHINGTON NAVAL TREATY OF 1922—Con.

Date and number	Subject	Page
1934 Dec. 13 (1087)	<i>From the Ambassador in Japan</i> Analytical report on public opinion in Japan, which is determined to achieve naval equality at any cost.	408
Dec. 22 (951)	<i>From the Ambassador in France (tel.)</i> Explanation of erroneous report that France might independently denounce the Washington Treaty.	411
Dec. 26 (61)	<i>To the Ambassador in Great Britain (tel.)</i> For Davis: Draft statement (text printed) which the Secretary will make shortly after receiving notification of denunciation of the Washington Treaty by Japan; request for comments and suggestions.	411
Dec. 27 (85)	<i>From the Chairman of the American Delegation (tel.)</i> Approval of the content of the draft statement, but suggestion that it be incorporated in a note to the Japanese Government and made public rather than issued as a formal statement.	413
Dec. 28 (86)	<i>From the Chairman of the American Delegation (tel.)</i> Opinion, after further consideration of the Secretary's proposed statement, that it should be given out at a press conference at the beginning of the new year, after a review of the naval conversations; that the notification of denunciation itself should be answered by a brief and formal acknowledgment, with arrangement for the immediate publication of both notes.	413
Dec. 29 (62)	<i>To the Chairman of the American Delegation (tel.)</i> Appreciation of suggestions but advice that it will be impossible to withhold a statement inasmuch as the Japanese Ambassador, in delivering the formal notice of denunciation, will give out a 1200-word statement of the Japanese position.	415
Dec. 29	<i>Memorandum by the Secretary of State</i> Record of meeting with Ambassador Saito, who handed the Secretary four documents (texts printed): (1) the note of denunciation; (2) a <i>note verbale</i> containing comments, at Hirota's instructions, regarding Japanese action; (3) an explanatory press release to be issued by the Japanese Foreign Office spokesman; (4) an explanatory press release to be issued by Saito himself. Secretary's oral reply of intention to notify the other signatory powers in accordance with the terms of the Treaty. (Footnote: Information as to transmittal of the notification to the other signatory powers.)	415
Dec. 29	<i>Press Release Issued by the Department of State</i> Statement by the Secretary upon notification of Japanese denunciation of the Washington Treaty.	420
Dec. 31 (638)	<i>From the Chargé in Great Britain (tel.)</i> Information concerning delivery of text of Japanese note of denunciation to the Foreign Office, and Foreign Office request for a copy of the Japanese <i>note verbale</i> to the United States for reference in making reply.	421

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IV. DENUNCIATION BY JAPAN OF THE WASHINGTON NAVAL TREATY OF 1922—Con.

Date and number	Subject	Page
1935 Jan. 2	<i>From the French Ambassador</i> Acknowledgment of receipt of notification regarding Japanese denunciation, and expression of French views as to the ultimate inadequacy of the Washington Treaty.	421
Jan. 3 (2)	<i>To the Ambassador in Great Britain (tel.)</i> Advice that inasmuch as the Japanese <i>note verbale</i> was not intended to be given to the Secretary in writing, the Department would not feel warranted in authorizing reference to it in any communication by a third Government as a communication received through the Secretary; willingness, however, to show to the Foreign Office the text which is assumed to be identical to the copy given it by Ambassador Matsudaira. Description of nature of U. S. reply to the Japanese notification.	423
Jan. 9	<i>Memorandum by the Chairman of the American Delegation of a Conversation With the French Ambassador</i> Discussion of the naval situation, and Davis' explanation of U. S. and British positions; his regret at tone of the French note with regard to Japanese denunciation of the Washington Treaty.	424
Jan. 11	<i>Memorandum by the Under Secretary of State of a Conversation With the French Ambassador</i> Expression of U. S. regret at French note with respect to Japanese denunciation of the Washington Treaty; Ambassador's explanation that France, in sending the note, had in mind the European situation rather than the Pacific.	425
Jan. 12	<i>To the French Ambassador</i> Acknowledgment of French note of January 2 and expression of regret over the views set forth.	426

REPRESENTATIONS BY CERTAIN FOREIGN GOVERNMENTS
REGARDING SENATE COMMITTEE INVESTIGATING MUNITIONS
INDUSTRY

1934 May 18	<i>To the Ambassador in Great Britain (circ. tel.)</i> Information concerning the establishment of a Senate committee to investigate the problems incident to the private manufacture of arms and munitions and international traffic therein.	427
Sept. 7	<i>From the Argentine Ambassador</i> Formal representations against insinuations made by a member of the Investigating Committee against an officer of the Argentine Navy in connection with examination of the activities of the Electric Boat Company. (Footnote: Information concerning reply.)	428
Sept. 10 (513)	<i>From the Ambassador in Great Britain (tel.)</i> Report of British resentment concerning charges before the Investigating Committee, alleging pressure by the King upon the Polish Ambassador in London in order to secure a certain munitions contract for a British firm; British request that this be brought to the attention of the Department.	429

MUNITIONS INDUSTRY INVESTIGATION

Date and number	Subject	Page
1934 Sept. 11	<i>Memorandum by the Under Secretary of State</i> Discussion with British Ambassador of the action of the Munitions Investigating Committee and of the Secretary's efforts to point out to the Committee the embarrassment involved in giving publicity to rumors involving important members of foreign governments.	430
Sept. 11	<i>From the Turkish Ambassador</i> Request for full copies of documents containing allegations made in the Senate Investigating Committee regarding certain Turkish personalities. (Footnote: Information concerning reply to the Turkish Government.)	430
Sept. 12 (215)	<i>From the Ambassador in Brazil (tel.)</i> Receipt of information from a Foreign Office official that Brazilian Chargé in Washington wishes to address a note to the Department protesting against allusions in the Munitions Investigating Committee of graft paid to Brazilian officials; opinion that the Chargé will not be so instructed, and transmittal of a suggestion by the Foreign Office official of a possible way to minimize the importance of the matter.	431
Sept. 13 (123)	<i>To the Ambassador in Brazil (tel.)</i> Conversation with the Brazilian Chargé who was informed of a letter which Senator Nye, Chairman of the Committee, sent to the Secretary on September 11, concerning the munitions question (text on page 437); instructions to communicate this information to the Foreign Minister and to express to him the Department's appreciation for the friendly attitude shown by his Government in the matter.	432
Sept. 13	<i>From the Peruvian Ambassador</i> Request for information concerning charges at Committee hearings of alleged unfair practices in connection with Peruvian Government purchases of airplanes, in order that the Government may investigate the matter.	432
Sept. 14 (222)	<i>From the Ambassador in Brazil (tel.)</i> Advice that Department's telegram No. 123, September 13, was shown to the Brazilian Foreign Office, which will not take official notice of the matter.	433
Sept. 14	<i>From the Mexican Ambassador</i> Representations against statements in the hearings before the Senate Investigating Committee which were offensive to the Government and the President of Mexico.	433
Sept. 15 (223)	<i>From the Ambassador in Brazil (tel.)</i> Resentment in Brazil over accusations of corruption, arising from the Senate investigation, which have not been substantiated.	434
Sept. 15 (193)	<i>From the Ambassador in Chile</i> Information concerning recent developments in sales of aviation equipment to the Chilean Government which, due to the munitions investigation, worked to the disadvantage of U. S. commercial interests and in favor of foreign competitors.	434

MUNITIONS INDUSTRY INVESTIGATION

Date and number	Subject	Page
1934 Sept. 17	<i>To the Mexican Ambassador</i> Acknowledgment of note of September 14; letter received by the Secretary from the Chairman of the Committee, and Secretary's statement to the press, both dated September 11 (texts printed) indicating that it was not the intention of the Committee or of any U. S. official to give offence to any other Government or its officials.	436
Sept. 17	<i>Memorandum by the Assistant Secretary of State</i> Argentine Ambassador's request for text of certain telegrams, referred to in the Committee hearings but unpublished, allegedly dealing with certain transactions between American munitions manufacturers and Argentine Government officials, for his Government's confidential information and for use in its investigation of the charges.	438
Sept. 18	<i>Memorandum by the Secretary of State</i> Chinese Minister's request for the names of certain Chinese officials referred to in the Senate munitions investigation but not expressly named; reply that the request would be given consideration.	438
Sept. 18	<i>From the Chinese Legation</i> <i>Aide-mémoire</i> denying press reports of allegations by Senator Nye that he had certain evidence indicating that the \$10,000,000 wheat loan made to China in 1933 was used to buy arms rather than to feed the hungry Chinese; request for such evidence as the Senator is reported to have in his possession.	439
Sept. 19 (112)	<i>To the Ambassador in Argentina (tel.)</i> Instructions to discuss informally with Foreign Minister reports of Argentine Government's intention to present a note of protest, and possibly a diplomatic claim, in behalf of Argentine officials allegedly injured by testimony given before the Senate Investigating Committee, and to point out lack of grounds for such action.	439
Sept. 19	<i>From the Peruvian Ambassador</i> Formal protest against charges before the Investigating Committee concerning purchases of armament by the Peruvian Government allegedly for the purpose of subsequent delivery to Bolivia.	441
Sept. 20 (163)	<i>From the Ambassador in Argentina (tel.)</i> Discussion with the Foreign Minister on subject of Department's No. 112, September 19; Foreign Minister's assurance that the purpose of the note which will be presented to the Department is to lay a juridical base for future use in relations with the United States or any other country.	441
Sept. 20	<i>Memorandum by the Secretary of State of a Conversation With the German Ambassador</i> German Ambassador's reference to charges before the Investigating Committee relating to the sale of armaments by American nationals to agencies in Germany, and his intimation that such purchases were for purely commercial purposes.	442
Sept. 22 (166)	<i>From the Ambassador in Argentina (tel.)</i> Information that the Foreign Minister considers the matter reported in telegram No. 163, September 20, as ended.	443

MUNITIONS INDUSTRY INVESTIGATION

Date and number	Subject	Page
1934 Sept. 22 (113)	<i>To the Ambassador in Argentina (tel.)</i> Conversation with the Argentine Ambassador, who expressed his Government's satisfaction with the U. S. reply to the Argentine note of September 7 and indicated that the proposed second note of protest would not be delivered.	443
Sept. 24 (1551)	<i>From the Minister in Ecuador</i> Report that there has been very little editorial comment in the local press concerning the munitions investigation, and explanation of probable reasons therefor.	444
Sept. 25 (429)	<i>From the Minister in China (tel.)</i> Information concerning Chiang Kai-shek's insistence that the Foreign Office press its request for disclosure to the Chinese Government of names of Chinese officials connected with allegations made before the Committee.	445
Sept. 25 (308)	<i>To the Minister in China (tel.)</i> Instructions to inform the Foreign Office that appropriate steps have been taken to procure the information requested.	445
Sept. 25 (77)	<i>From the Chargé in Colombia (tel.)</i> Foreign Minister's request that two letters in U. S. possession concerning Colombian defense plans be eliminated from the published report of the Senate Investigating Committee; recommendation that the request be granted.	445
Sept. 25	<i>From the Peruvian Ambassador</i> Protest against allegations of unfair practices of the Peruvian Government in connection with airplane purchases as previously referred to in a note of September 13 and as subsequently investigated by the Peruvian Government itself.	446
Sept. 27 (59)	<i>To the Chargé in Colombia (tel.)</i> Instructions to inform the Foreign Minister that the Colombian defense plans will be withheld from publication as requested.	447
Sept. 28 (438)	<i>From the Ambassador in Brazil</i> Information that although the local press has brought pressure on the Minister of War causing an investigation of the War Ministry, the Foreign Office has been able to exert a moderating influence on the press in dealing with the Senate inquiry; opinion, however, that U. S. business interests will suffer in future business dealings as a result of the issue.	447
Oct. 3	<i>To the Chinese Minister</i> Information that the question concerning the wheat credit to China in 1933 is now under investigation by the Committee but has not been completed; Committee's belief that the charges will not be substantiated.	448

ADVICE AND CONSENT BY THE UNITED STATES SENATE TO RATIFICATION OF THE ARMS TRAFFIC CONVENTION OF JUNE 17, 1925, WITH RESERVATION IN REGARD TO THE PERSIAN GULF FAVORED BY THE PERSIAN MINISTER

Date and number	Subject	Page
1934 Apr. 12	<i>To the Chairman of the Senate Committee on Foreign Relations</i> Recommendation for favorable action by the Committee and Senate toward ratification of the Arms Traffic Convention of 1925.	449
May 1 (144)	<i>To the American Delegate to the General Disarmament Conference (tel.)</i> Unanimous recommendation by the Senate Foreign Relations Committee that the Senate give its advice and consent to ratification of the Arms Traffic Convention, with reservation that the ratification should not become effective until the treaty is ratified by 13 specified powers.	450
May 14	<i>Memorandum by the Secretary of State</i> Protest of the Persian Minister against ratification of the Convention on the ground that the provision relative to the Persian Gulf is unfair to Persia.	451
May 16	<i>To the Persian Minister</i> Explanation of U. S. position with respect to the Convention and assurance that ratification would not alter U. S. support of Persian proposed modifications of the Convention in discussions of its revision at the General Disarmament Conference now in session at Geneva.	451
May 16	<i>From the Persian Minister</i> Memorandum (text printed) outlining Persian objections to article 3 (Special Zones) of the Convention.	453
May 19	<i>To the Persian Minister</i> Acknowledgment of Persian note of May 16; hope that U. S. note of May 16 has now been received and has satisfactorily explained the U. S. position.	455
May 25	<i>Memorandum by the Under Secretary of State</i> Conversation with the Persian Minister, who insisted that it would be illegal for the United States to ratify the Convention in its original form inasmuch as revision of article 3 has already been sanctioned by the League Committee on Disarmament.	455
May 26	<i>From the Persian Minister</i> Reiteration of Persian attitude toward U. S. ratification in its original form, and suggestion that ratification be made subject to the revision of article 3 decided by the League.	456
May 29	<i>To the Persian Minister</i> Advice that although the U. S. Government is in accord with the position of Persian Government and the Disarmament Committee concerning revision of article 3, no record has been found indicative of an ultimate decision in the matter.	457

ARMS TRAFFIC CONVENTION

Date and number	Subject	Page
1934 June 4	<i>To the Persian Minister</i> Advice that the type of reservation proposed by the Persian Government would not be possible under U. S. constitutional procedure; suggestion that the most appropriate action would appear to be U. S. ratification of the convention coupled with continued efforts at Geneva to secure its revision.	458
June 5	<i>From the Persian Minister</i> Information that substance of Department's communications of May 29 and June 4 has been transmitted to the Persian Government.	458
June 14	<i>To the Chairman of the American Delegation to the General Disarmament Conference</i> Information concerning contents of Persian note of June 5 (<i>supra</i>), and instructions for guidance in the event that the Persian delegate in Geneva should represent inaccurately the U. S. position.	459
June 15	<i>To the Chairman of the Senate Committee on Foreign Relations</i> Expression of disappointment over Senate acceptance of a reservation by Senator King, implying recognition of alleged Persian rights in the Persian Gulf; Department's hope for a reconsideration of this reservation and ratification without it.	459
June 18	<i>Memorandum by the Under Secretary of State</i> Telephone conversation with Senator Robinson concerning possibility of eliminating the King reservation; conclusion that nothing can be done now.	460
June 19	<i>Memorandum by Mr. Joseph C. Green of the Division of Western European Affairs</i> Outline of procedure, in accordance with precedent, to be followed in the ratification of the Convention of 1925, and under which there is no way for the President to ratify the Convention without the reservations.	461
June 20 (162)	<i>To the Chairman of the American Delegation (tel.)</i> Transmittal of the King reservation (text printed), and advice of Department's unsuccessful opposition to the portion pertaining to the Persian Gulf.	461
June 21 (910)	<i>From the American Delegate to the General Disarmament Conference (tel.)</i> Concurrence in Department's concern with respect to the Persian Gulf provision of the King reservation; expression of hope that the President will consider whether, in view of all the circumstances, he should permit it to become law.	462
June 22 (438)	<i>To the American Delegate (tel.)</i> Advice that the Department has not as yet recommended ratification to the President and that no action will be taken until the Department receives further information concerning probable attitude of other parties to the Convention toward the Persian Gulf provision of the reservation; instructions to ascertain discreetly such opinions in this connection as may be of value.	463
June 23 (912)	<i>From the American Delegate (tel.)</i> Report of British Legal Adviser's opinion that there would be no legal effect but possibly a political effect in the King reservation.	463

ARMS TRAFFIC CONVENTION

Date and number	Subject	Page
1934 June 25 (251)	<i>To the Ambassador in France (tel.)</i> Instructions to ascertain confidentially the reaction of the French Government to possible U. S. ratification of the Convention with the King reservation. (Instructions to repeat to London.)	464
June 25 (439)	<i>To the American Delegate (tel.)</i> Information that the Department is instructing the Ambassadors in London and Paris to sound out the British and French Governments with respect to the reservation.	465
June 26	<i>Memorandum by the Secretary of State</i> Conversation with the Persian Minister, who was informed of the Department's unfavorable attitude toward his practice of approaching members of the Senate with his Government's views without the Department's knowledge of such action.	465
June 28 (22)	<i>To the Minister in Persia</i> Transmittal of copy of the Secretary's memorandum of June 26, and instructions to read it aloud to the Foreign Minister but not to leave a copy of it or any <i>aide-memoire</i> on the subject.	466
July 7 (391)	<i>From the Ambassador in Great Britain (tel.)</i> Foreign Office view that the reservation has no substantial significance but might increase British difficulties in dealing with the Persian Government.	467
July 12	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Conversation with the Counselor of the British Embassy, who inquired as to the background and reasons for the reservation and indicated his Government's concern that it would complicate Anglo-Persian relations; advice to the Counselor that U. S. ratification with the reservation would not imply any intention to interfere with the <i>status quo</i> in the Persian Gulf.	467
July 20 (539)	<i>From the Chargé in France (tel.)</i> Advice that the Foreign Office has no objection to the reservation but feels that on legal grounds it would be necessary for France, as the depositary of the ratifications, to obtain the consent of all the other signatory powers.	469
Aug. 9	<i>Memorandum by the Secretary of State</i> Conversation with the Persian Minister, who conveyed his Government's regret for the Minister's recent tactics in approaching members of Senate but maintained the Persian position regarding sovereign rights in the Persian Gulf; Secretary's reiteration of the U. S. position.	469
Aug. 11	<i>From the Persian Minister</i> Record of the purport of the conversation with the Secretary on August 9.	471
Aug. 14 (444)	<i>To the American Delegate (tel.)</i> Excerpt from the Persian Minister's note of August 11 referring to certain agreed revisions of the Geneva Convention, allegedly approved by the American delegate; request for justification, if any, of these statements.	474

ARMS TRAFFIC CONVENTION

Date and number	Subject	Page
1934 Aug. 15 (179)	<i>From the Minister in Persia</i> Conversation with a Foreign Office official, who reviewed the Persian reasons for opposing the Arms Traffic Convention of 1925 in an effort to convince the American Minister of the legality of Persian claims.	474
Aug. 15	<i>To President Roosevelt</i> Review of developments in connection with the Persian Gulf reservation to the Arms Traffic Convention; recommendation that the Convention be returned to the Senate for its further advice and reconsideration of the reservation.	476
Aug. 16 (924)	<i>From the Secretary of the American Delegation to the General Disarmament Conference (tel.)</i> Advice that no final decision concerning the questions raised by the Persian Minister, referred to in Department's telegram No. 444, August 14, has been taken by the committees or subcommittees on regulation of trade in and manufacture of arms.	479
Aug. 22	<i>From Mr. Joseph C. Green of the Division of Western European Affairs to the Acting Secretary of State</i> Transmittal of draft Instrument of Ratification for the Arms Traffic Convention of 1925 (text printed) embodying suggestions by the President for a statement interpreting the King reservation. Opinion, however, that the only practical solution would be the elimination of the reservation.	480
Aug. 24	<i>To the Persian Minister</i> Objection to the general tenor and inaccurate statements of the Persian Minister's note of August 11; advice that no useful purpose can be served by further discussion of the Convention with the Minister.	481
Aug. 25	<i>From the Persian Minister</i> Persian Minister's explanation of his note of August 11.	482
Aug. 28 (45)	<i>To the Minister in Persia</i> Transmittal of correspondence between the Department and the Persian Minister for use, if considered helpful, in conversation with competent Persian officials.	483
Sept. 15 (31)	<i>From the Minister in Persia (tel.)</i> Suggestion that the King reservation be not approved in view of a veiled threat by a Persian official that repercussions would result if the U. S. Government failed to follow the Senate's lead.	484
Oct. 27 (250)	<i>From the Minister in Persia</i> Conversation with the Prime Minister concerning the discourtesy of the Persian Minister and the resulting stalemate in Convention conversations.	484
Nov. 15	<i>Memorandum by the Secretary of State</i> Persian Minister's expression of nonintention of deliberately violating proprieties in his recent conduct in connection with treaty conversations.	485
Dec. 15	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Conversation with Senator King, who inquired as to the present status of the treaty and its future prospects.	486

ARMS TRAFFIC CONVENTION

Date and number	Subject	Page
1934 Dec. 17	<p data-bbox="189 296 836 343"><i>From the Chief of the Division of Near Eastern Affairs to the Secretary of State</i></p> <p data-bbox="189 343 836 435">Suggestion that the correspondence concerning treaty negotiations be transmitted to the President with the recommendation that he discuss the matter with Senator Pittman, looking toward steps for removal of the King reservation.</p>	487

NEGOTIATIONS LOOKING TOWARD AN "EASTERN LOCARNO" PACT OF MUTUAL GUARANTEE

1934 June 6 (876)	<p data-bbox="189 569 836 616"><i>From the Chairman of the American Delegation to the General Disarmament Conference (tel.)</i></p> <p data-bbox="189 616 836 690">Information from French Foreign Minister Barthou that he and Soviet Foreign Minister Litvinov have reached a preliminary agreement on certain aspects of an "Eastern Locarno".</p>	489
June 20 (948)	<p data-bbox="189 696 538 718"><i>From the Ambassador in Germany</i></p> <p data-bbox="189 718 836 869">Report of Litvinov's recent visit to Berlin during which he suggested to Foreign Minister von Neurath that Germany should join a pact of nonaggression, consultation, and mutual assistance, to which Russia, Germany, the Border States including Finland, Poland and the Little Entente, should be parties; press reports indicating opposition of Mussolini to such a regional pact.</p>	489
June 22 (129)	<p data-bbox="189 874 551 904"><i>From the Ambassador in Italy (tel.)</i></p> <p data-bbox="189 904 836 996">Conversation with Foreign Minister Suvich, who elaborated upon the topics of recent discussions between Mussolini and Hitler; Hitler's indication that he will reply in the negative to Litvinov's proposal for an Eastern Locarno.</p>	491
July 7 (1011)	<p data-bbox="189 1001 538 1031"><i>From the Ambassador in Germany</i></p> <p data-bbox="189 1031 836 1071">Information from the Foreign Office as to German attitude toward proposed pact.</p>	493
July 10 (398)	<p data-bbox="189 1076 636 1105"><i>From the Ambassador in Great Britain (tel.)</i></p> <p data-bbox="189 1105 836 1215">From Davis (Chairman of the American Delegation to the General Disarmament Conference): Conversation with Barthou, who summarized the results of his recent talks in London as having obtained certain assurances of British support of the pact.</p>	494
July 13 (143)	<p data-bbox="189 1220 551 1249"><i>From the Ambassador in Italy (tel.)</i></p> <p data-bbox="189 1249 836 1289">Latest press reports indicating that Italy will approve the pact but withhold participation.</p>	496
July 16	<p data-bbox="189 1295 836 1341"><i>Memorandum by the Chief of the Division of Western European Affairs</i></p> <p data-bbox="189 1341 836 1451">Conversation with the Spanish Ambassador, who was told, upon inquiry, that the Department has no information concerning a Mediterranean Pact, allegedly discussed by Barthou during his recent negotiations.</p>	496
July 20 (204)	<p data-bbox="189 1456 668 1486"><i>From the Ambassador in the Soviet Union (tel.)</i></p> <p data-bbox="189 1486 836 1525">Discussion with Litvinov of the status of the Locarno negotiations.</p>	496

EASTERN LOCARNO PACT

Date and number	Subject	Page
1934 July 20 (206)	<i>From the Ambassador in the Soviet Union (tel.)</i> Indications that Soviet diplomacy has been active with a view to obtaining participation of the Baltic States in the Eastern Locarno; also that the chief anxiety of the Soviet Government is with regard to the adhesion of Poland.	498
July 24 (1067)	<i>From the Ambassador in Germany</i> Transmittal of texts of original French proposal, British amendments accepted by the French, and a memorandum setting forth German objections to the pact.	498
July 27 (105)	<i>From the Ambassador in the Soviet Union</i> Summary of events pointing to improved relations between Great Britain and the Soviet Union with resultant marked change in the tone of the Soviet press.	502
July 30 (225)	<i>From the Ambassador in the Soviet Union (tel.)</i> Information that the Latvian and Estonian Foreign Ministers made declarations, July 29, to enter the Eastern Locarno with the Soviet Union provided Poland and Germany also enter it.	505
July 30 (226)	<i>From the Ambassador in the Soviet Union (tel.)</i> Information from the Latvian Minister that in case Poland and Germany should refuse to enter the pact, Estonia, Latvia, and Lithuania would nevertheless join it with France, Czechoslovakia, and the Soviet Union; also that Poland and Lithuania are approaching agreement on certain points.	506
Aug. 3 (241)	<i>From the Ambassador in the Soviet Union (tel.)</i> Joint statement, August 2 (excerpt printed), issued by Litvinov and the Lithuanian Foreign Minister with respect to the Eastern Locarno proposal.	507
Aug. 3 (243)	<i>From the Ambassador in the Soviet Union (tel.)</i> Conversation with the Lithuanian Foreign Minister, who expressed his intention of acting in concert with Litvinov to bring about the Eastern Locarno and denied reports of continued Lithuanian-Polish negotiations, adding that purely economic negotiations may be carried forward at a later date.	507
Sept. 5 (46)	<i>From the Ambassador in Poland (tel.)</i> Foreign Minister's opinion that the Eastern Locarno will fail.	508
Sept. 20 (1300)	<i>From the Ambassador in Germany</i> German memorandum (text printed) rejecting the proposal for an Eastern Pact of Mutual Assistance sponsored by the French and the Soviets; information that the Foreign Office does not, however, reject the idea of further negotiations.	509
Sept. 25 (325)	<i>From the Ambassador in the Soviet Union (tel.)</i> Information that the Soviet Government has given up hope of concluding an Eastern Locarno Pact, but is still confident that France and Czechoslovakia will make an agreement with the Soviet Union for mutual defense.	516
Oct. 5 (341)	<i>From the Ambassador in the Soviet Union (tel.)</i> Conversation with Litvinov, who expressed the opinion that establishment of the Pact was not a completely lost objective but one that would require a number of months for negotiations.	516

EASTERN LOCARNO PACT

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Dec. 9 (407)	<i>From the Chargé in the Soviet Union (tel.)</i> Summary of press announcement and of editorial comments upon the conclusion of a Franco-Soviet protocol looking toward continued efforts to establish the Pact and to withhold any separate negotiations with other Governments which would run counter to its spirit.	519
Dec. 11	<i>Memorandum by the Under Secretary of State</i> Information from the Soviet Chargé as to the substance of the Franco-Soviet protocol which was signed in Geneva on December 5.	521
Dec. 13 (533)	<i>From the Ambassador in Poland</i> Discussion with the Foreign Minister of the Polish attitude toward a revised Eastern Locarno Pact purporting to make certain concessions to the Polish point of view.	521
Dec. 27 (310)	<i>From the Chargé in the Soviet Union</i> Transmittal of English version of the official Franco-Soviet protocol (text printed) as it appeared in the Soviet press on December 20.	523

ATTITUDE OF CERTAIN FOREIGN GOVERNMENTS TOWARD THE JOHNSON ACT PROHIBITING LOANS TO DEBTOR GOVERNMENTS IN DEFAULT TO THE UNITED STATES; INTERPRETATIONS OF THE ACT

1934 Jan. 31	<i>To Senator Joseph T. Robinson</i> Memorandum by the Legal Adviser (text printed), setting forth reasons for eliminating certain phraseology in the Johnson bill (S. 682) in order to confine its scope to defaulted obligations to the Government of the United States. Information that the President of the Foreign Bondholders Protective Council shares the hope of President Roosevelt that such modification will be made in the bill.	525
Feb. 5	<i>Memorandum by the Secretary of State</i> Protest of the British Ambassador against the passage of the Johnson bill.	527
Apr. 12	<i>To President Roosevelt</i> Transmittal of the enrolled bill S. 682, with indication that the Department has no objection to the form of the bill.	527
Apr. 23	<i>To the Attorney General</i> Memorandum by the Legal Adviser, April 21 (text printed), giving opinion on questions raised in connection with interpretation of certain aspects of the Johnson bill. (Footnote: Receipt of a letter dated May 5 giving opinion of the Attorney General on these questions.)	528

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1934 Apr. 24	<i>Memorandum by the Under Secretary of State</i> French Ambassador's inquiry as to effect of the Johnson Act upon the status of Governments proposing "token payments" on war debts due the United States; reply that this question is included in a series of interpretative questions now before the Department of Justice and that the Ambassador will be advised of any definitive answer received by the Department.	532
May 3	<i>Memorandum by the Secretary of State</i> Conversation with the Rumanian Minister, who inquired as to when the Department of Justice would complete its work of interpreting the Johnson Act.	533
May 7	<i>Memorandum by the Under Secretary of State</i> French Government's desire for an official interpretation of the Attorney General's opinion concerning debtor countries which make some partial or token payments.	533
May 8	<i>Memorandum by the Under Secretary of State</i> Discussion of the French inquiry with President Roosevelt; the President's opinion that countries making partial payments must be considered in default under the terms of the Johnson Act.	534
May 11	<i>Memorandum by the Under Secretary of State</i> British Ambassador's inquiry with respect to the applicability of the Johnson Act in the case of Great Britain. Advice that on and after June 15 the terms of the Act would apply and that countries not making full payments must be regarded as in default.	535
May 14	<i>Memorandum by the Legal Adviser</i> Opinion regarding question raised by the Counsel for the Foreign Bondholders Protective Council with respect to application of the Johnson Act to American bondholders of certain German scrip or funding bonds. (Footnote: Information that the Attorney General, in a letter of May 18, concurred in the Legal Adviser's opinion that under the circumstances the acceptance of the scrip or funding bonds by American bondholders is not forbidden by the Act.)	536
May 15	<i>Memorandum by the Legal Adviser</i> Opinion that governments which have made token payments in the past and are now in the nondefaulting category and which pay the full amount of the June 15 installment should not be considered in default. (Footnote: Information that the Attorney General concurred in this opinion on May 18.)	540
May 22	<i>Memorandum by the Under Secretary of State</i> Conversation with the President concerning his recent inconclusive discussion of debts with the British Ambassador.	541

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1934 June 12	<p><i>To the Minister in Czechoslovakia (circ. tel.)</i> Information that the Attorney General has rendered an opinion that Governments in the same category as Great Britain (Czechoslovakia, Italy, Latvia, and Lithuania) would not fall within the prohibitions of the Johnson Act should they pay the full amount of the installment next due on their indebtedness. (Footnote: Instructions to repeat to Italy, Latvia, and Lithuania.)</p>	542

NEGOTIATIONS WITH REGARD TO CERTAIN INTERGOVERNMENTAL DEBTS DUE THE UNITED STATES

1934	<p>(Note: Information concerning publication of exchanges of correspondence between the United States and various foreign governments with regard to foreign debts owing to the United States.)</p>	543
May 22	<p><i>To President Roosevelt</i> Memorandum (text printed) outlining a number of possible courses of action for dealing with the war debts, with attention called to alternative B, which in substance consists of Congressional authority, vested in the President, to receive payments in the currency or credit of the debtor countries, rather than in New York funds, which will be utilized as a credit pool for the stimulation of world trade.</p>	543
June 1	<p><i>To the Ambassador in France (circ. tel.)</i> Transmittal of the President's message to Congress, June 1 (excerpt printed), concerning the war debts question and indicating repeated assurances to the debtor countries of U.S. willingness to discuss fully and frankly the special circumstances relating to means and methods of payment.</p>	556
Oct. 31	<p><i>To President Roosevelt</i> Transmittal of a memorandum, October 27 (text printed), summarizing several new suggestions for handling the war debts question which have been received by the Department since its memorandum of May 22 was forwarded to the President.</p>	557

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INTERGOVERNMENTAL DEBTS

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FINLAND

1933 Dec. 22	<i>From President Roosevelt</i> Approval of a draft schedule prepared by the Treasury Department suggesting three possible bases for readjustment of Finland's indebtedness to the United States; expression of preference for the 30-year plan.	559
1934 Jan. 6	<i>To the Finnish Legation</i> <i>Aide-mémoire</i> presenting the Treasury Department's schedule (text printed); advice that upon Finnish acceptance of one of the proposals, the President has authorized the preparation of an agreement to be submitted to Congress for approval.	560
Undated	<i>Memorandum by the Assistant Economic Adviser of a Conversation With the Finnish Minister on January 8, 1934</i> Discussion of negotiations for rearrangement of the Finnish debt, and clarification of certain aspects of the U.S. proposal.	562
Jan. 11	<i>From the Finnish Legation</i> Acceptance of the 30-year plan as suggested by the Department with reservation concerning Finland's future adherence to the most-favored-nation principle.	563
Mar. 29	<i>Memorandum by the Under Secretary of State</i> Inquiry of the Finnish Minister as to the status of the agreement for debt rearrangement, and reply that the President has reached no decision as yet on sending it to Congress, owing to the complicated Congressional situation at present.	563
May 23	<i>Memorandum by the Under Secretary of State</i> Explanation to the Finnish Minister of reasons why the President feels that conditions are not favorable for presenting the debt arrangement to Congress at this session.	564
(Note: Reference to additional correspondence in <i>Press Releases</i> .)		565

FRANCE

1934 Feb. 16	<i>Memorandum by the Under Secretary of State</i> Discussion with the President of French inquiry as to whether President Roosevelt would send to Congress in the near future a message on the war debts question; President's reply in the negative.	565
Mar. 7 (172)	<i>From the Ambassador in France (tel.)</i> Receipt of intimations that French Government would like to know what method of war debt settlement would be acceptable to United States; reply that it would seem that proposals should come from the debtor.	566

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May 9 (355)	<i>From the Ambassador in France (tel.)</i> Information concerning continued intimations with respect to French war debt position, and résumé of arguments which would prompt France to make a token payment to the United States on June 15.	566
May 9	<i>Memorandum by the Under Secretary of State</i> Discussion with French Ambassador concerning the President's view that under the Johnson Act partial payment after June 15 would not prevent a debtor country from being in default; Ambassador's regret in view of recommendations which he had submitted to his Government for payment. (Footnote: Information that this memorandum was transmitted to the Embassy in France as telegram No. 181, May 9.)	567
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June 12 (434)	<i>From the Ambassador in France (tel.)</i> Decision of Council of Ministers to maintain the position created by the decision of the Chamber in 1932 with regard to war debts.	569
June 29	<i>To President Roosevelt</i> Suggestion that, while the last French note declining payment does not necessitate a reply, it would be advisable to make one for purposes of record and of keeping the obligation before the French Government. (Footnote: Information that no record of a reply by President Roosevelt or of one to the French Government has been found in the Department files.)	569
Sept. 4 (1183)	<i>From the Ambassador in France</i> Conversation with the Foreign Minister, during which the Ambassador outlined his personal suggestion for French debt payments.	570
Oct. 26 (1314)	<i>From the Ambassador in France</i> Memorandum, October 25 (text printed), of a conversation with the new Foreign Minister on the debt situation, during which the latter maintained the position that there could be no debt payments by France without resumption of reparation payments.	573
Nov. 22 (1379)	<i>From the Ambassador in France</i> Memorandum, November 21 (text printed), of a conversation with Premier Flandin, during which the Ambassador outlined his personal suggestion for French debt payments as set forth in despatch No. 1183, September 4, emphasizing that the initiation of the idea would have to come from the French side.	578

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INTEREST OF THE UNITED STATES IN CLEARING AND COMPENSATION AGREEMENTS AND THE GOLD BLOC

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Apr. 27 (661)	<i>From the Ambassador in Great Britain</i> Foreign Office reply, April 26 (text printed), to Embassy's <i>aide-mémoire</i> based on Department's telegrams No. 118 of March 28 and No. 148 of April 12.	652
Apr. 28 (166)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to reemphasize Department's views concerning price protection and consumer participation inasmuch as the British reply does not substantially lessen the Department's doubts regarding the rubber restriction plan as outlined.	656

RUBBER AGREEMENT

Date and number	Subject	Page
1934 Apr. 28 (30)	<i>From the Minister in the Netherlands (tel.)</i> Advice that rubber producers' restriction agreement was signed April 28, in keeping with outline given by the British Government unofficially to the London Embassy; résumé of certain provisions. Summary of note from the Foreign Office enclosing copy of the agreement.	657
Apr. 30 (210)	<i>From the Ambassador in Great Britain (tel.)</i> Receipt from Foreign Office of copy of Rubber Producers' Agreement and a memorandum on the draft of the intergovernmental agreement; also information that the British Government is prepared to take the necessary measures to put the Producers' Agreement into effect subject to similar undertakings by other governments concerned. Presentation of views expressed in Department's No. 166, April 28.	658
Apr. 30 (665)	<i>From the Ambassador in Great Britain</i> Foreign Office <i>aide-mémoire</i> (text printed) concerning the proposed rubber restriction plan and provisions for appointment of an American representative of manufacturers.	659
May 14 (195)	<i>To the Ambassador in Great Britain (tel.)</i> Advisability of nomination of American representative directly by consuming interests through the most suitable organization, and information that the matter is being brought to the attention of the Rubber Manufacturers' Association.	661
Dec. 3 (120)	<i>From the Chargé in the Netherlands</i> Report of fairly successful operation of the rubber restriction plan, which has been in effect 6 months; opinion that confidence can be placed in the Netherland members of the International Committee and the Netherland Government to maintain a firm attitude against British efforts to raise the price of rubber, provided the methods adopted for restriction control and price control prove effective.	662

PARTICIPATION OF THE UNITED STATES IN THE LONDON PRELIMINARY CONFERENCE ON SUGAR, MARCH 5-10, 1934

1934 Jan. 4 (1)	<i>From the Consul at Geneva (tel.)</i> Confidential information that Avenol, in his capacity as Secretary General of the Monetary and Economic Conference, has received a tentative proposal from the International Sugar Council that preliminary discussions be held between the parties to the Chadbourne Plan and the United States and Great Britain, looking toward a possible world sugar convention; that the British reaction is favorable, and that U. S. reaction is awaited before further steps are taken.	664
Jan. 13 (3)	<i>To the Consul at Geneva (tel.)</i> Concurrence in the proposal for exploratory conversations on sugar; instructions to suggest to Avenol the desirability of inviting to the preliminary meeting the other exporting nations and the principal importing nations besides those mentioned by the Sugar Council.	665

LONDON SUGAR CONFERENCE

Date and number	Subject	Page
1934 Jan. 25 (22)	<i>From the Consul at Geneva (tel.)</i> Secretariat's receipt of further views from the British Colonial Office after being apprised of the American suggestions; advice that the Secretariat invites additional U. S. views but is inclined, as are the British, to favor preliminary conversations with limited representation, as was done in the case of wheat.	666
Jan. 26 (24)	<i>From the Consul at Geneva (tel.)</i> Receipt by the Secretariat of the Sugar Council's opinion, which coincides in substance with the British view; advice that Stoppani, Director of the Economics Section of the League of Nations, would appreciate any further advice with respect to the U. S. position before departing on January 29 for London to confer with Prime Minister MacDonald.	667
Jan. 27 (9)	<i>To the Consul at Geneva (tel.)</i> Definition of U. S. position and of basis on which Department is willing to participate in the preliminary conference.	668
Feb. 6 (28)	<i>From the Consul at Geneva (tel.)</i> Advice that a formal invitation (text printed) within the scope of the U. S. position will be forwarded to the Department through the Legation at Bern; opinion of the Secretariat that all invited powers will accept.	668
Feb. 21 (14)	<i>To the Minister in Switzerland (tel.)</i> Instructions to address a letter of acceptance (text printed) to Secretary General Avenol.	669
Feb. 21 (260)	<i>To the Chargé in Great Britain</i> Memorandum of Basic Instructions (text printed) for guidance of the American delegation, which will be headed by Mr. Atherton.	670
Mar. 2 (79)	<i>To the Ambassador in Great Britain (tel.)</i> For Atherton: Instructions to insert in the "Basic Instructions" several paragraphs relative to the Philippine sugar plan.	674
Mar. 5 (97)	<i>From the Ambassador in Great Britain (tel.)</i> From Atherton: Report of the opening of the sugar conference without representation from Germany or the Dominican Republic; advice that British and American statements are scheduled for March 6.	675
Mar. 7 (90)	<i>To the Ambassador in Great Britain (tel.)</i> For Atherton: Information that President Roosevelt's message on March 2 pertaining to Philippine independence contained no suggested changes in the provisions of law affecting the marketing of Philippine sugar in the United States.	676
Mar. 8 (108)	<i>From the Ambassador in Great Britain (tel.)</i> From Atherton: Advice that the Chadbourne countries want dictum commitment relative to disposal of initial surplus Philippine sugar; delegation's temporary position pending instructions.	676

LONDON SUGAR CONFERENCE

Date and number	Subject	Page
1934 Mar. 10 (95)	<i>To the Ambassador in Great Britain (tel.)</i> For Atherton: Approval of the delegation's position with regard to disposal of initial Philippine surplus; advice, however, that the U. S. Government cannot undertake any commitment regarding surplus disposal until Congress has acted on the sugar bill now before it.	676
Mar. 12	<i>From the American Delegation to the Preliminary Conference on Sugar</i> Transmittal of report on the preliminary meeting on the coordination of production and marketing of sugar, held at London, March 5-10 (extract printed); adjournment until certain conditions are fulfilled, including passage of U. S. legislation.	677
Dec. 28	<i>Memorandum by the Chief of the Division of Latin American Affairs</i> Résumé of developments since the preliminary conference was held in March; probability that upon receipt of a satisfactory expression of Netherland views, the British will convene another world conference.	679

PROTESTS BY FOREIGN GOVERNMENTS AGAINST THE NRA SHIPPING CODE; PROJECT FOR AN INTERNATIONAL SHIPPING CONFERENCE

1933 Oct. 28	<i>To the Danish Minister</i> Information, in reply to previous inquiry, concerning provisions of a proposed new code for the shipping industry; advice that a hearing will be held about November 6 for expression of views regarding the code by interested parties.	681
Nov. 8	<i>To the National Recovery Administration</i> Advice that William R. Vallance of the Legal Adviser's Office will attend the hearing on the general shipping code on November 9 as a representative of the Department.	681
Nov. 18	<i>To the National Recovery Administration</i> Request that shipping code as finally proposed be submitted to the Department for consideration before being sent to the President for approval.	682
Nov. 21	<i>From the Assistant Deputy Administrator of the National Recovery Administration</i> Assurance that Department will be kept informed of developments in regard to the shipping code.	682
1934 Feb. 12 (12)	<i>From the Danish Minister</i> Representations against the revised draft code, since it apparently extends U. S. jurisdiction to foreign vessels and violates treaty rights regarding free access to ports for purposes of international trade.	683
Feb. 14	<i>From the Norwegian Legation</i> Representations against applicability of the code to foreign shipping and violation of treaty rights pertaining to freedom of commerce and navigation.	685

NRA SHIPPING CODE

Date and number	Subject	Page
1934 Feb. 16	<i>From the National Recovery Administrator</i> Explanation of the code, and advice that the text will be clarified to assure noninterference with nationals of other countries on foreign flag vessels or with rights guaranteed by treaty.	687
Feb. 17	<i>To the Danish Minister</i> Advice that the draft code has not been placed in final form and has consequently not been approved by the NRA; clarification of provisions regarding foreign vessels. (Footnote: Information that the Norwegian Minister was advised similarly on February 19.)	689
Feb. 26	<i>Memorandum by the Assistant Secretary of State</i> Analysis of legal and diplomatic problems arising from the proposed enactment of the code; conclusion that regulation of ocean rates on foreign as well as American ships should be accomplished by international agreement.	690
Mar. 2	<i>From Mr. Charles S. Haight</i> Views, as requested by the Assistant Secretary of State, concerning an international agreement to handle the present shipping emergency; recommendation that the United States take the lead through the Department, rather than through any representative of the steamship business, and open negotiations directly with the foreign governments.	693
Mar. 5	<i>To the National Recovery Administrator</i> Transmittal of Assistant Secretary Sayre's memorandum of February 26 which was recently approved by Executive Committee on Commercial Policy; advice that the committee questioned the advisability of promulgating a code applicable to foreign ships in view of possible injury to American shipping and commerce.	699
Mar. 14	<i>From the National Recovery Administrator</i> Suggestion that steps be taken toward preparation of the general code and consideration of treaty questions be deferred until divisional codes are completed.	699
Mar. 29	<i>Memorandum by the Secretary of State</i> Conversation with the Danish Minister, who submitted a statement (<i>infra</i>) concerning shipping code provisions.	700
Mar. 29 (40)	<i>From the Danish Minister</i> Representations concerning certain provisions of the shipping code, specifically respecting rates on commerce originating in the United States and destined to foreign countries.	700
Apr. 2	<i>From the Secretary of Commerce</i> Opinion that the United States should not take the initiative in promoting an international shipping conference such as outlined by Mr. Haight, but should participate if proposed by some other nation.	701
Apr. 5	<i>To the Secretary of Commerce</i> Texts of two telegrams dated March 29 from Mr. Haight indicating evidences that certain governments would welcome an international shipping agreement.	703

NRA SHIPPING CODE

Date and number	Subject	Page
1934 Apr. 10 (46)	<i>From the Danish Minister</i> Reiteration of Danish representations against phraseology of a new draft code referring to foreign vessels.	704
Apr. 10	<i>From the Legal Adviser to the Secretary of State</i> Understanding that Joint Resolution of March 26 (text printed), to which Danish Minister made objection, is not obligatory except as an indication of policy; recommendation that appropriate treaty provisions be called to the attention of the Reconstruction Finance Corporation and the Secretary of Commerce so that resolution may not be applied in a way to violate treaty obligations.	704
Apr. 14	<i>From the Norwegian Minister</i> Further representations against certain provisions of the proposed shipping code, specifically those which relate to labor.	706
Apr. 19	<i>From the French Ambassador</i> Comments and note (text printed) setting forth French objections to the proposed code.	708
Apr. 19	<i>From Mr. Charles S. Haight</i> Request for an interview with Assistant Secretary Sayre on April 21.	709
Undated	<i>Memorandum of a Conversation Between the Special Assistant to the Secretary of State and Mr. Charles S. Haight, in Washington, April 20, 1934</i> Statement by Mr. Haight concerning his discussions with steamship owners in Europe, who indicated concern over the President's approval of the Joint Resolution of March 26. Opinion that the Resolution will be detrimental if enforced, and belief that the U. S. Government should take the initiative in calling for an international conference.	711
Apr. 20	<i>To the National Recovery Administrator</i> Transmittal of a copy of the Norwegian note of April 14 and suggestion that the code be amended in order to alleviate such complaints.	716
May 4 (322)	<i>To the Minister in Canada</i> Transmittal of a copy of the proposed general shipping code and a brief filed with the NRA in opposition to the inclusion of the Great Lakes shipping interests in such code on the ground of unfair competition with Canadian steamship lines; instructions to report any information concerning the effect of the proposed code.	717
May 7	<i>Memorandum by the Assistant Secretary of State of a Conversation With the Greek Minister</i> Greek representations against proposed insertion in the shipping code of provisions concerning the fixing of minimum rates for the carriage of cargoes on foreign ships departing from American ports.	718
May 15	<i>From the National Recovery Administrator</i> Position of the NRA regarding various allegations that the proposed code violates treaty rights and other aspects of foreign shipping; reply to four points raised in French Ambassador's memorandum of April 19.	718

NRA SHIPPING CODE

Date and number	Subject	Page
1934 May 23 (396)	<i>To the Ambassador in Great Britain</i> Transmittal of a copy of the proposed general shipping code and information concerning foreign protests; instructions to keep the Department informed of developments with respect to the possibility that the British Government may issue invitations to an international shipping conference.	721
May 31	<i>Memorandum by the Assistant to the Legal Adviser of a Conversation With the Second Secretary of the German Embassy</i> German representations concerning three aspects of the proposed code.	722
June 22	<i>To Mr. Charles S. Haight</i> Advice that the Attorney General has rendered an opinion that the Resolution of March 26 is not mandatory but was intended as a rule of guidance; further, that the question of the advisability and practicability of accomplishing results through an international conference is being actively pursued.	722
July 5	<i>To the Danish Minister</i> Advice that President did not approve the proposed shipping code and that no information is available as to any further developments in the matter.	723
July 18 (836)	<i>From the Ambassador in Great Britain</i> Foreign Office note, July 16, enclosing memorandum on the shipping situation (texts printed); request for U. S. views on the situation in general and on specific questions raised in the memorandum.	723
Aug. 24 (907)	<i>From the Ambassador in Great Britain</i> Information concerning plans for an international shipping conference to be held in London in October, which, although not sponsored by the British Government, has its approval; advice that an invitation has been sent by the British organizers of the conference to the American Steamship Association.	727
Nov. 14	<i>From the Chairman of the American Steamship Owners' Association</i> Observation that while the American shipping interests may join in a preliminary meeting for the preparation of an agenda for the proposed international shipping conference, agreement to participate in the full conference would depend on a clear understanding of the future U. S. Government policy with regard to the shipping industry.	729
Nov. 24	<i>From the President of the American Steamship Owners' Association</i> Information that an invitation has been received to attend a preliminary meeting in London, January 14, for discussion of agenda. Appreciation of Department's interest in shipping affairs, and assurance of the Association's cooperation. (Footnote: Information that Mr. R. J. Baker, President of the Association, will attend the London meeting.)	732

ACCEPTANCE BY THE UNITED STATES OF INVITATION TO
JOIN THE INTERNATIONAL LABOR ORGANIZATION

Date and number	Subject	Page
1934 June 15 (167)	<i>From the Consul at Geneva (tel.)</i> Inquiry as to status of the Robinson resolution pertaining to U. S. membership in the International Labor Organization; request for other information for guidance of the American delegation to the International Labor Conference which opened in Geneva, June 4. (Footnote: Information that the resolution was approved June 19.)	733
June 21 (178)	<i>From the Consul at Geneva (tel.)</i> For Secretary of Labor from E. F. Andrews (unofficial U. S. observer at the Labor Conference): Report on general situation at the Conference and suggestion that consideration of joining the International Labor Organization be postponed until the delegation returns and presents a fuller report on the question.	734
June 21 (73)	<i>To the Consul at Geneva (tel.)</i> Instructions to inform Harold Butler, Director of the International Labor Office, that the U. S. Government would welcome an invitation to join the Labor Organization.	734
June 22 (179)	<i>From the Consul at Geneva (tel.)</i> Butler's presentation of U. S. Resolution of June 19 to the Conference, together with a statement of his understanding that the U. S. Government would accept an invitation to join the Organization. (Footnote: Extension of invitation through the Consul at Geneva on June 22.)	735
June 29	<i>Memorandum by the Assistant Secretary of State</i> Secretary of State's opinion that in view of the absence of appropriations for U. S. membership in the Labor Organization and reluctance of Congress to make this expenditure during the fiscal year 1935, acceptance of membership should be postponed until next winter.	736
July 11 (77)	<i>To the Consul at Geneva (tel.)</i> Instructions to inquire discreetly as to what would be the annual contribution of the United States toward the expenses of the International Labor Organization in the event that the U. S. Government should accept the invitation to join.	736
July 12 (196)	<i>From the Consul at Geneva (tel.)</i> Explanation of procedure in estimating contributions of various states members of the Labor Organization; advice that the Labor Office views it as impracticable for procedural reasons for the United States to negotiate its contribution before becoming a member.	737
Aug. 18 (86)	<i>To the Consul at Geneva (tel.)</i> Instructions to deliver U. S. note of acceptance of membership (text printed) to the Director on August 20.	738
Sept. 8 (225)	<i>From the Consul at Geneva (tel.)</i> Information from Director Butler that there are numerous precedents for the financial obligations of states becoming members of the Organization not being regarded as effective until January 1 of the year following admission.	739

INTERNATIONAL LABOR ORGANIZATION

Date and number	Subject	Page
1934 Oct. 29	<p><i>From the Director of the International Labor Organization</i></p> <p>Information concerning forthcoming meeting of the Governing Body to which U. S. representatives are invited for negotiation of U. S. contribution to the Organization; suggestion that U. S. contribution should probably be equivalent to that of Great Britain.</p> <p>(Footnote: Information that the Governing Body approved this arrangement at its meeting in Geneva, January 29–February 2, 1935, and that the U. S. contribution during the calendar year 1935, set at \$174,630, was appropriated by Congress on March 22, 1935.)</p>	739
Nov. 2	<p><i>To the Director of the International Labor Organization</i></p> <p>Agreement as to terms and amount of U. S. contribution.</p>	740
Nov. 8	<p><i>To the Secretary of Labor</i></p> <p>Interest of Department of State in maintaining proper channels of communication with the International Labor Organization and in being kept informed of actions of and instructions to U. S. delegates.</p>	740
Nov. 10	<p><i>From the Secretary of Labor</i></p> <p>Agreement with the Secretary's observations regarding channels of communication; Labor Department's hope for the State Department's cooperation in establishing a standing interdepartmental committee to handle International Labor Organization matters.</p>	741

DISINCLINATION OF THE UNITED STATES TO PARTICIPATE IN A DRAFT CONVENTION FOR THE SUPPRESSION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS AND IN PROPOSED LEGISLATION TO PROSECUTE AMERICANS ENGAGED THEREIN

1934 Apr. 13	<p><i>To the Secretary General of the League of Nations</i></p> <p>Summary of U. S. views concerning a draft convention for the suppression of the illicit traffic in dangerous drugs; reiteration of U. S. disinclination to participate in the convention.</p>	743
May 20 (87)	<p><i>From the Consul at Geneva (tel.)</i></p> <p>From Fuller (U. S. representative in advisory capacity to the League of Nations Advisory Committee on Traffic in Opium and Other Dangerous Drugs): Request for résumé of reasons involving constitutional difficulties which the Department had in mind when drafting a reply in 1933 concerning the impracticability of prosecuting Americans in the United States for unauthorized procurement and supply of narcotic drugs outside of the United States.</p>	745
May 23 (43)	<p><i>To the Consul at Geneva (tel.)</i></p> <p>Explanation of Department's concern over the question of legality which would be involved in compulsion of witnesses, and doubt as to Congressional sanction of such proposal.</p>	746

ENTRY OF ALIEN SEAMEN INTO THE UNITED STATES FOR PURPOSE OF TRANSFERRING TO ANOTHER VESSEL FOR SERVICE AS MEMBERS OF CREW

Date and number	Subject	Page
1933 Dec. 14	<p><i>To the Consul General at Hamburg</i> Instructions (to be repeated to Berlin) to advise supervisory consular officers in European countries and London of Labor Department's view that alien seamen traveling as passengers or transients for purpose of transferring at an American port to another vessel for service as members of crew are not admissible for this purpose.</p>	747
1934 Jan. 20	<p><i>From the Danish Legation</i> Representations against the contemplated regulations by which a special class of seamen would be excluded from admission into the United States.</p>	747
Jan. 24	<p><i>Memorandum by the Assistant Chief of the Visa Division</i> British inquiry concerning the Department of Labor regulations relating to seamen, and explanation that pending a final decision in matter, an arrangement had been agreed upon whereby the Department of State would authorize consular officers to issue visas or transit certificates in certain individual cases.</p>	748
Jan. 24	<p><i>Memorandum by the Assistant Chief of the Visa Division</i> Norwegian inquiry regarding the regulations, and explanation similar to that made to the British Embassy.</p>	749
Feb. 2	<p><i>From the Swedish Legation</i> Representations against the contemplated regulations.</p>	750
May 24	<p><i>To President Roosevelt</i> Transmittal of a proposed Executive Order to supersede Executive Order No. 4648 of May 13, 1937, and a portion of No. 5869 of June 30, 1932. (Footnote: Information that the new Executive Order, No. 6722, was signed by the President on May 26.)</p>	750
June 1	<p><i>To the Consul General at London (tel.)</i> Summary of provisions of Executive Order No. 6722 relaxing ruling on alien seamen for purpose of transferring to foreign vessels in American ports as crew members; instructions to repeat to supervisory consular officers in European countries.</p>	752

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

1934 Feb. 13	<p><i>From the Canadian Legation</i> Reiteration with respect to H. R. 3842 of representations made in 1932 against measures contemplated for the deportation of certain alien seamen.</p>	753
Mar. 6	<p><i>From the Italian Embassy</i> Reiteration with respect to H. R. 3842 of previous representations against measures for deportation of certain alien seamen; specific objection to the "full-crew clause" and other features of the bill.</p>	753

DEPORTATION OF ALIEN SEAMEN

Date and number	Subject	Page
1934 Mar. 7 (737)	<i>From the Netherland Minister</i> Representations against provisions of H. R. 3842 and S. 868 relating to certain aliens who are racially excluded from U. S. admission and against the "full-crew clause".	755
Mar. 9	<i>From the Swedish Legation</i> Representations against H. R. 3842, particularly against the "full-crew clause".	756
Mar. 10	<i>To the Chairman of the Senate Committee on Immigration</i> Summary of Department's objections to H. R. 3842 in the light of U. S. relations with foreign countries.	757
Mar. 12	<i>Memorandum by the Chief of the Division of Western European Affairs of a Conversation With the British Ambassador</i> Renewal of British protest against H. R. 3842.	761
Mar. 15	<i>Memorandum by the Chief of the Division of Western European Affairs of a Conversation With the Swedish Minister</i> Reiteration of Swedish representations against H. R. 3842; explanation of the Department's view concerning the bill.	761
May 2	<i>From the French Ambassador</i> Renewal of former representations against measures for deportation of alien seamen.	762
May 11 (1812)	<i>From the Belgium Ambassador</i> Belgian objections to H. R. 3842.	762
June 4	<i>To the Secretary of Labor</i> Approval of a proposed substitute bill previously submitted to the Department for comment, but opinion that existing legislation provides practical and adequate safeguards to protect the United States against the illegal entry of mala fide seamen.	763
June 16	<i>Memorandum by the Assistant Secretary of State</i> Discussion with the British Ambassador concerning S. 868; Department's view that this bill will not pass the Senate since a similar bill, H. R. 3842, has passed the House and been referred to the Senate Committee on Immigration and Naturalization. Subsequent confirmation of bill's failure to pass the Senate.	764

PROPOSAL BY THE UNITED STATES THAT CERTAIN OTHER GOVERNMENTS AGREE TO RELAX CERTAIN RESTRICTIONS ON AMATEUR RADIO STATIONS

1933 Nov. 22	<i>To the Chairman of the Federal Radio Commission</i> Request for views as to the desirability of U. S. compliance with suggestion by the American Radio Relay League that the United States enter into agreements with certain other Governments under article 8 of the Madrid Regulations partially to relax restriction upon the handling by amateur radio stations of messages for third parties. (Footnote: The same letter to the Secretaries of War, Navy, Treasury, and Commerce, and receipt of favorable responses.)	765
Dec. 2	<i>From the Chairman of the Federal Radio Commission</i> Approval of the suggestion contained in Department's communication of November 22.	765

PROPOSED RADIO AGREEMENTS

ARGENTINA

Date and number	Subject	Page
1934 Jan. 19 (42)	<i>To the Ambassador in Argentina</i> Instructions to suggest to the Argentine Government an exchange of notes proposing an agreement to relax the restriction on amateur radio stations concerning the transmission of messages on behalf of third parties. (Footnote: Information with regard to similar instructions to missions in various other countries.)	766
Aug. 7	<i>From the Argentine Ministry for Foreign Affairs to the American Embassy in Argentina</i> Memorandum by the Argentine General Administration of Post and Telegraph, July 17 (text printed), outlining objections to the U. S. proposal and recommending that no modification be made of the Madrid Regulations.	768

CANADA

1934 Apr. 23 (219)	<i>From the American Minister in Canada to the Canadian Secretary of State for External Affairs</i> Proposal that the arrangement governing radio communications between private experimental stations in Canada and the United States, effected by exchange of notes in 1928 and 1929, continue in effect upon ratification by both Governments of the Madrid Convention of 1932 and Annexed Regulations.	771
May 2 (40)	<i>From the Canadian Secretary of State for External Affairs to the American Minister in Canada</i> Acceptance of the understanding set forth in U. S. note No. 219, April 23, to become effective upon date of U. S. receipt of Canadian note.	772
May 4 (226)	<i>From the American Minister in Canada to the Canadian Secretary of State for External Affairs</i> Acknowledgment of receipt of Canadian acceptance and understanding of effective date.	773

CHILE

1934 Aug. 2 (127)	<i>From the American Ambassador in Chile to the Chilean Minister for Foreign Affairs</i> Understanding between United States and Chile for liberalizing the restrictions on amateur radio stations, to become effective on date of receipt of Chilean acceptance.	773
Aug. 17 (04976)	<i>From the Chilean Minister for Foreign Affairs to the American Ambassador in Chile</i> Confirmation of understanding between Chilean and U. S. Governments.	774

PROPOSED RADIO AGREEMENTS

CHINA

Date and number	Subject	Page
1934 Jan. 23 (54)	<i>From the Minister in China (tel.)</i> Opinion that in view of the unfavorable attitude of the Ministry of Communications toward the U. S. proposal concerning amateur radio activities, it would be inadvisable to pursue the matter further at the present time.	775

CUBA

1934 Oct. 22 (1691)	<i>From the Cuban Under Secretary of State to the American Ambassador in Cuba</i> Advice that a new radio law is now under study by a commission of the Department of Communications and that the American Embassy will be notified as to the conclusions reached.	776
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GREAT BRITAIN

1934 May 16 (709)	<i>From the Ambassador in Great Britain</i> Foreign Office note, May 14 (text printed), rejecting U. S. proposal and advising that information will be communicated to the Embassy regarding the attitude of Australia, New Zealand, and India. (Footnote: Indication of negative attitude by India, New Zealand, and Australia.)	776
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IRISH FREE STATE

1934 Aug. 15 (84)	<i>From the Chargé in the Irish Free State</i> Note from the Irish Free State Government indicating its desire to defer a final decision on the U. S. proposal.	778
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MEXICO

1934 May 14 [2098]	<i>From the Mexican Minister for Foreign Affairs to the American Chargé in Mexico</i> Approval of U. S. proposal; information, however, that acceptance is precluded under terms of laws in effect and that consideration is being given to modification of the laws with a view to rendering possible adoption of the proposal.	778
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PROPOSED RADIO AGREEMENTS

PERU

Date and number	Subject	Page
1934 Feb. 16 (562)	<i>From the American Ambassador in Peru to the Peruvian Minister for Foreign Affairs</i> Proposal for an exchange of notes concerning relaxation of restrictions on amateur radio stations.	779
May 23 (50)	<i>From the Peruvian Minister for Foreign Affairs to the American Ambassador in Peru</i> Acceptance of U. S. proposal.	781

PORTUGAL

1935 Nov. 9 (784)	<i>From the Minister in Portugal</i> Foreign Office note, November 7 (text printed), setting forth reasons for nonacceptance of the U. S. proposal.	781
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SPAIN

1936 June 6 (90)	<i>From the Spanish Ministry of State to the American Embassy in Spain</i> Decision of the Spanish Government to make no exception to the restrictions on amateur radio stations as provided for in the Madrid Regulations.	782
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UNION OF SOUTH AFRICA

1934 Apr. 20 (671)	<i>From the Minister in South Africa</i> South African Government's reluctance to depart from the principle set forth in the Madrid Regulations; opinion that in view of this unfavorable attitude no further representations should be made in the matter.	783
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UNION OF SOVIET SOCIALIST REPUBLICS

1934 Mar. 19	<i>From the Chief of the Division of Eastern European Affairs to the Assistant Secretary of State</i> Opinion that it would be unwise to transmit to the Soviet Union the proposal under consideration by the Department in view of the endeavors being made by the Communist International leaders to utilize the radio amateur movement for agitation and propaganda purposes. (Footnote: Information that the proposal was not sent.)	784
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DECISION OF THE UNITED STATES NOT TO SIGN A PRELIMINARY
DRAFT INTERNATIONAL AGREEMENT FOR THE USE OF BROAD-
CASTING IN THE CAUSE OF PEACE

Date and number	Subject	Page
1934 Feb. 9 (C. L. 17. 1934. XII)	<i>From the Secretary General of the League of Nations</i> Transmittal of a preliminary draft International Agreement for the Use of Broadcasting in the Cause of Peace, and request for U. S. observations by August 1.	785
Mar. 8 (839 Pol.)	<i>From the Consul at Geneva</i> Observations on the proposed agreement for the Department's consideration in preparing a reply to the Secretary General.	785
Mar. 24	<i>To the Chairman of the Federal Radio Commission</i> Transmittal of a copy of the draft International Agreement and request for observations for the use of the Department in making a reply to the Secretary General.	792
Mar. 28	<i>From the Chairman of the Federal Radio Commission</i> Enumeration of reasons why it would appear that the proposed agreement could not be applied to the U. S. broadcast system, and recommendation, therefore, that the United States not become a party to the agreement.	792
Apr. 12	<i>To the Secretary General of the League of Nations</i> Information that the U. S. Government would not be prepared to subscribe to the proposed agreement in view of the fact that, under the present laws, it does not control the content of or censor radio programs broadcast in the United States.	793

SUPPLEMENTARY EXTRADITION TREATIES BETWEEN THE
UNITED STATES AND CERTAIN EUROPEAN COUNTRIES

1934 Mar. 10 (96)	<i>To the Ambassador in France (tel.)</i> Instructions to inquire whether the French Government will conclude a supplemental extradition treaty with the United States to include a certain additional list of extraditable crimes; also to advise the American diplomatic missions in certain enumerated European countries to make similar inquiries. (Note: List of countries with which supplementary extradition treaties were signed, with dates of signature and citations to texts.)	794
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CONVENTION BETWEEN THE UNITED STATES AND OTHER
POWERS FOR THE PROTECTION OF INDUSTRIAL PROPERTY,
SIGNED AT LONDON, JUNE 2, 1934

	(Note: Citation to text of convention and to statement concerning the convention.)	796
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THE BRITISH COMMONWEALTH OF NATIONS
GREAT BRITAIN

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE
UNITED STATES AND THE UNITED KINGDOM

Date and number	Subject	Page
1934 Sept. 14	<i>Memorandum by the Assistant Secretary of State</i> Inquiry of the British Ambassador with respect to a possible trade agreement between the United Kingdom and the United States; unofficial reply that although the Department is not yet prepared to offer any definite suggestions, several possibilities are being explored, one of which is the suggestion of a plurilateral convention providing for the reduction of certain duties.	797
[Dec. 18]	<i>Memorandum by Mr. Alvin H. Hanson of the Tariff Section</i> Argument in support of a general solution for settlement of currency stabilization and war debt problems, which deter the United Kingdom from seeking a trade agreement with the United States at the present time.	798

REFUSAL BY THE BRITISH GOVERNMENT TO ARBITRATE THE CLAIM OF AMERICAN
SHAREHOLDERS OF THE CIE ARMES AUTOMATIQUES LEWIS

1933 Mar. 27 (454)	<i>To the Chargé in Great Britain</i> Instructions to address a note to the Foreign Office (text printed) setting forth a proposal for the settlement of the claims of the American stockholders of the Cie Armes Automatiques Lewis against Great Britain and an alternative suggestion that the matter be submitted to arbitration; further instructions to press orally for British acceptance of the proposal outlined.	802
Apr. 7 (78)	<i>From the Chargé in Great Britain (tel.)</i> Information that the note was presented to the Foreign Office, April 6; Foreign Office oral reply that recent Belgian representations on the subject had been refused and that a reply to the U. S. note would be made in the near future.	805
July 8 (186)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to press for Foreign Office acceptance of the U. S. proposal without further delay.	806
Aug. 3 (233)	<i>From the Ambassador in Great Britain (tel.)</i> Advice that Foreign Office reply, dated August 2, has been received and sets forth the view that "the British Government cannot admit any <i>locus standi</i> of the United States Government in the matter".	806
Aug. 4 (137)	<i>From the Ambassador in Great Britain</i> Foreign Office note of August 2, and copy of undated memorandum to the Belgian Government (texts printed) setting forth in detail British reasons for considering the claims of the Cie Armes Automatiques Lewis against the British Government as definitely and finally settled.	807
Sept. 6 (233)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to transmit to the Department copies of the laws and rules of Court cited in Foreign Office reply of August 2 as possible bases for appeals which the Lewis Company allegedly failed to use of its own volition.	822

GREAT BRITAIN

REFUSAL BY THE BRITISH GOVERNMENT TO ARBITRATE THE CLAIM OF AMERICAN SHAREHOLDERS OF THE CIE ARMES AUTOMATIQUES LEWIS—Continued

Date and number	Subject	Page
1933 Sept. 23 (214)	<i>From the Ambassador in Great Britain</i> Quotation from Foreign Office note giving British authority for laws cited in communication of August 2.	822
1934 Feb. 20 (255)	<i>To the Chargé in Great Britain</i> Instructions to make oral representations to the Foreign Minister, to deliver a note expressing U. S. views as to justiciable nature of the Lewis case, and to make formal request either that procedure suggested in Embassy's note of April 6 be accepted or case referred to arbitration.	823
Mar. 6 (548)	<i>From the Ambassador in Great Britain</i> Information that oral and written representations were made on March 5 in accordance with instruction No. 255, February 20.	825
Apr. 21 (186)	<i>From the Ambassador in Great Britain (tel.)</i> Discussion with the Foreign Minister during which Department's views as set forth in instruction No. 255, February 20, were reiterated; Foreign Minister's reply that a note, in process of completion, will be transmitted but that the British position is unaltered.	825
May 29 (218)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to take up the Lewis case again with the Foreign Minister, unless the promised reply has been received.	826
July 7 (812)	<i>From the Ambassador in Great Britain</i> Foreign Office note, July 6 (text printed), stating British Government's refusal to submit the Lewis case to arbitration.	826

ARRANGEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN FOR THE RECIPROCAL RECOGNITION OF AIRWORTHINESS FOR IMPORTED AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SEPTEMBER 11 AND 17, 1934

	(Note: Citation to text of arrangement.)	827
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PERMISSION OBTAINED FOR AEROPLANES OF THE CALIFORNIA-ARABIAN STANDARD OIL COMPANY TO MAKE EMERGENCY FLIGHTS TO BAHREIN

1933 Dec. 29 (321)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to secure necessary authorizations from appropriate authorities for flights by the California-Arabian Standard Oil Company over Egypt, Iraq, Saudi Arabia, Bahrein, and Kuwait in connection with a survey of its oil concession in eastern Arabia.	828
1934 Feb. 17 (65)	<i>From the Chargé in Great Britain (tel.)</i> Advice that majority of authorizations have been received but that all flights by civil aircraft are prohibited in Kuwait and Bahrein except in cases where aviation companies have permission to include these places on regular flying services.	828

GREAT BRITAIN

PERMISSION OBTAINED FOR AEROPLANES OF THE CALIFORNIA-ARABIAN STANDARD OIL COMPANY TO MAKE EMERGENCY FLIGHTS TO BAHREIN—Continued

Date and number	Subject	Page
1934 Feb. 20 (70)	<i>From the Chargé in Great Britain (tel.)</i> Receipt of Saudi Arabian authorization for flights over that territory.	829
Feb. 28 (72)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to approach the Foreign Office again in an endeavor to obtain permission for certain emergency landings at Bahrein.	829
Mar. 20 (122)	<i>From the Ambassador in Great Britain (tel.)</i> Receipt of authorization for certain emergency landings at Bahrein as specified in Department's telegram No. 72, February 28.	830

AUSTRALIA

DISCUSSIONS BETWEEN THE UNITED STATES AND AUSTRALIA WITH RESPECT TO TRADE PROBLEMS AND THE ADMISSION OF BUSINESSMEN

1932 Oct. 18	<i>To the British Chargé</i> Draft commercial convention (text printed) for consideration of the Commonwealth Government embodying provisions for reciprocal rights of entry for purposes of trade; advice that the Department will be glad to arrange for discussions at the Embassy's convenience.	831
1933 Oct. 4 (351)	<i>From the British Ambassador</i> Observations and submission of a revised draft convention concerning entry of Australian businessmen into the United States; suggestion that article III of the U. S. draft, relating to customs and freight charges, should form the subject of separate negotiations.	833
1934 Jan. 30	<i>To the British Ambassador</i> U. S. willingness to accede to the suggestion that the two questions be made the subject of separate negotiations and readiness to proceed to the conclusion of the treaty respecting entry and residence of business aliens; advice as to instructions being sent to the American Consul General at Sydney (<i>infra</i>).	834
Jan. 30	<i>To the Consul General at Sydney</i> Instructions for conclusion of an agreement by exchange of notes (draft printed) securing for American products privileges given to Canadian products under article IV of the Canadian-Australian agreement; desire that these negotiations be conducted simultaneously with those regarding entry of Australian businessmen.	835
Mar. 8	<i>From the Consul General at Sydney (tel.)</i> Information that, in a conversation with the Minister of Customs, the latter mentioned Australian desire to negotiate a commercial treaty with the United States, and that, therefore, the matter pertaining to the exchange of notes has been deferred pending Department's further instructions.	838

AUSTRALIA

DISCUSSIONS BETWEEN THE UNITED STATES AND AUSTRALIA WITH RESPECT TO
TRADE PROBLEMS AND THE ADMISSION OF BUSINESSMEN—Continued

Date and number	Subject	Page
1934 Mar. 20	<i>To the Consul General at Sydney (tel.)</i> U. S. inability to open conversations regarding commercial treaties pending the enactment of the tariff bargaining bill now before Congress; instructions to proceed at the appropriate opportunity in accordance with instructions of January 30.	838
May 1	<i>From the Consul General at Sydney (tel.)</i> Inconclusive preliminary discussion concerning exchange of notes, and Australian request for written proposal.	839
May 5	<i>To the Consul General at Sydney (tel.)</i> Instructions for written proposal.	839
May 10	<i>From the Consul General at Sydney (tel.)</i> Expression of doubt as to factual basis for statement in Department's instruction of May 5, concerning effect of Australian exception in favor of Canada.	840
May 15	<i>To the Consul General at Sydney (tel.)</i> Clarification of sentence in question, which apparently was garbled in transmission.	840
May 16	<i>From the Consul General at Sydney (tel.)</i> Advice that the phrasing of the sentence was correctly received but that the question as to its factual accuracy remains open to doubt.	840
May 16	<i>To the Consul General at Sydney (tel.)</i> Clarification of Department's intention so far as content of the sentence is concerned.	841
June 5	<i>From the Consul General at Sydney (tel.)</i> Summary of a communication from the Prime Minister regarding a list of certain commodities upon which Australia would desire U. S. concessions in trade agreement negotiations; advice that written proposal in accordance with Department's instruction of May 5 has been withheld.	841
June 13	<i>To the Consul General at Sydney (tel.)</i> Information of Department's interview with Mr. Bruce (Australian Minister without Portfolio) along the same lines as summary transmitted in Consul's despatch of June 5.	842
Aug. 10	<i>From the Chairman of the United States Tariff Commission</i> Observations concerning the Australian proposals and opinion that it would be inadvisable to consider them in view of the adverse effect that would be produced upon the U. S. agricultural program.	843

CANADA

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND CANADA

Date and number	Subject	Page
1934 Feb. 8	<i>Memorandum by the Secretary of State</i> Canadian Minister's inquiry as to the progress of U. S. commercial and economic plans, and his suggestion that, failing receipt by the Administration of Congressional authority to proceed with broader plans, it might be feasible to bring about certain trade readjustments with Canada of a limited scope.	845
Aug. 7	<i>Memorandum by the Acting Chief of the Division of Western European Affairs</i> Conversation with the Canadian Minister concerning the obstacles which preclude immediate negotiations for a trade agreement.	845
Aug. 7	<i>Memorandum by the Acting Chief of the Division of Western European Affairs</i> Conversation with the Canadian Minister regarding the possibility of a certain reciprocal arrangement which might stimulate support for a provisional trade agreement.	847
Aug. 9	<i>Memorandum by the Acting Chief of the Division of Western European Affairs</i> Interview with the Canadian Minister, who gave his opinion that U. S. proposal (<i>supra</i>) was too small a matter to have any effect on stimulating support for a provisional trade agreement.	848
Oct. 4	<i>Memorandum by the Assistant Secretary of State</i> Conversation with the Canadian Minister, who reiterated his readiness to discuss negotiations for a trade agreement, but indicated that he would not press the matter further at this time.	849
Nov. 14 (157)	<i>From the Canadian Minister</i> Analysis of recent trends in the balance of international payments between the United States and Canada which, in the Canadian view, necessitates the increase in volume of U. S.-Canadian trade; submission of an outline for the negotiation of a trade agreement of limited scope.	849
Nov. 14	<i>From the Chairman of the Committee on Trade Agreements</i> Information concerning procedure approved by the Trade Agreements Committee for the negotiation of an agreement with Canada.	858
Nov. 21 (110)	<i>From the Minister in Canada (tel.)</i> Comments on the Canadian note of November 14, and advice that a detailed analysis of the note is being forwarded; suggestion that the Department await its receipt before taking any action.	858
Nov. 22 (912)	<i>From the Minister in Canada</i> Analysis (text printed) of the Canadian note of November 14, and recommendation that a written reply be requested of the Canadian Government concerning certain enumerated points before the United States agrees to enter upon negotiations such as set forth in the Canadian note.	860

CANADA

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND CANADA—Continued

Date and number	Subject	Page
1934 Dec. 1	<p><i>Memorandum by the Under Secretary of State</i> Conversation with the Canadian Minister, who was told of the usual procedure followed by the U. S. Government in initiating trade conversations with other countries; suggestion that the Minister alter his note to conform with this procedure and his reply that he would have to confer with the Prime Minister in Ottawa before making a commitment in this respect.</p>	870
Dec. 20	<p><i>Memorandum by the Under Secretary of State</i> Conversation with the Canadian Minister, who conveyed the Prime Minister's opinion that he could not alter the Canadian note of November 14; U. S. decision to proceed with reply to the note in question.</p>	872
Dec. 27	<p><i>To the Canadian Minister</i> Reply to Canadian note of November 14 setting forth U. S. position that although the United States is willing to enter into negotiations for a trade agreement with Canada, no particular commitments can be made prior to a thorough study of the existing economic conditions.</p>	873

CONTINUED NEGOTIATIONS WITH THE CANADIAN GOVERNMENT REGARDING DAMAGES TO PROPERTY IN THE STATE OF WASHINGTON BY FUMES FROM THE SMELTER AT TRAIL, B. C.

1934 Jan. 27 (194)	<p><i>To the Minister in Canada</i> Comments on and rejection of the Canadian draft convention, transmitted December 26, 1933, for settlement of the damages in the Trail Smelter case. Instructions to submit to the Department of External Affairs another proposal consisting of three alternative conventions (substance printed). (Footnote: Information that instructions were carried out in Legation's note No. 172, January 30.)</p>	874
Jan. 29	<p><i>To the Minister in Canada</i> Instructions to impress upon the Canadian Government the seriousness which the U. S. Congress will attach to the Trail Smelter case in view of the many delays in reaching settlement and the accruing damage to the people in the affected area.</p>	897
Feb. 17 (412)	<p><i>From the Minister in Canada</i> Canadian note, February 17 (text printed), commenting on the questions raised with respect to the Canadian draft proposal, and promise of early consideration of Department's proposed three alternatives.</p>	897
Feb. 24 (424)	<p><i>From the Minister in Canada</i> Canadian note, February 22 (text printed), setting forth Canadian acceptance in principle of third U. S. suggestion with certain modifications.</p>	910

CANADA

CONTINUED NEGOTIATIONS WITH THE CANADIAN GOVERNMENT REGARDING DAMAGES TO PROPERTY IN THE STATE OF WASHINGTON BY FUMES FROM THE SMELTER AT TRAIL, B. C.—Continued

Date and number	Subject	Page
1934 Feb. 26	<i>Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser</i> Views concerning certain Canadian suggestions in connection with the third U. S. proposal.	914
Mar. 14 (259)	<i>To the Minister in Canada</i> Comments on Canadian views as transmitted in despatch No. 424 of February 24; reiteration of U. S. willingness to submit any question relevant to the controversy to a neutral jurist or tribunal for final determination.	915
Apr. 11 (517)	<i>From the Minister in Canada</i> Canadian note, April 10 (text printed), stating that a new aspect of the problem has arisen which may necessitate some further consideration before the terms of the draft convention can be settled.	923
Apr. 14 (300)	<i>To the Minister in Canada</i> Tentative draft convention (text printed) drawn up when Mr. J. E. Read of the Canadian Department for External Affairs was in Washington from March 10 to 14, with some suggested changes. Department's hope that agreement may be reached in time to submit the proposal to the U. S. Senate before adjournment of Congress, which will be within a month.	925
Apr. 17 (533)	<i>From the Chargé in Canada</i> Advice that Department's observations as set forth in despatch No. 259 of March 14 have been transmitted to the Canadian Government.	931
Apr. 18 (303)	<i>To the Minister in Canada</i> Opinion that the matter referred to in Canadian note of April 10 does not constitute an aspect of the Trail Smelter case.	931
Apr. 19 (536)	<i>From the Chargé in Canada</i> Memorandum (text printed) of a conversation with the Prime Minister, who said that the Trail Smelter people had suggested Canadian Government's withdrawal of its acceptance of the figure of \$350,000 as payment for damages.	934
Apr. 20 (38)	<i>From the Chargé in Canada (tel.)</i> Further comments regarding conversation with the Prime Minister; advice that contents of instructions Nos. 300 and 303 of April 14 and 18 have been embodied in one note to be delivered April 23, but question as to whether Department would consider withholding this note in view of possible damage to present negotiations.	935
Apr. 21 (40)	<i>To the Minister in Canada (tel.)</i> Instructions to deliver the note under reference.	936
May 31	<i>From Miss Anna A. O'Neill of the Office of the Legal Adviser to the Legal Adviser</i> Memorandum, dictated by telephone from Ottawa by Mr. Metzger of the Office of the Legal Adviser, requesting instructions as to whether he should continue negotiations in view of certain specific differences of opinion which have arisen with respect to omission of article I of the draft.	936

CANADA

CONTINUED NEGOTIATIONS WITH THE CANADIAN GOVERNMENT REGARDING DAMAGES TO PROPERTY IN THE STATE OF WASHINGTON BY FUMES FROM THE SMELTER AT TRAIL, B. C.—Continued

Date and number	Subject	Page
1934 May 31 (61)	<i>To the Minister in Canada (tel.)</i> For Metzger: Instructions to use own discretion in the matter of continuing negotiations.	937
June 2 (63)	<i>To the Minister in Canada (tel.)</i> For Metzger: Communication from J. T. Raftis (representing a number of claimants in Washington State) advising of strong sentiment against acceptance of \$350,000 without assurance of abatement of the nuisance; instructions to refuse acceptance of article I as originally drafted unless agreement can be reached on abatement of nuisance.	938
June 7	<i>Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser Concerning Discussions at Ottawa, May 29 to June 3</i> Record of negotiations at Ottawa and of favorable indications that an agreement may be reached notwithstanding present differences regarding article I.	938
July 26	<i>Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser to the Legal Adviser</i> Objections to a revised Canadian proposal constituting a substantial departure from previous drafts. Arrangements to resume discussions with Mr. Read of the Department of External Affairs in October.	944
Sept. 25	<i>Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser</i> Report of discussions with Canadian and company officials at Spokane, September 17–19, during which U. S. objections to the latest Canadian proposal were jointly analyzed; conversation with Mr. Raftis, September 20, who recommended U. S. demand for immediate suppression of the nuisance. (Footnote: Notation by the Legal Adviser recommending that a firm position be taken through higher U. S. officials with higher Canadian officials.)	946
Oct. 25	<i>From President Roosevelt to the Prime Minister of Canada</i> Request for frank discussion of the Trail Smelter case with Under Secretary Phillips, who will proceed to Ottawa to present the President's views.	954
Oct. 31	<i>To President Roosevelt</i> Under Secretary's report of his recent discussions in Ottawa and subsequent information indicating that the Prime Minister has taken a firm position with the Company in order to renew discussions of the draft convention along lines more favorable to the U. S. Government.	955
Undated	<i>Some Notes Concerning the Interview of the Under Secretary of State With the Canadian Prime Minister Concerning the Trail Smelter Case</i> Conclusion that the Trail Smelter case must be reopened and settled by a tribunal.	956

CANADA

CONTINUED NEGOTIATIONS WITH THE CANADIAN GOVERNMENT REGARDING DAMAGES TO PROPERTY IN THE STATE OF WASHINGTON BY FUMES FROM THE SMELTER AT TRAIL, B. C.—Continued

Date and number	Subject	Page
1934 Nov. 17	<i>From the Canadian Prime Minister</i> Résumé of the difficulties confronting the Canadian Government concerning the Trail Smelter case but willingness to explore possibilities of settling the issue by international adjudication along the lines of U. S. third alternative suggestion.	958
Nov. 30	<i>To the Minister in Canada</i> Transmittal of U. S. reply (<i>infra</i>) to the Prime Minister's letter of November 17; instructions to inquire as to when Canadian representatives may be expected in Washington with a draft which will serve as a basis for discussion of a final settlement of the case.	962
Nov. 30	<i>To the Canadian Prime Minister</i> Acknowledgment of the Prime Minister's letter of November 17 and reiteration of President Roosevelt's hope that an agreement may be reached in the matter before the opening of Congress.	962
Dec. 3	<i>To President Roosevelt</i> Transmittal of Prime Minister's letter of November 17, together with copy of reply.	963
Dec. 4	<i>From the Minister in Canada</i> Presentation of U. S. reply to the Prime Minister and discussion concerning selection of Canadian representatives to Washington; Prime Minister's tentative agreement to send Mr. Read and possibly Dr. Skelton (Under Secretary of State for External Affairs) about December 10.	963
Dec. 6	<i>From President Roosevelt</i> Approval of Department's letter to the Prime Minister; alternative suggestion for action in the event that latest efforts fail to produce results.	965
Dec. 13	<i>Memorandum by the Under Secretary of State</i> Inconclusive but hopeful discussions in Washington between Canadian representatives and Department officials.	965
Dec. 31	<i>From the Canadian Secretary of State for External Affairs to the American Minister in Canada</i> Presentation of the draft which was recently discussed in Washington and inquiry as to whether the U. S. Government will accept it with two minor revisions. (Footnote: Information that the Minister in Canada was authorized, March 20, 1935, to sign a convention conforming to the Canadian draft, which was practically identical with the treaty signed at Ottawa, April 15, 1935.)	966

CANADA

PROJECT FOR IMPROVEMENT OF THE ST. LAWRENCE WATERWAY BY JOINT ACTION
OF THE UNITED STATES AND CANADA

Date and number	Subject	Page
1934 Jan. 10	<i>Memorandum by the Chief of the Division of Current Information</i> Résumé of President Roosevelt's views, given at a press conference, in connection with the unperfected Great Lakes-St. Lawrence Deep Waterway treaty, signed July 18, 1932.	967
Mar. 14	<i>Extract From President Roosevelt's Press Conference</i> Background information from the President concerning the Great Lakes-St. Lawrence Waterway project; his opinion that the project will go through and that it should be done by joint action with Canada in order to safeguard U. S. interests.	968
Mar. 21	<i>From President Roosevelt</i> Memorandum (text printed) outlining ways to combat opposition of power and rail interests to reopening of the St. Lawrence treaty question; request that these suggestions be discussed with the Chairman of the New York State Authority, Frank Walsh.	971
Mar. 23	<i>From the Assistant Chief of the Division of Western European Affairs to the Secretary of State</i> Analysis of vote in the Senate on March 14, which defeated the treaty; opinion that the treaty in its present form has little chance of obtaining a two-thirds majority in the Senate. Two suggestions, one for revision of the treaty, the other for drafting of a new treaty.	971
July 11	<i>Memorandum by the Under Secretary of State</i> Conversation with the Canadian Minister relative to possible amendment or rewriting of the treaty to be presented in the Senate on the reconvening of Congress; Minister's personal view that the present is not an opportune time to renew these discussions.	973
July 17	<i>From the Minister in Canada</i> Analysis of Canadian political difficulties that would probably preclude discussion of treaty revision at present; opinion, however, that confidential exploratory conversations might be held with the Canadian Minister.	974
Sept. 5	<i>From President Roosevelt</i> Suggestion that Mr. Walsh be consulted in connection with further plans for the St. Lawrence treaty with the idea of his direct participation in the matter.	977
Oct. 10	<i>Memorandum by the Under Secretary of State</i> Conversation with Mr. Walsh and Mr. R. G. Sucher (Washington counsel, Power Authority of the State of New York) concerning status of Canadian position with respect to the treaty and Department's efforts to secure a revision before the reconvening of Congress.	977
Nov. 19 (551)	<i>To the Minister in Canada</i> Memorandum of a press conference at the White House, November 9 (excerpt printed), pertaining to a discussion of the St. Lawrence treaty, with particular reference to article 8 governing diversion of water.	978

CANADA

PROJECT FOR IMPROVEMENT OF THE ST. LAWRENCE WATERWAY BY JOINT ACTION
OF THE UNITED STATES AND CANADA—Continued

Date and number	Subject	Page
1934 Dec. 14	<i>To President Roosevelt</i> Résumé of recent developments in Canadian position; suggestion that the President confer with Department officials within the next week respecting proposals to be discussed with the Canadian Minister.	979
Dec. 29	<i>From President Roosevelt</i> Inquiry as to the status of the proposed treaty with Canada in regard to the use of additional water at Niagara Falls.	981
Dec. 31	<i>To President Roosevelt</i> Résumé of opinions expressed recently by the Canadian Minister; willingness of the Department to prepare a brief message for the President asking for a reconsideration of the treaty now before the Senate.	981
1935 Jan. 2	<i>From the Assistant Chief of the Division of Western European Affairs to the Secretary of State</i> Review of the situation concerning the proposed treaty with Canada respecting Niagara Falls, signed on January 2, 1929, and of recent favorable conversations with the War Department with respect to a reopening of the question with the Canadian Government; advice that a letter to the President is in preparation requesting his approval to proceed with Canadian discussions.	982

REPRESENTATIONS REGARDING DREDGING OPERATIONS IN THE ST. CLAIR RIVER

1934 Mar. 9	<i>From the Secretary of War</i> Résumé of negotiations with the Canadian Government concerning permission for dredging operations in the St. Clair River by the War Department; reference to a recent Canadian note setting forth three additional conditions with respect to the project, and opinion that the third condition is inadmissible.	983
Mar. 13 (257)	<i>To the Minister in Canada</i> Transmittal of a copy of War Department note (<i>supra</i>) with instructions to communicate the contents to the Canadian authorities.	984
Apr. 11 (518)	<i>From the Minister in Canada</i> Canadian note, April 10 (text printed), approving, under certain conditions, previously proposed changes in dredging the down-bound channels of the Detroit River.	985
Apr. 21 (543)	<i>From the Minister in Canada</i> Canadian Government's note, April 20 (text printed) explaining its reasons for including the third condition, and expressing hope that the U. S. Government will reconsider its objection.	987

CANADA

REPRESENTATIONS REGARDING DREDGING OPERATIONS IN THE ST. CLAIR RIVER—
Continued

Date and number	Subject	Page
1934 Apr. 21 (544)	<i>From the Minister in Canada</i> Canadian note, April 20 (text printed), setting forth certain specifications in connection with the dredging of certain shoal areas in the St. Clair River.	990
June 4 (362)	<i>To the Minister in Canada</i> Information that the Secretary of War still regards the third Canadian condition as inadmissible but has no objection to acceding to the present interim suggestion concerning removal of dredged material from certain areas in the St. Clair River.	992
June 27 (396)	<i>To the Minister in Canada</i> Information that the War Department sees no objection and will adhere to the Canadian specifications as transmitted in Legation's despatch No. 544, April 21.	992
Oct. 6 (829)	<i>From the Minister in Canada</i> Canadian note, October 3 (text printed), concurring in a War Department proposal concerning dredging operations in the channel of the lower Detroit River.	993

IRISH FREE STATE

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE
UNITED STATES AND THE IRISH FREE STATE

1934 Aug. 6 (79)	<i>From the Chargé in the Irish Free State</i> Information from de Valera, President of the Executive Council, of the Irish Free State's desire to conclude a trade agreement with the United States.	995
Sept. 10	<i>Memorandum by the Under Secretary of State to the Assistant Secretary of State</i> Conversation with the Irish Free State Minister who, upon inquiry regarding trade agreement discussions, was told that negotiations with his country could not begin for some time in view of the Department's full agenda pertaining to negotiations with other countries.	996
Oct. 15	<i>Memorandum by the Assistant Secretary of State</i> Conversation with a member of the American Committee in Geneva who related recent information of de Valera's desire for a trade agreement with the United States and enumerated certain commodities in which the Irish Free State is interested.	996

IRISH FREE STATE

ELIMINATION IN THE IRISH FREE STATE OF PAYMENT OF ROAD MOTOR TAX BY
AMERICAN CONSULAR OFFICERS ON BASIS OF RECIPROCITY

Date and number	Subject	Page
1934 Mar. 20 (278)	<i>To the Chargé in the Irish Free State</i> Instructions to endeavor to obtain an exemption for American consular officers from the road motor tax in the Irish Free State since no similar Federal tax is imposed upon consular officers of the Irish Free State in the United States.	997
Apr. 17 (10)	<i>From the Chargé in the Irish Free State</i> Refusal of Department of External Affairs to exempt consular officers from payment of the road tax, but advice that question of diplomatic and consular immunity is under consideration with a view to making adjustments on basis of reciprocity; suggestion for circumvention of payment of tax.	998
May 14 (293)	<i>To the Chargé in the Irish Free State</i> Advice that the suggestion mentioned by the Chargé in despatch No. 10 of April 17 is not considered feasible.	999
Sept. 26 (110)	<i>From the Chargé in the Irish Free State</i> Information that the Department of External Affairs has agreed that American consular officers in the city and county of Dublin may be exempt from payment of the road motor tax as of January 1, 1935, inasmuch as New York State legislative measures now grant foreign consular officers free registration of motor vehicles.	1000
Oct. 5 (118)	<i>From the Chargé in the Irish Free State</i> Inquiry as to whether any one of the States of Massachusetts, Illinois, or California grants to foreign consular officers within their borders any exemption from motor vehicle taxes, so that Legation would be in a position to press for exemption of American officers stationed in Cork from the Irish Free State motor road tax.	1001
1935 Jan. 9 (172)	<i>From the Chargé in the Irish Free State</i> Information that on the basis of data furnished by the Department the Government of the Irish Free State has also accorded exemption from the motor road tax, as of January 1, 1935, to American consular officers stationed in the city and county of Cork.	1002
ARRANGEMENT BETWEEN THE UNITED STATES AND THE IRISH FREE STATE FOR RELIEF FROM DOUBLE INCOME TAX ON SHIPPING PROFITS, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 24, 1933, AND JANUARY 9, 1934		
(Note: Citation to text of arrangement.)		1002

NEW ZEALAND

REPRESENTATIONS REGARDING DISCRIMINATION AGAINST AMERICAN COMMERCE
IN THE NEW ZEALAND MANDATE OF WESTERN SAMOA

Date and number	Subject	Page
1934 Aug. 3 (506)	<i>To the Ambassador in Great Britain</i> Instructions to address a note (substance printed) to the Foreign Office advising that certain provisions of the U. S. Merchant Marine Act of 1920, to which the New Zealand Government has repeatedly objected, were amended on June 14, 1934; that as a consequence, the U. S. Government hopes for a change in the New Zealand position with respect to violation of article III of the convention of December 2, 1899, as evidenced by discrimination against American commerce in the New Zealand Mandate of Western Samoa.	1003
Aug. 16 (895)	<i>From the Ambassador in Great Britain</i> Information that a note was delivered to the Foreign Office, August 15, and that the U. S. position was supported by oral representation.	1005
Sept. 13 (15)	<i>From the Vice Consul at Wellington</i> Report on the present situation with respect to American commerce in Western Samoa; opinion as to possibility of the admission of American goods at parity with British goods.	1006
Oct. 17 (584)	<i>To the Ambassador in Great Britain</i> Transmittal of a copy of the Vice Consul's report (<i>supra</i>), and instructions to press for a prompt and satisfactory reply to the note delivered at the Foreign Office on August 15.	1008
Oct. 18	<i>To the Consul General at Wellington</i> Presentation of two additional questions concerning discrimination against American commerce in Western Samoa.	1009
Dec. 4 (40)	<i>From the Consul General at Wellington</i> Clarification of questions presented <i>supra</i> .	1009
1935 Jan. 7 (1151)	<i>From the Chargé in Great Britain</i> Information that the matter has been brought to the attention of appropriate officials on several occasions and that the Foreign Office has given assurance of its efforts to expedite a satisfactory solution, but that no reply has been received in London from the New Zealand Government. (Footnote: Information that no further correspondence on the matter took place until 1936.)	1010

NEW ZEALAND

REPRESENTATIONS BY THE BRITISH GOVERNMENT ON BEHALF OF NEW ZEALAND
WITH RESPECT TO SOVEREIGNTY OVER THE ROSS DEPENDENCY IN CONNECTION
WITH ADMIRAL BYRD'S EXPEDITION TO THE ANTARCTIC

Date and number	Subject	Page
1934 Jan. 29 (33)	<i>From the British Ambassador</i> Representations against certain reported activities carried on by the Byrd Expedition in the Ross Dependency which are regarded as infringing the British sovereignty and New Zealand administrative rights in the Dependency, as well as the laws there in force.	1010
Feb. 24	<i>To the British Ambassador</i> Acknowledgment of Ambassador's note No. 33 of January 29; Department's reluctance to enter into a discussion of the questions raised, but reservation of all rights which the United States or its citizens may have with respect to the matter.	1012
Nov. 14	<i>To the British Ambassador</i> Explanation in reply to an inquiry by the British Ambassador concerning postal activities in connection with the Byrd Expedition; advice of Department's position concerning British claim of sovereignty in the region.	1012
Dec. 27 (402)	<i>From the British Ambassador</i> Explanation concerning the exercise of British sovereignty over the Ross Dependency; withdrawal of objections to postal activities of the Byrd Expedition in view of understanding as to the nature of such activities.	1013
1935 Feb. 7	<i>To the British Ambassador</i> Acknowledgment of British note No. 402 of December 27, 1934, and reiteration of reservation of all rights which the U. S. Government or its citizens may have with respect to the matter.	1014

THE CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS, GENEVA: 1934 PHASE¹

I. PARALLEL AND BILATERAL NEGOTIATIONS, JANUARY 1-MAY 12, 1934

500.A15A4 General Committee/736

*The Chargé in Great Britain (Atherton) to the Acting Secretary of State*²

No. 407

LONDON, January 2, 1934.

[Received January 10.]

SIR: I have the honor to refer to my telegram No. 346, December 29, 1 p. m., 1933,³ in which reference was made to the first Cabinet meeting to be held in the new year on January 10th, when important decisions regarding disarmament policy must be reached. Opinion in the Cabinet on this question is very divided, in the first instance the most general division being between a small group who do not favor officially recognizing German rearmament, as against the majority of the Cabinet who believe that if German rearmament is not officially recognized England must embark upon an unpopular course of increasing her own armament, and therefore it is better in unofficial conversations at Berlin to endeavor to establish the minimum rearmament with which, as a basis of discussion, Germany would

¹ For previous correspondence, see *Foreign Relations*, 1931, vol. I, pp. 471 ff; *ibid.*, 1932, vol. I, pp. 1 ff; *ibid.*, 1933, vol. I, pp. 1 ff.

Other official printed sources cited:

League of Nations, Conference for the Reduction and Limitation of Armaments, Geneva: *Conference Documents*;

League of Nations, Conference for the Reduction and Limitation of Armaments, Geneva: *Records of the Conference*, Series B, *Minutes of the General Commission*, vol. III (Ser. L. o. N. P. 1936.IX.1);

Ibid., Series C, *Minutes of the Bureau*, vol. II (Ser. L. o. N. P. 1936.IX.2);

League of Nations, *Official Journal*, 1934;

Ibid., Special Supplement No. 125: *Records of the Fifteenth Ordinary Session of the Assembly, Plenary Meetings*;

République Française, Ministère des Affaires Etrangères, *Négociations relatives à la réduction et à la limitation des armements* (Paris, Imprimerie Nationale, 1934);

Great Britain, Cmd. 4512, Miscellaneous No. 3 (1934): *Memoranda on Disarmament issued by the Governments of the United Kingdom, France, Germany and Italy, January 1934*;

Great Britain, Cmd. 4559, Miscellaneous No. 5 (1934): *Further Memoranda on Disarmament, February 14 to April 17, 1934*;

British and Foreign State Papers, 1934, vol. CXXXVII.

² The Secretary of State was attending the Seventh Pan American Conference at Montevideo from November 11, 1933, to January 21, 1934. During his absence Mr. William Phillips was Acting Secretary.

³ *Foreign Relations*, 1933, vol. I, p. 352.

return to Geneva. On both these important topics, allegedly, Mr. Baldwin⁴ is silent. Sir Philip Cunliffe-Lister, Secretary of State for the Colonies, and Mr. J. H. Thomas, Secretary of State for Dominion Affairs, favor a policy of isolation from the Continent. The Prime Minister⁵ and Sir John Simon⁶ still hope, through international negotiation, to achieve something that may be called disarmament; while the warrior members of the Cabinet, including outstandingly Lord Hailsham, Secretary of State for War, Lord Londonderry, Secretary of State for Air, and Sir Bolton M. Eyres-Monsell, First Lord of the Admiralty, are frankly in favor of an increased armament policy for England. Indeed, the recent rise in aviation shares on the stock market is allegedly because the orders placed by the Air Ministry far exceed the appropriation which has been made to this Service.

There are some facts, however, which must influence the Cabinet's decision at its meeting tomorrow week. Public opinion in Great Britain stands solidly behind the League of Nations and it is therefore probable that British policy will insist upon rigid adherence to the Covenant.⁷ Furthermore, the Foreign Office is unwilling that England should take a passive attitude in regard to the League since, with the adoption of any such policy, European leadership in Geneva would automatically devolve upon France. Both these considerations, I understand, were in Sir John Simon's mind when he made his trip to Paris before Christmas; as well as an intention tactfully to point out on his subsequent visit to Rome that, while England was not eventually opposed to considering arguments for a revision of the League Covenant, it could not enter into any discussions of this nature today which might weaken the force of united action in Geneva in meeting the German policy of rearmament at this crucial period. I am told that some time in December the French Ambassador⁸ questioned Sir John Simon as to the truth of a report published quite recently in the *Times* that a questionnaire had been forwarded to Rome as to possible changes in the Covenant of the League. The Foreign Secretary allegedly informed the French Ambassador that he regretted to state that the *Times* these days contained many inaccuracies, and that this was one of them, since the Foreign Office, in the first instance, had not considered any revision of the League Covenant possible now. I understand that the French Ambassador,

⁴ Stanley A. Baldwin, Lord President of the Council.

⁵ J. Ramsay MacDonald.

⁶ British Secretary of State for Foreign Affairs.

⁷ Covenant of the League of Nations, *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3336.

⁸ André Charles Corbin.

in reply, pointed out that any attempted revision of the Covenant of the League at this time would involve Europe in endless negotiations at a moment when such stability as the present *status quo* offered was vitally needed, and that the League could not function again after the proposed revision with even its present efficiency short of ten years.

The reports of Sir John Simon's visit to Paris just before Christmas, although somewhat contrary to press predictions, have been entirely in line with well informed political opinion here. In connection with my telegram first above mentioned, I venture to refer to telegram No. 575, December 25 [24], 1 p. m., from the American Chargé d'Affaires in Paris,⁹ in which he avers that Sir John Simon makes it clear that England stands by the League, and that England's position against unlimited German rearmament is very definite, while any question such as League reorganization could not be considered at the moment. The Paris telegram would further tend to confirm that Sir John Simon, in his Paris conversations, did lay the basis for a Franco-British accord on the question of German rearmament. If this accord is accepted by the Cabinet, I am told it will entail informal diplomatic negotiations with Berlin through British and French representations acting separately in an endeavor to draft an equitable disarmament convention on the basis of which the Germans will agree to return to Geneva for final discussions. However, if Germany is unwilling to return to Geneva, the members of the Disarmament Conference will nevertheless complete a disarmament convention without Germany very much as reported in my telegram No. 346, December 29, 1 p. m. In this latter eventuality Germany will be invited by the League of Nations to adhere to this convention when it is completed, with the implication that if it is not accepted Great Britain and France, together with the other League Powers, must consider their joint actions under the Treaty of Versailles.¹⁰

In view of the importance of the forthcoming League meetings and the general dissatisfaction that is currently expressed in England as to the handling of the disarmament question in Geneva by Sir John Simon, the New Year Honors List published yesterday is of extreme interest, since in particular it transfers Mr. Anthony Eden, now Under-Secretary of State for Foreign Affairs, to the position of Lord Privy Seal, with the understanding that he is to be "Minister to the League of Nations". The office of Lord Privy Seal does not hold Cabinet position but it is high in rank, the holder taking precedence over the Foreign Secretary, Sir John Simon. It may be assumed,

⁹ *Foreign Relations*, 1933, vol. I, p. 349.

¹⁰ *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3329.

therefore, that in the future, should Sir John Simon proceed to Geneva, Great Britain will have two representatives there, with Mr. Eden in no way subordinate to Sir John Simon.

Respectfully yours,

RAY ATHERTON

500.A15A4 Steering Committee/385: Telegram

The Acting Secretary of State to the Ambassador in France (Straus)

WASHINGTON, January 4, 1934—6 p. m.

7. While press despatches from Europe indicate that it is still planned to call a meeting of the Bureau of the Disarmament Conference on the 21st of this month, we have received no official information to this effect. Please see Massigli¹¹ at your earliest opportunity and endeavor to ascertain what the latest situation is with respect to convening the Bureau and the subject matter to be discussed. You should add that both Davis¹² and Wilson¹³ would find it very inconvenient to arrive in Geneva before approximately January 27. It is hoped that Massigli will bear this in mind in the event that negotiations have reached the stage for summoning the Bureau by the end of the month.

In any event—as he already explained to Massigli before sailing last November—Davis would not feel justified in returning until sufficient progress had been made in the present conversations between the European Powers to enable the disarmament work at Geneva to continue with real promise of success.

Atherton has been requested to inform Eden to the same effect.

PHILLIPS

500.A15A4 Steering Committee/387: Telegram

The Chargé in Great Britain (Atherton) to the Acting Secretary of State

LONDON, January 5, 1934—4 p. m.

[Received January 5—3 p. m.]

5. Eden informed me today he would very gladly cooperate towards fixing a date as set forth in the Department's 320, December 28, 5 p. m.¹⁴ Eden added there would be a Council meeting January 15th

¹¹ René Massigli, member of the French delegation to the General Disarmament Conference; Assistant Director of Political Affairs in charge of League of Nations Section, French Ministry of Foreign Affairs.

¹² Norman H. Davis, Chairman of the American delegation to the General Disarmament Conference.

¹³ Hugh R. Wilson, American delegate to the General Disarmament Conference; Minister to Switzerland.

¹⁴ *Foreign Relations*, 1933, vol. I, p. 352.

when he understood it was Henderson's¹⁵ idea to consider the date for summoning the Bureau but he would see Henderson shortly and set forth reasons for delaying the Bureau anyway until January 27th.

Eden stated he was far more optimistic than a fortnight ago since the French note¹⁶ delivered to Hitler¹⁷ on January 1st was a conciliatory revision of the October 14th proposals¹⁸ and had been well received by Berlin. Eden added that Sir John Simon had telegraphed subsequent to his conversations in Rome that Mussolini¹⁹ deemed disarmament negotiations far more important than early considerations for revision of the League [Covenant] and that Mussolini stated his personal satisfaction at the conciliatory character of the French *aide-mémoire* delivered at Berlin; furthermore, according to Mussolini's information it had been well received by Hitler.

Simon will reach London Saturday and Prime Minister returning from Scotland. I have requested an appointment to see Simon sometime after Cabinet meeting January 10th.

ATHERTON

500.A15A4 Steering Committee/388 : Telegram

The Adviser to the American Delegation to the General Disarmament Conference (Mayer) to the Acting Secretary of State

GENEVA, January 5, 1934—7 p. m.
[Received January 5—4:08 p. m.]

806. I have just seen Avenol²⁰ and Aghnides²¹ with a view to ascertaining local opinions in regard to the next meeting of the Bureau and/or General Commission.

While prefacing any opinion by stating that it was all a matter of guesswork both of the above expressed themselves unequivocally to the effect that it was highly advisable that no date should now be fixed for such meetings, that the conversations were finally at grips with the realities and needed time, that any brusque action at present in announcing a meeting of the Bureau might well operate to impede or even to cause an abandonment of these conversations, that any meeting of the Bureau must be illusory until these conversations have been concluded, that in any event the sessions of the Council beginning on the 15th provide a neutral opportunity for the expansion of the

¹⁵ Arthur Henderson, President of the General Disarmament Conference.

¹⁶ *Négociations relatives à la réduction et à la limitation des armements*, p. 19; for English text, see Great Britain, Cmd. 4512, Miscellaneous No. 3 (1934), p. 3.

¹⁷ Adolf Hitler, Chancellor of the German Reich.

¹⁸ See telegrams Nos. 742 and 743, October 14, from the Chairman of the American delegation, *Foreign Relations*, 1933, vol. 1, pp. 260 and 264.

¹⁹ Benito Mussolini, Italian Prime Minister, 1922-44.

²⁰ Joseph Avenol, Secretary General of the League of Nations.

²¹ Thanassis Aghnides, Director, Disarmament Section, League of Nations.

various two-party discussions into multilateral conversations and that it was inconceivable that such an unwise step would be taken as to call a meeting of the Bureau at least until advantage had been taken of this opportunity for general conversations concerning disarmament problems.

There seems to be, however, a definite anxiety that on account of local English politics Henderson favors a Bureau meeting on or about the 20th and may decide to call a meeting for that date as soon as he sees Simon on the latter's return to London. Aghnides is leaving on Sunday for London with the approval of Avenol and of Beneš²² to try to dissuade Henderson from taking such action and to urge him to come here to Geneva next week for the Council sessions.

From the above my guess is that no decision will be taken with regard to the time table of the Conference at least until the Council meets, but that during that period which is expected to last a long week there will be important discussions and possibly decisions with regard to disarmament. According to present indications these discussions will likely be concerned primarily with European political aspects of the problem. Mailed Paris.

MAYER

500.A15A4 Steering Committee/391 : Telegram

The Chargé in Great Britain (Atherton) to the Acting Secretary of State

LONDON, January 12, 1934—5 p. m.

[Received January 12—3:52 p. m.]

9. My 5, January 5, 4 p. m. Foreign Secretary informed me this morning Eden will leave for Geneva Sunday and he and Boncour²³ will arrive there Thursday. He saw Henderson yesterday and advised him not to summon the Bureau before the end of the month since in his view the possibilities of the present method of informal bilateral diplomatic exchange of views on disarmament had not yet been exhausted. In Simon's opinion this was also the French viewpoint. In his personal opinion the Bureau will not meet until the end of January or in fact very probably not until the early days of February.

As regards Germany Foreign Secretary welcomed the fact that after the receipt of the French *aide-mémoire* in Berlin it was obvious that Franco-German conversations were to continue. He summed up the German position as:

²² Eduard Beneš, Head of the Czechoslovak delegation to the General Disarmament Conference; Minister for Foreign Affairs.

²³ Jean Paul-Boncour, of the French Foreign Office.

- (1) insisting upon the right of equality in principle;
- (2) willingness to accept supervision providing such supervision were general;
- (3) willingness to accept a preliminary period in which Germany would have the right to complete her defensive armament; during this period the other great powers would progressively reduce offensive armament. At the conclusion of this period Germany would demand equality in existent offensive armament with other nations. (Simon added Mussolini had suggested 6 years for this preliminary period but that British point of view leaned more towards a 10-year period.)

Simon agreed with me that Hitler at the present time was not anxious to expedite the conclusion of any disarmament convention. If this German attitude continued he felt that it might be advisable later on, say towards the end of February, for the other powers to make some public statement as to their views.

The Foreign Secretary was obviously pleased with his visit to Rome and felt his conversations had modified Mussolini's viewpoint. As regards the French he felt the Franco-German negotiations based on the recent French *aide-mémoire* still contained fruitful possibilities. Simon expressed the hope he might see Davis and Wilson before the Bureau meeting, and learned with satisfaction of Department's telegram 3, January 11, 6 p. m.²⁴

In conclusion the Foreign Secretary said that at the Cabinet meeting January 10th it was decided that British policy for the moment would concentrate on assisting in the present bilateral diplomatic exchange of views and concurrently urging general adoption by the powers of a policy progressively reducing offensive armament during such a preliminary period as referred to in subparagraph 3 of this telegram.

Copy mailed Geneva, Paris, Berlin, Rome.

ATHERTON

500.A15A4 Steering Committee/398: Telegram (part air)

The Adviser to the American Delegation to the General Disarmament Conference (Mayer) to the Secretary of State

GENEVA, January 22, 1934—6 p. m.

[Received January 24—7 a. m.]

811. I talked with Henderson and Eden on Saturday just before their departure and after the decision regarding the convocation of the Bureau. Also have had conversations today with Avenol and Agnides. Certain definite impressions are summarized below.

²⁴ Not printed; it stated that Mr. Wilson would arrive in Geneva, via London, about January 27.

Disarmament discussion during the Council was much more restricted than was generally [thought?] would be the case. In fact discussion was limited almost entirely to the question of the convocation of the Bureau. Principally this was due first to the delay in the German reply ²⁵ to the French memorandum of January 1st and second to the strenuous efforts by the French to include drastic measures in the Saar resolution ²⁶ such as provisions for military protection which took so much time and energy to debate and showed such difference of opinion especially between the British and French.

The outstanding feature of the past week from a disarmament point of view was the determined attempt by Beneš and Politis ²⁷ to fix immediately the date for the next meeting of the Bureau despite the fact that they were told that this might well interrupt the political negotiations between France and Germany and defeat all hope of a disarmament convention. Beneš appears to have abandoned his attitude of moderation and through his determined attempt to force a definite date for the meeting of the Bureau now to have laid himself open to a serious suspicion that he preferred to see the Conference fail rather than that the Franco-German conversations should succeed and a Franco-German understanding be thus begun with all this might imply for the future of Czechoslovakia.

Avenol stood strongly with Henderson and Aghnides against the naming of a date at this time for a meeting of the Bureau although this was in opposition to the French point of view which while not as determined in its expression as Beneš from all accounts nevertheless was sympathetic to his point of view.

As the last paragraph of the communiqué of January 20 ²⁸ (see my 810, January 20, 4 p. m.²⁸) has been explained to me the understanding is that at the meeting of the officers on February 13 (at London) the Bureau will be convoked at once, say the 20th, if there seems to be no likelihood of the diplomatic negotiations succeeding. It will then be for the Bureau to take the responsibility of deciding whether to prolong the present adjournment in order to give more time for the negotiations or to take some other action. If contrariwise it appears on February 13th that the negotiations are proceeding hopefully the officers will probably not convoke the Bureau immediately.

Avenol tells me in strict confidence that according to French opinion the German reply is not constructive but merely to drag the negotiations along indefinitely. It therefore appears to him that unless some-

²⁵ Dated January 19, 1934; for English text, see Great Britain, Cmd. 4512, p. 8.

²⁶ For French attitude toward draft Saar resolution, see League of Nations, *Official Journal*, February 1934 (pt. I), pp. 162-163.

²⁷ Nicolas Politis, Head of the Greek delegation to the General Disarmament Conference; Minister to France.

²⁸ Not printed.

thing picks up meanwhile the officers of the Bureau on the 13th will have to convoke the Bureau at once.

Mailed Paris, London.

MAYER

500.A15A4 General Committee/752 : Telegram

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

[Extract]

PARIS, January 23, 1934—1 p. m.

[Received 3:30 p. m.]

48. A copy of the German reply to the French memorandum was obtained yesterday evening with a request that both the fact that we have it and the information contained in it be kept confidential even from de Laboulaye.²⁹ The memorandum is long, about 3,000 words. Translation of full text goes forward in the pouch leaving tonight. However, the general summary and tone of the German reply is contained in the annex listing the questions which the Germans desire answered before they can make a definite decision. The text of this annex follows:

The French feel that the German reply has merely accepted all concessions made by the French and in return has not deviated a point from the German most extreme position.

It is not thought at present that any written answer will be given the Germans. Certain clarifications may orally be made by François-Poncet.³⁰ The Foreign Office does not feel that either the tenor or the substance of the German reply offers any basis for agreement. However, they believe that the British are working on a new plan concerning which it is expected that they will consult France and perhaps the United States. Today the rumor is current that Sir John Simon has been pressing for a four-power meeting in Paris but the French feel that the Germans have closed the door to such a possibility by their reply.

Mailed Geneva, London, Berlin, Rome.

STRAUS

500.A15A4 General Committee/763

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

No. 567

PARIS, January 23, 1934.

[Received January 31.]

SIR: I have the honor to transmit herewith five copies each of the German reply³¹ to the French Memorandum and a translation thereof,

²⁹ André de Laboulaye, French Ambassador to the United States.

³⁰ André François-Poncet, French Ambassador to Germany.

³¹ Great Britain, Cmd. 4512, p. 8.

the former having been obtained confidentially by a member of the staff of the Embassy from M. Jean Paul-Boncour at the Foreign Office.

M. Paul-Boncour was particularly anxious that the information contained in the memorandum should be considered both by the Embassy and by the Department of State as strictly confidential, and that in the event that Ambassador de Laboulaye should present the Department with a summary of the Memorandum, he should not be told that the full text had been forwarded from here.

The impression at the Foreign Office as to the tone of the German reply appears to be one of disillusion despite an optimistic message to the press delivered this morning by the Ministry for Foreign Affairs. The feeling apparently exists that the German Government, in "taking act" of the concessions made by the French Government in the note transmitted to the German Foreign Office by M. François-Poncet on January 1, 1934, offers practically nothing in return; in short, that the German claims³² are practically those of February 1932, with no concessions offered in return and that an impasse, insofar as disarmament is concerned, has been reached. A written answer to the German Memorandum may possibly be made to Berlin but the impression was gathered that, in view of the substance and tone of the German reply, this would only serve to prolong a futile discussion. The French Ambassador may, however, be instructed to continue verbal representations.

M. Paul-Boncour added that there was still some hope as the Foreign Office had reason to believe that the British Government, which had finally received elucidations from Berlin in answer to the specific inquiries made by Sir Eric Phipps³³ on December 20, 1933,³⁴ was in the course of preparing another plan which might be a more "intelligent" one than that previously submitted by Premier MacDonald. In the preparation of such a plan it was possible that the British might consult France and perhaps the United States. A rumor in this connection is current today that Sir John Simon has been pressing for a Four-Power meeting in Paris, but that the French Government is averse to such tactics in view of the tenor and substance of the German Memorandum.

M. Paul-Boncour felt that France remains in a reasonably strong position as she is now on record as having made definite concessions with regard to disarmament and that the responsibility for any future

³² *Conference Documents*, vol. I, pp. 119-122; for correspondence concerning German claims, see *Foreign Relations*, 1932, vol. I, pp. 42-48 *passim*.

³³ British Ambassador to Germany.

³⁴ See telegram No. 213, December 22, 1933, from the Ambassador in Germany, *Foreign Relations*, 1933, vol. I, p. 348.

failure to continue negotiations must inevitably rest with the German Government.

Respectfully yours,

JESSE ISIDOR STRAUS

500.A15A4 Steering Committee/400 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, January 26, 1934—3 p. m.

[Received 4:50 p. m.]

17. 1. Wilson has seen Henderson and Eden. Henderson explained that the officers of the Conference meeting in London on February 13th had to adopt one of two alternatives: (a) a decision that no useful work could now be carried on. In this event a meeting of the Bureau will be called immediately and the Bureau will be asked to take a decision as to whether it desires to close the Conference, or to adjourn for a further period and if so what period; (b) that work could usefully be prosecuted. In this event the Bureau would be summoned for February 20th. Henderson stated that if it appeared probable that the officers would adopt decision (b) he would communicate with Wilson as far in advance as possible in order that Mr. Davis could be notified in sufficient time to arrive if he felt it advisable.

Henderson stated that the negotiations held out some hope but that he was definitely under the impression that the time was ripe for a vigorous effort to find common ground between the French and Germans. He believed that this could only be done by Great Britain and the United States acting together, perhaps with cooperation from Italy. Henderson felt confident that the Government officers would urge such a course on us. I need not enter here into what Wilson said as the matter is covered in conversations with Eden reported later.

2. Strang³⁵ in the Foreign Office showed us the full correspondence between France and Germany on the one hand, and Great Britain and Germany on the other. These included the two German memoranda to France and Great Britain of January 19th. Inasmuch as we only read the notes and did not have copies I do not attempt from memory to summarize them, especially since Marriner³⁶ has already telegraphed his 48, January 23, 1 p. m. Briefly put, Wilson feels that there is some approach between the French and Germans, the French

³⁵ William Strang, Counselor in the British Foreign Office.

³⁶ J. Theodore Marriner, Counselor of Embassy in France; the telegram referred to was signed by the Ambassador.

being less definite in their demand for "a trial period" and furthering destruction in the early stages (*des les premières années*) of 50 percent of their military air force, however, the Germans on the other hand show a willingness to bargain which it may be possible to take advantage of.

3. Eden talked very freely and very confidentially, explaining that in spite of two Cabinet meetings a decision as to next step was not yet definitely reached, and that therefore he was merely "thinking aloud" to give us an idea of what was in his mind and to get the benefit of our criticism. Eden states that since the German note asked the opinion of His Majesty's Government on certain points unquestionably the note must be answered. How shall it be answered? Either, (1), a further exchange of confidential notes giving the British point of view and without further discussions, or, (2), an explanation of the British view accompanied by definite proposals to both Germans and French, proposals based on the British draft convention³⁷ and drawn up in the light of the fuller information now available through exchange of memoranda. Eden himself strongly favors the second of the two alternatives, as I feel, does the British Cabinet. If the second course is adopted Eden would desire to, either he or Simon, or both, go to see Hitler with the note in his pocket, both to create as friendly a reception for it as possible and to elucidate it further if necessary, France to be informed of a review of the note at the same time as Hitler.

Eden had hoped that Wilson would stay long enough to go over the draft of the reply (which Eden thinks must be sent promptly) before it was put in final form but Wilson, who felt that such a procedure on his part would be of doubtful wisdom at the present time, informed Eden that he felt he must proceed to his post. Eden was very anxious that the American Government should, if possible, state to the Germans at least that they considered the British offer a hopeful basis of accord. We told him that our principal preoccupation at the present time, when matters of primarily European concern were under discussion, was to avoid the appearance of pressure upon either side and that we feared that to diminish [*give?*] such an expression of opinion might have the appearance of pressure. It was understood in any case that as soon as the note had been prepared and before its publication or presentation to Germany Eden would transmit it to Wilson who would forward it to Washington for any action or no action, as our Government might think wise. Eden also hopes to get the cooperation of Mussolini in such action as he contemplates. The rest of the conversation was taken up with discussion of details which

³⁷ *Conference Documents*, vol. II, p. 476.

are in such fluid state that no useful purpose would be served in reporting them.

4. Thus Eden's conversation bore out the expectation which had been expressed by Henderson. Wilson and I both feel that whatever you may think it wise to do regarding the proposed British reply to Germany, we should take no share in its preparation, even confidentially, since a share in the preparation clearly means a share in the responsibility. Further steps, if any, can be determined after perusal of draft note.

5. An impression which I had held, and which Wilson shares since he has been conversant with events of the last few days, was confirmed in our conversation with Eden, namely: that there are inherent in the present Austrian crises³⁸ dangers which may develop to an extent where interest in disarmament will be secondary, and where disarmament activities will be held in abeyance at least until the meeting of the officers of the Conference on February 13th.

6. Wilson proceeds Paris tomorrow, arrives Geneva 30th.

Copies Paris, Geneva.

ATHERTON

500.A15A4 General Committee/759 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, January 29, 1934—1 p. m.

[Received January 29—12: 45 p. m.]

21. I called on Foreign Secretary by appointment this morning (Eden also present) who opened the conversation by warmly commending Henderson's work as President of the Disarmament Conference. He spoke less enthusiastically of Beneš and Politis whose views he felt were influenced by their nationalism. Simon then referred to his conversations with Mussolini on January 3rd and 4th and stated that he learned then the tenor but not the text of the communications that had been exchanged between Rome and Berlin. On January 3rd Mussolini had informed Simon of his intention shortly to make a public statement and also at another period of this conversation had stated that he was a realist and recognized that no European disarmament was likely. In reply to the latter Simon stated frankly this view could not be accepted by the British Government, and, to his satisfaction, on the following day received a promise from Mussolini not to make any public statement until, anyway, the awaited German replies had been received by London and Paris. Which in fact took place on January 19th. Consequently since January 19th Simon pointed out, Mussolini has been free to make a public statement.³⁹

³⁸ For correspondence, see vol. II, pp. 1 ff.

³⁹ For English text of Italy's disarmament proposals, see Great Britain, Cmd. 4512, p. 15.

Simon continued that in the House of Commons this afternoon he would reply to a question in brief substance as follows: "Refer to the once again parallel and bilateral diplomatic disarmament negotiations which had been going on since late November, to his own personal visits to Paris and Rome, and to memoranda which had been exchanged, and then announce that considered British views had been set forth in a memorandum which had been despatched to interested British missions in Europe today for delivery to the respective Governments. The text of this memorandum ⁴⁰ would be made public in due course."

Simon then added this memorandum of British views had only just been completed and would be delivered to Hitler at 1 o'clock today and other European capitals during the afternoon. He mentioned in particular Rome, Paris, and Brussels. Simon explained the reason for this urgency was that the memorandum might be in Hitler's hands before he made his announced anniversary address on Tuesday. Simon expected the memorandum would be published in the form of a white paper ⁴¹ some time the latter part of the week but not before in order that "Mussolini's thunder" might not be stolen should he desire to make any contemplated statement such as above referred to in this telegram. A summary of the British memorandum is being prepared by the Foreign Office today and will be transmitted to Lindsay for delivery to you.⁴² Simon said the reasons for England's preparing this memorandum [of British] views were several:

(1) That Hitler's memorandum of reply to the British of January 19 asked an expression of the English attitude.

(2) The bilateral diplomatic exchange of views and notes between European capitals last Monday ⁴³ had not been correlated and Simon gave me to understand today's memorandum had been drafted by the British with reference to such data.

(3) When the officers of the Bureau met on February 13 there would be French, Italian and German data for consideration as well as suggestions from other countries but no statement of the attitude of the British Government without today's memorandum.

(4) Simon gave me to understand that the rather stiff tone of the German reply of January 19th to Paris, together with the 13 very pertinent questions appended, also decided the British Government to take some step in anticipation of avoiding a possible deadlock. Also to forestall any public announcement of policy by Hitler on Tuesday.

Simon explained in brief, that today's memorandum was divided into three parts: equality, security and disarmament (I understand that Cabinet views on this memorandum had been exchanged with the

⁴⁰ Department of State, *Press Releases*, March 3, 1934, p. 110; also Great Britain, *Cmd. 4512*, p. 21.

⁴¹ *Ibid.*

⁴² Not printed; it was handed to Under Secretary of State Phillips by Sir Ronald Lindsay, the British Ambassador, on January 31, 1934.

⁴³ January 22.

French and that that section dealing with security in particular had received general approval of the Chautemps⁴⁴ government). The principle of equality was granted by today's memorandum although Hitler voluntarily would, for a contemplated period, confine himself to equality in normal defensive armament. I asked Simon if today's memorandum defined "normal". Simon replied no, but that he knew what was in Hitler's mind and briefly referred as I remember to tanks not exceeding 6 tons and mobile guns not exceeding 155 millimeters.

As regards security, today's memorandum suggested the general lines of the Kellogg Pact⁴⁵ but contained a consultative clause for alleged violation of an agreement dealing with disarmament.

As regards disarmament, the pact was preferably for 10 years with no preliminary probationary period for Germany but during the 10-year pact period the highly armed powers would by agreement among themselves reduce their offensive armament in successive stages and, although no such statement was contained in today's memorandum, one might infer that at the end of the pact period Germany might seek qualitative equality in offensive armament.

Simon asked that utmost secrecy be observed in regard to my conversation and laid the greatest stress upon no publicity being given to the reasons for which the British Cabinet were not publishing today's memorandum at once.

I have forwarded a copy of this telegram to Wilson in Geneva and to Paris.

The Prime Minister has asked me to call on him at 4:30 this afternoon.

ATHERTON

500.A15A4 General Committee/760 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, January 29, 1934—7 p. m.

[Received January 29—5:40 p. m.]

23. In an informal conversation this afternoon the Prime Minister discussed:

(1) The general demoralization of world trade through increasing establishment of bilateral agreements and quotas which he deplored but recognized as successful temporary expedients. The correction of this situation he felt might well lie in a future meeting of the Economic Conference,⁴⁶ but every advice he had received from

⁴⁴ Camille Chautemps, French Prime Minister.

⁴⁵ Kellogg-Briand Pact (Pact of Paris, or Treaty for the Renunciation of War), signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

⁴⁶ For correspondence relating to the Monetary and Economic Conference, London, June 12–July 27, 1933, see *ibid.*, 1933, vol. I, pp. 452 ff.

abroad indicated that foreign capitals regarded a future meeting as futile until the question of foreign exchange had reached a less uncertain point than at present. The Prime Minister said he would welcome any suggestions you might have to offer.

(2) He then referred to the British memorandum mentioned in my 21, January 29, 1 p. m., the text of which he said had been discussed with the French Government on Saturday last.⁴⁷ This was the third time, he pointed out, that a French Government had fallen⁴⁸ just after Anglo-French accord had been reached on a comprehensive disarmament scheme. The Prime Minister added that he personally did not trust Hitler, and felt the German-Polish Pact,⁴⁹ just completed, merely was a guarantee that for 10 years that Germany would concentrate more determinedly on issues along her other frontiers.

(3) Then he referred to the official announcement made last week that Japan would seek a change of ratio when the Naval Treaty⁵⁰ comes up for revision, and stated that I might inform you very confidentially that England had already begun to study her naval program for 1935. The Prime Minister pointed out the British Fleet was necessarily stationed over many waters, while the American Fleet was divided between the Atlantic and Pacific Oceans, although connected by the Panama Canal, but the Japanese Fleet was "concentrated in a narrow lane in the north Pacific", and that while equality between the United States and Great Britain would never be an issue, England could never permit an equal naval ratio to Japan. However, if England and the United States refused revision of the naval ratio then Japan would claim the London Naval Treaty terminated in 1935 and free to construct [*sic*]. "What then[?]" asked the Prime Minister. "Our two Governments must shortly undertake an exchange of views between duly qualified officials, but the interception of these conversations must remain secret in so far as possible."⁵¹

ATHERTON

500.A15A4 General Committee/771

*Memorandum by the Chargé in Great Britain (Atherton)*⁵²

LONDON, February 1, 1934.

I called on the Permanent Under Secretary of State for Foreign Affairs, Sir Robert Vansittart, today and asked him regarding the developments which had taken place since my conversation with Sir John Simon on disarmament and the British memorandum, outlined in my telegram No. 21, January 29, 1 p. m.

⁴⁷ January 27.

⁴⁸ The second ministry of Camille Chautemps had resigned on January 27; it was succeeded on January 30 by the second ministry of Edouard Daladier.

⁴⁹ Signed January 26, 1934; for text, see *British and Foreign State Papers*, vol. CXXXVII, p. 495.

⁵⁰ Signed at London April 22, 1930, *Foreign Relations*, 1930, vol. 1, p. 107.

⁵¹ For correspondence concerning preliminary naval conversations, see pp. 217 ff.

⁵² Copy transmitted to the Department by the Chargé in his despatch No. 473, February 2, 1934; received February 9.

Sir Robert replied that as far as the French were concerned they could not expect any immediate official reply, if indeed, due to the political situation in Paris, the matter would come up for serious consideration during the life of the Daladier Government. Sir Robert felt that the present French Cabinet was merely a reshuffle and that events had brought M. Daladier back to power too soon, for which he was personally regretful, since he did not see how Daladier could retain the confidence of the Chamber more than a month at the outside. Since there were no official indications from the Government to the French press, the Foreign Office did not consider newspaper reports of the French attitude towards the British memorandum of great value.

The Under Secretary of State then referred to Italy, and stated that Mussolini's public statement a day or so ago was very much along the "realistic" lines expected, but did not at all mean, according to the British interpretation, that the Duce was not prepared to support the English thesis while he felt there was any hope of its adoption.

The first reports of the German interpretation of the British memorandum, the Foreign Office felt, were almost embarrassingly favorable, and Hitler's anniversary speech on Tuesday, January 30th, did nothing to dispel the belief that the memorandum might constitute a happy basis for new discussions. Sir Robert mentioned the growing power of Hitler in Germany since the elections of November 12th and gave as a test of his strength the successful negotiations of the German-Polish Pact, which Hitler even mentioned in his Reichstag speech, knowing that it would be coldly received by the North German representatives. However, Hitler was a South German at heart.

Sir Robert pointed out that to offset his reference to the Polish Pact and the disarmament proposal, Hitler had pointed out two fields where he obviously intended to seek success; one in the Saar, and the other in the matter of future relations with Austria. Sir Robert felt it would be foolish if for some adequate *quid pro quo* the French would not be willing to forego the plebiscite in the Saar and all the bitterness that an early return to Germany would avoid.

As regards Austria, the Under Secretary of State said three alternatives were open: (1) outside support to Dollfuss,⁵³ including some sort of commercial advantages accruing to him which would retain him in his waning power; (2) the elimination of Dollfuss, whereupon Austria must swing towards Germany in a Nazi movement, or (3) towards Italy in Fascisti sympathy. Sir Robert considered the second alternative more probable and felt that even an appeal to the League of Nations could not prevent a régime whereby all the formalities of

⁵³ Engelbert Dollfuss, Austrian Chancellor, assassinated July 25, 1934.

frontiers, customs and sovereign independence would be maintained while at heart Austria was a political and commercial Nazi affinity to Germany.

The Foreign Office felt that the Austrian question was full of danger which might, however, never come to a head. Anyway, the present European situation was such that it seemed almost certain that no early consideration of the British memorandum could be sought. Presumably, therefore, the scheduled meeting of the officers of the Bureau in London on February 13th might be postponed by Mr. Henderson, or, alternatively, the officers of the Bureau might meet and agree that the European situation was such that an adjournment, without fixing a date to summon the Bureau, would permit further and profitable study of the disarmament question.

500.A15A4 General Committee/767

Memorandum by the Secretary of State

[WASHINGTON,] February 5, 1934.

The British Ambassador called and inquired as to what the United States Government was thinking in regard to the British Disarmament proposal of some days ago. I replied that we had not taken up the matter concretely with a view to reaching definite and technical conclusions about it. I added that we were earnestly considering all phases of the present Disarmament situation; that without having reached definite conclusions as to just how far our Government would go in collaborating and cooperating with the British and other governments in their efforts to clarify and solve the present deadlock, it was our definite purpose to have Mr. Norman Davis return to Geneva about the 20th of this month, assuming that the Bureau would call a meeting of the committee; and that in the meantime Mr. Davis and others of us would confer as to detailed policy. I finally stated that in no circumstances was it the purpose of our Government to become involved politically in this movement.

C[ORDELL] H[ULL]

500.A15A4 General Committee/769 : Telegram

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

GENEVA, February 9, 1934—2 p. m.

[Received February 9—10:50 a. m.]

814. 1. Aghnides left for Paris last night where he will remain 2 days and proceed to London for the meeting of the officers of the Con-

ference on the 13th. Avenol leaves for London at the end of the week.

2. I learn in strict confidence that members of the British Government have expressed to Henderson the feeling that presumably after Eden's trip to Paris, Berlin, Rome, it might be advisable to hold a meeting of a number of powers represented in the Bureau and Germany in some place other than Geneva (so that Germany could attend) in order to try to bring about some measure of accord before a formal meeting of any body of the Conference.

3. As far as I can ascertain the British Government has in mind that the meeting might consist of representatives of England, France, Italy, Germany, Russia, the United States, a representative of the Little Entente, Poland and Madariaga⁵⁴ representing the little eight. Also Japan might be included.

4. This plan is as yet so fluid that reference to it in public would not only be premature but might tend to defeat the possibility of bringing it about. I do not even venture to say whether it will be one of the items of discussion at the meeting of the officers of the Conference on February 13th. It may be that the British will prefer to await the results of Eden's trip rather than risk handicapping those results by a premature disclosure of any other procedure. Indeed whether the British Government will raise such an idea at any time would appear to be contingent upon developments in France and in Austria; in other words, as to whether the condition in Europe warrants such an attempt.

Cipher texts mailed Rome, Paris, London.

WILSON

500.A15A4 General Committee/778

The British Ambassador (Lindsay) to the Secretary of State

No. 52

WASHINGTON, 13 February, 1934.

SIR: I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to transmit to you herewith, for your information, a copy of the Memorandum on Disarmament issued by His Majesty's Government in the United Kingdom.⁵⁵

I have [etc.]

R. C. LINDSAY

⁵⁴ Spanish delegate to the General Commission of the Disarmament Conference.

⁵⁵ For text of British memorandum of January 29, 1934, see Department of State, *Press Releases*, March 3, 1934, p. 110; also Great Britain, Cmd. 4512, p. 21.

500.A15A4 General Committee/781 : Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, February 17, 1934—noon.

[Received February 17—9 a.m.]

38. Point of view of Foreign Office, also reflected in the press, is that French *aide-mémoire* of February 14⁵⁷ published here yesterday constitutes no advance whatever in Franco-German armament negotiations.

No reply will be made till after visit of Eden who is expected here Monday evening.

DODD

500.A15A4 General Committee/783 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, February 17, 1934—5 p. m.

[Received February 17—4:20 p. m.]

817. 1. Avenol and Aghnides returned this morning and I have seen them both.

2. Aghnides stated that little difficulty was encountered in London in obtaining a postponement long enough for the British to endeavor to carry through the parallel and supplementary efforts. Politis had been instructed to acquiesce by his Government and Beneš against his desires found it advisable to acquiesce because he hoped for British assistance Austrian matter.

3. Aghnides reports that the British Government is definitely contemplating calling the meeting referred to in my 814, February 9, 2 p. m. if it seems warranted at the termination of Eden's trip. It is contemplated that all the great powers including Japan will be invited as well as certain other powers. It is probable that the officers of the Disarmament Conference will also be invited but in what capacity is yet undetermined.

4. Aghnides finds in London deep-seated irritation against the French even on the part of the conservatives but this is coupled with the realization that as the lesser of two evils Great Britain would prefer French to German predominance on the Continent and therefore would in the final analysis throw in its lot with France and not with Germany. The treaties of Locarno⁵⁸ are real and binding in British thought and considerable irritation is expressed that the French show such little appreciation of their value.

5. According to Aghnides there has been a considerable growth in the conception that Great Britain must be willing to agree to some-

⁵⁷ For English text of French *aide-mémoire*, see Great Britain, Cmd. 4559, p. 3.

⁵⁸ League of Nations Treaty Series, vol. Lrv, pp. 289-363.

thing further in the line of sanctions, presumably of an economic nature. Indeed Aghnides believes, although he has no assurance thereof, that Eden is carrying with him to Paris some such offer.

6. Aghnides reports that the French are as ever insistent on sanctions. After conversation with Massigli on his way through Paris Aghnides felt that even Massigli had gone over to the camp of the obstructionists in France who did not want a treaty. After consultation with Avenol, Aghnides in an effort to combat this defeatism presented to Massigli the conception that the Locarno treaties are connected in British thought with the Treaty of Versailles with which the British never had much sympathy and in which their sympathy is daily shrinking. He pointed out the high value to France of tying the treaties of Locarno with a new disarmament convention which would be popular in British thought and would thus revitalize the Locarno treaties.

7. He has the impression that the present French Government⁵⁹ has adopted a "strong" foreign policy in order to divert French thought from internal affairs.

8. Since I saw Avenol after the talk with Aghnides we did not discuss details. Avenol made, however, one significant statement, namely, that both Great Britain and France are convinced that Germany is rearming. They only differ in their conception of the rapidity with which this rearming is being carried out. Since the French Government is convinced of this rearming they are, according to Avenol, also thoroughly convinced that reduction of armament is out of the question. Avenol, therefore, believes that the French Government is sympathetic with the Italian memorandum which is based on *status quo* "limitation" and not reduction. Avenol is inclined to believe that, as a result of Eden's trip, the British Government will find their memorandum unacceptable and will realize that the only alternative to failure is the adoption of the Italian thesis of *status quo* limitation as opposed to reduction.

Mailed Paris, Rome, London.

WILSON

500.A15A4 General Committee/784 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, February 17, 1934—7 p. m.
[Received February 17—5: 55 p. m.]

818. My 817, February 17, 5 p. m.

1. Avenol can usually be counted on for dispassionate appreciation of events. His forecast contained in paragraph 8 of my 817, therefore,

⁵⁹ The second ministry of Gaston Doumergue formed on February 9 succeeded the Daladier ministry which resigned February 7.

should be given serious consideration especially as it seems to harmonize with the present trends where Great Britain is the only great power still actively fighting for reduction. I should feel as disappointed as I know you would with such an ending to the Disarmament Conference. If our Government believes that an effort should still be made for a treaty with real reductions the present would seem to be the time. Such an effort to have any chance of being efficacious should be made not later than Eden's return to London. Otherwise we may be faced with the basis of an accord between the European powers for *status quo* limitation and not reduction.

2. I have little faith in the efficacy of any endeavor on our part at the present time to secure reduction. However, you may feel that the Government of the United States should make a final effort before anything crystallizes. We would thus meet a disappointing end to the Conference with the conviction that we had done our utmost. If such is your view I venture most earnestly to urge upon you the advisability of so framing any statement that it will not jeopardize the possibility of the states of Europe making peace between themselves on any basis on which they can find that peace. Any continuing understanding among them leading to appeasement can not but be advantageous to us.

3. The hypothesis of a treaty of *status quo* limitation as opposed to reduction would present an entirely new problem to us. The offers which we have made to participate in various phases of activity related to disarmament have always been predicated as applying to a treaty which contained real reduction. What our attitude should be as to our own participation in any other type of treaty is one deserving very serious consideration and study.

WILSON

500.A15A4 General Committee/808

The Department of State to the British Embassy

MEMORANDUM ⁶⁰

The American Government has given careful study to the British memorandum on disarmament dated January 29.⁶¹ In many ways the British suggestions are identical with the ideas expressed by the American Delegation since the opening of the General Disarmament Conference in 1932; in other respects they do not go so far in measures of actual disarmament as had been contemplated. The American Gov-

⁶⁰ Copy handed to the French and Italian Ambassadors on February 20, 1934.

⁶¹ For official attitude of the Italian (February 26), French (March 17) and German (April 16) Governments toward the British Memorandum, see Great Britain, Cmd. 4559, pp. 6, 11, and 18.

ernment has held the view that the most logical way in which to limit and reduce armaments was to limit and reduce the use to which such armaments could be put. This in turn implied a strengthening of the defensive power of a state and a corresponding reduction of its offensive power. To accomplish this, there were three main methods: the first, to abolish weapons of primary use in invasion, such as heavy mobile artillery, heavy tanks, bombardment aviation, et cetera; second, continuous and automatic inspection; third, and in connection with the General Disarmament Convention, there should be a universal pact of non-aggression in which an undertaking would be given that the armed forces of no state should invade the territory of another country in violation of treaty rights.

In noting that the British proposals do not go so far, the American Government appreciates that they were probably drafted with a view to meeting the complexities of the present political situation in Europe and at the same time to achieve a large modicum of real disarmament. While the American Government is not in any way a participant in the European political problems and, therefore, does not take part in diplomatic discussions relating thereto, it is nevertheless vitally interested in the maintenance of European peace and, therefore, welcomes the effort of the British Government to bring about agreement. This Government is in complete accord with the British Government in viewing a convention involving an actual reduction in armaments not only as essential in itself, but as facilitating a general political appeasement. While reserving its position on a few technical points, and of course on the modifications to Part I, which, as Mr. Davis indicated on May 24, 1933,⁶² it could not sign, the American Government is therefore in sympathy with the principles of the British suggestions, and hopes that a successful resumption of the general disarmament discussions may thereby be brought about.

WASHINGTON, February 19, 1934.

500.A15A4 General Committee/792 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, February 20, 1934—4 p. m.

402. Your 818, February 17, 7 p. m.

(1) We agree with you that the present situation calls for a further effort for a treaty with real reductions. We doubt, however, whether anything would be gained by a further generalized public statement.

⁶² See telegram No. 654, May 23, 1933, from the Chairman of the American delegation, *Foreign Relations*, 1933, vol. I, p. 166.

Our position has been made so abundantly clear that no further initiative or new proposals on our part would seem called for. The only Power which is still working for real reduction is Great Britain and in our opinion the most effective way in which we could help would be to indicate our general approval of the British memorandum of January 29. Mr. Phillips and Mr. Norman Davis accordingly had a long talk yesterday evening with Sir Ronald Lindsay and handed him copy of the *aide-mémoire*⁶³ which is being telegraphed you for your confidential information and guidance in my next telegram.⁶⁴ Lindsay expressed the feeling that this would be welcome and helpful.

(2) It is difficult at present to visualize any treaty of *status quo* limitation as opposed to reduction in which we would desire to participate. Such a solution of the problem would seem to be entirely a matter of European adjustment and to call for participation only by European states.

(3) Norman Davis is planning to sail on Friday on the Steamship *Majestic* for Sweden in connection with Kreuger and Toll business. This in no way implies a lessening of interest in disarmament on either his part or on the part of this Government. He stands ready at any time to cut short his leave of absence and to resume active charge of the delegation if circumstances warrant.

HULL

500.A15A4 General Committee/791 : Telegram

The Secretary of State to the Chargé in Great Britain (Atherton)

WASHINGTON, February 20, 1934—5 p. m.

52. Norman Davis is sailing this week en route for Stockholm in connection with Kreuger and Toll matters. He is on leave of absence from this Government, although it is understood that if disarmament developments should warrant he would cut short his leave and resume active charge of our Delegation.

As he is sailing on the *Majestic* leaving New York February 23 he will pass through London before sailing for Sweden. I think it would be very useful if he were to have a private and confidential talk with the Prime Minister (see your 23 Jan. 29, 1 [7] p. m.) and would be glad if you could arrange some opportunity for them to have such an exchange of views, preferably without public knowledge. Probably the best way would be for you to explain the situation to the Prime Minister and invite him on behalf of Ambassador Bingham

⁶³ *Supra.*

⁶⁴ Telegram No. 403, February 20, 5 p. m., with instructions to repeat to Paris, London, Berlin, and Rome; not printed.

(who is now in Washington and approves) to either lunch or dinner at the Embassy if possible on March 2.

HULL

500.A15A4 General Committee/795

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] February 20, 1934.

The Italian Ambassador called this morning and left a copy of the full text of the recent Mussolini disarmament proposals.

Mr. Norman Davis and I received him together and discussed the general disarmament outlook with him. Mr. Davis made it quite plain that the Italian proposals were nothing more or less than a negation of the idea of disarmament and that if persisted in would result in a treaty which could be signed only by European States. He doubted whether any extra-European State would be interested in merely maintaining a *status quo* on the part of the armed Powers and providing for German re-armament. He said that we had been studying both the British and Italian proposals and had reached the conclusion that we should give the British proposals our blessing. Obviously they did not go as far as we would wish but they are actuated by a desire to meet the complexities of the present situation and yet to retain a large measure of disarmament. As a matter of fact we had given an *aide-mémoire* the previous evening to Sir Ronald Lindsay and Mr. Davis then gave Ambassador Rosso a copy for his information. Mr. Rosso said that obviously the Italian proposals had only been made on the assumption that disarmament could not in practice be achieved. Mr. Davis suggested that if Great Britain, the United States and Italy stood firm, it would go a long way toward increasing the chances of a successful resumption of the disarmament discussions. Mr. Rosso said that of course Italy's interest was to have some measure of disarmament and would presumably support the British proposal but that failing such a measure it would prefer to see Germany's re-armament contractually provided for rather than resulting from a unilateral decision. Mr. Davis indicated that perhaps the Italian Government would prefer to see either a large measure of disarmament or none at all, but Mr. Rosso begged the question and referred to the text of the Mussolini proposal.

The talk then veered to Austria. The Ambassador felt that Italy had made her attitude very clear, not only in public statements but in the way she had allowed the news of the concentration of her forces on the Austrian frontier to emanate from Rome. He said that the

unknown quantity in the whole situation was Great Britain and that if Germany were ever convinced that England meant to back up British dicta, she would undoubtedly govern her policy accordingly.

PIERREPONT MOFFAT

500.A15A4 General Committee/797: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, February 22, 1934—11 a. m.

[Received February 22—7:38 a. m.]

819. Your 403, February 20, 5 p. m.⁶⁵ I venture to suggest that the German Ambassador ⁶⁶ should also be apprised. Not only is Germany an active party to this four power discussion but its attitude on reduction may in the long run be decisive.

WILSON

500.A15A4 General Committee/798: Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, February 23, 1934—10 a. m.

[Received February 23—6:40 a. m.]

42. Saw Eden and the British Ambassador yesterday evening. Eden says Germany accepts the 10-year pact idea; will not manufacture aggressive arms if pact is agreed to and agrees to inspection commission and accepts much of the character of plan. He said American cable ⁶⁷ had produced effect. He expects success in Rome. France is still great problem.

Copy mailed London, Paris, Rome, Geneva.

DODD

500.A15A4 General Committee/800: Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, February 26, 1934—4 p. m.

[Received February 26—12:45 p. m.]

44. My 42, February 23. Following supplementary information received at the Foreign Office.

⁶⁵ Not printed; it contained text of American memorandum of February 19, 1934, to the British Embassy, p. 22.

⁶⁶ Hans Luther.

⁶⁷ Telegram No. 403, February 20, 1934 (not printed), which contained text of American memorandum of February 19 to the British Embassy.

In conversation with Eden the Chancellor stated that if a short-time army (300,534) were to be agreed to he would be willing that party troops should neither have nor be trained in use of military weapons, that they should not be drilled by officers, be located in camps or hold field maneuvers. Hitler insisted on immediate concession of scouting and pursuit aircraft allowing 2 years for decision whether bombers should be generally discontinued.

German position stated to be adverse to any conference of powers unless chances of success overwhelming; a conference with a large number of small powers would be particularly unwelcome.

DODD

500.A15A4 General Committee/815 : Telegram

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

ROME, March 1, 1934—1 p. m.

[Received March 1—12:05 p. m.]

36. Suvich⁶⁸ today confirmed the statements of Eden concerning German demands for air force, estimating such a force at approximately 700 which he believes too many.

Suvich said Mussolini made no specific proposals to Eden but did express doubt as to the practicability of the plan Eden was advocating.⁶⁹ The Italians are willing to accept the general plan but would need exact definition of "effectives", "control" and other items. Suvich added that the principle back of the Italian position is that if Germany is to have armament it must be less than that of France and less than that of Italy; that if Germany is to have much armament France and Italy must have more than that; in case Germany is to have less than France and Italy can have less but each to have always more than Germany; otherwise it was too dangerous.

Suvich doubts that the present government in France will, or that any similar government there can, agree to any measure of diminution in French armed strength and looks to the Italian plan as the only practical basis for future conversation.

Repeated to London for confidential information of Norman Davis second and third paragraphs only.

Mailed to Paris, Berlin and Geneva.

LONG

⁶⁸ Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.

⁶⁹ For memorandum of conversation between the Head of the Italian Government and Mr. Eden on February 26, see Great Britain, Cmd. 4559, p. 6.

500.A15A4 General Committee/835: Telegram

The Ambassador in Germany (Dodd) to the Secretary of State

BERLIN, March 7, 1934—6 p. m.
[Received March 7—2:30 p. m.]

50. Meeting with Chancellor today conversation turned on disarmament.

When he expressed gratitude and approval of the President's comments on British memorandum (see telegram of February 20th No. 403 to Geneva ⁷⁰) I asked him whether he indorsed non-invasion agreement (third point of same); his reply was definitely affirmative. To my inquiry whether he would consent to an international conference, he maintained silence.

DODD

500.A15A4/2448

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

No. 146

BRUSSELS, March 12, 1934.
[Received March 22.]

SIR: I have the honor to refer to my telegram No. 12 of March 7, 5 p. m.,⁷¹ and to enclose copies ⁷¹ of the minutes of the Sessions of the Belgian Senate on March 6, 7, and 8, in which will be found a general discussion of Belgian foreign policy. On pages 221 and 222 of the minutes for March 6, 1934 will be found the text of the address of the Prime Minister relating to the Belgian attitude toward German rearmament. A translation ⁷¹ of the essential parts of the speech is also enclosed for the Department's convenience. The occasion for this address was the opening of the discussion on the 1934 budget of the Ministry of Foreign Affairs in the Senate.

In general, the Prime Minister's thesis was that German rearmament cannot be stopped by the only two means existing: (1) a strict application of Article 213 of the Versailles Treaty, and (2), a preventative war; because no one country or group of countries will sanction either of these procedures. Therefore it is highly important to conclude immediately a general convention entailing a minimum of sacrifice in return for a maximum of guarantees.

In this connection, and further to my telegram mentioned above, I made an appointment with Monsieur Paul Hymans, Belgian Foreign Minister, on March 9, in which I asked him to explain to me the reasons

⁷⁰ Not printed; it quoted text of American memorandum of February 19 to the British Embassy, p. 22.

⁷¹ Not printed.

for and the import of the Prime Minister's speech in order that I might report them accurately to my Government. Monsieur Hymans told me that the Prime Minister wanted to arouse the Belgian people to a full realization of actualities and to stop them from living in a fool's paradise. (In this connection I refer to the following statement contained in Monsieur de Broqueville's declaration :

"I, as well as you, try to see the bitterness of the situation. It is the consequence of a great illusion—that of the men who, by the Treaty of Versailles, scorned the lesson of history and reality in believing that it was possible to maintain indefinitely a great nation in a state of disarmament. What Napoleon, all-powerful master of two-thirds of Europe, could not impose on the small state of Prussia,—how can one imagine that 27 nations, at one time 'Allied and Associated', can continue to expect to impose on a Germany which the Treaty of Versailles has unified?"

This clear and unequivocal statement was generally interpreted as indicating a drastic change in Belgium's outlook on the question of German re-armament). My interpretation of Monsieur Hymans' statement was that the Prime Minister wanted to clarify the present disarmament situation and to show the complete lack of any existing means to control re-armament in Germany. It was for the purpose of awakening public opinion here that the Comte de Broqueville spoke so bluntly and strikingly of the situation which all thinking people realize, but which those less informed—looking through the tangled mass that is the disarmament situation of the present time—failed to grasp with all its sinister implication.

The Foreign Minister said that the speech should not be interpreted as showing any alteration in the foreign policy pursued by Belgium during the past three months. During his visit to Paris at the end of December (reported in my despatch No. 102 of January 8, 1934⁷²), Monsieur Hymans stated that he had outlined Belgian policy to the Sarraut Cabinet. He indicated that the British and French Governments were kept informed of Belgian official opinion and he intimated that the present situation as outlined by the Prime Minister was known in substance by these Governments before it was made public.

I asked Monsieur Hymans if King Albert had known of the speech before he died,⁷³ as such a statement had appeared in the press and come otherwise to my attention. He replied that the deceased King had never seen the speech since it had been drafted only three or four days ago, but that the thoughts expressed had previously received his approval and been voiced by him many times during the last two months.

⁷² Not printed.

⁷³ Albert I had died on February 17, 1934, the result of a mountaineering accident.

I referred to the fact that the French Government was considering the tenor of its reply to British disarmament proposals left by Mr. Eden on his recent return trip through Paris, and asked Monsieur Hymans if the Cabinet had seen a copy of the French draft of this note. He said they had not seen the copy since the note was still under preparation. I did not feel I could press him further on this point, even though he did not tell me that he was ignorant of the tenor of the French counter-proposals.

The Foreign Minister said that his speech of Wednesday had followed closely upon the declaration of the Prime Minister, was complementary to it, and that the two speeches should be read together as one; that he endorsed everything the Prime Minister had said, and that his (Monsieur Hymans') later short speech on Thursday was made in order to soft-pedal, as I understood it, for internal political reasons.

As of added interest to the Department, I report that the Foreign Minister put a hypothetical question to me which he said he hardly expected me to answer from a juridical point of view but he hoped I would from a moral point of view. He asked me what the position of my Government would be if a war broke out and the United States, as a signatory to the Kellogg-Briand Pact, was faced with the question of trading with belligerents. Would the United States declare its neutrality and cling to the inherent right of a neutral to trade in non-contraband with a belligerent? He stated that this question of the freedom of the seas worried the British Government at this time. I replied that I felt sure that he would not be disappointed at my not giving him any reply to his question.

As I left, he reiterated that Belgian foreign policy of the past three months was not altered in the slightest by the declarations of the last few days.

In this connection I believe that the Department will find it of interest to re-read my despatch No. 87 of December 4, 1933,⁷⁵ reporting on the declarations of Monsieur Hymans before the Chamber of Deputies on November 29, 1933, at the time when the budget for the Ministry of Foreign Affairs was being discussed by that body. The words spoken by Monsieur Hymans on November 29, 1933, contained most of the implications contained in the Prime Minister's speech of March 6, 1934. The Prime Minister's speech is, however, much clearer and blunter than Monsieur Hymans' speech of November 29, 1933, and directly criticizes the methods provided by the Treaty of Versailles for keeping Germany in a state of disarmament.

⁷⁵ Not printed.

There can be little doubt that the Prime Minister's speech served its purpose of awakening Belgian public opinion to the disarmament situation as it actually exists today. The first reaction was one of shocked alarm. But after Monsieur Hymans' speech of the next day, in which he outlined in detail post-War disarmament proceedings and the present situation, and his soft-pedaling on Thursday, March 8, a calmer discussion of the attitude and the points involved is being adopted by papers and persons of all opinions.

The Comte de Broqueville's argument that Germany cannot be stopped from re-arming unless resort is had to a preventative war, appears to be unassailable. It is equally apparent that unless some agreement is reached concerning the limitation of armaments, a new race for armaments is inevitable. These facts have begun to be realized in Europe. Assuredly it was bold to suggest that Article 213 of the Treaty of Versailles⁷⁶ was no longer efficacious because England and Italy would no longer resort to the procedure therein provided. It would seem that the Prime Minister must have been assured of his ground before making public this attitude of the British and Italian Governments and failing to ascribe the same attitude to the French Government.

But the declaration, beyond voicing a sincere hope that an armaments convention would be agreed to, was void of any constructive suggestions toward this end. While there are persons who assert that the declaration was a tactical and diplomatic blunder in view of the present delicate state of negotiations in Europe, there are others—in general, better informed—who believe that it was well timed to awaken people with responsibilities to govern, that the negotiations must not fail if a universal race for armaments or war is to be avoided.

The British Ambassador, Sir George Clerk, informed me today that Great Britain had no advance knowledge of Monsieur de Broqueville's speech (I do not feel entirely convinced on this point), and that he did not believe that either France or Italy had any advance knowledge either. He declared that the de Broqueville speech supported the statement of British policy relating to armaments, made on January 29, 1934. Sir George thought that the Prime Minister made his speech largely for internal consumption in order to awaken the Belgian public to the real situation and to that extent the speech served a useful purpose. He believed, however, that it was a rather dangerous utterance so far as repercussions abroad were concerned.

⁷⁶ This article reads as follows: "So long as the present Treaty remains in force, Germany undertakes to give every facility for any investigation which the Council of the League of Nations, acting if need be by a majority vote, may consider necessary." (*Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3415.)

The French Ambassador, Monsieur Claudel, informed me that his Government had had no advance knowledge of the Prime Minister's speech. He added that he considered the declarations unwise and that it was displeasing to the French, whose position re German rearmament was unquestionably weakened.

It is too soon to evaluate the effect the Prime Minister's statements will have on the political line-up in Parliament. Party groups in both Houses of Parliament have been convoked to discuss their attitude toward this declared foreign policy of the Cabinet. One of the groups will probably succeed in forcing a bill demanding a vote of confidence on the floor of the House. It is probable that the Liberal-Catholic majority of 28 over Socialist opposition will be lessened if forced to concede confidence in the Government before it can see clearly the whole armaments situation.

Respectfully yours,

DAVE H. MORRIS

500.A15A4 General Committee/840 : Telegram

The Chargé in Germany (White) to the Secretary of State

BERLIN, March 14, 1934—5 p. m.
[Received March 14—2:40 p. m.]

52. Forwarding by mail text translation of German arms *aide-mémoire* " replying to French of February 14.

Following are some of the significant points. Germany had refrained from answering hitherto by reason of British conversations. The *aide-mémoire* endeavors to allay French misapprehensions listed below.

(1) As to purview of proposed non-aggression pacts it is stated that this may be deduced from international practice in recent years of which German-Polish declaration of January 26 gives a very clear example to the effect that Germany will go to the limit to avoid use of force; further that Germany does not wish by other non-aggression pacts to weaken Locarno. It will be time to settle Germany's future relations to League of Nations when the disarmament question has been settled. As to (2), claim that really effective disarmament is not at present attainable and, (3), question of control, memorandum presents no new material. In regard to (4), distinction between political and military formations, Germany proposes that a clear-cut regulation applicable to all lands be made before signature of treaty.

" Handed by the German Minister of Foreign Affairs to the French Ambassador on March 13, 1934; for English translation, see Great Britain, Cmd. 4559, p. 7; for French translation, see *Négociations relatives à la réduction et à la limitation des armements*, p. 55.

Apart from above-mentioned grounds for misunderstanding there remain differences of opinion as to method of reckoning strength of personnel and time when German Army may be equipped with defensive weapons. In regard to first, question is again raised of transfer to metropolis of oversea troops and of trained reserves: as to second, proposed prolongation of discrimination against Germany is characterized as "decisive question."

Aide-mémoire approves Italian and British proposals as tending to facilitate solution; declares Germany armament condition as under Versailles Treaty can no longer be considered; repeats that Germany renounces all offensive weapons and terminates with obscure sentence apparently intimating that the way is now clear for a decision as to whether there shall be an agreement or not.

WHITE

500.A15A4 General Committee/860

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] March 19, 1934.

The French Ambassador handed me this afternoon the accompanying résumé⁷⁸ of the French reply to the British Government on disarmament; it was, in fact, communicated by the French Ambassador in London to the Foreign Office at 3:30 this afternoon and may possibly be made public towards the end of this week. The Ambassador admitted that it was not a move in the direction of disarmament, but he saw no other alternative for any French Government at the present time; Mr. de Laboulaye talked at some length regarding the European situation; he welcomed, on the whole, Mussolini's move towards a *rapprochement* with Austria and Hungary because it indicated a definite decision on the part of Italy to stand up against German absorption of Austria; it was somewhat amusing, he observed, to see Italy playing closer together with her former archenemies, Austria and Hungary, which for many years it had been her policy to weaken, but that, now she was faced with the possibility of German penetration south as far as Trieste, Italy had no alternative but to pull together once more with her immediate neighbors; this, he thought, was a good sign and that it would make for stability and he believed it would be welcomed in France.

WILLIAM PHILLIPS

⁷⁸ Not found in Department files; for English text of note, see Great Britain, Cmd. 4559, p. 11.

500.A15A4 General Committee/847 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, March 23, 1934—2 p. m.

[Received March 23—9:50 a. m.]

822. 1. I understand from Paris that English translation of French memorandum to British of March 17th has been sent to Laboulaye and will be made public today. I am therefore not cabling text which came into my possession confidentially yesterday.

2. According to information from usually well-informed sources the French now desire to wind up the Disarmament Conference by a meeting of the General Commission so that the Conference may have a correct juridical funeral. They explain that such a policy is for the protection of the juridical structure of the League of Nations which would be seriously shaken by the fact that a Disarmament Conference called by virtue of article 8 of the Covenant had resulted in a "re-armament" in respect to Germany. Such a result the French believe, would condone Germany's breach of the military clauses of the Treaty of Versailles and would also violate the undertaking contained in article 8 of the Covenant. The French think that such a result would have a disastrous effect not only on the League of Nations but on the world peace structure in general.

3. Once the present Conference has been definitely liquidated then should proposals for a "*status quo* limitation treaty" be made the French will be quite prepared to discuss their participation in such a conference, place where it might be held, program to be adopted, et cetera.

4. I have mailed you via *Bremen* sailing 24th comment⁷⁹ with regard to a limitation agreement.

WILSON

500.A15A4/2453 : Telegram

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

WASHINGTON, March 28, 1934—6 p. m.

117. For Norman Davis.

1. During your absence in Sweden, the general disarmament picture has grown distinctly more discouraging. The French note seems to make further progress along the lines of the British compromise plan virtually impossible, at any rate without further British guarantees of execution. I notice signs that an attempt is being made in the press once more to place the onus for Britain's disinclination to give further guarantees on us, and hope that you will be able to counter any such effort. For your information, the President, in a press conference on

⁷⁹ Not found in Department files.

March 23, emphasized that, with respect to consultation and sanctions, we could not, of course, change what we said last May.⁸⁰

2. The next move from Europe will probably be an inquiry as to whether we are interested in pursuing negotiations looking toward a treaty of limitation on the basis of the *status quo* for the heavily armed Powers and legalized re-armament for Germany, along the lines proposed by Italy. Our inclination is to regard such discussions as a negation of our disarmament efforts, and as an attempt to draw us into a political adjustment in Europe from which we would gain no advantage. I should appreciate receiving your analysis of present and probable future developments, your views as to our best course of procedure, and any suggestions you have as to any further step or gesture we might make in line with our traditional views.

3. The press has, in the last few days, carried sundry stories from abroad regarding the purported British plan for a limited air agreement among certain of the European Powers. Do you have any information as to the basis of these despatches?

4. With respect to the preparations for the Naval Conference of 1935, I agree with you that we should, as far as possible, leave the initiative to Great Britain. The only developments since your departure have been the exchange of notes between Hirota and myself,⁸¹ a summary of which was telegraphed to London, and the President's statement upon signature of the Vinson Bill,⁸² which we cabled textually. As to the alternatives set forth in your letter of March 6 to the President,⁸³ I much prefer the second alternative and feel that you and Bingham should endeavor to work toward this end in your talks with MacDonald.

HULL

500.A15A4/2460 : Telegram

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

LONDON, March 31, 1934—2 p. m.

[Received March 31—2 p. m.]

143. From Norman Davis. Your 117 March 28, 6 p. m.

1. As soon as I have talked with the key men here including Henderson who are absent over Easter and become more fully informed

⁸⁰ See President Roosevelt's message of May 16, 1933, to various Chiefs of State, *Foreign Relations*, 1933, vol. 1, p. 143; also telegrams Nos. 644 and 646, May 19 and 20, 1933, from the Chairman of the American delegation, *ibid.*, pp. 154 and 158.

⁸¹ For this exchange of notes between the Secretary of State and the Japanese Minister for Foreign Affairs, see *Foreign Relations*, Japan, 1931-1941, vol. 1, pp. 127-129.

⁸² Signed March 27, 1934, this Act authorized a construction program which would build the Navy up to the limits prescribed by the Washington and London treaties of 1922 and 1930 respectively; 48 Stat. 503. For text of President Roosevelt's statement, see Department of State, *Press Releases*, March 31, 1934, p. 176.

⁸³ *Post*, p. 222.

of the inside situation with regard to disarmament I will give you my more definite views and suggestions as to our procedure. Although the possibilities of a constructive disarmament agreement seem to have become distinctly less promising it may yet be possible to turn this to advantage. I am inclined to think there is yet considerable bluffing and jockeying for position. While neither France nor Germany seem willing to make any further concessions I do not believe either of them want war at least now and once they are faced definitely with the necessity of choosing between war or of making reasonable concessions to prevent a race in armaments and war they may possibly with the aid of British pressure choose the latter.

2. British public opinion is strongly in favor of disarmament and equally opposed to being drawn into another European war which is considered inevitable unless there is disarmament. This is having considerable influence on the British Government which no doubt will make every possible effort to bring about an agreement not only in order to avoid becoming involved but to satisfy British public opinion and, in case of failure, to place the blame elsewhere. The Government here is still being criticized by those who believe that there would have been a disarmament agreement long ago if it had taken a more helpful role during the first year of the Disarmament Conference. The British who were first hostile to the idea of supervision and control have now come to realize the dangers of a disarmament agreement without it. While apparently less inclined than ever to guarantee any political settlements in Europe they are becoming more inclined to commit themselves to economic and financial measures against a nation that may violate a disarmament agreement. They cannot however proceed very far on this line until they have ascertained the position of the United States. It is therefore likely that the British may as a last endeavor to get a disarmament agreement agree to join in some form of sanctions against a violator of a disarmament treaty provided we will agree not to interfere. I do not believe however that they would do this just to get an armed truce as proposed by Mussolini. They are in reality becoming as much concerned about the Far East as about Europe and are not willing to make any commitments in Europe which might cause trouble with us or with the Dominions. Their ultimate course will I believe be largely determined by their ability to reach an agreement with us in respect of the navies and also a definition of neutrality.

3. I am informed that for the past few weeks rumors have been spread in Europe to the effect that the cynics and isolationists have gained the upper hand in the United States and that we have accordingly lost interest in disarmament and cannot be counted upon to go

even as far as was indicated last May. This has discouraged the sincere advocates of disarmament and pleased those opposed to it. The President's statement on March 24 [23?] ⁸⁴ and also the one made at the time of the passage of the Vinson Bill both of which were very opportune will no doubt help to dispel such rumors. I am inclined to think it would be well to consider the advisability of reiterating the importance and even necessity of a real disarmament agreement if there is to be real peace and economic recovery making it clear that we continue ready to cooperate in every practicable way in achieving a general reduction and limitation of armaments if it is to be treated as a world problem and not as a purely European one; but that since we are unwilling to become involved in European political adjustments we would not be interested in a mere armaments truce based primarily on European political exigencies. Within a few days I hope to submit more definite suggestions.

4. With respect to preparations for the naval conference in 1935 I am glad you agree that the best procedure would be the second alternative set forth in my letter of March 6 to the President.⁸⁵ We will accordingly direct our talks to this end. [Davis.]

BINGHAM

500.A15A4/2461 : Telegram

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

WASHINGTON, April 2, 1934—7 p. m.

130. For Norman Davis.

(1) Many thanks for your telegram 143, March 31, 2 p. m. Before commenting in detail, I shall await your later telegrams. Meantime, however, I feel I should point out that your offer of May 22 [23] ⁸⁶ in which, under certain circumstances, we agreed not to assert our neutral rights in the case of an aggressor is a very different thing from a similar offer not to assert our neutral rights in the case of a violator of the Disarmament Convention. In the first contingency, collective action would be the result of a diplomatic consultative conference, the opinion of which as to the aggressor we would be entirely free to accept or reject. In the second contingency, however, the fact of a technical breach of the Convention would presumably be certified by the Permanent Disarmament Commission after it had been established by a fact-finding commission of military experts. Even if our independence of judgment and action were reserved in theory, this freedom

⁸⁴ See *supra*, paragraph 1, last sentence.

⁸⁵ *Post*, p. 222.

⁸⁶ See *Foreign Relations*, 1933, vol. I, p. 166.

would be non-existent in practice since its exercise might involve our contradicting the findings of fact of an expert body, which might even include an American technician. Moreover, we must face the fact that your offer of May 22 [23] represented the maximum degree of cooperation with Europe which American public opinion would support. This offer was based upon the Kellogg-Briand Pact and presupposed the actual outbreak of a war of aggression. I believe public opinion here would make a distinction between sacrifices it was prepared to make if a country actually invaded another country and similar sacrifices in the event of a violation of a treaty which did not necessarily involve an immediate threat of war.

(2) While I incline to believe that the time will come soon to make a statement somewhat along the lines suggested in your paragraph 3, I doubt if we should emphasize so strongly the inter-relationship between disarmament and real peace. It would, I think, be a mistake to reiterate that the failure to achieve disarmament would necessarily result in a future war and so depress further public opinion in the event that no agreement is reached. All our information from the Embassy in Paris leads to the conclusion that the French are not jockeying for position, but in the face of a disintegrating domestic situation have resolved on an intransigent foreign policy.

HULL

500.A15A4 General Committee/857: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, April 3, 1934—6 p. m.
[Received April 3—2:15 p. m.]

824. My telegram No. 822, March 23, 2 p. m.

1. From the best information obtainable the French are surprised and cheered by the receptive attitude of the British towards strengthening the guarantees of execution. The French ascribe this change in British attitude to growing apprehension in Great Britain at Germany's aviation development. How this will affect French attitude as outlined under paragraph 2 of my 822 is still problematical.

2. Aubert⁸⁷ has informed Mayer that the French are endeavoring to reconcile the British instinct for "an agreement" with the French instinct for precise undertakings. To this end the French are working on a series of definitions along the lines of a "criminal code". Pushing the principle of the punishment fitting the crime to its logical conclusion the French would group the different infractions in several categories. A number of remedies or sanctions would be allotted to each category, the decision as to which of those several sanctions

⁸⁷ Louis Aubert, member of the French delegation to the General Commission.

would be applied in a particular case being left to the Permanent Disarmament Commission to determine at the time. In this manner the French would know the extent of the British commitment in the event of any particular type of infraction while the British would have their commitment limited in accordance with the gravity of the offense. The actual choice as to which action is to be taken would be determined in relation to a particular case and at the time it arose. Aubert feels therefore that they are on the eve of laborious negotiations and the French have no desire to hurry the British in these negotiations.

3. As to what will happen in respect to the Conference in the near future one can but guess. Massigli told me yesterday that he thought the Bureau on April 10 would do nothing but set a date for the General Commission. In any case it would appear that the French will make every endeavor not only to prevent the action of the Conference from interfering with Franco-British negotiations but to utilize the Conference machinery in the way most adapted in their minds to further these negotiations.

Repeated to London for Davis. Mail copy to Paris and Rome.

WILSON

500.A15A4/2463 : Telegram

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

LONDON, April 5, 1934—3 p. m.
[Received April 5—2: 15 p. m.]

153. From Norman Davis.

1. The calling of the Bureau for April 10 and the various disarmament questions that are now arising and requiring attention including the tentative naval negotiations⁸⁸ will necessitate some decision with regard to my future movements and the advisability or desirability of terminating my leave of absence and resuming officially the disarmament work. The private work on which I have been engaged is now at a state where I can easily drop it if and when necessary.

2. When the Cabinet members who are still absent from London on holiday return including Henderson whom I am seeing today I expect conversations with them will somewhat clarify the situation and help to determine whether I should attend the Bureau meeting. It is not yet known who will represent the respective Governments at the Bureau meeting. I am informed however that Litvinoff⁸⁹ will attend.

⁸⁸ For correspondence relating to the first session of preliminary naval conversations at London, June 18-July 19, 1934, see pp. 259 ff.

⁸⁹ Maxim Litvinov, Soviet Commissar for Foreign Affairs; Chairman of the Soviet delegation to the Disarmament Conference.

If as is the consensus of opinion here the Bureau can go no further than fix a day for the reconvening of the General Commission I am inclined to think that the meeting of the General Commission would be the most appropriate time and place to restate and amplify our position unless perhaps the President would feel disposed to deal with the question in some special address. In the meantime we can be considering the possible purport of such a statement. What the General Commission will do if and when it reconvenes will no doubt depend largely upon the negotiations which the British are now conducting with the French.

3. I fully appreciate the distinction pointed out in your 130, April 2, 7 p. m., between a violation of the Briand-Kellogg Pact and a disarmament convention as amended. If it were possible to secure an agreement for real disarmament as was contemplated last May, my opinion is that if some nation should seriously violate such a convention and refuse to stop the violation it would be a most serious matter and of such vital concern to those that had disarmed that we would be justified at least in agreeing not to interfere with legitimate measures taken to enforce compliance. I realize, however, that public opinion at home may not be prepared for such a step in which case it would be futile and inadvisable to undertake it.

4. The British are meekly but definitely coming to the conclusion that no nation in Europe will be secure, particularly against air attack without agreements for collective action. Cecil ⁹⁰ told me yesterday that the idea of economic sanctions involving an embargo on exports is being discarded as impracticable and difficult of enforcement and instead the conviction is growing that the simplest and least objectionable method of dealing with an aggressor or violating nation would be an agreement to prohibit under certain conditions importations from such nations. This he believes would soon bring any recalcitrant nation to terms and would not raise very serious questions with regard to neutrality.

5. I understand the British are still hopeful of getting the French to consent to a disarmament agreement along the lines of their last memorandum ⁹¹ conditional upon committing themselves to specific measures of guarantees but which would no doubt be conditional upon our agreeing not to interfere by the assertion of our neutral rights with such measures taken to deal with the violator of such a convention. If the British should fail in these efforts I do not know what their position would ultimately be with regard to a treaty of limitation based on the Italian proposal. So far as we are concerned I agree with you that this would be a negation of the position for which we

⁹⁰ Viscount Cecil of Chelwood, President of League of Nations Union.

⁹¹ January 29, 1934; for text, see Department of State, *Press Releases*, March 3, 1934, p. 110.

have stood and if only an armed truce can be secured I doubt the wisdom of our entering into it. If, however, we should be called upon to state our position on a treaty of lesser scope than that heretofore contemplated it seems to me that it would be appropriate for us to say something to the following effect:

“The United States believing that the only practicable way to promote security and solve the disarmament problem would be to abolish by definite stages certain types of aggressive weapons used for invasion, to establish a system of automatic supervision and control over the manufacture and shipment of arms and to enter into a general pact of non-aggression, indicated last May the extent to which it was prepared to cooperate to this end. In order to aid in the adoption of such a program the Administration then went to the limit of what it believed American public opinion would approve. The United States has grave doubts as to the value, the efficacy and the wisdom of a program of lesser scope. It certainly would not feel justified in making the same sacrifices for a so-called disarmament convention that provides for no disarmament and offers few if any definite benefits as it would be disposed to make for a real disarmament. If it is not possible, however, because of European political conditions and exigencies to agree upon a program for progressive disarmament to a specified level the United States does not wish to stand in the way of the adoption of a more limited program or of any steps which Europe may see fit to take. The extent, however, to which the United States might be able to cooperate would require examination of the full details of such a program and also the approval of the United States Senate.[”]

[Davis]
BINGHAM

500.A15A4/2464 : Telegram

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

LONDON, April 6, 1934—11 a. m.
[Received April 6—8:35 a. m.]

154. From Norman Davis.

1. Henderson and Aghnides who called on me yesterday could not give any definite information as to who will attend the Bureau meeting and what is likely to transpire. Henderson said that in his last talk with Simon and Eden they indicated a desire to postpone the Conference to give more time for the negotiations with the French but that he was not in favor of a further postponement and that if the British and French want it they must state their reasons before the Bureau and let the Bureau decide.

Henderson asked if I were going to the Bureau meeting and said he hoped very much that I would. I told him it would depend upon what the Bureau is likely to do and who is going to attend. He said

that he thought Simon and Barthou⁹² ought to go and that he was going to try to get them to do so but that in any event it would be helpful and have a good effect for me to go. Agnides thinks that if I did not go it would add to the impression that we have lost interest. I am not clear as yet in my own mind as to whether I should go to Geneva now and would appreciate your opinion.

Henderson is leaving for Paris tomorrow and seeing Barthou Saturday morning. He said that he would call me by telephone after his talk with Barthou. Agnides, who has just come from Paris, told me that the permanent officials in the French Foreign Office and also Petain⁹³ and Weygand⁹⁴ are now in favor of an agreement along the lines of the British memorandum but that Tardieu and Herriot⁹⁵ have not yet come around.

2. Simon who is in the country told me by telephone last night that he would be in the city today and would like to have a talk with me and I am to see him at 11 o'clock this morning. He asked about my plans and if I were going to Geneva. I told him it depended upon developments and asked if he were going. He said that Eden would go but that while he had no authority to tell me he might say confidentially he thought the meeting of the Bureau would be adjourned for a short period but that he would tell me all he knows today. [Davis.]

BINGHAM

500.A15A4/2465 : Telegram

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

LONDON, April 6, 1934—4 p. m.

[Received April 6—3:20 p. m.]

155. From Norman Davis. In my talk with Simon this morning at which Eden was present Simon first read their reply⁹⁶ to the last French note which in substance asked France to inform them categorically if the French would agree to the measures of disarmament indicated in the British memorandum conditional upon no rearmament whatever for Germany or if France would agree to reasonable German defensive rearmament conditional upon guarantees for the

⁹² Jean Louis Barthou, French Minister for Foreign Affairs; Chairman of the French delegation to the General Disarmament Conference.

⁹³ Henri Philippe Petain, French member on the General Commission; Minister of War.

⁹⁴ Maxime Weygand, French member on the General Commission; General Inspector of the Army.

⁹⁵ André Tardieu and Edouard Herriot, Ministers of State without portfolio in the Doumergue Ministry.

⁹⁶ Dated March 28, 1934; not printed.

execution of the disarmament convention and if so specifically what were the guarantees France has in mind. He then told me they had just received word from Paris that the French reply had been completed and would be delivered today.⁹⁷ He said that they had no idea what the reply would be or what the results will be of their present negotiations with the French, but that if they did reach an agreement it would be along the lines of a European agreement for collective action in case of violation of the Disarmament Convention to be determined by a two-thirds vote of the Disarmament Commission; that they were considering only financial and economic measures but that naturally Great Britain's commitment to join any such collective action would necessarily have to be conditional upon the position which the United States would take. I told him that this was developing along somewhat different lines from what we had been contemplating and that I could not tell him what our position would be, but that as soon as there is something definite to pass judgment upon we will be glad to consult Washington. He then asked if we still stood by the position we took last May and I told him we did but that our proposal last May was conditional upon and in consideration of the adoption of a very comprehensive program for progressive disarmament and the discouragement of aggression, but obviously that proposal might not be applicable to a different kind of regime from that then envisaged, and that we would be apt to look differently upon a serious violation of the peace pact accompanied by invasion than upon a technical violation of any disarmament convention. He said that he himself looked upon a serious violation of a disarmament convention as a more serious matter; he understood of course that we would be unwilling to commit ourselves in advance in an unknown contingency; but what he had in mind was in effect some formula or understanding whereby the United States would retain its complete independence of judgment but that in case of a violation of the disarmament convention England and the United States would talk the matter over and then if we should feel that the circumstances are such as to warrant taking further steps to deal with certain collective measures we would then agree not to interfere, and England would proceed, otherwise not. In substance, he said that they did not expect the United States to join in any measures but that England's commitment to do so would be conditional upon reaching at the time an understanding with the United States as to the position it would take. I told him I was afraid this would be construed as putting indirectly considerable responsibility on us but that in any event the Administration could not form

⁹⁷ For text of French *aide-mémoire*, dated April 6, 1934, see *Négociations relatives à la réduction et à la limitation des armements*, p. 63.

any definite opinion until it is known more clearly what there was to decide about. I told him that the United States Government was naturally interested in disarmament as a world problem and not as a European problem.

We then discussed the forthcoming meeting of the Bureau. He and Eden said that while it would have been better for the Bureau to meet a week later, there seemed to be nothing to do now but to proceed with it and for Henderson to make a report and then for the British to make a report on the present status of negotiations but that no date for the calling of the General Commission should be fixed until something more definite is known. Their information as to the two schools of thought in the French Government is substantially the same as mine, as indicated in the Embassy's 154, April 6, 11 a. m. It was suggested that it might be psychologically helpful to get Barthou to go to Geneva. Simon said he did not know Barthou. I told Simon that if he himself should go to Geneva no doubt Barthou would feel that he must go and that it might be helpful for him to get acquainted with him in Geneva. Eden agreed with this and Simon then indicated that if the French reply today is favorable, he might decide to do that but that he would like me to come to the country to lunch with him tomorrow and we would then talk the matter over further. [Davis.]

BINGHAM

500.A15A4/2466 : Telegram

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

WASHINGTON, April 6, 1934—6 p. m.

138. For Norman Davis. Your 153, April 5, 3 p. m. and 154 April 6, 11 a. m. With the information now at hand, I am inclined to feel that it would be better for Wilson to attend the Bureau meeting and for you to hold yourself in reserve until the meeting of the General Commission. I assume that this will not be called for several weeks and if so I think there would be much to gain by having you return to this country before it meets. I should like to talk over with you in greater detail the nature of the statement we should probably have to make at the General Commission. I likewise feel that we should thrash out much more fully with the Navy Department the line we might take with the British and Japanese in preliminary discussions. Unless you see some reason to the contrary, I suggest therefore that you complete such conversations as you judge necessary as well as your private work and return home ready to resume officially your disarmament work shortly after arrival.

HULL

500.A15A4/2467 : Telegram

*The Ambassador in Great Britain (Bingham) to the Secretary of State*LONDON, April 7, 1934—2 p. m.
[Received April 7—10:30 a. m.]

156. From Norman Davis. Your 138, April 6, 6 p. m.

Altogether I am inclined to concur in the wisdom of the course indicated by you and unless Simon and Barthou are to attend the Bureau meeting, which is most unlikely but which will be determined today, I think it is unnecessary and perhaps inadvisable for me to do so. I am sure it would be advisable to discuss in Washington the position we should take when the General Commission meets as well as to have further talks with the Navy. My only concern is what explanation to make of my failure to attend the Bureau meeting, which will be called for because of my presence in Europe. I am inclined to believe it would be well to say that since the Bureau is to deal only with mechanical questions—receiving reports and perhaps fixing a date for the calling of the General Commission—and since the head delegates of none of the principal powers are attending, it is not deemed necessary for me to go. I would, however, appreciate your advice on this. [Davis.]

BINGHAM

500.A15A4/2472 : Telegram

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

WASHINGTON, April 7, 1934—3 p. m.

142. For Norman Davis. Your 156, April 7, 2 p. m.

I quite approve your making a statement to the press along the lines you suggest.

HULL

500.A15A4 Steering Committee/409 : Telegram

*The American Delegate (Wilson) to the Secretary of State*GENEVA, April 10, 1934—7 p. m.
[Received April 10—3:20 p. m.]

826. 1. At its meeting this afternoon⁹⁸ the Bureau decided to adjourn until April 30th giving the President authority to postpone this meeting a few days if the situation so required. The Bureau will then

⁹⁸ For minutes of this meeting, see *Minutes of the Bureau*, vol. II, p. 201.

prepare a text for the second reading by the General Commission, the next meeting of which is set for May 23, similar authority being given to the President to postpone this a few days if either he or the Bureau deemed it advisable.

2. During the discussion which preceded this decision various speakers reiterated their Governments' desire for the prompt conclusion of an agreement containing real disarmament. The most important of these was Eden's declaration. In summarizing the role his Government had played in the recent negotiations he emphasized that in the view of the British Government a "substantial reduction of armaments" still remains "the fundamental condition" for agreement to any arms convention. Massigli added nothing to the recent French memoranda but stated that his Government was making every possible effort to present as soon as possible a complete reply to the British questions concerning guarantees and hoped that a prompt solution of this problem could be found. Motta⁹⁹ mentioned the necessity for Germany's return to the Conference.

Repeated to London.

WILSON

500.A15A4 Steering Committee/414: Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, April 11, 1934—5 p. m.

408. Your 828, April 11, noon.¹ At the press conference on April 9, a correspondent said that he understood you would attend the meeting as observer as in the past. The Secretary replied by saying that the usual standing instructions concerning keeping aloof from purely local or European political problems still stood.

Department today released first paragraph your number 826, April 10, 7:00 p. m. together with following statement: "This government will be represented at the meeting of the Bureau and the General Commission as in the past."

HULL

500.A15A4/2481: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, April 12, 1934—10 a. m.

[Received April 12—9:45 a. m.]

830. 1. After conversation with Eden I am supplementing Davis' 155 April 6, 4 p. m. from London with further details.

⁹⁹ Giuseppe Motta, Swiss delegate to the General Disarmament Conference.

¹ Not printed.

2. Eden assured me with vigor and decision that any formal commitment that Great Britain made along the lines of guarantees of execution would only be against a *quid pro quo* from France in the matter of reduction with especial reference to aviation. He is fully alive to the fact that through the whole course of disarmament discussion lasting over 8 years numerous advances have been made, not only by his country but by the United States, to meet the French point of view and that as a result we had nothing tangible in the way of promises of disarmament from France. He, therefore, thought it essential that this big card should not be played except for appreciable results.

3. What the British Government is contemplating is a possible acquiescence with some modification in the proposal made by Paul-Boncour to Henderson last December² (I left a copy of this proposal with Moffat on December 28th when after consultation with him and Davis I wrote to Henderson regarding it). Eden added that what they hoped for from us in this connection was a reaffirmation of Davis' declaration of May 22 but so phrased as to apply not only to the Pact of Paris but also to the Disarmament Convention. I made no observation on this point (I only received today, April 12, your 130, April 2, 7 p. m. to London).

4. Eden then went on to say that Simon was turning over further details in his mind. Eden made clear to us that these ideas existed as yet in Simon's mind only. Simon contemplates a European subcommittee of the Permanent Disarmament Commission. In the event of a breach of the convention by a European state this subcommittee would establish the fact and notify the violator giving time for the breach to be remedied. If at the end of this period the breach still existed the European subcommittee would establish by a note that a breach had occurred within the meaning of the convention and that the pertinent penalties were applicable. Simon contemplates further that the convention or a unilateral declaration would make it plain that when the situation had developed to the point sketched above Great Britain would not act until it had consulted with the United States and until the United States had declared that it would act affirmatively under Davis' declaration of May 22.³

5. At this point in the conversation I said that of course I could only speak personally but that I felt strongly that any arrangement which specified that the action of the United States was essential and that threw the burden of decision for sanctions on the United States would be distinctly unpalatable and not practical politics with us.

² December 5, 1933; *Négociations relatives à la réduction et à la limitation des armements*, p. 11.

³ Department of State, *Press Releases*, May 27, 1933, p. 387.

6. (I feel even more strongly on this point than I felt it advisable to state to Eden without instructions. Simon's scheme would seem to me a means of making a so-called concession to France at our expense. In other words the British would agree to "automatic" action in the event of a violation and on a vote of a committee but at the same time leave to the United States a final veto or approbation of such action before they themselves became engaged. This would mean nothing less than an ultimate decision by the United States when punitive action was to be taken that should be most advantageous on the Continent of Europe.)

7. Eden also touched on the question of Germany's participation in the negotiation of a disarmament treaty. He felt strongly that Germany must be brought into the picture shortly and before any real drafting of a convention. I gained the impression from Eden that the French now have the same idea having abandoned their previous thought that a convention could be drafted without Germany. There seems no doubt that the British are keeping in very close touch with the German Government with regard to present diplomatic negotiations and presumably they will choose the proper time to try to have German demands satisfied sufficiently to bring them back to Geneva.

8. The most dispiriting thing that Eden encountered with regard to his trip was the complete unreadiness of either Germany or France to accept the other's word. This led him to speak of other difficulties. He found Hitler really disposed to draw up a convention and ready to make undertakings which Eden felt convinced Hitler would carry out. When Eden reported his conviction to his own Foreign Office however he found profound skepticism there against which he has had to struggle. He added that François-Poncet was unable to report his real convictions to his Government because he would be completely disbelieved. The atmosphere of distrust renders the negotiations infinitely more difficult.

9. I feel sure that the Department will appreciate the extremely confidential character of this message.

Cipher text to London for Davis.

WILSON

500.A15A4/2488 : Telegram (part air)

The American Delegate (Wilson) to the Secretary of State

GENEVA, April 15, 1934—8 p. m.
[Received April 17—8:30 a. m.]

832. 1. From my 830, April 12, 10 a. m. and Mr. Davis' correspondence from London the British point of view has been set before you with some thoroughness. The meeting of the Bureau together

with conversations during and subsequently thereto as well as the five power document just circulated (see my 831, April 15, 7 p. m.⁴) lead me to endeavor now to give a more general analysis of possibilities.

2. It appears that the French Government have felt that the trend of events was toward a treaty of *status quo* limitation. They were under this impression not only from the attitude of Germany and Italy but because of the increasing pressure of Beneš and the Little Entente in this direction. Until they came to the Bureau I do not believe the French had taken into sufficient account the attitude which still existed in favor of reduction of many participants in the Conference. When the French had a chance to ascertain views both within and outside of the Bureau they were surprised to find how much determination remained to achieve a measure of reduction. Unquestionably Massigli was perturbed at the decisiveness with which Eden spoke in favor of reduction and I know that the news of the note which the five powers subsequently submitted came as an additional blow to the French. To summarize, after some months in which thought was turned to a *status quo* limitation the idea of reduction has now definitely raised its head again.

3. The French delegation came to the Bureau with the expectation that a meeting of the General Commission would be called in which measures should be adopted (see my 822, March 23, 2 p. m.) which would tend either to put an end to the Conference and start afresh on another or to revise the basis on which we are working. This thought was countered by Eden's insistence on the Bureau's meeting before the General Commission since the Bureau can only act on its present terms of reference, namely, the working out of the draft plan submitted by MacDonald on March 16, 1933.^{4a} Briefly the present position seems to be as follows: The British insisting upon reduction desire to maintain their draft convention as the basis for discussion, the French, on the other hand, opposing reduction wish to change the basis for discussion from the British draft convention.

4. Quite apart from the direct negotiations now being carried on a struggle which will be ostensibly procedural but really fundamental will turn on whether the Conference will or will not adopt a new basis on which to work.

5. I feel that the time will be ripe for us at the Bureau meeting to follow up your memorandum to Lindsay⁵ and thus throw the weight of our influence in favor of reduction by marking our preference for the maintenance of the present basis of the Conference. The situation

⁴ Not printed. This telegram transmitted text of observations presented by the Danish, Spanish, Norwegian, Swedish, and Swiss delegations; see *Conference Documents*, vol. III, pp. 867-868, and Great Britain, Cmd. 4559, p. 16.

^{4a} *Conference Documents*, vol. II, pp. 476-493.

⁵ *Ante*, p. 22.

will be one in which we can take part without entering a purely European political discussion. We would take part in the discussions of a procedural matter and one which affects all participants in the Conference and all persons interested in disarmament. The memorandum of the five powers gives us a neutral platform. There is much in this document that is sympathetic to us but certain phases of it, notably their desire for a new basis for the convention, we could take exception to and thus mark visible desire that the Conference follow a path which will lead to reductions. Sandler, Foreign Minister of Sweden, said to me in the Bureau, "The only barrier now against a *status quo* treaty is the British insistence upon a *quid pro quo* for their guarantees of execution". I think Sandler has correctly analyzed the situation. The moral force of many other states that desire reduction including our own will I fear be ineffective unless the British maintain their insistence upon it. Such a course as I have sketched would give support to the British Government and public opinion in their insistence upon reduction as a *quid pro quo* for their guarantees. Furthermore, in the event that the British dropped their insistence upon reduction and eventually accorded guarantees of execution for a treaty of *status quo* limitation the fact that we had at this crucial juncture again urged reduction would make it easier at that moment if it seemed advisable to disassociate ourselves from the proceedings.

6. I noticed in the memorandum of the five powers, as no doubt you have, the inconsistency between an appeal for reduction and an advocacy of a revision of the basis of the Conference thus playing directly into French hands. Westman, Swedish Minister in Bern, appears to be largely responsible for this memorandum. I therefore questioned him in the above regard. This dangerous inconsistency had not seemed to have occurred to him. He said, however, that the four points enumerated in the memorandum are the essential portion, not the argument before it. I also gathered from Westman's statement that it was necessary to admit that the basis of the Conference had to be changed in order to gain Spanish adherence to the memorandum. I do not believe that the authors of this memorandum fully realize the danger to the thesis of reduction really dear to them which is inherent in opening the question of the basis of the Conference.

7. Without going into detail at this time what I have in mind for possible action at the Bureau meeting is a statement covering the following points:

(a) The favorable impression we have gained from the general tenor of the memorandum of the five powers and from discussion in previous Bureau [meetings?] with regard to reduction.

(b) Discuss the final section of the memorandum of the five powers with regard to the difficulties of a limitation agreement, comment to

which we subscribe, recalling the negotiation of the armaments truce in 1931.⁶

(c) Question the advisability of bringing up for decision in the General Commission the bases of the decisions of the Conference; the danger of thereby scrapping the present basis—the only tangible achievement of the Conference; suggestion that the British draft convention whose modification seems practicable in view of the British memorandum of January 29th is sufficiently comprehensive to provide framework for any necessary alteration.

(d) Statements in support of reduction.

(e) Disavowal of my [any?] desire to take a position which may jeopardize the possibility of the states of Europe making peace among themselves pending settlement.

WILSON

500.A15A4 General Committee/875

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] April 19, 1934.

The French Ambassador left with me this morning a copy of his Government's reply⁷ to the British note of March 28th on disarmament.

The Ambassador said that, in his opinion, it was drafted by Barthou, possibly with the assistance of Tardieu, but it was certain that Masigli and others had no hand in it; the Ambassador referred to it as a "strong" note, that, in view of the knowledge of the rapidity of German rearmament, there was no other alternative.

WILLIAM PHILLIPS

500.A15A4/2490 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, April 19, 1934—noon.

[Received April 19—7:28 a. m.]

833. Until we can ascertain the effect most recent French note to Great Britain it might be advisable to postpone decision on my 832 April 15, 8 p. m.

WILSON

500.A15A4/2492 : Telegram

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

LONDON, April 19, 1934—7 p. m.

[Received April 19—4:15 p. m.]

181. My 179, April 19.⁸ Strang stated this afternoon tone of French note of reply was a complete surprise to British Government

⁶ See *Foreign Relations*, 1931, vol. I, pp. 440 ff.

⁷ For English text of French note of April 17, see Great Britain, Cmd. 4559, p. 20.

⁸ Not printed.

which had as yet not been able to make known its opinion. Foreign Office aim, however, for the moment would be to maintain as unprejudiced a press as possible. Strang felt Barthou had been overruled in composing the French note of reply by Tardieu and Herriot.

Foreign Office states Henderson also is completely surprised by French note but has no leeway in the matter of the Bureau meeting. He is willing to attempt to postpone it a week, however, if thereby he can obtain the presence of M. Barthou at Geneva on the completion of latter's approaching visit to Warsaw. Foreign Office favors this suggestion of Henderson and also believes that Bureau meeting must thresh out the aims and agenda of the May Council meeting.

Repeated to Geneva.

BINGHAM

500.A15A4 General Committee/878: Telegram

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

PARIS, April 20, 1934—3 p. m.

[Received 3:50 p. m.]

308. Conversations the last 2 days between members of the Embassy staff and officials of the French Government including Barthou, Jean Paul-Boncour, Comert¹⁰ and others confirm that the French note of April 17th on disarmament marks a fundamental change in the French policy. Barthou stressed that the note was to be taken not as a gesture but as a final decision. Paul-Boncour explained that the French Government now had laid its cards squarely on the table in the belief that the stiff barriers used in the note was perhaps under the present circumstance the "best language to use towards Germany today". Comert whose sympathies are inclined to be on the left declared that after the German reply¹¹ to the British demand for removing increased military estimates no other course was possible.

According to a most reliable account Barthou up to the very eve of the Cabinet meeting on Tuesday held his ground for a reply and along the lines of a limitation convention backed by adequate guarantees and involving a certain measure of German rearmament. Late Monday night he was informed that Doumergue had decided to support Tardieu,

¹⁰ Pierre Comert, Chief of Press and Information Service, French Foreign Office.

¹¹ Dated April 11, 1934; for French text, see *Négociations relatives à la réduction et à la limitation des armements*, p. 66.

Herriot and Petain in a demand for complete break in the negotiations and a rejection of the British plan as the basis for agreement on the grounds that the Government could not stand on any other basis. Early Tuesday morning he drafted an alternative note in consultation with Doumergue which he produced in Cabinet after his original draft had been rejected and which formed the basis of the note actually sent.

In the French view the next step will be a full dress meeting of the General Commission in Geneva where the whole question of German rearmament will be aired. The French would like the General Commission to register the fact that in view of Germany's disregard of the conditions of the peace treaty and its headlong race for armaments no disarmament is any longer possible, instead the nations must seek means to protect themselves through security agreements and a chain of mutual guarantees. There seems to be some doubt in the French mind as to just when the Bureau and the General Commission of the Conference should meet. The view appears to be gaining ground that the date of the Bureau should be adjourned from April 30 to about May 5 and the date of the General Commission advanced to approximately the same time. Evidently the Bureau which was to draft a new basis of convention now will have no role to play but to summon the General Commission. The latter will serve primarily as a platform from which to arraign the Reich.

The Government's action clearly has the full support of parliamentary, press and public opinion. The only notable exceptions are on the young radical and socialist left. Jacques Kayser who from time to time during the Conference was connected with the French disarmament delegation states in today's *La République* that the abandonment by the Doumergue government as a result of reactionary pressure of the traditional diplomatic line renders a security agreement with Germany more remote than ever and paves the way for an armaments race. He says in substance that France was confronted with the two halves of an alternative, either to negotiate a treaty providing for limited disarmament, limited security and a limited and controlled rearmament of Germany or to make formal proposals to England for common action to punish Germany for its defiance of the peace treaty. France has thrown down the convention without proposing common action. This is ridiculous and not diplomacy, Kayser concludes. With this single exception, however, and a protest from the socialists the press is unanimous in commending the Government and approving the text and tenor of its note.

Mailed Rome, Geneva, Berlin, London, Brussels.

STRAUS

500.A15A4 General Committee/877: Telegram

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

ROME, April 20, 1934—5 p. m.

[Received April 20—3:05 p. m.]

78. My telegram No. 76 [75], April 19, noon.¹² The Italian Government is terribly disappointed at the French note to England. Suvich said today Italy had been led by France to entertain considerable optimism in regard to the French attitude and they are stunned at the text. He said they had information to the effect that Tardieu has been the official responsible for the change in the French attitude and that he had practically dictated the French reply. He also said that Tardieu did not understand conditions in Germany and based his idea of French policy upon the misconception that the Hitler regime was to be short-lived.

Suvich said the French note left the following alternatives: (1) To abstain from attending the Geneva meeting; or (2) to attend the Geneva meeting which was foredoomed to failure in the absence of Germans for the reason that if there should come out of Geneva any agreement signed by the attending powers those powers would be bound by it but Germany would not be bound and Italy could not subscribe to bind herself unless Germany should be bound. He said Italy would attend but had no hope of accomplishing anything.

Suvich leaves tomorrow for London and will stop on his way a few hours in Paris where he will talk to Doumergue in the absence of Barthou and will try to obtain some modifications of the French position. However, he does not expect to succeed. In London he will get the reaction of the British Government and possibly seek circumstances under which cooperation on some plan to [may?] be mutually agreed upon to bring some pressure upon France to change her attitude.

Suvich thinks it a great mistake to meet in Geneva without Germany and is equally of the opinion that Germany would not attend a meeting under the circumstances that now exist. In short it is apparent that Italy expects France to remain obdurate, Germany to abstain from Geneva, and the Geneva meeting to be either adjourned to a date in the distant future which would mean the end of the Conference or a frank public acknowledgment of failure. This would be followed by a race for armament. Above repeated to Paris and London and mailed to Berlin and Geneva.

While Suvich made no secret of his extreme anxiety and indicated an entire lack of program except such as indicated above it was apparent that they are considering the possibility of a meeting of the

¹² Not printed.

heads of the four interested Governments to be held either in Rome or in London, preferably in Rome. He placed Paris and Berlin as out of the range of possibilities because of the disinclination of either one of those Governments to go to the seat of the other. Such a meeting would be held after Geneva in a last effort to get some kind of agreement, even if it be to maintain the *status quo* in armament.

LONG

862.24/124

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] April 20, 1934.

The German Ambassador spoke to me at length this morning regarding the recent French note to the British Government on disarmament and said that to him it was wholly incomprehensible; the Ambassador then went on to develop the following points:

1. The naval program provided in the budget was purely and simply a replacement program; there was nothing contemplated which conflicted in any way with the Versailles Treaty.

2. The budget contemplated for the army was in pursuance of the so-called British plan of changing the present army of 100,000 to the new system which had already been approved by the British and Italian Governments and in principle by the French Government itself; as a large number of men were contemplated under the new army program, it was necessary not only to provide for their new equipment, but also new quarters; he insisted that there were no new types of armament contemplated.

3. The budget for aerial development was limited to the construction of defense guns and a few aviation fields; the program of defense material had been held in abeyance for years, in the hope that the neighbors of Germany would reduce their combat planes, but now that the contrary was the case, it was necessary to reassure the people of Germany that their safety was being cared for by the provision of such defensive measures as anti-aircraft guns.

The Ambassador was completely at sea with regard to the French objections to airdrome construction in the demilitarized zone; already there were several airports in this region; he mentioned a number of them with which he was personally familiar—at Coblenz and at Dusseldorf, etc.; they were used for purely civil flights and had been in use for a long time; with the development of passenger flights it was necessary to add to the numbers of landing fields—a construction which was being carried out on a broad scale in the United States and most other countries; there was no provision in the budget for

the development of new planes or for the bringing up to date of old planes, for example, by substituting a three-motor plane for a one-motor plane; this remodeling and bringing up to date planes for commercial purposes and for defensive purposes was something which the German Government had in mind, but which, according to my understanding of the Ambassador's conversation, had not been provided for in the budget to which the French were taking such exception.

I thanked the Ambassador for giving me his view point on the French note and said that I would be glad to have whatever figures he cared to give me in writing on the points which he had just stressed, which he said he would gladly do.

WILLIAM PHILLIPS

500.A15A4 General Committee/886

The German Ambassador (Luther) to the Secretary of State

WASHINGTON, April 21, 1934.

MY DEAR MR. SECRETARY: In compliance with your wish for a written confirmation of the oral statements on the German budget which I made during our conversation yesterday, I deem it best to send you herewith a copy of the cable which I received, as I mentioned, from the Foreign Office, bearing on the subject, together with an English translation.

With respect to the funds asked for in the budget estimates for the transformation of the German Reichswehr into an army of short-term service—a transformation which was demanded by France herself—I wish to confirm that the inclusion of the items in the budget estimates means the setting aside of the funds in question, but—according to statements received from the Foreign Office—does, of course, not imply that these amounts will actually be spent. In view of the fact that the course of the disarmament negotiations had permitted hope that a settlement of the disarmament question could be expected before long, it was, for the pursuance of an orderly budgetary policy, not feasible to leave the expenditures required by the transformation without consideration. To give some more detail about the use of these funds, I should like to emphasize the fact that, according to the Versailles Treaty, all barracks not used for the housing of the Army of 100,000 men, had to be razed to the ground or reconstructed for civil purposes, so that now a considerable amount is needed for buildings.

Furthermore, I repeat no funds whatever are asked for in the German budget for military airplanes the demand of which was made in

the note of the German Government addressed on April 16th to the British Government.¹³

Supplementing my statements made yesterday, I may add that the total increase of the estimated expenditures for the army and navy as compared with the preceding year amounts to about 220 million Reichsmark (less than one hundred million dollars), according to official figures which I received in the meantime.

Believe me [etc.]

LUTHER

[Enclosure—Translation]

The budget plan of the Reich for the budgetary year 1934/1935, published a few days ago, is frequently misinterpreted in the international press, together with unfounded attacks upon Germany. The budget for the army has been balanced with the amount of 654,6 millions in expenditure which, as compared to last year's budget signifies an increase of 172 millions. The increased expenditures are necessary for the preparations in connection with reconstruction of the army, provided for in the budgetary year 1934/35, resulting from the situation which followed negotiations concerning the disarmament question. The expenditures of the naval budget amount to 236 millions, an increase of 50 millions, as compared to the preceding year. These increased expenditures are substantiated by the greater costs of a systematical replacement of our ships material which has long since become inadequate, the replacement of which, if only for the security of the crew, can no longer be delayed. The budget of the Ministry for Aeronautics can not be regarded as an armament budget. It is divided into an air-service and air-protection budget. The expenditures of the air-service budget amount to approximately 160 millions. This sum is required for the replacement of old airplanes of the private air transport line (*Lufthansa*)—which, as in other countries, is subsidized—the substitution of one-motor planes by two- or three-motor planes, the introduction of long-distance flights also in winter and increased night service, which require greater flying safety, development of the lighting and the radio-telegraphic hearing system. Besides, the increase is required for the furtherance of overseas air service and scientific research in the field of aircraft. The expenditures for air protection, for which in the preceding year only 1½ millions were provided, amount to 50 millions. These funds are needed for the almost complete re-establishment of an organization for the protection of the population against air attacks, which includes the building of shell- and gas-proof

¹³ Great Britain, Cmd. 4559, p. 18.

cellars, the training of troops to fight poison gas attacks, the improvement of the means for fire-extinguishing, training of special troops for warning, restoration, disinfection, etc.

500.A15A4 Steering Committee/417: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, April 23, 1934—7 p. m.

[Received April 23—3 p. m.]

834. My 826, April 10, 7 p. m. The following communication from the President of the Conference to the members of the Bureau has just been received:

“Referring to the decision taken by the Bureau on April 10th in respect of the meetings of the Bureau and of the General Commission, respectively, on April 30th and May 23rd the President of the Conference has the honor to inform the members of the Bureau that in view of recent developments it has been considered that no useful purpose could be achieved by the Bureau meeting at the date referred to above.

It has also been suggested that if any meeting of the Bureau be considered necessary it should be held on the eve of the meeting of the General Commission or even on the same day.

The President would be grateful to the members of the Bureau if they could let him know by telegraph (addressed to the League of Nations Secretariat in Geneva) if they would agree to hold the meeting of the Bureau at 10:30 in the morning of May 29 and the meeting of the General Commission in the afternoon of the same day.

The suggested change as regards the date of the meeting of the General Commission will make it possible for certain delegates to attend the meeting in person which they would be prevented from doing if the date of the 23rd were adhered to.”

I understand that Henderson is making this suggestion after consultation with various governments.

Please instruct.

WILSON

500.A15A4 General Committee/883: Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, April 25, 1934—7 p. m.

411. Your 834, April 23, 7 p. m. You may address a communication to Henderson informing him that the proposed change in the dates for the convening of the Bureau and the General Commission are satisfactory to this Government.

HULL

500.A15A4 General Committee/893

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] May 1, 1934.

The Italian Ambassador¹⁴ came to see me this afternoon and read me a telegram of information which he had received from Mussolini this morning. It recounted the impressions picked up by Suvich on his recent trip to Paris, London and Brussels. Suvich had become convinced that there was no possibility of usefully initiating any talks before the meeting of May 29th, as the private and parallel effort of direct conversations had definitely failed. In the interim Italy would take no initiative. However, she could not help feeling that if the conference met under present circumstances it could only result in an inevitable liquidation of the disarmament effort with visible and invisible "grave consequences". In the best of conditions, and realizing that Germany was not present, all that the General Commission could do would be to recognize that the present method offered no path out. In that case, both the Disarmament Conference and the League of Nations would suffer diminished prestige. The implication of the message was that the time would come when with judicious preparation the Italian plan could be acceptable as the ultimate solution but meanwhile they foresaw new difficulties and little cause for optimism.

I told the Ambassador that Mr. Davis had returned pretty discouraged but not hopeless and outlined some of his general views. The Ambassador said that if the decision of the Conference was to wind up—and he clearly thought that such would be its ultimate decision—it would have to be done with great skill and care so as not to precipitate a crisis or make the situation in Europe any worse. I told him that we must also bear in mind Henderson's ever-pending threat to resign in case he felt that the Powers were abandoning any real effort to achieve disarmament. We had heard nothing about Henderson's plans for some time, but inferred that he might eventually wish to provoke a crisis by requesting each nation to set forth the ultimate limit of its concessions. In this way it might be found that the points of divergence were not as great as we had feared or if not that the eventual resumption of efforts to disarm would start from the basis of these final statements and not from the positions taken under various contingencies during the past two and one-half years.

¹⁴ Augusto Rosso.

The Ambassador continued to feel that the outlook was pretty gloomy.

PIERREPONT MOFFAT

500.A15A4/2510 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, May 2, 1934—1 p. m.

[Received May 2—10:15 a. m.]

835. 1. Aghnides informs me that Henderson telephoned yesterday from London stating that he desired to proceed to Paris immediately to discuss disarmament in his capacity as *rapporteur* for security questions. When so informed the French showed no enthusiasm but finally authorized Aghnides to say that they would be delighted to receive Henderson when Barthou had cleared up some pressing matters and that they would notify Henderson later through the French Embassy in London.

2. In the course of the telephone conversation Henderson informed Aghnides that he had just talked with Simon and had urged him to make the French a generous offer in respect to guarantees. Sir John replied that his Government was desirous of doing its utmost in that connection but that the difficulty was with the United States and the Dominions. After some discussion on this point Henderson requested Aghnides to try to induce the American delegation to consider the possibility of the assimilation of Mr. Davis' declaration of May 22nd¹⁵ to a disarmament convention.

3. Bearing in mind your 130, April 2, 7 p. m. to Norman Davis in London I spoke to Aghnides guardedly and in a personal capacity to the effect that I questioned whether the present disarmament situation was sufficiently tangible to put up the question to my Government as I thought we were dealing with the hypothetical rather than the real. I expressed the personal opinion that Davis' declaration was satisfactorily comprehensive since any breach of the convention with which we would be willing to concern ourselves would be in all probability so substantial and serious as to constitute a "threat of a breach" to the Kellogg Pact.

4. I gained the clear impression that Aghnides as well as Avenol felt that the situation should crystalize considerably further in Europe before Henderson should talk with the French or before any questions regarding security were put up to the United States.

WILSON

¹⁵ Department of State, *Press Releases*, May 27, 1933, p. 387.

500.A15A4 General Committee/888 : Telegram

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

ROME, May 2, 1934—7 p. m.
[Received May 2—4: 53 p. m.]

84. I saw Suvich this evening. He has recently returned from London via Brussels. He sees the condition as unchanged since my 78, April 20, 5 p. m. He reports that in Paris he had long conversations with Doumergue but was unable to make any impression on the French to change their attitude and said he really did not entirely understand their attitude unless it was due to internal political pressure. Suvich said in London they agreed to bring whatever pressure they could upon France but that England agreed with Italy that the meeting at Geneva would be futile because of the absence of Germany and that they were sure that Germany would not accept an arrangement made in their absence and put up to them for signature. He thinks the only possibility is to continue intergovernmental conversations after the adjournment at Geneva.

Suvich said that in Brussels there was more pessimism than in either of the other countries and that Belgium felt the psychological moment for an arrangement with Germany had passed when Germany agreed to take certain armament [limitations?] and indicated acceptance of other terms. He said that Belgium today foresaw the race in armaments and eventual conflict. The visit of Barthou to Rome as reported in the press is without foundation and Suvich thinks it would be inopportune at the present time.

The Italians have no plan except to continue conversations after the adjournment of an unsuccessful meeting at Geneva.

By mail to Paris, London, Berlin, Geneva, Tirana.

LONG

500.A15A4 General Committee/913

Memorandum by the Under Secretary of State (Phillips) to the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] May 8, 1934.

1. The President desires Mr. Norman Davis to go back to Geneva for the assembling of the Disarmament Conference on the 29th and to present an expression of the views of this Government.

2. I showed the President Ambassador Bingham's personal telegram for [from] Norman Davis, No. 180 of May 4.¹⁶ In view of this telegram, which he had not seen, the President feels we have done all we can towards meeting the British at the present time.

WILLIAM PHILLIPS

¹⁶ Post, p. 234.

500.A15A4 General Committee/914

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] May 9, 1934.

I telephoned Mr. Davis and told him:

(1) The President wanted him to go back to Geneva for the meeting of the General Commission on May 29. Mr. Davis said that he was agreeable, but would prefer to sail on May 20, which was a foreign boat, rather than on May 23, which would bring him in after the meeting itself. He would not be able to sail on May 16, the previous sailing of an American ship.

(2) The President felt that we had approached the British as far as we could properly do in connection with the naval talks. In view of their lack of response, we must let the matter rest where it is. Mr. Davis agreed. He asked if I would get in touch with the Navy Department and tell them that owing to the complexities of the political situation in Europe and the Far East, it might be that Britain would not initiate the naval talks that we had anticipated. In that event, they would be postponed until Great Britain made the move. The Navy should remain ready, however, as, if Britain should come across, we would then be prepared to move quickly. If no message is received before Mr. Davis sails, he will, of course, not take Admiral Leigh or Commander Wilkinson with him.

(3) The President wanted to talk over with Norman Davis again before he sailed certain suggestions with regard to German re-armament. It was left that if the White House wanted to see him at any fixed time they would set the date; otherwise, he would come down shortly before sailing.

PIERREPONT MOFFAT

500.A15A4 General Committee/903: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, May 12, 1934—1 p. m.

[Received May 12—9:50 a. m.]

836. 1. Aghnides has just returned from Paris where he accompanied Henderson in the latter's interview with Barthou. Léger,¹⁸ Massigli and others were present.

2. Aghnides said that Henderson advanced the idea of an adjournment of the General Commission but that Barthou replied that he thought the meeting should be carried through as scheduled although he was unable now to inform Henderson of what he hoped to ac-

¹⁸ Alexis Léger, Secretary General, French Foreign Office.

comply in the meeting. Barthou continued by saying that the French note of April 17th¹⁹ represented exactly their present position but insisted that this note left the door open. Barthou added that before the meeting with Henderson the French Cabinet had held a meeting and that he was authorized to state in the name of the Cabinet that France would accept no reduction. He further stated that in his opinion no subsequent French Government would accept a convention embodying reduction in view of German re-armament.

3. Aghnides is under the impression that the French are very sure of the rightness of their policy, that they will take no initiative even at the risk of not having a disarmament convention. He thinks that the French attitude is based partly at least on the idea that things are becoming progressively worse in Germany both from an economic and internal political standpoint.

4. As to what will probably take place in the meeting of the General Commission, although rumors are current, opinion has not yet solidified and I hope to be in a better position to report on this toward the middle of next week after the representatives of the various states have met during the Council.

Mailed Rome, Paris, London, Berlin.

WILSON

II. MEETING OF THE BUREAU AND GENERAL COMMISSION, MAY 16—JUNE 12, 1934

500.A15A4 General Committee/905: Telegram

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

GENEVA, May 16, 1934—midnight.
[Received May 16—10:50 p. m.]

838. Definite estimate as to what will take place in the General Commission on May 29th is still premature. Nevertheless an idea which appears to have been advanced by Avenol²⁰ seems to be gaining adherence. The suggestion is to pass a resolution that under present conditions the Disarmament Conference cannot carry out its mandate and that therefore the problem is returned to the Council of the League of Nations which called the Conference into being. The decision as to subsequent work would of course rest with the Council but it has been suggested that the Council might create a small committee including the Great Powers which should carry on the work of disarmament perhaps on a new basis not strictly connected with the League of Nations.

¹⁹ *Négociations relatives à la réduction et à la limitation des armements*, p. 72; for English text, see Great Britain, Cmd. 4559, p. 20.

²⁰ Joseph Avenol, Secretary General of the League of Nations.

While I have found many delegates who are deeply disappointed at the probability of such termination of the Conference I have found none who are willing to oppose it nor who have constructive alternatives to offer. However, Henderson,²¹ having heard the rumor in London, telephoned Aghnides²² today that he was opposed to such procedure and requested Aghnides to oppose it, apparently desiring to continue the Conference.

2. Avenol's primary reason for advancing the suggestion appears to be concern for the future of the League of Nations. He is convinced that the Conference cannot succeed in its present form; that in public opinion the fate of the League is tied to the fate of the Disarmament Conference. Therefore the sooner the League is disembarrassed of this burden the sooner it can prove that it has vitality for other purposes.

3. Barthou²³ has taken the position that he can express no opinion as to his plans for the General Commission until he has consulted the Chamber of Deputies and the Cabinet. Massigli,²⁴ however, speaking personally, favors the idea of the return of the problem to the Council. Acquiescence to this procedure was expressed by Eden,²⁵ Aloisi,²⁶ Westman,²⁷ Bourquin²⁸ and others. Nevertheless Eden made it clear that his Government had taken no decision.

4. One factor may enter the discussions which will affect their outcome. Aloisi tells me in strict confidence that he has reason to believe that Litvinoff,²⁹ who will attend the Bureau and the General Commission will propose: (a), return of the problem to the Council; (b), the drafting of a pact of mutual assistance; (c), that disarmament having failed as a world problem security should be sought on a regional basis and that the European states should undertake the task of working out security among themselves. If this indication as to Russia's attitude is true it will simplify the security problem for France since Russia has previously refused to consider guarantees locally. Russia's insistence that guarantees should be universal has involved their Siberian possessions and the risk of trouble with Japan.

²¹ Arthur Henderson, President of the General Disarmament Conference.

²² Thanassis Aghnides, Director, Disarmament Section, League of Nations.

²³ Jean Louis Barthou, French Minister for Foreign Affairs; Chairman of the French delegation to the Disarmament Conference.

²⁴ René Massigli, member of the French delegation to the Disarmament Conference; Assistant Director of Political Affairs in charge of League of Nations Section, French Ministry of Foreign Affairs.

²⁵ Anthony Eden, member of the British delegation to the Disarmament Conference; Lord Privy Seal.

²⁶ Baron Pompeo Aloisi, Chairman of the Italian delegation to the Disarmament Conference.

²⁷ K. I. Westman, member of the Swedish delegation to the Disarmament Conference.

²⁸ Maurice Bourquin, member of the Belgian delegation to the Disarmament Conference.

²⁹ Maxim Litvinov, Chairman of the Soviet delegation to the Disarmament Conference; People's Commissar for Foreign Affairs.

Apparently the scheme is to be worked out by special agreements binding Russia and the Baltic States on the one hand and France and the Little Entente on the other hand. This conception seems to harmonize with the vigorous endeavors which France is making to bring about the greatest measure of encirclement of Germany going so far as to try to enlist Greece behind them. They have apparently had some success with Turkey but not with Greece. Massigli, while not giving me the identical story, nevertheless hinted at some such possibility in discussing the problem of Russia and the League.

5. There is considerable apprehension felt here lest the meeting of the General Commission turn into an arraignment of Germany and indeed this is a possibility. The French hope that they can ascertain at the meeting of the Bureau on the 28th the position of the various powers and the position which Henderson himself will take since the necessity for a French arraignment of Germany by France in the General Commission will depend on what turn the debate in the General Commission may take. I gained the impression that at the present moment the French have not determined that an arraignment of Germany is expedient.

6. Barthou had luncheon today at the Anglo-American Press Association and gave the correspondents an impression of optimism regarding disarmament based upon certain negotiations now in hand and which he considered would be prejudiced by premature publicity. I questioned Massigli regarding this and was told by him that there was nothing at the moment in the way of negotiations; that Barthou desired some form of convention; that he had not given up hope of a convention and his optimism was based on the possibility that the General Commission would return the matter to the Council where the work would continue and might have better hope of success.

7. The representatives with whom I have talked have been preoccupied with European aspects of the problem. There has been no discussion of the position of the United States.

WILSON

500.A15A4 General Committee/906 : Telegram

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

LONDON, May 17, 1934—5 p. m.
[Received May 17—2:20 p. m.]

259. Personal for the Secretary and Norman Davis. I had intended cabling you next week but your telegram No. 198, May 16, 5 p. m.³⁰

³⁰ Not printed. Besides announcing the departure of Mr. Davis for the meetings of the Bureau and General Commission, this instruction carried Davis' requests that Henderson be informed of his willingness "to help in every possible way", and that Simon and Eden should be notified informally. (500.A15A4 Personnel/1332)

impels me to give you my strictly personal views before the departure of Norman Davis. I am in full accord with your decision that Davis attend the General Commission meeting but I cannot conceive this will be more than the completion of funeral arrangements for an attempted European disarmament convention in which for some time we could play no more than a sympathetic and listening part. As I see it, since no acceptable sanctions are possible the French policy for no convention will prevail, and an armament race will confront Europe. According to this French thesis, all nations rearming against Germany will automatically therefore become the allies of France. Germany for her part will have equality of status though not equality of armament and Hitler will be faced with the economic consequences to his home programs, of obtaining what amounts to complete freedom of rearmament. Evidence of his concern is Ribbentrop's³¹ recent visit to London. This Government here is seriously worried over this Geneva situation, for besides obvious reasons there is the one that the Cabinet will find it difficult to explain to that great element in Great Britain desiring international cooperation for peace, the failure to achieve a convention. The Cabinet is therefore attempting to work out, I believe, a European air agreement with sanctions. However, in any case, the fact will become increasingly evident that since two powers, Germany and Japan as well, have refused to play their part in a collective world, we revert to the old thesis of international relations where wealth and might are right. In a world situation based on equitable settlement the United States will stand preeminent, and the British Cabinet in taking stock of its position will find itself, with Germany on the one hand and Japan on the other, unable to complete a real limitation convention at Geneva, and with only a policy of temporary expediency in the Far East (see Embassy's despatch No. 686, May 7, 1934³²). The Cabinet must also face a large body of opinion in England sympathetic to the League of Nations. This body also is included in a larger and more powerful form and more strongly pointing out the desirability of close cooperation with the United States. This opinion will have to be met by the British Cabinet but a strong part of officialdom are not prepared for any discussions with us as yet. For the moment allegedly, they think that if competitive armament must be a cloud over economic recovery in Europe, then any further competitive armament should indeed be an equal cloud over economic progress in Japan. These economic factors can be cited as reasons whereby before too long Germany and Japan of their own volition will seek to reopen international discussions.

If you agree with the above considerations this is certainly not the moment for us to make any further gesture towards members of the

³¹ Joachim von Ribbentrop, German Special Commissioner for Disarmament.

³² Vol. III, p. 165.

present British Government. We can well afford to wait until they ring our door bell, hat in hand. I feel so strongly on this point that I should even prefer not to inform either Henderson, Simon or Eden in the sense of your 198, May 16, 5 p. m. Eden is in Geneva until Saturday and could be casually advised by Wilson in such a sense as you may desire.

Please understand once these views of mine are before you I only await your instructions as to any future procedure.

BINGHAM

500.A15A4 General Committee/907 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, May 18, 1934—4 p. m.

[Received May 18—11:55 a. m.]

839. Litvinoff reached Geneva today after having arranged for an appointment with Barthou for this afternoon. The visit was a complete surprise to the public and is causing considerable speculation. I learn from reliable sources both in Paris and from the French delegation here that Litvinoff has in mind to discuss disarmament problems, primarily security matters, along the lines of the proposal made by Stein³³ in the Bureau on April 10 (see minutes for that date). The French are also aware of fact which Aloisi intimated (see paragraph 4 my 838, May 16, midnight) that Litvinoff is now willing to discuss security from a European as well as a universal point of view. The French attach great importance to this factor.

WILSON

500.A15A4 General Committee/911 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, May 23, 1934—5 p. m.

414. Among the questions which must be decided by the General Commission is the action to be taken on the matters which it referred to its Committee for the Regulation of the Trade in and the Private and State Manufacture of Arms and Implements of War. I am hopeful that some definite action may be taken as a result of the deliberations of that Committee.

Please telegraph fully:

(a) A summary of any developments which may have occurred in this connection since Annex No. IV of Document Bureau 55;³⁴

³³ Boris Efimovitch Stein, member of the Soviet delegation to the Disarmament Conference; Minister to Finland.

³⁴ Entitled: "Report to the President of the Conference on the Progress of the Work Regarding the Regulation of the Private and State Manufacture of and the International Trade in Arms", *Conference Documents*, vol. III, p. 881.

- (b) The summary of a program on which, in your opinion, it may be possible to obtain substantial agreement at this time;
- (c) Your recommendations as to the position which the American Delegation should adopt with reference to this question.

Please repeat your telegram to Davis in Paris with a view to possible strengthening of the pertinent sections of his speech.

HULL

500.A15A4 General Committee/912: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, May 24, 1934—1 p. m.

[Received May 24—10 a. m.]

840. Your 414 May 23, 5 p. m.

(a) No further developments.

(b) Subject to a general reservation by Italy a maximum attainable program appears possible which provides for a national licensing system for manufacture of arms together with full publicity of licenses issued coupled with a control of export in arms along the lines provided in 1925 convention.³⁵ It is contemplated that publicity shall be concentrated in the hands of some central international body. In any negotiations in this respect it must be anticipated that France, the Little Entente and Spain will press for the inclusion of some sort of quota restriction as envisaged by the French amendment³⁶ to the British draft. Even this program, however, will be jeopardized by the absence of Germany and this political factor must be given due consideration.

However, the foregoing is based upon views which have been expressed in consideration of the control of manufacture of and traffic in arms being a portion of a general disarmament convention and I cannot predict with certainty whether the same positions would be taken in default of a general convention.

(c) Before submitting recommendations it would be essential to understand whether the Government of the United States has in mind favoring or proposing a separate convention on regulation of manufacture and trade in arms if no general convention is realizable. The recommendations which I would care to submit would be predicated on knowledge of this fact. It is obvious that if there is a general convention embodying a substantial reduction we could go further in the

³⁵ Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva, June 17, 1925, *Foreign Relations*, 1925, vol. I, p. 61.

For correspondence concerning efforts to secure ratification of this convention by the United States, see pp. 449 ff.

³⁶ *Minutes of the General Commission*, vol. II, p. 591.

control of manufacture of and trade in arms than in the event of a treaty limited to this particular aspect of armament. Further, it would be useful to know the pertinent portions of Mr. Davis' contemplated speech in order to recommend helpfully.

Copy to Paris.

WILSON

500.A15A4 General Committee/915 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, May 24, 1934—5 p. m.

415. Your 840, May 24, 1 p. m. Although I am still hopeful that it may be possible to negotiate a General Disarmament Convention in which provisions for the supervision and control of the manufacture of and trade in arms may be incorporated, nevertheless if that proves impossible this Government would be prepared to enter into a separate convention on this subject. Public opinion in this country has been so aroused in regard to the evils arising from the uncontrolled private manufacture of and international traffic in arms, and this aroused public opinion appears to be reflected in Congress³⁷ to such a degree that we would now be prepared to go as far without a General Disarmament Convention as we were prepared to go last year on condition that such a convention were negotiated. We still maintain, however, the position set forth in 1 (b) of telegram No. 356 of June 17, 1933, 10 a. m.,³⁸ in regard to the French proposal to establish quota restrictions.

Suggest that you discuss this matter by telephone at your earliest opportunity with Davis.

HULL

500.A15A4 General Committee/917 : Telegram

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

WASHINGTON, May 24, 1934—5 p. m.

204. For Norman Davis. I cannot help feeling that it might be possible for you to elaborate paragraph 9 of your proposed speech³⁹ in which you deal with the traffic in arms. With this in view, I cabled Wilson asking him to telegraph me and repeat to you in Paris (a) a summary of any developments which may have occurred in this connection since Annex No. IV of Document Bureau 55; (b) the summary of a program on which, in his opinion, it may be possible to obtain

³⁷ For correspondence relating to the congressional investigation of the munitions industry, see pp. 427 ff.

³⁸ *Foreign Relations*, 1933, vol. I, p. 195.

³⁹ Delivered May 29, 1934, before the General Commission; for text, see p. 79.

substantial agreement at this time; (c) his recommendations as to the position which the American Delegation should adopt with reference to this question. Having received Wilson's reply, I am now telegraphing⁴⁰ him setting forth my views and suggesting that he get into touch with you by telephone.

If after consultation with Wilson you desire either to re-write paragraph 9 or to prepare an insert, please telegraph text as early as possible.

HULL

500.A15A4/2537

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 25, 1934.

The Belgian Ambassador⁴¹ gave me today the substance of the conversation between the President and M. Francqui⁴² on the occasion of the luncheon at the White House on May 16th in M. Francqui's honor.

The President opened the conversation by asking M. Francqui his views regarding the German situation, to which M. Francqui replied that, in his opinion, an economic crisis was fast approaching, etc. etc.

The President then explained his position with respect to the Disarmament Conference; that there should be a given period of years in which gradual disarmament should become effective; that during this period there should be automatic commissions of inspection and that if Germany should refuse to take part sanctions should be applied in the nature of a boycott against the purchase of any German goods; while Germany should be permitted to buy as much as she pleased from abroad; the President felt that any such concerted movement would quickly bring Germany to terms.⁴³

M. Francqui asked the President whether the American people would be willing to support a movement of this nature, to which the President promptly replied in the affirmative.

It is evident that the President's commitment in this respect has made a great impression on Ambassador May, who has undoubtedly reported it to his Government.

WILLIAM PHILLIPS

⁴⁰ *Supra.*

⁴¹ Paul May.

⁴² Emile Francqui, head of the special Belgian mission to the United States to announce the accession to the throne of Leopold III, King of the Belgians.

⁴³ No further record of this proposal by President Roosevelt for the use of sanctions has been found in the files of the Department. For similar suggestion on October 22, 1934, see memorandum from the Under Secretary of State to the Chief of the Division of Western European Affairs, p. 170; see also memorandum of October 23 from the Chief of the Division of Western European Affairs to the Under Secretary of State, p. 170 and footnote.

500.A15A4 General Committee/921 : Telegram

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

PARIS, May 26, 1934—7 p. m.
[Received May 26—5: 15 p. m.]

392. From Norman Davis.

1. In about an hour's conversation this afternoon with Barthou he reiterated the position outlined by the French note of April 17th,⁴⁴ and reaffirmed the statements that he had made yesterday afternoon in the Chamber of Deputies, with particular emphasis on the fact that none of the statements closed the door to negotiations for disarmament but merely made clear the impossibility of accepting or legalizing in any way rearmament. He said that he was going to Geneva with hope that something could be done and that he had received information that since the note of April 17 the attitude of England had moderated and that even in Germany there was a slightly better disposition. He said that the point of view of the French Government represented the unanimous opinion of the Cabinet which meant that it represented the opinion, beginning with Marzp [*Marin?*],⁴⁵ on the extreme right through Marquet,⁴⁶ the Neo-Socialist, which was consistent with all French policy on disarmament and that it did not cancel any of the offers which France had ever made towards disarmament, in particular Paul-Boncour's note of January first⁴⁷ which set forth the actual steps in disarmament which France would be willing to take in return for adequate security.

2. With regard to procedure at Geneva Monsieur Barthou said that he did not have any calculations as to how it would work out. But should the General Commission fail to make any progress he felt that it could appropriately return its mandate to the Council of the League which had given it and that it would then be up to the Council to find a way of continuing the work, although it would be no more confined in any new effort to states members of the Council than it had been in setting up the Disarmament Conference.

3. I told him this would raise difficulties for the United States and he said that he had been for 4 years Chief of the Reparation Commission on which the United States had collaborated without being a member and so he knew how such things could be worked out in practice.

4. As for Russia, which would be faced with the same problem, he felt it would be essential to associate it perhaps more closely as prob-

⁴⁴ *Négociations relatives à la réduction et à la limitation des armements*, p. 72; for English text, see Great Britain, Cmd. 4559, p. 20.

⁴⁵ Louis Marin, Minister of Public Health.

⁴⁶ Adrien Marquet, Minister of Labor.

⁴⁷ *Négociations relatives à la réduction et à la limitation des armements*, p. 19; for English text, see Great Britain, Cmd. 4512, p. 3.

ably the principal task of any such new organization would be to attempt to organize the peace of Europe through an interlocking system of regional European conventions. He said that he was at work at the present, actively with M. Litvinoff and Rosenberg⁴⁸ on a draft of an Eastern Locarno destined to include Russia, Germany, France, the Baltic States, Poland and Czechoslovakia.⁴⁹ He had discussed this project in his late visits to Warsaw and Prague. Should this succeed it would be complemented by a Mediterranean Locarno attached to the Balkan Pact,⁵⁰ and including Italy, Turkey, Greece, Spain and France to which England would be impressed upon to give a kind of moral support in view of its control of the Straits.

5. I told him that I was glad to learn from him that France has not changed her position as to the desirability of disarmament and that she is still prepared to agree upon disarmament if it is possible to achieve it in accordance with the conditions which she previously indicated.

6. I also told him that about a year ago we were given to understand that Europe could organize for peace and agree upon disarmament provided there were some assurance that the United States would not interfere with legitimate measures that might be taken by the European powers to enforce peace, and that the statement which I made in Geneva last May⁵¹ as to the policy which the United States would adopt under certain circumstances was all that could be expected of us and would be sufficient to enable them to get together. In Simon's last speech, however, he seemed to indicate that Great Britain will not join states in economic sanctions without the definite cooperation of the United States. He agreed that this seemed to be demanding more of the United States in the way of pledges than had been done heretofore, but intimated that England was taking this position as a pretext. He seemed rather bitter towards the British, stating that while it was easy to talk frankly with Eden it was not the same with Simon. He said that we would have to see if it were possible to have a frank talk with Simon at Geneva.

7. Barthou said that although he knew that the United States could give no guarantees it would seem that England had gone backwards since last October with regard to useful collaboration in the organization for peace. He, however, stressed that the effect of the April 17th note had been to bring them to a firmer realization of the situation in Europe and to the threat to her own security, of German rearmament particularly in the air.

⁴⁸ Marcel Rosenberg, Soviet Chargé in France.

⁴⁹ For correspondence concerning an "Eastern Locarno" Pact of Mutual Guarantee, see pp. 489 ff.

⁵⁰ Signed at Athens on February 9, 1934, by representatives of Greece, Rumania, Turkey, and Yugoslavia, League of Nations Treaty Series, vol. CLIII, p. 153.

⁵¹ May 22, 1933, *Press Releases*, May 27, 1933, p. 387.

8. I asked Barthou whether he thought it was desirable and possible to get Germany back once more into the framework of the negotiations. He replied that he was in full agreement as to the desirability and that France would do nothing in any way to offend German susceptibilities in the hope that it might be possible, which, however, in view of the present German attitude he felt was very unlikely.

9. It was evident that he was eager to know just what attitude we would take at Geneva. I told him that I was considering a reiteration and full statement of the American views with regard to disarmament and that while we could not participate in European settlements we were desirous of cooperating in getting a disarmament agreement. [Davis.]

STRAUS

500.A15A4 General Committee/923 : Telegram

The Chairman of the American Delegation to the General Disarmament Conference (Davis) to the Secretary of State

GENEVA, May 27, 1934—3 p. m.

[Received 4:55 p. m.]

842. You will note that the additions to section 9 which I contemplate are considerably more vigorous and far reaching than the original. When I reached Geneva I found that the Delegation had been taking stock of the situation as the result of your telegrams and had reached independently conclusions very similar to those I had reached. They may be stated as follows:

There are three possible methods of treating the problem. First, either by a national regulation of production and a rigid national control of exports. Second, or an international control of production by an international licensing system and an international control of exports by a visa system. Third, or the total abolition of private manufacture and an international control of state manufacture.

It should be noted that in all three systems full and complete publicity applied to public and/or private manufacture through some international agency is essential.

Of the three systems it appears that under present conditions the only ones which will be productive of results will be either the first or third but I fear that the first would not prove really effective in eliminating the evils of private manufacture. I am fully aware of the difficulties involved in the suppression of private manufacture particularly as applicable to the problem of the United States where, under the conception of the National Defence Act of 1920,⁵² the maintenance in some form of the facilities now existing for private manufacture is vital to our national defence.

⁵² 41 Stat. 759.

I am inclined to think that our acquiescence in the suppression of private manufacture coupled with international control of state production would only be justified if certain conditions precedent are fulfilled: (a), that profit from even state owned organizations shall be eliminated under supervision; (b), that the state shall be the sole owner of any munition plants; (c), that the supply of legitimate arms in reasonable quantities should be secured to non-producing states and, (d), that there should be a real measure of disarmament both in effectives and material. The final point seems to be important because the present discrepancies between our present governmental facilities for production and those of other states is so vast that only a radical reduction of armaments would to some extent bridge the gap.

Since the manufacture of arms either by private or state owned agencies is governed by the law of demand and supply we must in order to lessen the supply lessen the demand.

I hope you will be good enough to take this matter up with the President as soon as convenient and give me the benefit of your thought. I suggest furthermore that you then get in touch with the Chief of Staff⁵³ and Chief of Naval Operations⁵⁴ so that they will be apprised of your state of mind on the subject. Inasmuch as vital questions of national defence are concerned I think it well to have the Army and Navy in complete understanding.

DAVIS

500.A15A4 Steering Committee/429 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 28, 1934—5 p. m.

[Received May 28—1 : 20 p. m.]

846. At a brief meeting of the Bureau this afternoon⁵⁵ Henderson reviewed the present situation and expressed the hope that the Bureau would recommend that the General Commission continue its efforts to arrive at a convention under the mandate of the Conference.

Barthou, the only other speaker, expressed the view that the Conference had not yet terminated and that all efforts should be made now to bring it to a successful conclusion. To this end he pledged the French Government.

It was then determined to postpone decisions as to procedure until after the statements of the various powers which would be made at meetings of the General Commission beginning tomorrow.

⁵³ General Douglas MacArthur.

⁵⁴ Admiral William H. Standley.

⁵⁵ See *Minutes of the Bureau*, vol. II, pp. 209-211.

It was also decided to broadcast all statements made at the next few meetings of the General Commission. It has been arranged that I will speak first.

DAVIS

500.A15A4 General Committee/938: Telegram

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

WASHINGTON, May 28, 1934—8 p. m.

417. Your 842, May 27, 3 p. m. I have given careful consideration to the problem you present and have consulted the President who has approved the reply which follows.

Although I am still hopeful that it may be possible to negotiate a General Disarmament Convention in which provisions for the supervision and control of the manufacture of and trade in arms may be incorporated, nevertheless if that proves impossible this Government would be prepared to enter into a separate convention on this subject.

Of the three possible methods indicated in your second paragraph the first is acceptable provided an international system of inspection is organized to supervise the operation of the plan. We recognize that it may not result in the elimination of all of the evils arising from the private manufacture of and international traffic in arms but, properly established and properly administered, with full world publicity, it should go a long way toward eliminating those evils, and the full publicity which should be an integral part of the plan would enable this Government and other governments to evaluate intelligently any evils which may persist after it is put into operation. We should then be in a position to deal with those evils. See my No. 415, May 24, 5 p. m., and previous instructions on this subject.

The second method is unacceptable to this Government.

The third method is open to the objection that the great majority of the nations of the world would be placed at the mercy of the ten or a dozen nations favored by nature with supplies of raw materials and possessed of the necessary industrial organization. They would be obliged to establish arsenals and total production of arms and ammunition and the total of accumulated stocks would probably increase. The elimination of all private manufacture of arms and munitions is admirable as an ultimate objective, but this method does not seem feasible at this time, unless some new plan can be worked out to take care of the problem of the non-producing nations.

HULL

500.A15A4 General Committee/928 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 29, 1934—9 p. m.

[Received May 29—8:19 p. m.]

849. 1. I had several interesting conversations with Simon and Eden yesterday who assure me they wish more than anything else to cooperate with us and I believe they are receptive to constructive ideas in any direction in which we can take a similar position. Having failed in their efforts during the past six months to bring about agreement they will refuse or be reluctant to resume the initiative again unless they know that they can count upon our cooperation. I think that my speech today will help in that direction.

2. Eden told me last night very confidentially that they want very much to get an agreement on disarmament but that they want to get it quickly and are ready to do anything possible to get it if it can be done quickly but that they do not want to get jockeyed into a position of keeping the Conference going for 6 months longer in obviously futile discussions for the purpose of putting off an admission of failure in the hope that some solution will be found because in the meantime Germany will be rearming particularly in the air and England will then find herself in the position of having Germany stronger in the air than she is; and that so long as the Conference is going it will be difficult for the British Government in the face of public opinion to increase materially their air armaments.

3. As I find the situation here, no nation seems willing to assume the responsibility of proposing a liquidation of the Conference. France and the Little Entente would perhaps prefer a termination if it could be done in such a way as to throw all the blame on Germany but they will continue to profess a strong desire to have the Conference continue and also will endeavor to have it continue by futile negotiations that will enable them to avoid coming to grips with the real concessions and decisions that must be made if there is to be an agreement.

4. The situation which we now face and which has definitely materialized since last October when Germany left the Conference is that Germany has actually rearmed to a considerable extent, particularly in aviation. It was very stupid and reprehensible for Germany to do this and for her to have left the Conference last October when we were so near an agreement. There are, however, certain indications from Eden's conversations in Germany and the German note of April 16th to the British⁵⁶ that isolation plus their increasingly precarious eco-

⁵⁶ Great Britain, Cmd. 4559, p. 18.

conomic situation has made the Germans more amenable and more desirous of an agreement. On the other hand, they will not sign an agreement that does not legalize a measure of rearmament. The French, on the other hand, have stated emphatically and repeatedly that they will not agree to the legalization of any measure of German rearmament, at least under the present mandate of the Conference. They intimate, however, that they might agree to this through a fresh mandate, either through a disarmament committee appointed by the Council of the League or through a fresh mandate from the Council to this Conference. This, in my opinion, would depend largely upon their ability in the meantime to complete an Eastern Locarno which Barthou told me about in Paris.

5. I fully sympathize with the French apprehension with regard to the pacific intentions of Germany. However, while the French refuse to legalize actual German rearmament and to keep it within controlled and justifiable limits they apparently have no intention of taking any effective measures otherwise to stop rearmament because they are more afraid of the after effects in France of coercive measures against Germany than they are of German rearmament. Their position is a very difficult one. One thing, however, which makes them postpone facing the facts and deciding upon one course or the other is because they are convinced that there is no immediate danger of war in Europe. They are convinced that Germany would not attempt for several years to commence a fight and they hope in the meantime that changes within Germany itself or combinations which they may be able to make for the encirclement of Germany may protect them.

6. I am profoundly convinced that the only sensible course for France to pursue is, with the aid of England which she can get, to agree upon a program of progressive disarmament and limitation which would keep German rearmament within control.

DAVIS

500.A15A4 General Committee/929 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 29, 1934—10 p. m.
[Received May 29—8:44 p. m.]

850. For the President and the Secretary.

1. As you understand, from this distance it is difficult for me to judge public reaction at home on any phase of the work here. For my guidance, I want to be absolutely sure that I am acting in accordance with the views and desires of the President and yourself. As I understand it you want me to endeavor to make the Conference a success and to keep it going as long as there is any hope of success.

This can perhaps be done by active effort on the part of England and the United States and also the small "neutral" states. This means, however, that the United States would have to play an active role and at times to take the initiative. It also means that once embarked upon such a course which my speech tends to initiate we would have to continue it if it is to be effective. It also means that we may well have to take a position which might be construed as exerting pressure on France to face the actualities and upon Germany to resume her participation and to give assurances that she will at least limit her practical application of the equality of rights agreement of December 11th, 1932,⁵⁷ to the extent of the British note of January 29th.⁵⁸

2. The scene shifts with great rapidity here and decisions must often be taken quickly. It would be a great help for me to know that what I have stated above coincides with your views and wishes.

DAVIS

500.A15A4 General Committee/930 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 29, 1934—midnight.

[Received May 29—10 p. m.]

852. Henderson opened the meeting of the General Commission this afternoon with a summary⁵⁹ of decisions already taken by the Conference which could not be ignored in determining its future work.

2. Following my speech⁶⁰ which was well received Litvinoff gave a long declaration of Soviet policy.⁶¹ In explaining why no solution had been found for the problem of disarmament he reverted to the original Soviet proposal for total disarmament as the only possible measure of securing this end, intimating that many of the plans put forward had been actuated by selfish motives, and was particularly severe in his arraignment of German responsibility. In view of the visible failure of disarmament he proposed as a means of guaranteeing peace the termination of disarmament conference as such and its transformation into a "permanent peace conference". In his plan the functions of the permanent peace conference would include the consideration of (a) the Soviet definition of aggression, (b) sanctions of various kinds

⁵⁷ Five Power Declaration, *Foreign Relations*, 1932, vol. I, p. 527.

⁵⁸ For text of British memorandum of January 29, 1934, see Department of State, *Press Releases*, March 3, 1934, p. 110; also, Great Britain, Cmd. 4512, p. 21.

⁵⁹ *Minutes of the General Commission*, vol. III, pp. 652-655.

⁶⁰ *Infra*.

⁶¹ *Minutes of the General Commission*, vol. III, pp. 657-661.

of aggressor which might be established in a graduated scale without pursuing them to "the point of military measures not acceptable to all states," (c) separate regional pacts of mutual assistance which would admit all interested in the security of the particular regions concerned. Disarmament would not be excluded from the program of the work of this conference since everything which bears on a system of guarantees of peace must receive careful attention. The conference would sit as a permanent body for the prevention of war.

3. In answer to those who might suggest that the League itself was the appropriate body for this task he thought that the League had a multitude of tasks, was too "straightly bound by its statutes," was created at a time when the war peril seemed to be eliminated for many years, and not sufficiently responsive to the needs of the moment on account of its too rigid application of Articles XII, XV, and XVI. The framework of the League was in his opinion inadequate to deal with major problems as was proven by the very fact of the summoning of the Disarmament Conference.

4. Simon, Barthou, and Beck⁶² are scheduled to speak tomorrow.

DAVIS

*Press Release Issued by the Department of State, May 29, 1934*⁶³

The following statement was made by Mr. Norman H. Davis, chairman of the American Delegation to the General Disarmament Conference, at a meeting of the General Commission of the Conference, at Geneva, May 29, 1934:

"(1) Twenty-seven months and more have passed since we met, in high hopes, to frame a general disarmament convention. No one foresaw a short or easy negotiation; the difficulties were more apparent than the solution; but the goal was so clear and the need for agreement so vital and so pressing that we confidently expected success. Now we meet once again but with hopes dimmed. One great power has chosen to withdraw from the Conference; parallel and private conversations have not smoothed out the principal difficulties nor given the results we hoped for; certain powers are talking not in terms of reduction of armaments but in terms of mere limitation, and others of actual increase. In this confused situation, we can well ask ourselves: "Whither are we going?"

"(2) Notwithstanding the inherent difficulties it is, I believe, the consensus of opinion of the delegates to this Conference that disarmament is a problem susceptible of a practical solution if the nations most vitally concerned will only cooperate in the proper spirit to that end.

⁶² Joseph Beck, Polish Minister for Foreign Affairs; Chairman of the Polish delegation to the Disarmament Conference.

⁶³ Reprinted from Department of State, *Press Releases*, June 2, 1934, p. 330.

"(3) As a result of thorough studies and discussions here, a remarkable and considerable measure of accord has actually been reached with respect to the technical aspects of armaments and the kind of a disarmament convention that would be effective. Nevertheless, other questions and considerations have intervened which have not only prevented a general agreement but which now actually threaten the failure of the Conference.

"(4) Every nation here has the same basic thought, how to remove the menace and lighten the burden of competitive armaments without reducing its security. It is somewhat difficult for anxious public opinions of countries which have armed primarily because of fear to realize that the apparent sacrifice of national defense involved in reduction of armaments may be fully compensated for by an increase of security along other lines. It is nevertheless the view of the American Government that such a compensatory advantage would be in fact obtainable through a mutual reduction and limitation of armaments in accordance with the revised draft convention that was accepted a year ago as the basis of our negotiations.

"(5) Reduced to its simplest terms, there are two ways and only two conceivable ways to achieve security. The first is by overwhelming superiority in armament, coupled perhaps with reinsurance in the form of alliances; but this system has led first to a race in armaments and then to a war, from which we have not yet recovered and from a repetition of which we might never recover. Arms certainly did not prevent the World War, nor did they save either victor or vanquished from the terrible consequences of that war. The other way is to increase the power of defense and decrease the power of attack—in other words, to reduce the chances of a successful campaign of aggression—by a progressive abolition of those types of weapons peculiarly suitable for invasion, namely, heavy mobile artillery, tanks, and bombing planes. This method of disarmament, besides avoiding the complexities incident to limitation and reduction, which is solely numerical, constitutes a realistic aid to peace not only through reducing the sum total of means of war but more particularly by doing away with the very instruments which are indispensable for successful aggression and by giving supremacy to fortifications and other means of defense. In fact, this method was accepted by the Conference in the resolution of July 23, 1932.⁶⁴

"(6) Such is the choice. For its part, the American Government earnestly and sincerely believes that only by following the second path—that of disarmament—can the peace and progress of the world and the national security of each country be truly promoted. Unfortunately there is at present a distinct tendency in Europe toward the old policy of political alignments accompanied by an uncontrolled race in armaments which, if persisted in, will recreate the conditions which preceded the World War. Those who are today pursuing that policy, rather than one which promotes good will and increases security through a reduction of armaments, are inviting a terrible risk for the future.

"(7) The United States has repeatedly stated in unequivocal terms its belief in the value and efficacy of a drastic reduction of armaments

⁶⁴ *Foreign Relations*, 1932, vol. I, p. 318.

and its willingness to join with other powers in bringing armaments down to a level to be determined by the needs of actual self-defense. On May 22, 1933, in support of the draft convention which had been submitted to the Conference by the British Delegation, I outlined, with the approval of the President, the views of the United States Government on disarmament, its willingness to join in a decisive and progressive reduction of armaments through international agreement, and the extent to which it was prepared to cooperate to that end. It was with a view of helping indirectly to meet a given situation (in the event that the European powers should find it necessary or desirable to supplement a general convention by special regional agreements applicable to Europe) that I made on behalf of the United States Government this very considered statement of what its policy in certain circumstances would be. At that time it was our understanding that if the United States would be willing to adopt, subject to the conditions indicated, a policy that would not hamper the possible organization of European peace, it would be possible to conclude an agreement for a reduction and limitation of armaments along the lines of the draft convention then under consideration.

"(8) In fact, President Roosevelt has authorized me to summarize the attitude and policy of the United States as follows: We are prepared to cooperate in every practicable way in efforts to secure a general disarmament agreement and thus to help promote the general peace and progress of the world. We are furthermore willing, in connection with a general disarmament convention, to negotiate a universal pact of nonaggression and to join with other nations in conferring on international problems growing out of any treaties to which we are a party. The United States will not, however, participate in European political negotiations and settlements and will not make any commitment whatever to use its armed forces for the settlement of any dispute anywhere. In effect, the policy of the United States is to keep out of war, but to help in every possible way to discourage war.

"(9) We have no new cures to offer. We suggested in the proposals of President Hoover in June 1932⁶⁵ a percentage cut covering all types of armaments. We suggested at that time a method of computing effectives to reach a basis of internal police requirements which was regarded by nearly all the powers as the only proposal which promised a fair and reasonable solution of this difficult question. A year later President Roosevelt, in his message to the chiefs of state,⁶⁶ suggested the abolition of weapons of invasion and, to make this more effective, a pact of nonaggression, and then the establishment of an effective system of supervision and control. We are willing to go further and work out by international agreement an effective system for the regulation of the manufacture of and traffic in arms and munitions of war. Let me quote one paragraph from a recent message to Congress by President Roosevelt on this subject:⁶⁷

⁶⁵ See *Foreign Relations*, 1932, vol. I, pp. 180 ff.

⁶⁶ May 16, 1933, *ibid.*, 1933, vol. I, p. 143.

⁶⁷ Message of May 18, 1934, to the Senate concerning appointment of a Special Committee to investigate the munitions industry; see *Congressional Record*, vol. 78, pt. 8, p. 9095; see also circular telegram of May 18, 1934, to the Ambassador in Great Britain, *post*, p. 427.

"It is my earnest hope that the representatives of the nations who will reassemble at Geneva on May 29 will be able to agree upon a convention containing provisions for the supervision and control of the traffic in arms even more far-reaching than those which were embodied in the convention of 1925.⁶⁸ Some suitable international organization must and will take such action. The peoples of many countries are being taxed to the point of poverty and starvation in order to enable governments to engage in a mad race in armament which, if permitted to continue, may well result in war. This grave menace to the peace of the world is due in no small measure to the uncontrolled activities of the manufacturers and merchants of engines of destruction, and it must be met by the concerted action of the people of all nations.'

"The people of the United States are aroused at the evils which are being revealed in the production and traffic of munitions of war. The American people and Government are convinced that by some means the production and traffic in engines of death, and the profits resulting therefrom, must be controlled or eliminated. Those who have a sordid financial interest in fomenting international suspicion and discord, which in turn increases the demand for what they have to sell, must be put in a position in which they do not have the power or the incentive to do so much evil. If we are to foment international good will and stability we must take effective steps to control or suppress the forces which have a material interest in fomenting mistrust and discord. My Government is ready to join in measures for suppressing this evil, and is prepared to negotiate in connection with disarmament a treaty that would deal drastically with this problem.

"(10) We still stand ready to advance along any constructive lines. Even where our arms are already limited, we are prepared to agree upon further reductions. Thus, in the matter of naval armaments, although we have felt it necessary to build up approximately to the treaty limits, largely in replacement ships, we are none the less willing to join the other interested powers in a substantial proportionate reduction of naval tonnage. In fact, our efforts remain directed toward disarmament in all branches and not toward either truce or rearmament.

"(11) The Disarmament Conference recessed on the 16th of October last in order that there might be given an opportunity to carry on diplomatic negotiations with the view of reconciling the divergent views which stood in the way of agreement. Unfortunately these negotiations did not result in agreement, and they have now been terminated. On the other hand, they have served a necessary and useful purpose in clarifying the fundamental differences and issues. I feel, therefore, that in taking the initiative in these negotiations the British Government has rendered a real service. Nevertheless the termination of these parallel efforts brings us face to face with an emergency situation demanding a grave decision. We must determine whether our efforts shall result in a controlled disarmament, or in a mere limitation of armaments at a level so high as to be of doubtful value and effect, or in an uncontrolled race in armaments which would be disastrous. Surely, no nation represented here wishes to take the responsibility for a failure of the Conference or to face the consequences of a failure. Let us therefore go back to the last stage in our negotiations where a general agreement was in sight, namely, to June 8 last year, when the British draft convention was

⁶⁸ *Foreign Relations*, 1925, vol. I, p. 61.

accepted by all nations, including Germany, as the basis of the future convention. In doing so we may of course have due regard for subsequent contributions that may have been made toward agreement. If Germany desires a disarmament convention, which surely must be the case, then I cannot easily believe that she would not be willing to resume negotiations on the basis to which she previously agreed.

"The negotiations of the past 6 months were terminated by the demand that bilateral discussions be discontinued and that the work be brought back to Geneva. Very good. We are back in Geneva. I for one am glad to be here. I have stated the views of my Government, and I think every one here would consider it timely if all would explain their positions. The issue cannot be avoided. I am unshaken in my belief that with a real spirit of cooperation we can still achieve success."

500.A15A4 General Committee/945 : Telegram

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

WASHINGTON, May 30, 1934—noon.

418. Your 850, May 29, 10 p. m. My understanding coincides with yours as to the essential purpose of your efforts in Geneva. From this distance it would seem that the key to the arch is to prevail on Germany to resume participation in the Conference. Do I understand you rightly as proposing to regard the MacDonald plan of June 8th, 1933,⁶⁹ with its minimum of German rearmament as your immediate objective, but with positions prepared to retreat by slow stages to the proposals contained in the British note of January 29th, 1934, as your ultimate limit of concession? There seems a wide difference between the position advocated in your speech and your present recommendation. It is most important, in order that we may gauge public reaction here, to know in greater detail the course of action you recommend in various contingencies.

HULL

500.A15A4 General Committee/931 : Telegram

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

GENEVA, May 30, 1934—4 p. m.
[Received May 30—12 : 40 p. m.]

853. 1. In rereading my telegram No. 850, May 29, 10 p. m., I fear it may have given the impression that I would favor exerting pressure

⁶⁹ British draft convention was submitted to the General Disarmament Conference on March 16, 1933, and approved by the General Commission on June 8, 1933, as the basis of the future convention; for text, see *Conference Documents*, vol. II, pp. 476-493.

on France to legalize German rearmament, whereas, the fact is I do not feel we should assume such a responsibility.

2. The situation, however, that confronts us is this: if we are to reach a disarmament agreement it is necessary to legalize German rearmament within certain limits with strict control of those limits. The decision that has to be made is whether there shall be unlimited German rearmament without a treaty or a legalization of a limited rearmament with control under a treaty. France which runs the greatest risk must make her own decision but I do feel that we are justified in pressing her to face the facts and make up her own mind.

DAVIS

500.A15A4 General Committee/932 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 30, 1934—8 p. m.

[Received 10:19 p. m.]

854. 1. Simon's primary concern in his speech⁷⁰ at the General Commission this afternoon dealt with the basic problem of reconciling French and German divergences. To England the only possible bridge between the two theses of German rearmament is provided in the modifications to the draft convention contained in the British memorandum of January 29th. This view he felt had been strengthened by conclusions of Article [April] 14 memorandum⁷¹ of the Danish, Spanish, Swiss, Norwegian and Swedish delegations. As far as security is concerned the British draft convention he explained dealt with it on lines along which it might hope for the sympathy and cooperation of the United States. Beyond this he indicated that his Government was not prepared to go. In so far as Soviet's suggestion of yesterday⁷² was concerned he pointed out that no instrument of security could be contemplated until a disarmament agreement had been reached and could not accept the suggestion that the Conference be transformed into a conference for devising plans for security on the basis that no disarmament is possible. Furthermore the value of security pacts in the British opinion depended upon the certainty of their positive performance and he considered therefore that the Treaty of Locarno⁷³ with its limited undertakings to which the British Government has promised to adhere is of higher value than a "more unlimited and world wide assurance". As far as the Disarmament Conference was concerned he stated that the British Government could

⁷⁰ *Minutes of the General Commission*, vol. III, pp. 661-665.

⁷¹ *Ibid.*, pp. 676-677.

⁷² *Ibid.*, pp. 657-661.

⁷³ League of Nations Treaty Series, vol. LIV, p. 289.

not commit itself to an indefinite continuance of vague and inconclusive discussions; first, because it would inflict injury upon the League and the whole conception of effective international efforts and second, because governments could not be debarred from dealing with new conditions and new committees merely because the conference was still in being.

2. While expressing a hope that a solution of the basic problems could be found Simon concluded with reference to protocols concerning checking warfare, budgetary publicity and the establishment of a permanent disarmament commission which would be prepared immediately. Furthermore his Government was prepared to deal with the manufacture of and traffic in arms and as a first step suggested that the 1925 convention should at once be ratified and be brought into force by all states.

3. In the firmest possible terms Barthou replied ⁷⁴ directly and at times extremely sarcastically to Simon defining the French position as admitting no German rearmament and as relying upon the Conference to continue its work to achieve a reduction of armaments accompanied by the necessary guarantees of security. He considered that the British plan did not answer present conditions because Germany's departure had rendered agreement upon that basis impossible. Although Simon had considered the British plan the only possible solution Barthou could not accept these "illusions of paternity." Not only had Mussolini fathered a scheme but France had done so also, remaining faithful to its position taken at the beginning of the Conference. This position was based upon article 8 of the Covenant and the preamble to part V of the Treaty of Versailles ⁷⁵ as subsequently interpreted by French memoranda notably those of January 1st and April 17th. A solution of the problem of security which had been furthered by Litvinoff's declaration yesterday was essential and he considered it would be difficult for anyone not to go beyond the British concept. Negotiations with England as to the guarantees of execution necessary to gain French adherence to the British revisions of January 29th he explained had been broken off because of the German military preparations as evidenced in its increased budgets. The theme of German responsibility for which he could find no excuse was predominant in this section of his speech. He particularly made the point which is hard to answer that it is not right to put a premium on Germany's unjustifiable action in leaving the Conference and beginning actively to rearm in the midst of negotiations.

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⁷⁴ *Minutes of the General Commission*, vol. III, pp. 665-670.

⁷⁵ *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3329.

500.A15A4 General Committee/934 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 31, 1934—11 a. m.

[Received May 31—6:34 a. m.]

856. Henderson who asked me to see him last night at 10 o'clock told me that in view of the embarrassing situation created by Barthou's speech, Beck and Hymans and others who were to speak today have informed him that they would not care to speak. He had accordingly decided to call off the meeting for today which would be dangerous to hold without an agenda.

Under the circumstances Henderson thinks it a mistake to have any more speeches. He will accordingly devote today to talking with the French, British and perhaps others to determine upon a future course. He said that the French had now made it impossible to continue usefully until something can be done to remove the impasse and therefore he is inclined to think that the best thing would be to have a meeting tomorrow propose an adjournment with the understanding that he as President of the Conference would work most actively visiting Berlin and other capitals if necessary to try to get an agreed basis upon which the Conference can convene and proceed expeditiously with its work. If he is unable to do that within a very reasonable time, say 1 or 2 weeks, he will call the Conference together to determine what to do.

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500.A15A4 General Committee/935 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 31, 1934—1 p. m.

[Received May 31—10:25 a. m.]

857. 1. In view of the turn of events as a result of Barthou's speech yesterday I doubt the wisdom of a showdown with Simon just now with regard to the question raised in the last paragraph of your 201, May 24, 2 p. m. to Paris.⁷⁶ The rift between the British and French was clearly evident already in a conversation which Simon had with Barthou on Monday morning and is due to far deeper causes than the mere irritation which Barthou felt at Simon's speech of yesterday. The French are at the present time essentially continental minded and are having a honeymoon with Russia and flirting with Turkey. As a distinct result of this orientation on the part of France Great Britain is becoming more world-minded than continental and will

⁷⁶ *Post*, p. 238.

therefore presumably endeavor to explain to public opinion at home that the rift with France is more than compensated by a closer approach to the point of view of the United States and the possibility of closer cooperation with us. In fact they are already trying to give to the press the impression that they are working very closely with the United States.

2. I think it advisable therefore for me to be very impartial now and not jeopardize my position as a possible conciliator between England and France because after they cool off there is a possibility that they will both realize that Germany is a common problem with which they have got to deal.

3. Unless you instruct me to the contrary I will defer for the present having the proposed conversation with Simon. I somehow have a feeling that in spite of certain indications to the contrary the British will be most eager to cooperate with us on the Navy and less inclined and less able to play us off with the Japanese and vice versa.⁷⁷ Admiral Bellairs who is here and in whom I have confidence intimated very strongly to me in a casual conversation that while there is a minority in the British admiralty including Admiral Keys, retired, who favor concessions to Japan the majority of the admiralty favor the closest cooperation with the United States.

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500.A15A4 General Committee/937 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, May 31, 1934—8 p. m.
[Received May 31—5:36 p. m.]

858. 1. There have been no concrete developments today. The British, while quite sore, are endeavoring to treat the incident of yesterday as personal between Barthou and Simon and not as in any way a rift between the two Governments. The French are uncomfortable and apparently most desirous to find some way to mollify the British and get them lined up again.

2. Aubert told Wilson and me this morning that the reason Barthou became so infuriated at Simon was that Simon had asked Barthou, who was down to speak first, to give way to him which Barthou did and that the French felt that under the circumstances Simon had done a very unsportsmanlike thing in trying to put them in a hole. Aubert said, however, that he considered it most important that the Disarmament Conference should keep going even though there might be

⁷⁷ For correspondence relating to the first session of preliminary naval conversations at London, June 18–July 19, see pp. 259 ff.

a recess and that something should be done before any recess to close the rift between the French and British before Simon and Barthou leave. He indicated that as soon as the time is more ripe we would be the ones to do that.

3. Aubert admitted that in the last analysis there are only two ways to control German rearmament; either by force, or by agreement, but said there was a transition stage before it would be necessary to make the choice. He furthermore said that once they complete their Eastern Locarno agreements which would give the French people a feeling of confidence it would be possible to make necessary concessions to get a disarmament agreement but that until an Eastern Locarno is completed he did not see what they could do unless they could get the neighbors of Germany to join in a declaration to the effect that Germany must cease rearming if she wishes to negotiate an agreement because as long as she is augmenting her armaments and thus shifting the basis of the negotiations it would be impossible to do anything.

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500.A15A4 General Committee/939 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 1, 1934—10 p. m.

[Received 10:20 p. m.]

859. Your 417, May 28, 8 p. m. We are working on a plan for the application of a regime of international inspection in connection with the national control of the manufacture of and trade in arms bearing in mind the two possibilities of first, incorporation of such provisions in a general treaty for disarmament and, second, for such provisions in connection with a separate treaty. We would greatly appreciate, however, such information as you may be able to furnish us as to how the Department visualizes the solution of the problem.

DAVIS

500.A15A4/2552

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

No. 561

ROME, June 1, 1934.

[Received June 13.]

SIR: I have the honor to inform the Department that the political atmosphere of Europe is obscured by doubt and fear. The imminent meeting of the Disarmament Conference is looked upon as if it would mark the end of the period of hope for disarmament, as well as the possibility for limitation of armament, and is generally considered

as if it would be the date on which would begin a race in armament. Indeed preliminary steps are being taken to prepare for increased armament, as if the failure of the disarmament movement, already discounted, had actually transpired.

Confidence in the ability of the governments of Europe to come to any understanding on the fundamental problems of disarmament is lacking. Members of the Government and members of the Diplomatic Corps here are practically unanimous in their belief that the movement is at an end, and in their fears for what the future holds as a consequence of a renewal of the race for armament, though they are equally reticent on both subjects. However, where people gather, in Court, Government or diplomatic circles, the developments of the future are constantly the subject of dubious speculation, and I am constantly asked what I think of the probability of war, how long I think it can be avoided, and what America will do. The subject matter is in the foreground of the thought of the leaders in political and social circles, as is evidenced by constant reference to it.

To the questions as to what I think of the probability and as to the time at which war might develop, I am quite noncommittal, but as to America's attitude in case it should come I take the position that, in spite of our great and altruistic interest that peace continue in the world, if Europe should, by some unfortunate chance, be thrown into another conflict, America would be a discouraged spectator.

GERMANY

It is well understood that Germany is arming, and it is generally believed that, being unable to make large calibre guns without danger of discovery, she is concentrating on high explosive, gaseous and chemical means to be launched from the air. There seems to be little knowledge of actual gaseous or chemical preparations, though it is generally taken for granted, but it is reported, unofficially, that no glycerine is permitted to be exported from Germany and that she is in the market for that basic ingredient of high explosives. Sir Eric Drummond, the British Ambassador here, and formerly for so long Secretary General of the League of Nations, said to me that he had no doubt at all of the intensive preparations of Germany and that he, himself, would hate to be a member of an armed force to invade Germany, for he believed such an expedition would be annihilated.

It is rumored that the French Government has compiled a large dossier on German preparations, the material for which was obtained largely from Jewish refugees, many of whom had been engaged in factories and laboratories in Germany before the Hitler anti-Semitic decrees.

It is also rumored in quarters other than French that the French themselves are loath to take the offensive against Germany because of

the generally accepted belief that the German preparations have assumed proportions which would make it difficult, if not impossible, for France to operate successfully against her.

The announcements of the German budget for aircraft have not surprised as much as they have served to confirm the popular belief that extensive preparations for offensive, as well as defensive, warfare were well progressed in the Reich.

FRANCE

The attitude of France vis-à-vis the Disarmament Conference is not the subject of conversation in either Government circles or in circles of the diplomats representing the Governments of Central, Slav or Balkan Europe. In Scandinavian diplomatic circles alone is heard any criticism of the French position, and that very guarded. However, from persons in and around official circles one hears here definite criticism of French "obstinacy" and unwillingness to participate in any movement for the solution of the one problem they all consider as a necessary pre-requisite to the continuation of peace—if not for the continuation of European civilization. For all seem to be of opinion that—if it comes—when it comes, gas and chemicals will decimate the population, destroy the physical properties of the countries, and eliminate from Europe culture and the qualities of its accumulated civilization.

France is believed to be prepared—well prepared—to resist an attack on her borders, and prepared to carry an offensive movement into Germany or Italy, via the air, with the use of such materials as may be necessary or advisable to secure desired results, but it is also believed that single-handed, as against Germany, France would have more difficulty than she imagines, for the popular mind has somehow assigned to Germany a place in the scientific world, and particularly in the chemical laboratory, superior to France and to any other European country, and has credited her with a mystical and awful power in the field of explosives and poisons, which the same mind believes is able to destroy before being destroyed.

That thought contemplates the accessibility by air of Berlin from points in England, France, Italy, Poland, and even Russia, and answers that in this day of swift-moving circumstance all of those points will not simultaneously have Berlin as their objective and that it is just as close from Germany to Paris as vice versa, or as close to Milan, Trieste and Turin as vice versa, and just as close to England and to Poland.

In spite of the valor of Frenchmen and the organization of the French military machine, there is seen in semi-official circles here

that those qualities are surpassed in Germany by a greater development in science and a more intensive organization. And in corroboration of that last point, I have recently talked to observing persons who have been travelling in Germany, amongst others Lieut. Comm. Pennoyer, just departed from Rome for Washington in relinquishment of his assignment as Assistant Naval Attaché at this Embassy, and they all remark upon the excellence of the military training constantly being paraded throughout Germany.

There is also, as regards France, the impression that her internal political difficulties will detract from her ability to effectively organize, particularly so for a movement beyond her borders, but that does not take in contemplation the probable aerial nature of the next conflict, which will not involve the movements of such masses of men in offence and consequently will render unnecessary a complete state of political control.

The *rapprochement* between France and Russia is being watched suspiciously, partly because it is predicated upon the return of Russia to the League—which is not popular here—and partly because it would, if consummated in the form of an offensive and defensive alliance, upset the whole political scheme in Europe and minimize the remaining influence of the League.

ENGLAND

The action of England in case of a continental struggle involving France, Germany, perhaps Russia, the Little Entente, and Poland, or any number of them, provided the combatants included both France and Germany—the position of England, in that case, it is considered, will be one of neutrality.

In case either France or Germany were not involved, then England might participate on the sea, but not on the land.

Generally speaking, it is believed England will not participate, though she will prepare and be a competitor in the race for armament which is now taken as a foregone conclusion.

POLAND

The Foreign Office seems to think Poland is in a key position but her non-aggression pact with Russia⁷⁸ and her *rapprochement* with

⁷⁸ On May 5, 1934, Poland and the Soviet Union had signed a Protocol which extended for 10 years the nonaggression pact of July 25, 1932. For texts of these documents, see Russia, *Annuaire Diplomatique du Commissariat du Peuple pour les Affaires Étrangères pour l'Année 1933* (Moscow, 1933), p. 154; *ibid.*, 1934, p. 158; Republic of Poland, Ministry for Foreign Affairs, *Official Documents concerning Polish-German and Polish-Soviet Relations, 1933-1939* (Published by Authority of the Polish Government, London and Melbourne, Hutchinson and Company (Publishers) Ltd. [1940?]), pp. 170, 179.

Germany⁷⁹ seem to place her in the category of peacefully inclined states and to remove her from the list of aggressors.

RUSSIA

Russia is considered as desiring membership in the League in order to strengthen her own political fences, particularly those near Japan and Manchuria—or the so-called Manchukuo. On the other hand, Marchese Soragna, of the Foreign Office and Representative to the Disarmament Conference thinks that the Polish-German *rapprochement* is mainly responsible for Russia's anxiety to enter the League and to ally herself with France. The air force of Russia is given credit for being its most effective weapon and the thought here is that if Russia joined the League her European position would be calm in prospect and she would be free to concentrate in Eastern Siberia.

LITTLE ENTENTE

The Little Entente is seen as wavering in their adherence to France. They see Germany looming large and seem to be willing to play it safe in case Germany should evolve the victor in a contest. Czechoslovakia particularly is contiguous to Germany and to some large extent dependent on Germany's trade. Roumania is well removed, but still mindful of Germany's possibilities. But Jugoslavia is playing France against Italy and seems to threaten to cool her ardor for a French alliance, and to make a gesture toward Germany instead, every time France makes a gesture of *rapprochement* toward Italy, or receives one graciously.

The point of it is that the Little Entente is not considered to be as enthusiastic about a French binding alliance as formerly and is perhaps somewhat apprehensive of the prospect of an armed Germany and willing to modify a foreign policy to meet future changes in military strength.

ITALY

Italy pays little attention to the Little Entente, as such, but deports herself, perhaps a little arrogantly, toward Jugoslavia. Italy does not consider Jugoslavia of prime political importance, except insofar as its large commercial relations have a political bearing, but that boundary is well protected.

Italy is anxious for a reduction in armament but believes herself to be "practical" in seeing the impossibility of achieving it and being

⁷⁹ A nonaggression pact between Poland and Germany was signed on January 26, 1934; for text, see *Official Documents concerning Polish-German and Polish-Soviet Relations, 1933-1939*, p. 21; or *British and Foreign State Papers*, vol. cxxxvii, p. 495.

desirous of the next best line of defence, which is limitation, or maintenance of the *status quo* for the time being. Failing an agreement on either, she will join the race for armament—as fast as money is available. She has a program, as just announced by Mussolini,⁸⁰ of spending one billion lire for air and one billion lire for naval construction in the next six years. The work will probably be expedited if the funds can be found.

Captain McNair, Naval Attaché to this Embassy, has some information to the effect that Italy is ready to proceed with plans for increased armament which will include one—perhaps two—ships of the line of possibly 33,000 tons each, with a total addition of 70,000 tons.

Italy thinks the former allies should reduce armament and/or that Germany be permitted a limited armament. She will not enter an agreement without Germany, because Germany would not be bound by it, and thinks it too late to come to an outside agreement and ask Germany to sign because she feels Germany would refuse such a demand.

She foresees German armament—and believes Germany is already well advanced on that road. She will take a definite stand against Germany expanding into Austria, as was recently demonstrated. She will not have Germany on her northern border. She is willing to be friendly toward Germany, and I believe anxious to include her in her general peaceful ambitions even though the German Ambassador⁸¹ here recently said to me that Mussolini did not really desire peace except that for the time being he was not prepared for war.

As regards France, there is still a feeling of subdued antagonism, but not of hostility, and I believe the Italian Government would be glad of a *rapprochement* with France if it could be arranged on terms which would recognize that Italy had been unfairly treated in Africa.

If England stays neutral, Italy can probably avoid a general conflict, because the Mediterranean will be open to her. If England goes into a war, Italy may be forced in on the same side.

SUMMARY

To summarize—the outlook from Rome sees a very dark picture over Europe. If the Disarmament Conference fails next week, as seems now imminent, there will be nothing to prevent a renewal of a race for armament. And this race will take place under conditions highly prejudicial to the peace of Europe. In the first place, there has developed an ultra-nationalism. In the second place, there is a high degree of concentration of power in the hands of most of the governments. This is not so in England and France. But it is so in

⁸⁰ Benito Mussolini, Italian Prime Minister.

⁸¹ Ulrich von Hassell.

Italy, Germany, Austria, Hungary and Russia. In the third place, there are two powder boxes, one in the Saar and one in Austria.⁸⁸ Whether Germany and France come to an agreement as to their respective attitudes toward the population of the Saar, it seems possible that the intense propaganda which will be directed from each quarter at the qualified voters will assume a character and will so excite the people that there may at any moment be an incident which might come under circumstances which would develop into an explosion. The next twelve or fourteen months seem to be highly dangerous.

In addition to the Saar and to the continuing German intentions in regard to Austria, there are the increasingly difficult economic conditions reported to be developing in Germany, which may force Hitler to make an offensive move to solidify his people and to take their minds off their difficulties at home—even risking a possible defeat.

As seen from Rome at this time, the picture for the future is clouded in mystery and darkened by thoughts of a conflict. It is constantly the subject of conversation and is so pervasive that the general mental attitude toward it constitutes the most important political feature in Rome at this time. War is the constant subject of conversation. War is in the background of the popular mind. War is the thing they really fear here. Its atmosphere pervades the intelligent thought.

This despatch has been written without the intention of portraying political situations as they may actually exist in other places but simply to give the point of view as it appears from Rome. And if these situations may seem to be over-emphasized in one form or minimized in another, the despatch is, as I see it, properly reflective of the mental attitude of the officials and other persons with whom I come in contact here.

Respectfully yours,

BRECKINRIDGE LONG

500.A15A4 General Committee/940 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 2, 1934—1 a. m.

[Received June 1—11:09 p. m.]

862. Barthou told me this afternoon that Simon lunched with him today, that they had had a very interesting and extremely satisfactory conversation and in fact a love fest. Simon, who later came over to speak to me at the meeting, asked me if I had heard about his lunch with Barthou and I said yes I had heard about a love fest. He said that they had had a frank, friendly talk, but had not gotten anywhere; that it was impossible to cooperate with the French unless you agreed

⁸⁸ For documents covering Austro-German relations, see vol. II, pp. 1-58 *passim*.

with them on everything, whereas in the case of England and America rows and differences of view, such as on the debt, did not keep us from cooperating in other respects. He furthermore said they were not disposed to wait indefinitely for France to complete her so-called Eastern Locarno, which was not a matter for the Disarmament Conference to deal with but which was merely an alliance, and he remarked that if France continues along that line England may make a deal with Germany and Belgium unless a real disarmament agreement can be arrived at promptly.

He told me that he had to leave for London tonight and wanted to talk to me a little further before he left as to what could be done.

DAVIS

500.A15A4 General Committee/944 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 2, 1934—8 p. m.

[Received 9:19 p. m.]

866. 1. I have been too overwhelmed during the past few days to answer adequately your 418, May 30, noon. I entirely agree that the crux of the problem is the resumption of German participation in disarmament negotiations under the auspices of the Conference. The discrepancy between the proposal in my speech and my subsequent telegram is more apparent than real in that the proposal in my speech was followed by the statement that in taking the draft convention as a basis "we may of course have due regard for subsequent contributions that may have been made towards agreement". By this I had in mind particularly three documents—the French note to Germany of January 1st⁸⁴ which Barthou has just stated they stand by and are ready to use as a basis for negotiations, the British memorandum of January 29th,⁸⁵ and particularly the German note of April 16th to the British.⁸⁶ I emphasize particularly the last in that while it still presents difficulties it clears up the apparently insoluble question of what to do with the regulation of military organizations.

2. As the result of innumerable discussions since the suggestion advanced by me in my speech it becomes clearer that the differences between France, England, and Germany have been considerably reduced as a result of these three communications and that the principal outstanding technical difficulty now is with regard to aviation.

3. The indications are now that the General Commission will adjourn next week, perhaps Wednesday, giving instructions to the

⁸⁴ Great Britain, Cmd. 4512, p. 3.

⁸⁵ *Ibid.*, p. 21.

⁸⁶ Great Britain, Cmd. 4559, p. 18.

Bureau or to a committee to be designated by it. The question under consideration now is the type of instructions.

4. The meeting yesterday of the General Commission made it evident that all of Central and Eastern Europe, with the possible exception of Germany and Poland, are desirous of laying emphasis on security problems.⁸⁷ It will be the task of those nations that desire to lay special emphasis on disarmament rather than security to find the way to insert in the mandate to the Bureau such instructions as will keep disarmament on an equal if not superior plane with security and do this by approaching the vital matter of German cooperation.

5. An idea has been developing that this might perhaps be accomplished as follows: the General Commission might instruct the Bureau that since the divergence between the various points of view in the documents mentioned is not profound it is hoped that the Bureau or a committee of powers appointed by the Bureau by taking these three documents will be able to reconcile the differences and work out a compromise. At the same time the Commission will instruct the Bureau or committee to invite any power to participate which they judge necessary or useful. The first power of course which would occur to them would be Germany.

6. While the British are still sore Eden told Henderson, Wilson, and myself today that the British would favor such an effort and program but he preferred to have Henderson undertake it rather than a committee. He said, however, that in any event their acquiescence would depend upon prompt action to ascertain whether Germany could be brought into the negotiations and whether any effective progress could be made towards agreement. He reiterated in substance what Simon said yesterday, namely, that they do not intend to sit idly by while Germany continues to rearm and while France continues to arrange her combinations and alliances as a condition precedent to any disarmament agreement and as a protection in case of non-agreement.

7. As it will probably be necessary to take a position along these lines at the Bureau meeting Monday afternoon I would appreciate an early reply in the event that you see any objection to my proceeding along these lines if circumstances seem to make it advisable.

8. Schwartz, a German who is here as unofficial informant of Colonel Haselmeyer, told me today that Germany would be agreeable to resuming her participation provided some method can be devised which would make it politically feasible. He in fact told me that in a telephone conversation with Haselmeyer yesterday the latter told him they would like very much to have me come to Berlin as they were satisfied this would make it possible to arrange something. I told

⁸⁷ See *Minutes of the General Commission*, vol. III, pp. 670-679.

Schwartz that would be impossible as Germany was not in the Conference. I told him also that it was not fair to him or to me for negotiations to be carried on between an unofficial German and myself but that I would be glad to see anyone Germany wished to send officially to see me.

9. The present situation of the Conference is too fluid to permit of prediction. A certain group will press for the Turkish resolution⁸⁸ which was introduced yesterday and which was prepared with the active collaboration of Barthou. On the other hand, if a resolution is introduced and supported by the British and ourselves and the "neutral" countries⁸⁹ it would make it difficult for either Germany or France to refuse to go along.

10. There is much informed opinion here to the effect that just as the French have been using the League to support the Versailles Treaty status so they in conjunction with Russia, the Little Entente and Turkey wish to use the Conference as a cloak under which they could complete their arrangements which will either result in an Eastern Locarno which would then permit a program of disarmament or in default thereof an alliance which would encircle Germany. If this is the case there is no time factor for the French and they will be willing to let the Conference dawdle along while working under its cover to bring Poland into line and complete such arrangements.

11. Litvinoff, whose chief preoccupations now are Japan and Germany, is pressing the French hard for immediate action with regard to the political arrangements indicated. The Russians and some of the French are now openly stating that they have no objection to the British disassociating themselves now as they are only in their way and that they would like to have the Conference adjourn until October and then reconvene when they will be all ready. For the British the time factor is imperative because of their own armament situation. Furthermore, they look upon such political moves as dangerous to the peace of Europe and as undermining their own position in Europe.

DAVIS

500.A15A4 General Committee/946 : Telegram

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

WASHINGTON, June 3, 1934—2 p. m.

421. Your 866, June 2, 8 p. m. Although the differences between the three documents you refer to, the French note to Germany of January 1, the British memorandum of January 29, and the German note

⁸⁸ *Minutes of the General Commission*, vol. III, pp. 678-679.

⁸⁹ Denmark, the Netherlands, Norway, Spain, Sweden, and Switzerland.
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of April 16 seem to us pretty fundamental, nevertheless the idea you suggest in paragraph 5 has the very real merit of recognising the basic viewpoints of the three most interested powers without commitment in favor of any one of the three. As such it would seem to provide a formula which would enable Germany to resume participation in the Conference if she desires to do so. This would be particularly true if the idea is advanced by powers such as the United States and the "Neutrals" who are frankly in the position of trying to conciliate the divergent viewpoints without being too closely associated with any one of the three.

Our policy should be to encourage the Germans to return and the French to meet them half way, rather than to attempt to exert pressure, even in the modified form you explained in your 853.⁹⁰ In the face of the growing tension in Europe we cannot afford to impose our views on other powers against their considered judgment.

The intention you expressed of maintaining complete impartiality between the French and British at this juncture, and the nature of your answer to Schwartz, are both approved.

Many thanks for your admirable reports. It has been a critical week and we appreciate to the full all you have been doing.

PHILLIPS

500.A15A4 General Committee/951 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 4, 1934—10 p. m.
[Received June 5—12:32 a. m.]

868. My 869.⁹¹ 1. The debates this afternoon following the wide divergences in the General Commission have brought the Conference to a grave crisis.⁹² There is reason to doubt whether either Great Britain or Italy will continue unless a real endeavor is made to attack the decisive problem of the return of Germany. Furthermore, they both have deep distrust of "regional undertakings" in the absence of Germany.

2. I have prepared a resolution which I send under separate number 870⁹³ which I expect to offer at tomorrow's meeting of the Bureau unless developments meanwhile make it unnecessary or inadvisable.

3. I am convinced that this is in entire accord with the spirit of your instructions and may form a possible compromise on which the Bureau may reach agreement and by which the Conference may thus be saved.

⁹⁰ May 30, 4 p. m., p. 83.

⁹¹ *Infra.*

⁹² See *Minutes of the Bureau*, vol. II, pp. 211-224.

⁹³ June 4, midnight, p. 100.

I do not feel that this could be construed as bringing pressure on anyone. Furthermore in the event that the Conference fails at this moment there is in my opinion every advantage in having the American position on record and in our having made a final and open effort to save the Conference.

DAVIS

500.A15A4 General Committee/954 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 4, 1934—11 p. m.

[Received June 5—2:35 a. m.]

869. 1. As envisaged in my 866, June 2, 8 p. m., Henderson informed the Bureau this afternoon that the time had come to deal with the main political differences; that it was doubtful whether interrupted work could be usefully recommenced without a reconciliation of the divergences which a study of the French note of January 1st, the British memorandum of January 29, the Italian memorandum of January 4th⁹⁴ and the German note of April 16th show to have been narrowed. Those remaining divergences must be removed in order to secure Germany's return to the Conference and the League, the condition necessary to any convention. In order to give time to those delegations who are working on regional agreements to prepare assurances of security, he proposed that these might be discussed in private negotiations between the states particularly concerned, while the Bureau would receive authorization from the General Commission to take steps necessary to secure the cooperation of all states.

2. In the discussion which ensued and which served only to widen the breach the French made it clear that they did not propose to abandon the study of security. They refused to commit themselves to any arrangement to bring Germany back.

3. In an effort to harmonize the differences and to support the President I explained that I thought the question of security could be dealt with simultaneously with the reconciliation of the notes in question and that while every one recognized the importance of security we were interested in it solely in its connection with disarmament. Furthermore while guarantees of execution properly came within the framework of the Conference the regional agreements proposed, I explained, should be a subject for discussion between certain states only and should not concern the Conference as a whole.

4. The British declared positively that they supported Henderson's proposal, were ready to take part in any efforts to serve the main object of the Conference, namely disarmament, and that its immediate task

⁹⁴ Great Britain, Cmd. 4512, p. 15.

should be to reconcile the divergences expressed in the four documents in question.

5. Speaking for the neutrals Sandler⁹⁵ supported what I had said. He, together with the representatives of the neutrals, Motta⁹⁶ and Madariaga,⁹⁷ endeavored to reconcile the two diverging schools of thought but expressed themselves as being of the opinion that security could not be divorced from disarmament. They all felt that a way must be found to try to bring Germany back.

6. Litvinoff presented a resolution⁹⁸ today which would in addition to transforming the Conference into a permanent peace body make the return of Germany dependent upon successful outcome of discussion on security here. He explained that he did not wish to press his proposal for a peace conference too strongly at the moment as some delegations might wish for further time to consider it but he felt that at least as regards the study of security it should be begun by a committee of the Conference immediately.

7. An effort was made to form a drafting committee which would, as Henderson explained, attempt to reconcile the different methods of approach suggested in the proposals of the Turkish delegation and of the neutrals, submitted at Friday's meeting of the General Commission as well as the Soviet proposal of today while endeavoring to work out a method which would permit reconciliation of the divergences in the memoranda of the four great powers permitting Germany's return to the League. This failed, however, as it ran up against the acute differences which now mark this stage of the Conference. Henderson refused to permit the drafting committee to work on any proposal which would not deal simultaneously with the problem of Germany's return. No conciliation between the two schools of thought was found possible this afternoon. Nothing was decided and Henderson ruled to postpone discussion until tomorrow without even attempting to establish an agenda for the work. We therefore start from scratch tomorrow.

DAVIS

500.A15A4 General Committee/952 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 4, 1934—midnight.

[Received June 5—1:33 a. m.]

870. The proposed resolution mentioned in my telegram 868, June 4, 10 p. m. reads as follows:

⁹⁵ Rickard J. Sandler, head of the Swedish delegation to the General Commission; Minister for Foreign Affairs.

⁹⁶ Giuseppe Motta, head of the Swiss delegation to the General Commission.

⁹⁷ Salvador de Madariaga, Spanish delegate to the General Commission.

⁹⁸ *Minutes of the Bureau*, vol. II, p. 212.

"The General Commission, having in mind 'the considerable material for the first convention for the reduction and limitation of armaments which was the fruit of two years labor', as the President of the Conference recently stated:

Having in mind the joint declaration of June 1st of the Danish, Spanish, Netherlands, Norwegian, Swedish and Swiss delegations,⁹⁹ the draft resolution submitted by the delegation of the Turkish Republic on that date, and the views presented by the delegation of the USSR;

Having in mind the desirability of reconciling the positions taken as well as the necessity for immediate consideration of questions of an immediate and substantial character both with regard to essentials respecting the reduction and limitation of armaments and the allied subject of security;

Having in mind that a comparison of the note of the French Government of January 1, 1934, the memorandum of the Italian Government of January 4, 1934, the memorandum of the British Government of January 29, 1934, and the memorandum of the German Government of April 16, 1934, reveals an approximation of views which affords hope of eventual agreement, decides:

To request the Bureau of the Conference:

1. To take immediately the four documents of January 1st, January 4th, January 29th, and April 16, 1934, mentioned above, in order to seek, by any means it may deem appropriate and with the cooperation of such other power or powers as the Bureau may find necessary or useful to invite to participate in its work, the reconciliation of those divergences which still exist.

2. To appoint a special committee to examine without delay the problems incident to the loyal observance of a general disarmament convention. It is understood that those states specially interested in regional agreements based on the principles of the pact of Locarno or of the Balkan Pact, may concurrently conclude such agreements as they may consider best calculated to give a feeling of security which may facilitate the conclusion of the disarmament convention.

3. To authorize the President of the Conference to reconvene the General Commission of the Conference as soon as the work indicated has reached the state where it is ready for presentation to the General Commission, but in the event that there is not appreciable and satisfactory progress in the work outlined within a reasonable time, to instruct the President to call the General Commission together to determine what the future course of the Conference shall be."

DAVIS

500.A15A4 General Committee/953 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 5, 1934—noon.

[Received June 5—7:27 a. m.]

871. My 868, June 4, 10 p. m. The situation appears so tense today that I have decided not to present the resolution sent you last night

⁹⁹ *Minutes of the General Commission*, vol. III, p. 676.

unless I can get agreement between the British and French before doing so.

DAVIS

500.A15A4 General Committee/955 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 5, 1934—4 p. m.

[Received June 5—2:10 p. m.]

872. Referring my 870, June 4, midnight, when I decided early this morning that I would not present our resolution unless the French and British would agree to support it Henderson decided that he would present a proposal himself which he had drafted taking as a basis our draft. In the meantime I did have a talk with Aubert who personally favored our draft with certain modifications which would have been acceptable both to the British and ourselves but we cannot tell whether they will even accept Henderson's proposal because Litvinnoff who has so much influence with the French just now is bitterly opposed to any effort to bring the Germans back into the negotiations. In certain quarters, therefore, efforts have been made to create the impression that the British and Americans are lined up because we both naturally took the same position in the Bureau yesterday, namely, as to the vital necessity of German cooperation for the negotiation of a treaty which position was also vigorously supported by all the neutrals.

DAVIS

500.A15A4 General Committee/959 : Telegram

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

WASHINGTON, June 5, 1934—8 p. m.

425. Your No. 859, June 1, 10 p. m.

(1) International agreement upon an ideal and entirely effective method of dealing with the evils arising from the private manufacture of arms and the international traffic therein is obviously unattainable at this time. Therefore, we should concentrate our efforts upon the elaboration of a program on which a substantial measure of international agreement can probably be secured, and upon urging agreement on this program. In the light of the debates in the Committee for the Regulation of the Trade in and the Private and State Manufacture of Arms and Implements of War and of recent developments at Geneva, it would appear that the program outlined below is probably the maximum attainable at this time. Its adoption would be

a tremendous step in the right direction and would lay a foundation for international agreement upon more drastic measures in the future.

The incorporation of provisions dealing with this matter in a General Disarmament Convention would be, of course, infinitely preferable. A convention dealing exclusively with manufacture of and traffic in arms should be considered an expedient to be adopted only in case a General Disarmament Convention becomes manifestly unattainable at this time. The details of the provisions dealing with this matter would be different in the one case from what they would be in the other. But I see no reason why the underlying principles and the general system of supervision and control established should not be the same in both cases. This Government is prepared to go just as far in dealing with this matter in a separate convention as it would be prepared to go in dealing with it in provisions incorporated in a General Disarmament Convention.

Pending the negotiation of a new and more satisfactory convention, every effort should be made to secure ratification by as many governments as possible of the Arms Traffic Convention of 1925.¹

(2) In the present situation a revision of the proposed Draft Convention with regard to the Supervision of the Private Manufacture and Publicity of the Manufacture of Arms and Ammunition and Implements of War of 1929 would appear to be the most practical method of dealing with questions of manufacture. This Government has withdrawn² its former objection on constitutional grounds to a Convention obligating it to establish national supervision of arms manufacture. The essential provisions of that Convention, viz:—the licensing of all manufactures of all categories of arms, munitions and implements of war by each of the contracting parties within its own jurisdiction, and the publication by an international body of all licenses and of full information in regard to the quantities of the various articles manufactured thereunder, and of the disposition thereof—should be retained. The same system should be established for manufacture by the state as for private manufacture. Automatic and continuous inspection under the direction of an international body should be provided for. This inspection should relate to the concordance between licenses issued and the operations carried on thereunder, the accuracy of reports of arms manufacturers and the quantities of the various categories of arms, munitions and implements of war manufactured or in process of manufacture. It should not, however, extend to the methods and processes of manufacture. Should

¹ Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva, June 17, 1925, *Foreign Relations*, 1925, vol. I, p. 61. For correspondence concerning efforts to secure ratification of this treaty by the United States, see pp. 449 ff.

² See paragraph (1) of telegram No. 357, June 17, 1933, to the Chairman of the American delegation, *Foreign Relations*, 1933, vol. I, p. 196.

the provisions dealing with this matter be incorporated in a General Disarmament Convention containing provisions prohibiting certain types of weapons or limiting the quantities of certain types in the possession of the several contracting parties, the inspection should extend also to the verification of the carrying out of these provisions.

(3) The most practical method of dealing with the questions arising from the international traffic in arms would appear to be the strengthening of the provisions of the Arms Traffic Convention of 1925 and their coordination with the provisions relating to manufacture. The essential principles of that Convention should be retained: (a) the prohibition of sales other than sales to governments or to public authorities acting with the consent of governments; (b) the issuance of licenses by the several contracting parties, each within its own jurisdiction, to cover each shipment exported or imported; and (c) publication by an international body of all licenses issued with full information in regard to the origin and destination of all shipments thereunder.

This Government has no interest in Chapter III of the Convention establishing Special Zones. If such provisions must be retained in the interest of other Powers, they might well be modified to meet as far as possible the objections of the governments of those countries which are included in or adjacent to such zones.

(4) Such a system of supervision and control as is outlined above under (2) and (3) would admit of considerable variation in the domestic legislation of the several contracting parties. In carrying out the obligations under such a Convention, governments could if they desired impose supervision and control more far reaching than that which they were obligated to impose. This Government would be disposed to recommend such legislation.

PHILLIPS

500.A15A4 General Committee/956 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 5, 1934—11 p. m.
[Received June 5—10:05 p. m.]

873. 1. The presentation of Henderson's resolution this afternoon drew the lines of divergence even more bitterly than in any previous session.³ He had hoped thereby to reconcile the two theses of security and disarmament and to provide for the possibility of negotiations for Germany's return, using the four basic notes as a starting point.

³ For text of the resolution, see *Minutes of the Bureau*, vol. II, p. 225; for minutes of the Bureau meeting, see *ibid.*, pp. 224-234.

When an effort was made by Madariaga in the hope of conciliating the French and gaining their adherence to the resolution to omit reference to this basis for negotiations the British declined to accept any procedure which did not mark its importance. Soragna,⁴ going beyond his instructions in an effort to gain agreement stated that he would likewise have been willing to adhere to Henderson's original proposal but could not accept any modification which would not underline the importance of securing Germany's return.

2. In a speech full of insinuations that Henderson had relegated security to the background thus departing from that impartiality which should characterize the chairman Barthou declined vehemently to accept his suggested method of procedure. While he said that the door was still open for Germany to return he emphasized that Germany must return to the League and Conference without any conditions and that solution of the security problem must be the condition precedent to France's signature to any disarmament convention. He brought out very forcibly France's unwillingness to accept any parallel arrangement of security and disarmament. He said that the guarantees of eventuality to which France attached prime importance a few months ago no longer had any value in view of the publication of the German military budget. It is clear from his speech that France is being very strongly influenced by their new alignment with the Russians who are outspoken in their opposition to any efforts directed toward bringing Germany back into the negotiations.

3. Henderson declared vehemently that he could not permit Barthou's insinuations of partiality to pass unchallenged and in a magnificently courageous reply he repudiated any charge of partiality explaining that because of the failure of the Bureau yesterday to agree on any program of work in order to save the Conference he had undertaken to offer a reasonable compromise. Not only had he given security an equal place with disarmament but it was given prominence in his proposals. He showed that the two theses must be considered parallel and he could not accept the French contention that security was paramount nor could he submit to the adoption of any program which could not permit Germany's return to the discussions. This attitude of France he explained was blocking any hope of agreement and unless the French would agree to present a program of their own which must take into consideration the views expressed by all delegations and provide reasonable hope of success he saw no hope for the future work of the Conference. Furthermore he was so determined to be fair and impartial that he would not submit to the framing under the auspices of the Conference of any pacts of mutual assistance which constituted the encirclement of any country. He said that Barthou

⁴Marquis Antonio Meli Lupi di Soragna, Italian member of the Bureau.

had made more insinuations in 2 days with his impartiality and action as chairman than had happened during more than 2 years when he had been President of the Conference.

4. So extreme was the clash between Barthou and Henderson that no useful purpose could be served by any further interventions in the debate and Henderson adjourned the meeting until tomorrow without program, without agenda and with no indication of what will result.

5. I took no part in the discussions as I felt that nothing that we could have said today would have been wise or helpful.

DAVIS

500.A15A4 General Committee/963 : Telegram

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

WASHINGTON, June 6, 1934—7 p. m.

426. Mowrer has just cabled a story from Paris in which, with reference to yesterday's Bureau meeting, he states that Washington, in your person, found itself seeing eye to eye with the British for the *n*th time. In elaborating on this purported Anglo-American cooperation, he makes the following statements:

"The American Delegation denies this charge. It has stated that it is not in the tow of the British; it just happens that the American views and interests at this Conference coincide with those of Great Britain. On each question, explain the Americans, they vote independently, but if the fundamental views are alike, it is inevitable that the votes will also be alike.

Pushed hard, the American Delegates will, however, go somewhat further. They admit that 'it is part of our policy to follow the British where possible in European matters.' Sometimes, they state, they expect the British support in the Pacific as a result of American support of Great Britain in the Atlantic. Grudgingly, perhaps, they concede that so far this British support has not been very obvious. But 'just have confidence in the British and all will be well,' they insist . . .⁵

This deference to London awakens in all other European capitals, except Rome, which also steadily defers to London, the greatest suspicion and animosity. The French accuse the American policy of being steadily and persistently anti-French, even in matters which do not concern the United States, as, for instance, Italy's claim to Naval parity with France. . . .⁵

It may be natural that the State Department is correct in assuming that the United States can best serve itself by following Great Britain, or again it may be that it is this policy which is responsible for the relative insignificance of American influence in the world's councils and the general suspicion outside of London towards American initia-

⁵ Omission indicated in the original.

tives. But, in any case, the American people should know that it is being directed in a policy which throughout the world gives them the reputation rather of serving the interests of the British balance-of-power policy than of American ideals of peace and democracy."

At this afternoon's press conference, I pointed out, for background purposes, that this Government has no occasion, so far as political or disarmament matters are concerned, to have any alignment with any other nation. I explained that it might happen that momentarily the American viewpoint would coincide with the views of one or more other countries but I was entirely at a loss to account for reports or rumors such as the one from Paris.

So far as this particular report is concerned, I informed the correspondents that on May 31 you reported on the general disarmament situation at which time you emphatically stated that it was advisable for you to remain impartial. On June 3 the State Department had given its approval to your stand.

I then read the last sentence of your 872, June 5, 4 p. m.

HULL

500.A15A4 General Committee/966: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 6, 1934—midnight.

[Received June 7—2:45 a. m.]

878. At the Bureau this afternoon I asked the British and French if they would care to come to our office to see if we could smooth out the chief difficulties, which they gladly agreed to do.

2. It soon became evident that the differences between those two nations in respect to the resolution were deeper than could be bridged by a mere searching of a formula. The British frankly stated that they were concerned rather with the intentions behind the resolution itself. They wanted to be convinced that the French were really desirous of attacking in the near future the fundamental problems of disarmament. They had no objection to the French going ahead with their security arrangements provided they were based on the Locarno principle and were not to encircle Germany and so long as there was no undue postponement of coming to grips with the real problem of disarmament.

3. The French on their part made it equally clear that while they did not exclude an endeavor to reconcile the differences brought out in the diplomatic exchanges, this seemed to them something that could be better negotiated between governments than by any conference organ so long as Germany was absent. While they recognized the necessity of German participation in negotiation they were unwilling as a

matter of strategy that the resolution should take the form either of an indirect invitation to Germany or of anything that might be construed as an obligation on their part to modify the position already taken in notes to Germany and Great Britain.

4. The difference in conception seems to lie in this. Both desire the return of Germany to the League of Nations and to the Conference. They differ however in the manner of accomplishing this. The French believe it can be accomplished through political measures by which Germany may be induced to return to the fold. The British do not feel that Germany would enter a Locarno agreement except in connection with a disarmament agreement but they would look with favor on an Eastern Locarno and are quite prepared to wait a reasonable time for the French to try their method, provided that the real objective of the French is an ultimate program of disarmament.

5. It was also made evident that Eden desires to find out from the French what their real political objectives are and that from what Massigli said the French want to know the real position of Great Britain with regard to German rearmament, which they claim has shifted from time to time to such an extent that France wants to be assured, before taking any steps with Germany, that they know not only where Great Britain stands now but where Great Britain will stand in the future. Massigli said in fact, that for 10 months they had been trying to get a definite answer out of the British on this, the vital problem for France, and as they were unable to do so, they were compelled in the face of actual active rearmament on the part of Germany to seek means other than cooperation with Great Britain for dealing with the situation.

6. Eden then said he thought it would be advisable for Barthou to come to London to talk matters over with the British Government and he was thinking of suggesting this to his Government.

7. We will meet tomorrow after Eden has consulted London. It was agreed that meanwhile efforts would be made to redraft the resolution having in mind that the British and ourselves are willing for the Conference to welcome an Eastern Locarno as a benefit to the consummation of a treaty, the French to bear in mind that we desire some expression of a determination to go on with disarmament.

8. The effect of the crisis that was reached in the Bureau yesterday has been to clear the atmosphere considerably and to bring out more definitely than we had thought to be the case that there is a clearer recognition of the necessity for going on with the work and a desire on the part of France to find a practical way to do so.

9. As you know the Italian position since October last has been that no work can be usefully carried on by the Conference in the absence of Germany. I therefore fear that the setting up of committees may

bring about a definite refusal on Italy's part to participate. I share your desire to go forward with the question of manufacture of and traffic in arms, but hope that you will give me discretion in the matter as insistence now upon one phase of the armament problem might endanger the success of the broader issue.

10. I feel more hopeful as to the general situation in respect of ultimate agreement than I have at any previous time during this session provided we can agree upon a program on which the Conference can continue.

11. The main question on which I, therefore, desire your instructions is whether you feel that the importance of keeping the Conference alive is sufficient to justify the acceptance of a resolution along the lines of that of the French with such improvements as we can secure. In this connection I point out that the French resolution provides for immediate study of the problem of the manufacture of and traffic in arms, to which they tell us that they attach considerable importance. It is impressed upon me that in the event that the Conference breaks up it would be extremely difficult in such an atmosphere to institute immediately negotiations for a separate treaty governing the manufacture of and traffic in arms or to expect to undertake such negotiations within a reasonable period.

12. I will appreciate an immediate reply as the Bureau meets on Friday morning.

DAVIS

500.A15A4 General Committee/962 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 7, 1934—1 a. m.

[Received 10:45 p. m.]

879. Since dictating my 878, June 6, midnight, Eden has called to say that on reflection there seemed to him only two alternatives; either to insist on the draft submitted by Henderson (see my 873, June 5, 11 p. m.) or to try to meet the French as far as possible on their draft. He inclines towards the latter alternative and is so recommending his Government adding however that he considers it indispensable that some reference be made to the four notes mentioned in the President's draft and to the necessity for a continuous effort on disarmament.

Aubert has shown me a telegram just received by Barthou from François-Poncet⁷ telling of a conversation this afternoon with von

⁷ André François-Poncet, French Ambassador to Germany.

Neurath⁸ stating in effect that the latter said that while the Germans were inclined at the proper time to resume participation in disarmament negotiations they felt that a greater measure of progress should first be recorded but that Germany was interested in discussions looking to security and that this might be the best means for getting together. See my 876, June 6, 6 p. m.⁹

DAVIS

500.A15A4 General Committee/964 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 7, 1934—2 p. m.

[Received June 7—9:35 a. m.]

882. Your 426, June 6, 7 p. m. The fact that Mowrer's story was cabled from Paris rather than from the seat of the Conference is in itself indicative of the fact that it is a political editorial rather than a news article. Mowrer who called Pell¹⁰ by telephone told him that Knox, the owner of the *Chicago Daily News*, was there and that under his instructions he was sending a despatch charging the Americans with playing into the British hands.

The first paragraph of Mowrer's despatch quoted by you is substantially what Pell told him. The rest of the views attributed to the Delegation are mere fiction. There was never the slightest intimation that it was our policy to follow the British in European matters but on the contrary it was made clear that it was our policy not to take sides with anyone but to take a stand on disarmament questions based solely upon American views and interests.

Knox of the *Chicago Daily News* is outspoken in stating that the purpose of his visit to Europe is political. He has been visiting certain countries with a view of getting material to attack the administration's policy of a controlled economy and he is including disarmament or anything else as a means of attack. The *Chicago Tribune* correspondent¹¹ here is, I am satisfied, sending despatches to accord with the policy of his paper as it is particularly popular in Chicago to attack Great Britain. I think you handled the matter admirably and now that we are working with the British and the French together even such criticism should die.

DAVIS

⁸ Baron Constantin von Neurath, German Minister for Foreign Affairs.

⁹ *Post*, p. 489.

¹⁰ Robert T. Pell, press officer of the American delegation.

¹¹ Edmond Taylor.

500.A15A4 General Committee/965 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 7, 1934—3 p. m.

[Received June 7—9:45 a. m.]

883. Your 425, June 5, 8 p. m., is helpful in preparing our studies concerning proposals for the regulation of arms traffic and manufacture. It would create a most favorable atmosphere for the presentation of specific American proposals if I could announce at the same time that the United States has ratified the Arms Traffic Convention of 1925. Is there any possibility that the Senate will consent to the ratification of this treaty during the present session?¹² I cannot urge too strongly the advisability of this particularly as I consider it would be useful to propose that the Conference adopt a resolution expressing the importance of securing ratification by as many Governments as possible.

DAVIS

500.A15A4 General Committee/968 : Telegram

The Secretary of State to the Chairman of the American Delegation (Davis)

WASHINGTON, June 7, 1934—6 p. m.

428. Your 878, June 6, midnight.

(1) We of course give you complete discretion in your handling of the question of manufacture of and traffic in arms and consider success in the broader issue of disarmament of greater import than an immediate success in one of its component elements.

(2) We agree with you that the French resolution in its present form offers little hope of progress. Nevertheless if as you indicate it is improved to a point where in your judgment (concurring in we hope by the "neutral" Powers) it places disarmament on a parity with security and expresses a determination to proceed with negotiations for actual disarmament, we see no reason for you to oppose it.

HULL

500.A14/664a : Telegram

The Secretary of State to the Chairman of the American Delegation (Davis)

WASHINGTON, June 7, 1934—7 p. m.

429. Your 883, June 7, 3 p. m. Every effort is being made to secure favorable action by the Senate on the Treaty and it appears probable that advice and consent to ratification will be given next week.

HULL

¹² For correspondence concerning efforts to secure ratification of the treaty by the United States, see pp. 449 ff.

500.A15A4 General Committee/967 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 8, 1934—noon.

[Received June 8—8:50 a. m.]

885. 1. In a final effort to reach an agreement upon a modification of the French resolution the British, French, and ourselves dined with Barthou last night. At 11:30 we agreed upon a revised text which I transmit by separate cable.¹³

2. As you will note this is a considerable improvement as it meets the main objections which we had to the French original draft. It also marks a really considerable concession on the part of the French. However, Barthou and Pietri¹⁴ seem most happy and most grateful to us for our efforts in bringing them and the British together.

3. What means more than anything is that the British and French, both of whose people most earnestly desire peace, have passed through a most acrimonious misunderstanding and have now reached an agreement. This fact gives added assurance of peace and grounds for hoping that they can deal in a constructive way with the problem of German rearmament and ultimately with general disarmament.

4. The British and French invited us to become joint authors in the resolution for presentation to the Bureau this afternoon. This we declined explaining that we thought the real value to the resolution was the public evidence of unanimity of view between France and England which would be somewhat detracted from by our association. However, I said that I would be happy to support it which was quite satisfactory to them.

5. I have gone over the text this morning with Sandler, the chairman of the neutral group, who was quite satisfied and who is calling his group together to get their approval before the meeting this afternoon.

6. Eden under instructions from his Government last night invited Barthou to visit London. Barthou was obviously pleased and accepted with the understanding that he would come in the first days of July after his return from his trip to Bucharest. When it is announced the visit will be described as taking place by "mutual arrangement".

DAVIS

¹³ *Infra.*

¹⁴ François Pietri, French member of the General Commission.

500.A15A4 General Committee/969 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 8, 1934—1 p. m.

[Received June 8—11 a. m.]

886. My 885, June 8, noon. The following is the text of the resolution to be submitted by the French and British delegations.

“THE GENERAL COMMISSION

Taking into consideration the resolutions submitted to it by the Delegations of the six powers, the Turkish Delegation and the Delegation of the U. S. S. R. respectively—

Taking account of the clarification of its work resulting from the French memorandum of January 1st, 1934, the Italian memorandum of January 4, 1934, the United Kingdom memorandum of January 29, 1934, and the German declaration of April 16, 1934—

Convinced of the necessity of the Conference continuing its work with a view to arriving at a general convention for the reduction and limitation of armaments—

Resolved to continue without delay the investigations already undertaken—

I.

Invites the Bureau to seek by whatever means it deems appropriate and with a view to the general acceptance of a Disarmament Convention a solution of the outstanding problems, without prejudice to the private conversations on which governments will desire to enter in order to facilitate the attainment of final success by the return of Germany to the Conference.

II.

Having regard to the peculiar importance presented by the study and solution of certain problems to which attention was drawn at the beginning of the general discussion,

Takes the following decisions

1. SECURITY

(a) Since the results of the earlier work of the Conference have enabled certain regional security agreements to be concluded in Europe during the past year the General Commission decides to appoint a special committee to conduct such preliminary studies as it may consider appropriate in order to facilitate the conclusion of further agreements of the same nature which may be negotiated outside the Conference. It would be possible for the General Commission to determine the relationship if any of these agreements to the general convention.

(b) The General Commission decides to appoint a special committee to study the question of guarantees of execution, and to resume the work relating to supervision.

2. AIR FORCES

The General Commission instructs its air committee to resume forthwith the study of the questions mentioned in its resolution of July 23, 1932,¹⁵ under the heading "1. Air Forces." (Note: Text of resolution of July 23rd under heading "air forces" to be inserted.)

3. MANUFACTURE OF AND TRADE IN ARMS

The General Commission requests its special committee on questions relating to the manufacture of and trade in arms to resume its work forthwith and, in the light of the statements made by the United States Delegate at the meeting of May 30, 1934, to report to it as early as possible on the solutions it recommends.

These committees will carry on their work on parallel lines and it will be coordinated by the Bureau.

III.

The General Commission leaves it to the Bureau to take the necessary steps at the proper time to ensure that when the President convenes the General Commission it will have before it as far as possible a complete draft convention.

IV.

Recognizing that the proposal of the U.S.S.R. Delegate—that the Conference be declared a permanent institution under the title of the "Peace Conference"—calls for careful study, the General Commission requests the President to submit that proposal (Conference Document C. G. 163) to the Governments."

DAVIS

500.A15A4 General Committee/971 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 8, 1934—8 p. m.

[Received June 8—5:50 p. m.]

887. 1. Meeting shortly before the General Commission this afternoon the Bureau¹⁶ forwarded the revised French resolution (See my 885 [886] June 8, 1 p. m.) to the General Commission with reservations declared by Italy and Poland. The Italian delegate objected to the Conference's resuming its work before a preliminary and favorable solution of the essential political problems had taken place and explained that his delegation would maintain the same attitude in the meetings of the Committees proposed. Raczynski¹⁷ objected to the insertion of mention of the parallel and supplementary efforts which

¹⁵ *Foreign Relations*, 1932, vol. I, p. 318.

¹⁶ See *Minutes of the Bureau*, vol. II, pp. 240-243.

¹⁷ Count Edward Raczynski, Polish Delegate.

can not be accepted as the basis of work of the General Commission without prior discussion.

2. In an atmosphere of good will and with manifest evidence of a sincere effort to smooth out existing differences the General Commission adopted the resolution noting the reservations aforementioned.¹⁸ In presenting the amended French version Barthou paid a graceful tribute to the other delegates who had aided in the formulation of this program of work and welcomed the opportunity to reiterate upon how firm a basis the friendship of France and England was founded. In explaining the new text he stressed the utility of stating how necessary Germany's return was considered by France. Motivated by a very real desire to smooth out difficulties he based his explanation of France's policy upon its note of March 17th rather than the supplementary memorandum of April 17th. In contradistinction to his statement of the other day he explained that France was still firmly attached to the importance of securing guarantees of execution for the convention.

3. Eden who seconded the resolution expressed his sincere thanks for the efforts of both the other delegates who had aided in drawing up this program and explained his Government's conviction that many of the difficulties with which the Conference was faced were due to the absence of Germany. This belief represented, however, no departure from the position England had taken last October with regard to Germany's departure which it considered had constituted a definite setback to the work of disarmament. Eden voiced the hope that within the changed atmosphere which agreement upon this resolution had brought about Germany may again be willing to play its part in reaching a final agreement.

4. I stated the belief that while this resolution might not cover all of the questions involved in the way that some of us might have preferred I felt that it actually provided a program of work rendering possible ultimate agreement. Its greatest value I explained lay in the fact that France and England had agreed upon a program upon which they might cooperate toward the realization of a disarmament treaty which was not only a distinct contribution to the success of the Conference but a distinct contribution to European peace.

5. While Litvinoff was not fully satisfied with the resolution; while Sandler in the name of the neutrals would have preferred to see disarmament given greater prominence in the resolution; while Hungary, Bulgaria and Austria reiterated the demand of the disarmed powers for the fulfillment of promises contained in the peace treaties; all of these delegations imposed no objection to the resolution but rather welcomed the improved atmosphere which agreement upon a program

¹⁸ For discussion at this meeting, see *Minutes of the General Commission*, vol. III, pp. 681-688.

had fostered. In addition the Hungarian delegate¹⁹ explained that his Government could not accept any regulation of air questions and arms manufacture except as it formed a part of a treaty dealing with all other phases of disarmament.

[6.] Since October [*sic*] Poland and Italy reiterated their reservations formulated in the Bureau, the Italian delegate regretting that he could not join the powers approving the program envisaged but explaining that Italy was willing to continue its cooperation in a solution of the real problems of disarmament while the delegate of Poland explained that his reservation was largely procedural designed to remove misunderstanding.

7. The Little Entente remained silent.

8. The General Commission will meet on Monday afternoon to prepare a definite program of work.

DAVIS

500.A15A4 General Committee/972: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 9, 1934—2 p. m.

[Received June 9—10:30 a. m.]

889. My 886, June 8, 1 p. m. Section II, part 1 (*a*). Sandler informs me that although the neutral states do not intend to join in any such regional pacts they want to be represented on the committee in order to keep informed and also perhaps to exercise a healthy influence. In any event my opinion is that it is inadvisable for us to serve on this committee unless the President's proposal for a universal pact of nonaggression should be on its agenda which I do not however anticipate. Should it appear on the agenda it would undoubtedly be easy to participate for that debate only.

Part 1 (*b*). I feel that we should participate in this committee if invited both because we are deeply interested in the matter of supervision and because it would be advisable to watch developments on the idea concerning guarantees of execution although we would not participate in such guarantees.

Part II. It is generally felt that the Committee on Air can do no useful work at the present time in the absence of Germany and the Secretariat believes it will not be called at once. We are of course members of this committee and will participate in the work if it is carried on.

Part III. We will naturally participate in the Committee on the Manufacture of and Traffic in Arms.

¹⁹ General Gabriel Tánzos.

Inasmuch as Henderson will presumably make recommendations at the meeting of the General Commission on Monday as to the personnel of these committees if you desire me to take another stand from that outlined please inform thereof.

DAVIS

762.65/99 : Telegram

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

ROME, June 9, 1934—7 p. m.

[Received June 9—6:11 p. m.]

112. My telegram No. 111, June 7 [8], 3 [1] p. m.²⁰ Suvich informs me that Mussolini will meet Hitler at Venice on June 14th and 15th. He adds that as no public announcement will be made until the last moment this information should be regarded as secret.

From another source I understand but am unable definitely to confirm that Barthou will come to Italy directly after Hitler's visit. Apparently Mussolini is attempting over the head of the Disarmament Conference to force an agreement between France and Germany as a prerequisite to a more general plan which will probably be in the nature of an agreement limiting armaments to the *status quo*.

First paragraph repeated to Berlin, second paragraph repeated to Paris.

LONG

500.A15A4 General Committee/973 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 11, 1934—noon.

[Received June 11—8:30 a. m.]

891. 1. The probabilities are that the committees to be designated by the General Commission today will proceed with their work, the extent and value of which will depend upon the result of the efforts to bring Germany back into the negotiations.

2. As I have advised you the French wish to pursue actively their efforts with the Germans to reach an agreement for an Eastern Locarno. They seem quite hopeful that they can reach an agreement with Germany which would provide a bridge for her to return. I am somewhat skeptical of their being able to do it this way and so are the British. If however they have not made appreciable headway with the Germans within the next week or two it is possible that the British

²⁰ Not printed.

and French together may try other means and if these fail it will be necessary to call a meeting of the Bureau. At any rate the probabilities are that all efforts will be directed towards preparing for a reconvening of the General Commission in the autumn with German participation.

3. After the appointment of the committees today and possibly a Bureau meeting Tuesday or Wednesday it is not necessary or advisable for me to remain here. I am therefore planning to leave here Wednesday or Thursday spending perhaps a day in Paris and going to London on the 16th or 17th.

4. As the Japanese experts are not arriving in London until about July 15th there is no great hurry to begin conversations with the British but as Simon and Eden have both told me several times they hope I will go on to London as soon as possible, I think it better particularly as our naval experts will be there to go ahead with our conversations with the British.

5. I would like to have Reber²¹ go to London as soon as the work here will permit him to leave. I hope therefore that the Department will instruct him to proceed to London at such time as the Minister directs.

DAVIS

500.A15A4 General Committee/974 : Telegram

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

WASHINGTON, June 11, 1934—1 p. m.

432. Your 889, June 9, 2 p. m. Recommendations approved.

PHILLIPS

500.A15A4 General Committee/975 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 11, 1934—6 p. m.

[Received June 11—2:50 p. m.]

892. My 889, June 9, 2 p. m. The General Commission adopted the program of work this afternoon.²² As regards the security committee section II, part 1 (a) of resolution, the membership of which will comprise all European states, both Italy and Hungary limited their role to observer. The British Delegation made it clear that while it would be represented on this committee it did not contemplate that Great

²¹ Samuel Reber, secretary of the American delegation; Third Secretary of Legation in Switzerland.

²² See *Minutes of the General Commission*, vol. III, pp. 688-691.

Britain would adhere to any further regional agreements having already signed Locarno. Litvinoff stated that it must not be understood that the adoption of this resolution excluded the eventual consideration of universal pacts or of pacts non-European character. Henderson ruled that membership on the committee might later be increased to include other powers.

Part 1 (b). The existing committee on miscellaneous provisions under the chairmanship of Bourquin²³ will deal with guarantees of execution and security. The existing committees on air and manufacture of arms will deal with parts 2 and 3 of section II.

The chairmen of the four committees are empowered to convene the committees when they deem it best. It was likewise decided to request the governments to furnish prior to October 15, 1934, information for the last fiscal year of the nature furnished the technical committee of the National Defense Expenditure Committee.

The President was granted authority to call the Bureau under point I of resolution when he should deem the status of the work warranted.

DAVIS

500.A15A4 General Committee/976 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 12, 1934—noon.

[Received June 12—9:35 a. m.]

892a. 1. As previously reported I have been approached several times by Schwartz, the unofficial Nazi representative here, to go to Germany or to meet Ribbentrop somewhere outside Geneva. Each time I have stated that I could not properly go to Germany as long as she is not in the Conference as it would be construed as an assumption of the initiative in bringing her back. I stated that I would of course be happy to receive Ribbentrop if he came to call on me here. The German Consul²⁴ called to see Wilson to let him know that the German Government knows of Schwartz's *démarches*.

2. Schwartz called again this morning. He said that the German Government was becoming sensitive over the fact that I had been to London and Paris and would not go to Germany; that they particularly desired that I have a talk with Ribbentrop before going to Paris or London again and that if I would let them know they would arrange for Ribbentrop to meet me anywhere across the German border if I would thus make a detour on my way to Paris this week. While I would like to be helpful to the Germans if they want to come back

²³ Maurice Bourquin, member of the Belgian delegation to the Disarmament Conference.

²⁴ Wolfgang Krauel.

into the Conference I still feel that it would be inadvisable to fall in with this suggestion. I have contemplated that at some stage the British and French may find it advisable to request me to endeavor to mediate between them and the Germans. This could only be done with much hope of success at the urgent desire of all the parties concerned. If I should go to meet Ribbentrop now without the knowledge and approval of the British and French, the French would be suspicious and might claim that I was interfering with the success of their present efforts.

3. While my judgment is that I should stand by the position heretofore taken that if Ribbentrop wants to see me he must call upon me openly, I would appreciate your judgment and guidance.

DAVIS

500.A15A4 General Committee/980 : Telegram

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

WASHINGTON, June 12, 1934—1 p. m.

433. Your 893 [892a], June 12, noon. I entirely concur with your judgment as to the inadvisability of making any move towards meeting Ribbentrop in Germany, and support the position you have taken that if he wants to see you he should call on you openly. I am reinforced in this opinion by the fact that advances have been made to you by an unofficial Nazi representative and not by an official of the German Government.

HULL

III. AMERICAN SPONSORSHIP OF A TREATY ON THE MANUFACTURE OF AND TRAFFIC IN ARMS, JUNE 15–DECEMBER 31, 1934

500.A15A4 General Committee (Arms)/12

Memorandum by the American Delegation to the General Disarmament Conference ²⁵

JUNE 15, 1934.

TRADE IN AND MANUFACTURE OF ARMS

It was suggested that within the scope of the Convention for the Limitation and Reduction of Armaments the Committee on the Manu-

²⁵ A note on the original states: "Memorandum by the U. S. A. delegation in regard to the statement made by the U. S. A. representative during the informal conversation between the French, United Kingdom and U. S. A. delegations on Thursday, 14th June, 1934, at 5 p. m. in the Secretariat." No record of the informal conversation has been found in Department files.

The memorandum was filed as an annex to the Report to the General Commission adopted on July 2, 1934, by the Committee for the Regulation of the Trade in, and Private and State Manufacture of, Arms and Implements of War, *Conference Documents*, vol. III, p. 891.

facture of and Trade in Arms might usefully base its programme of work upon a consideration of the following points:

1. That national responsibility for the manufacture of and traffic in arms be specified in the Convention.

2. That qualitative and quantitative limitation in the Convention be the primary bases for measures for the restriction and control of the manufacture and export of arms.

3. That the manufacture of and the traffic in arms be subjected to national control by means of:

A. General licences for manufacture;

B. Special visas for export;

C. Publicity:

(1) For *orders* for manufacture,

(2) For all production, both State and private,

(3) For exports and imports,

(4) Prompt transmission to the Permanent Disarmament Commission by signatories of information on:

a. All licences as soon as issued;

b. All orders as soon as received by licensee;

c. Shipments for export as soon as made;

d. Annual reports of all production and imports.

4. That some international body, such as the Permanent Disarmament Commission, be empowered to coordinate the execution of the various provisions of the Convention by:

A. Consideration of publicity;

B. Checking against quantitative and qualitative limitations of the Convention;

C. Causing continuous and automatic inspections to be made—except for processes, trade secrets, and administration of manufacturing concerns.

5. That increases in armaments for countries entitled thereto under the Convention be made by stages which are to be specified in the Convention.

6. That replacement programmes are to be executed by stages over a period of years, and notified in advance to the international body charged with the supervision and execution of the provisions of the Convention.

7. That categories appearing in provisions for the control and supervision of the manufacture of and trade in arms be reconsidered, and brought into harmony with the provisions of the Convention relating to material.

500.A15A4 General Committee/982 : Telegram

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

PARIS, June 16, 1934—noon.

[Received June 16—7:55 a. m.]

445. From Norman Davis.²⁶ Yesterday afternoon I called upon Monsieur Barthou²⁷ accompanied by Marriner.²⁸ He was quite pleased at the adjournment of the parliamentary interpellations which had been scheduled to take place that afternoon as he interpreted this as an indication of parliamentary satisfaction with the policies of his Government particularly with the results obtained at Geneva and said it was most probable that no questions would be raised before his visit to London which he now expects to be about July 6 or 7.

He said he had been quite pleased and relieved at the favorable press reactions in France to his acceptance in principle of the return of Germany to the Disarmament Conference on the basis of the four notes mentioned in the Geneva resolution.²⁹

I asked him whether there had been any further progress in negotiations with Germany and he said no definite steps had been taken but that from what they learn in Germany there was a better spirit manifested and he told me very confidentially that he was dining tonight with Ribbentrop.³⁰ François-Poncet,³¹ who came into the room just as we were leaving, said that the reconciliation between France and England had had a distinctly good effect on the Germans.

Barthou expressed the hope that I would be in London during his visit and said while he expected difficulties in arriving at a complete understanding with the British he was going with the determination to succeed and was taking Pietri with him both as a useful colleague in the general discussions and because he is Minister of Marine and can thus inform himself usefully of the status of naval conversations.

[Davis.]

STRAUS

840.00/406

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

No. 987

PARIS, June 18, 1934.

[Received June 27.]

SIR: There are certain considerations, which I have the honor to set forth below, with respect to the general European outlook, par-

²⁶ Chairman of the American delegation to the Disarmament Conference.

²⁷ Jean Louis Barthou, French Minister for Foreign Affairs; Chairman of the French delegation to the Disarmament Conference.

²⁸ J. Theodore Marriner, Counselor of Embassy in France.

²⁹ For text of the resolution, see telegram No. 886, June 8, 1 p. m., from the Chairman of the American delegation, p. 113.

³⁰ Joachim von Ribbentrop, German Special Commissioner for Disarmament.

³¹ André François-Poncet, French Ambassador to Germany.

ticularly viewed from Paris, which have occurred to me in reading Ambassador Long's ³² Strictly Confidential Despatch No. 561 of June 1, 1934.³³

Needless to state, circumstances have slightly changed since the writing of the despatch, due to the fact that the meeting of the Disarmament Conference in Geneva, which reassembled in an atmosphere of fear and difficulty, succeeded in effecting a compromise which may ultimately permit the return of Germany to the Conference, and the continuation of efforts to reach an equitable agreement on disarmament. In particular, the efforts to heal the breach between France and England will have, I think, a stabilizing effect on European opinion, and members of the Government have gone out of their way to express appreciation for the rôle played by Mr. Norman Davis in making this possible.

There has been some war talk constantly in Paris and it reached its height last autumn about the time that Germany withdrew from the League of Nations. This talk has been chiefly inspired by military circles or by the Right press, the control of which has always been kept closely within the orbit of the Comité des Forges. However, the fact that no untoward incidents arose in the autumn considerably calmed the apprehensions here, and even the announcement of Germany's large military appropriations did not raise the general excitement that might have been expected. It merely caused the Government to send the stiff note of April 17, 1934,³⁴ on the arms question and to request greatly increased military expenditures. It has likewise made the French people face the probability of lengthening the term of military service, as indicated by the overwhelming vote of 420 to 171 which M. Doumergue ³⁵ received on the military budget on June 15, 1934.

With respect to the dangerous areas in Europe, the apprehensions of France have lessened since the Dollfuss régime was definitely set up in Austria, and for the moment they fear neither a Hapsburg restoration or a Nazi dictatorship. Moreover, the whole difficulty with respect to the Saar seems to have been appeased by the compromise arrangement reached by the Council of the League on the plebiscite. In fact, French public opinion has never been deeply stirred by the Saar question and the manifestations of feeling have been almost perfunctory, even on the part of the extreme Right press.

There is no question but that the cooling off of relations with Poland has thrown France definitely into Russia's arms, and that her hope of friendship in the East now lies in Moscow. Moreover, the recent debates in Geneva ultimately demonstrated that France's first interest

³² Breckinridge Long, Ambassador in Italy.

³³ *Ante*, p. 88.

³⁴ Great Britain, Cmd. 4559, p. 20.

³⁵ Gaston Doumergue, French Prime Minister.

lies in an accord with England, the only country which can, with or without guarantees, give France the backing necessary to make her secure, and it would seem that this fact was being borne in on the French Government.

Members of the Foreign Office in most conversations usually manage to touch upon the possibility of a conflict in the Far East between Japan and Russia, and the possibility that such an event might cause further wars, the implication being that the United States would be drawn in. They sometimes follow this up with the possibility that if such were the case, Germany and Poland might combine to attack Russia's European borders in the hope of annexing the rich regions of the Ukraine. In fact, it is the very definite opinion that German policy is turning toward the East. They stress the similarity of ideas which dominate both in Germany and Japan, and the close relations Pilsudski³⁶ has established with Tokyo through his brother who is a professor at the Imperial University there. In fact, about the middle of the winter it was definitely expected that a conflict would break out this spring. The fact that no hostilities have occurred is now being explained as due to the diplomacy of the Soviet Government: first in obtaining recognition from the United States, and second in bringing France into the orbit of Eastern European problems by proposals for treaties of mutual assistance or an Eastern Locarno.³⁷

France is concentrating more vigorously than ever on rendering her territory impregnable to attack and the fortifications along the borders, the so-called Maginot Line, are being supplemented and strengthened in every way. Moreover, her naval program is being pushed so that when Germany shall have exceeded her naval allowances under the Versailles Treaty,³⁸ France will be fully up to the limits which she accepted under the Washington and London treaties. The same consideration applies to the relations with Italy, concerning naval armaments. (See my despatch No. 972, June 12, 1934.)³⁹

There can be no question but that the existence of so many states in Europe under dictatorships subjects the continuation of peace to a variety of uncontrollable personal whims and ambitions, although it is the widespread opinion here in government, parliamentary and press circles that the present régime in Germany is weakening and that some change may be anticipated by autumn. Against these tendencies, France, although somewhat torn by internal dissension, corruption and economic maladjustment, has opposed the strongest possible defensive attitude. In fact, I have heard from various members of the gov-

³⁶ Joseph Pilsudski, Polish Minister for Military Affairs.

³⁷ For correspondence concerning an "Eastern Locarno" Pact of Mutual Guarantee, see pp. 489 ff.

³⁸ *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3329.

³⁹ Not printed.

ernment that the French people could not be induced to move beyond their own borders. If, as seems likely, due to the growing realization in England of the menace which Germany's increased armaments, especially in the air, will have for her, a good understanding can again be created, I think immediate prospects of war in this part of Europe will be considerably delayed. For example, M. Piétri, Minister of Marine, believes that Germany cannot be prepared for any war with France in less than from six to nine years, and this contention was only questioned with respect to the possibility of German air bombing raids, for which matériel, in addition to that existing, could be quickly got together. The difficulties of consolidating a position after even the most successfully destructive air raid, however, make this threat more psychological than strategic.

If the Soviet Union can succeed in the formation of an Eastern Locarno, and/or pacts of mutual assistance, to which France shall be a party, the prospects of war in Eastern Europe will diminish, leaving a strengthened Russia to face any troubles in the Far East, which, from all the information we are able to obtain, may arise next year.

No one can deny that a race in armaments is once more on: the great question is whether the goal is Peace or War. It is my belief that in France, as in other great democracies, that goal is peace.

Respectfully yours,

JESSE ISIDOR STRAUS

500.A15A4 General Committee (Security)/6

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

GENEVA, June 27, 1934.

[Received July 6.]

SIR: I have the honor to refer to the minutes of the Special Committee on Security set up by the Conference for the Limitation and Reduction of Armaments by virtue of the Resolution of June 8th (see my 886, June 8, 1 p. m.⁴⁰) and to the Report made by M. Politis, Chairman of this Committee, on its behalf to the General Commission of the Conference (Conf. D./C.G./C.S.S./3(1), Geneva, June 25, 1934) and to submit the following comment to the Department with regard thereto.

Initially, it should be said that the actual contents of the Report are not of the first importance as the paper is avowedly of a preliminary character with regard to the subject of regional pacts as a whole and because of a desire to enable States holding different opinions to agree upon the Report. The British feel, however, as I understand it, a

⁴⁰ *Ante*, p. 113.

certain relief rather perhaps than satisfaction in that the 1928 Model Collective Treaty of Mutual Assistance (Doc. C.563.M.163.1928. IX, Geneva, October 15, 1928) is indicated as the example to be followed and furthermore because the Rhine Pact of Locarno is also mentioned as another appropriate formula for facilitating the conclusion of regional agreements. It was felt that the ideas of the Committee were brought back to more solid ground in basing themselves on these two documents rather than on the far-fetched and perhaps dangerous orientation of more recent conceptions on this subject on the Continent, especially in France, the Little Entente and Russia. At the same time the British consider that they have been able to incline the direction of the agreements toward universal rather than toward strictly localized documents and they had recorded a statement to the effect that regional pacts were not to be considered as directed against any one State.

As to the substance rather than the form of the matter, or it might be said as to the implications to be derived from the Report of the Committee, I understand that the French and the Little Entente are pleased with the fact that the work of the Committee actually endorses, indeed, gives retroactive affirmation to the efforts that the French have been making latterly with regard to the extension of the system of regional pacts on the Continent. This is a matter of *amour propre* and something peculiarly germane to French psychology while at the same time not without a certain definite tactical or strategic value for the French in their relations with the Little Entente and Russia as well as with regard to pressure on Germany.

Therefore, as is usually the case, there is probably no one correct opinion as to the interpretation and consequences of the Report of the Security Committee. Each country or group of States has drawn its own conclusions. It might be said, however, that while the British had succeeded in limiting considerably the formal contents of the proposed Mutual Assistance Pacts, yet the action of the Committee has added another stone to the peace structure in Europe, from the French point of view, toward the accomplishment of which they have been working so successfully since the War. This seems all the more the case when consideration is given to the fact that the British and others definitely and strongly opposed any action at the recent session of the General Commission which would enable the French to have the aegis of the Conference thrown over and thus support their program of regional agreements in Europe which many feel has for its ultimate purpose the encirclement of Germany and the creation of blocs in Europe which must lead to disastrous consequences. It comes down in effect to a question of intent. If the French are sincere in their professions that their purpose is to include Germany in these regional

agreements and if Germany is brought into this framework, then the participation of the Conference with respect to such forms of accord will be constructive, not undesirable. If, on the other hand, either the French are not sincere or fail for one reason or another to bring Germany into the orbit of the regional pact arrangement, the Conference may well have lent itself to unfortunate practices.

Illustrative of how States view the conclusions of the Security Committee from a special standpoint, I enclose a copy of an article from the *Journal des Nations* of June 26th and an office translation thereof.⁴¹ The *Journal des Nations*, I am told on the best authority, is now entirely under the influence of the Little Entente, the Poles lately having withdrawn their participation.

Respectfully submitted,

HUGH R. WILSON

500.A15A4 General Committee (Arms)/6: Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, July 2, 1934—6 p. m.
[Received July 2—2:25 p. m.]

917. 1. Committee on Manufacture of and Trade in Arms met this afternoon in public session and adopted the articles referred to in my 914, June 28, 1 p. m.⁴²

2. The Venezuelan representative⁴³ while accepting the articles suggested an interpretation of article D whereby export licenses could be issued only after a corresponding import license had been issued by the importing country.

3. The British emphasized the aspects of national control and equality of treatment of state and private manufacture whereas the French, Czechs and Poles emphasized those of international control. I underlined the simplicity and practicability of the plan.

4. The draft articles were accepted unanimously and practically every speaker expressed appreciation of the initiative of the American delegation in offering an acceptable basis for the solution of this subject.

5. The Committee adjourned without any reference to future sessions although privately Komarnicki⁴⁴ expressed his intention of reconvening the Committee in September.

WILSON

⁴¹ Not printed.

⁴² Not printed; for text of draft articles contained therein, see *Conference Documents*, vol. III, p. 894; for minutes of the meeting, see *ibid.*, pp. 896-901.

⁴³ M. C. Zumeta; Minister to France.

⁴⁴ Polish member, vice chairman and *rapporteur* of the Committee.

500.A15A4 General Committee (Arms)/20

The American Delegate (Wilson) to the Secretary of State

GENEVA, July 3, 1934.

[Received July 17.]

SIR: I have the honor to enclose a copy of the report ⁴⁵ of the Committee for the Regulation of the Trade in and Manufacture of Arms and Implements of War, based on the application of the suggestions ⁴⁶ made by this Delegation in amplification of the statement made by Mr. Davis on May 29, 1934.⁴⁷

There is also enclosed an analysis ⁴⁸ of the articles which have been prepared for inclusion in the Convention. Inasmuch as the application of these articles, if adopted and included in the General Disarmament Convention, will be of great concern to the War and Navy Departments, it is suggested that they and the accompanying analysis be brought to their attention in order that the Department and this Delegation may have the advantage of such suggestions as they may make in the premises. It is improbable that these articles will be considered by either the Bureau or the General Commission before early autumn.

In view of the fact that the control of manufacture and traffic in arms is of great concern to private manufacturers of these articles, the Department may wish to consider the advisability of consultation with their representatives in the same manner as was done before the 1925 Arms Traffic Convention ⁴⁹ was adopted. Such a conference in which could be explained the method, scope and results of control and an exposition given of the provisions drafted for the protection of their interests and their rights to fair and proper competitive business, and their desire for safeguarding processes and trade secrets, might not only decrease opposition on their part to these proposals but might also result in suggestions of great value to the Department in determining its attitude on this draft.

The draft articles herewith are a result of American initiative, being based on the memorandum submitted by this Delegation on June 15. In consequence, it will be necessary for this Delegation to take a leading part in subsequent discussions on these articles, which merit careful thought—not only on account of their importance in the field they cover, but also on account of their bearing on other portions

⁴⁵ For text of report and draft articles adopted by the Committee, see *Conference Documents*, vol. III, pp. 891–895.

⁴⁶ *Ante*, p. 120.

⁴⁷ *Ante*, p. 79.

⁴⁸ Not printed.

⁴⁹ *Foreign Relations*, 1925, vol. I, p. 61.

of the Convention. The Delegation would greatly appreciate the suggestions and advice of the Department as early as practicable.

Respectfully yours,

HUGH R. WILSON

500.A15A4 General Committee (Arms)/22

The American Delegate (Wilson) to the Secretary of State

GENEVA, July 11, 1934.

[Received July 24.]

SIR: I have the honor to enclose herewith a Memorandum prepared by Colonel Strong on the subject of trade in arms.

In view of the action which has been taken on the American Memorandum of June 15, 1934, which arose out of Mr. Davis' speech before the General Commission on May 29, with reference to the manufacture of arms, it is very probable that in the subsequent steps which must be taken to prepare draft articles in regard to the trade in arms this Delegation will be compelled to take the initiative.

It would be very helpful if the delegation could receive the Department's views on the subject matter of the enclosed memorandum before September 1st.

Respectfully yours,

HUGH R. WILSON

[Enclosure]

Memorandum by the War Department Adviser to the American Delegation (Strong)

[GENEVA,] July 12, 1934.

1. Paragraph 6 of the Report to the General Commission⁵⁰ adopted by the Committee for the Regulation of the Trade In and Manufacture of Arms (Conf.D./C.C.F.47-(1)) states that, in the draft articles accompanying the Report, more especial attention has been devoted to manufacture than to trade, because the adaptation of the Convention of 1925 to the needs of the General Disarmament Convention has already been studied in the sub-committee on Trade (Conf.-D./C.C.F./40 and 40-(a)). It is to be noted, however, that the report cited contains no measure of unanimity as regards the extension of the provisions of the 1925 Convention in order to meet the requirements of the General Disarmament Convention. In consequence it appears necessary to consider what specific measures should be taken

⁵⁰ *Conference Documents*, vol. III, p. 892.

in order that articles may be drafted to bring the subject of trade in arms on a parity with the provisions now being considered for the regulation of the manufacture of arms.

2. Article "D" of the draft articles adopted for the manufacture of arms contains, in paragraph two, an undertaking not to permit the export or import of arms or implements of war without an "export or import license", and Article "H" refers to measures of "permanent and automatic supervision" for which special methods are to be laid down and one of the objects of which is to verify that manufactures, exports and imports accord with the provisions of the articles drafted. In consequence, in order that the draft articles already adopted may be balanced, it is necessary, for their clarification, to determine what steps may be needed for the proper execution of the provisions in regard to trade. In this connection, as a matter of principle, I believe that whatever provisions may be drafted should be complete in themselves and entirely divorced from the 1925 Convention.

It will be remembered that the 1925 Convention on the Traffic in Arms was drafted to replace the abortive Convention of St. Germain⁵² and was in reality a revision of the live portion of the Brussels Pact.⁵³ Its principal purpose was the regulation of trade in arms and the prevention of gunrunning in certain special zones. It would be only incidentally applicable to the remainder of the world. It was drafted by an international conference⁵⁴ separate and distinct from the General Disarmament Conference and has not yet received sufficient ratification⁵⁵ to bring it into force. If it ever does come into force the many troublesome questions, essentially local in character, which will inevitably arise, might well jeopardize the General Disarmament Convention, if the two were bound up together. In consequence, as a matter of policy, we should consider the inclusion in the General Disarmament Convention only of such subject matter appearing in the 1925 Convention as is applicable to the problem of the limitation and reduction of armaments, and this without any direct reference to the 1925 Convention.

⁵² Convention for the Control of the Trade in Arms and Ammunition, and Protocol, Signed at Saint-Germain-en-Laye and Paris, September 10, 1919, *Foreign Relations*, 1920, vol. I, p. 180.

⁵³ General Act for the Repression of African Slave Trade, Signed at Brussels July 2, 1890; for text, see Malloy, *Treaties, Conventions, etc.*, 1776-1909, vol. II, p. 1964.

⁵⁴ Conference for the Supervision of the International Traffic in Arms, held at Geneva, May 4-June 17, 1925. For correspondence concerning participation by the United States, see *Foreign Relations*, 1925, vol. I, pp. 26 ff. For proceedings of the Conference, see League of Nations, *Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition and in Implements of War* (A. 13. 1925.IX).

⁵⁵ For correspondence concerned with efforts to secure ratification by the United States, see pp. 449 ff.

3. The 1925 Convention provides, in Article 2, that the export of arms covered by Category I should be for direct supply to a government or a public authority subordinate to it, and that permission to export articles of this category may not be granted except on an order signed or endorsed by a representative of the importing government. Article 3 provides for certain exceptions which permits the export of articles covered by Category I, to private persons such as manufacturers of war matériel, rifle associations, and when destined simply for demonstration purposes, upon an authorization from the government of the importing country. The application of the provisions of Articles 2 and 3 is provided for in Article 4, in the form of a license or an export declaration approved by the competent authorities of the exporting country.

4. The articles covered by Category II of the 1925 Convention may be exported under cover of an export license and this does not require any approval by the authorities of the importing country, unless the legislation of that country requires it, provided this fact has been notified to the exporting country. Except for exports to the special zones designated in the 1925 Convention, no limitations as regards exports of other categories of arms are found in the 1925 Convention.

5. For the purposes of the General Disarmament Convention, in order to bring the provisions for trade on a par with those tentatively adopted for manufacture, it would appear sufficient to provide a graded system of supervision and control which would depend essentially upon the revision of the categories of arms. Assuming that the categories are revised so as to provide separate categories for those arms limited qualitatively, those limited quantitatively, those arms unlimited but which form a part of the standard equipment of modern armies, a category for naval armament, one for air armament and a category for obsolete, obsolescent and sporting or non-military arms, the system for regulation of trade might well be based upon the following principles:

(a) The prohibition of the trade, either export or import of arms and implements of war, the manufacture of which is banned, or the use of which is renounced as a result of qualitative limitations appearing elsewhere in the Convention;

(b) The restriction of exports or imports of arms or implements of war which are limited quantitatively, to the supply of governments only, under cover of a special permit issued by the exporting government with the approval of the importing government;

(c) For arms or implements of war which are limited neither quantitatively nor qualitatively, but which appear in a category indicating that they are designed for land, sea or aerial warfare and not covered by other categories, trade might be allowed for the supply either to a government, a public authority acting under it, a manufacturer of war

matériel or to a private person provided the import was authorized by the government and such authorization evidenced by either an import license or a consular visa.

(*d*) For arms and implements of war capable of being used for both military and non-military purposes, which would include obsolescent and possibly obsolete military arms, export might well be allowed by merely a consular visa by a representative of the importing country.

(*e*) For those arms and implements or materials designed and intended primarily for non-military use, but which might conceivably be turned to some military use in the absence of better matériel, it would appear sufficient to cover these items merely by an export license and publicity.

6. The application of this scheme is dependent, of course, upon the contents of the categories referred to, but it seems to offer a practicable solution to the difficulty and prevent undue interference in the limited field left to the legitimate activities of arms manufacturers. It is essential, I believe, that normal commercial articles such as blasting powders and other commercial explosives, automotive vehicles which might be converted to military purposes, commercial aeroplanes and power plants of various kinds, be subjected to as little interference as possible under the circumstances.

7. Sight must not be lost of the fact that in considering the Convention as a whole the greater the restrictions put on export trade in its widest sense, the greater will be the general difficulties experienced in the application of the other portions of the Convention. For instance, it is quite possible that in the application of the suggestions made in regard to categories of arms limited quantitatively we may meet this situation: a country entitled to one hundred military aeroplanes may, at a given date, actually have sixty and on that date may order twenty-five from licensed manufacturers in each of four producing countries, our own included. Under the system of publicity contemplated, it is probable that the Permanent Disarmament Commission would have knowledge of the fact and would take action prior to the date of shipment of these planes. Under the provisions of the third paragraph of Article "C" we might well refuse an export license for the twenty-five of these planes made by the American manufacturer who had taken the order in good faith, and then, as a government, we might face the embarrassing situation—providing we were up to our limit of military planes in this country—of having an excess of twenty-five planes which would have to be destroyed or otherwise disposed of. Under these circumstances an interesting question arises as to the property rights of the manufacturer who has acted in good faith. Take another instance: commercial explosives are largely used throughout the world for construction projects. The supply of such items to a bona fide construction company carrying out a legitimate civilian construction

project should not be hampered in any respect by the application of provisions of the General Disarmament Convention even though these explosives, for lack of something better, might in time of emergency be turned to military use. These two illustrations indicate the complexity of the problem to be faced and the necessity of good judgment and careful thought in any attempted solution.

8. The illustrations given in the preceding paragraph raise a question as to whether or not, in the internal legislation necessary to give effect to the articles governing manufacture and trade it is not necessary to take some steps to provide for losses sustained by a manufacturer who has taken an order in good faith, but who later is prevented from making delivery under that order due to operation of provisions of the Convention in circumstances over which he has no control. Such provisions, if contemplated, should of course be very strictly drawn in order to prevent abuse. It is to be noted, however, that if reasonable steps are taken to protect the interests of manufacturers who have acted in good faith, it is very probable that the arms manufacturers could be counted upon to give support to the regulation of the trade in arms rather than jeopardize the Convention as a whole by strenuous opposition to these provisions.

9. I am strongly of the opinion that the system outlined in Paragraph 5 of this memorandum, that is, a graded system of control corresponding roughly to a reasonably graded system of categories, offers the only practicable solution for the question of the regulation of trade in arms.

GEO. V. STRONG
Lt.-Col., G. S. C.

500.A15A4 General Committee (Arms)/23

The American Delegate (Wilson) to the Secretary of State

GENEVA, July 13, 1934.
[Received July 24.]

SIR: In connection with the future work of the Committee on the Manufacture of and Trade in Arms, I am informed that the Sub-Committee on Categories will be called early in September to consider the revision of the categories of arms in accordance with a mandate appearing in Conf. Doc. C.C.F./S.C.F./30-(1).

In view of the initiative of the American Delegation in regard to provisions for the control and regulation of the manufacture of arms, it is very probable that this Delegation will be called upon for concrete suggestions in regard to the rearrangement of categories. A study of the matter here indicates that the best ends of the General

Disarmament Conference would be served by a rearrangement of categories under the following heads:

Category I: Arms, ammunition and implements of war qualitatively limited or prohibited by the provisions of the Convention.

1. Prohibited weapons:

- (a) Chemical and bacteriological warfare apparatus;
- (b) Flame projectors;
- (c) Incendiary projectiles;
- (d) Aerial bombs and apparatus for their discharge;
- (e) Military aeroplanes exceeding 3 tons unladen weight.

2. Weapons for which the manufacture of and trade in is prohibited:

- (a) Tanks of a tonnage greater than "X" tons;
- (b) Mobile land artillery of a calibre greater than "Y" mm.;
- (c) Mounts and accessories for such artillery;
- (d) Ammunition designed exclusively for such artillery.

Category II: Arms, ammunition and implements of war which are limited quantitatively by the Convention and are not included in other categories:

- (a) Military aeroplanes;
- (b) Tanks of a tonnage less than "X" tons but greater than "Z" tons;
- (c) Mobile land artillery of a calibre greater than "W" mm.;
- (d) Mounts and accessories for such artillery;
- (e) Ammunition designed exclusively for such artillery;
- (f) Appliances or substances exclusively suited to chemical or incendiary warfare which are necessary for protective experiments, therapeutic research and laboratory work.

Category III: Arms, ammunition and implements of war which are not limited either qualitatively or quantitatively, but which form the standard armament of the land, naval or air forces, excepting those covered by other categories:

- (a) Arms and their component parts which are easily recognizable, having definite military characteristics and capable of being utilized only in the assembly or repair of such arms. Such arms, ammunition and implements are classified as follows:
 - (1) Rifles and carbines;
 - (2) Machine-guns, automatic rifles and machine-pistols of all calibres;
 - (3) Guns, howitzers and mortars;
 - (4) Bombs, grenades, torpedoes, depth charges, mines and apparatus for their discharge;
 - (5) Military armored cars;
 - (6) Projectiles and ammunition for the above.

Category IV: Arms and ammunition capable of being used for military and other purposes except those covered by other categories:

- (a) Arms and implements of war of a military type which are no longer standard or in service in the armed forces;
- (b) Other rifled firearms which will fire ammunition which can be fired from firearms listed in Category III.

Category V: Naval armaments:

- (a) Vessels of war and their armament, including vessels of all kinds and their arms, ammunition and implements of war mounted on board and forming part of their armament, except those covered by other categories.

Category VI: Aerial armaments:

- (a) Military aircraft except those appearing in other categories;
- (b) Aircraft engines h. p. and above.

Category VII: Arms, ammunition, propellants and explosives designed and intended primarily for non-military use:

- (a) Shot-guns of all types and ammunition therefor;
- (b) Revolvers and self-loading automatic pistols designed for single-handed use and ammunition therefor;
- (c) Sporting rifles and ammunition therefor;
- (d) Commercial explosives.

With reference to Category I, it seems highly desirable that both manufacture and trade should be prohibited in those weapons which are banned by the Convention; but until some measure of agreement has been reached on the chapter on Matériel of the British Draft Convention⁵⁶ it will be impossible to fill in definite limits in regard to the tonnage of tanks and the calibre of artillery. This question, for both Category I and Category II will be somewhat complicated by the replacement provisions as they now appear in the British Draft Convention. In regard to Category II, the quantitative limitations which ultimately may appear in the Convention will be a matter of serious concern when it comes to the administration of restrictions on manufacture and trade in these weapons, and in consequence rather stringent measures of control will be necessary. Category III covers the general class of weapons which appear in Category I of the 1925 Arms Traffic Convention and which will be a matter of considerable concern in regard to the armaments of authorized military forces as they will exist under the General Disarmament Convention. Category IV represents a transition category which will be of principal concern to those nations which are primarily interested in the maintenance of order in the special zones laid down in the 1925 Convention. Category V, dealing with naval armaments, may have to be expanded to take in the principal provisions of the Washington and London Naval Agreements unless the provisions now appearing in the British Draft Convention are retained in their present form. Category VI, dealing with

⁵⁶ *Conference Documents*, vol. II, pp. 476, 479.

aerial armaments, will in all probability meet some opposition on account of the probable endeavor to include certain types—at least of civil aircraft—which are deemed capable of transformation for military uses. Category VII deals primarily with certain weapons and matériel which might conceivably be put to some military use but which should appear in a separate category in order that it may be subjected to as little control and regulation as appears necessary under the circumstances.

It would be very helpful if this Delegation could be informed as to your opinion on this arrangement in categories prior to September 1st in order that the detailed work thereunder may be accomplished prior to the meeting of the Committee on Categories.

Respectfully submitted,

HUGH R. WILSON

500.A15A4 General Committee/1018

*The President of the General Disarmament Conference (Henderson)
to President Roosevelt*

LONDON, July 18, 1934.

DEAR MR. PRESIDENT: I have been anxious for some time past to write to you on the position and prospects of the Disarmament Conference. This temptation has never been as great as now, and I must confess that I yield to it with an undoubted pleasure.

You are fully aware how this great venture has from the start been hampered by a series of unfortunate events not calculated to enhance that feeling of mutual confidence and security which is essential for any serious measure of reduction and limitation of armaments. But I need not, towards the end of the third year of the Conference, attempt a review of all its vicissitudes. It will be sufficient for all practical purposes to say a word or two about the last meeting of the General Commission and the Bureau.

The position of the Conference was at that moment critical. We were all conscious of being faced with perhaps our last chance of reconciling the demand for security made by a great number of delegations with the claim of Germany for equality of rights, accepted conditionally December 1932 by certain other great Powers, and later on supported by a larger number of delegations to the Conference.

I am aware that, in making this statement, I may seem to resign myself to a gradual modification of the original purposes of the Conference, which was convened to secure a reduction and limitation of armaments. I need hardly say that two-and-a-half years of strenuous effort in an assembly of sixty-four nations have convinced me that in

this imperfect world a very high price may have to be paid for even a moderate success in disarmament. It is indeed hard for those who believe in promoting peace by disarmament to be obligated to accept a less ambitious programme of peace through security, accompanied perhaps by only a tentative first effort towards disarmament. The statesmen meeting in Geneva—and the President of the Conference with them—had, however, to weigh the advantages and disadvantages of a convention embodying very little reduction against no convention at all. A sense of the appalling consequences of choosing the latter alternative drove us all finally, in despair of a better achievement, to content ourselves with aiming at a first convention providing a moderate reduction and limitation of armaments, accompanied by such agreements on security as might be obtained without prejudice to the fundamental principles embodied in the Covenant of the League of Nations, under whose auspices this Conference was convened.

Incidentally, it was unanimously recognized by the Conference that even this measure of success could not be attained without Germany's participation in our proceedings, more especially as the return of that country to Geneva would imply that a solution had been found for the difficult problem of equality of rights. When, therefore, the Conference made an effort to agree, in a formal resolution, on the necessity of Germany returning to the Conference, it was expressing a general desire to secure a convention which would introduce a system of international regulation in the field of armaments, where so far, if we except the questions covered by the Washington and London Naval Treaties,⁵⁷ unlimited freedom has hitherto existed.

I must emphasize that this compromise between the two tendencies, security and equality, was achieved largely because the United States, not being committed to either of them, were in a position to act as a mediating influence between the delegations concerned and made good use of the opportunity thus afforded them of helping to bring the parties to agreement.

The recent conversations which have taken place in London constitute a first step towards giving effect to the undertakings accepted on June 8th 1934 by those participating in the Conference. Mr. Davis has no doubt informed you in detail of these London negotiations. In my opinion they have considerably facilitated Germany's return to the Conference, since, if the regional agreements contemplated by certain Powers materialise, the Protocol of December 11th 1932,⁵⁸ providing for the grant of equality to Germany in a régime of general

⁵⁷ For text of the Washington Naval Treaty, see *Foreign Relations*, 1922, vol. I, p. 247; for text of the London Naval Treaty, see *ibid.*, 1930, vol. I, p. 107.

⁵⁸ For text of Protocol, see *ibid.*, 1932, vol. I, p. 527; for documents pertaining thereto, see *ibid.*, pp. 489-528.

security, will have received as satisfactory an application as is possible in present circumstances.

I am therefore not without hope of still securing a convention providing for a reduction and limitation of armaments, such reduction and limitation constituting an integral part of the Protocol to which I have just referred.

The Bureau of the Conference will meet again early in September, probably during the second week, and important decisions will have to be taken in the light of the situation then obtaining. If the regional agreements have by that time proved acceptable in principle to those chiefly concerned, we should look forward to Germany's return with a certain optimism. In this event we may reasonably hope that a convention will be obtained. It should baffle neither our patience nor the ingenuity of the experts to give legal form to the technical decisions reached by the Conference in the last two-and-a-half years.

But past experience has taught me not to underestimate the difficulties which may be awaiting the Conference and I venture to hope that, despite the important tasks claiming your attention at home, you will continue to show in our work here that active interest which has so heartened us in the past. I would in particular refer to the message which you addressed in May of last year to the heads of States⁵⁹ urging upon them the elimination of offensive weapons as an ultimate object of the Conference, and to the communication⁶⁰ which you recently addressed to Congress on the subject of the trade in and manufacture of arms. In consequence of that communication the appropriate Committee was able, as a preliminary step, to prepare a series of draft Articles which I have submitted to the General Commission and which in my view offer a more hopeful method of approach to that very difficult problem.

Before closing, I would express the hope that we may before Christmas secure a disarmament convention which will profoundly affect national and international affairs for years to come. It will be a source of encouragement to me in facing these supreme issues to recall that the United States Delegation to the Conference has, throughout its proceedings supported with energy the cause of disarmament and has shown itself ever ready to make its contribution to the general system of security and peace.

I am, dear Mr. President,
Yours faithfully,

ARTHUR HENDERSON

⁵⁹ May 16, 1933; for text, see *Foreign Relations*, 1933, vol. I, p. 143.

⁶⁰ May 18, 1934; for text, see *Congressional Record*, vol. 78, pt. 8, p. 9095; see also circular telegram of May 18, 1934, to the Ambassador in Great Britain, *post*, p. 427.

500.A15A4 General Committee (Arms)/21

The Acting Secretary of War (Woodring) to the Secretary of State

WASHINGTON, July 23, 1934.

DEAR MR. SECRETARY: Reference is made to Document Conf. D/C.C.F./S.C.F./30(1), dated June 27, 1934, of the General Disarmament Conference, which presents the draft articles for the regulation of the manufacture of and the trade in arms, and to Geneva Telegram No. 917, dated July 2, 1934, which announces that these draft articles were adopted by the whole committee on that date.

On the assumption that the United States Government will be called upon for an expression of opinion as to the acceptability of these draft articles for incorporation in a convention for the reduction and limitation of armaments, a preliminary study has been made in the War Department of the draft articles as presented in the conference document above referred to. As a result of this preliminary study, the following comments are presented for your consideration in connection with such future action as the United States Government may be called upon to take.

Article G of the draft relates primarily to the status of national armaments as to quantity and efficiency, rather than to the subject of control of the manufacture of and traffic in arms. Consequently it is believed that Article G does not properly belong among the provisions for such control. From its own plain implications, Article G is especially applicable to the relations existing among the continental European states. If made universally applicable, its possible operation might prove decidedly unfavorable to the United States, especially in relation to necessary replacement of equipment in our overseas possessions. It is suggested that, if the provisions of Article G are to be included in the final Disarmament Convention, they should be incorporated in Chapter 2 of Section 1 in Part II of the Draft Convention, pertaining to continental European states only.

Prior to the announcement of the Administration's adherence to a policy of supporting drastic international control of arms manufacture and traffic,⁶¹ the War Department had repeatedly and consistently opposed such proposals. The comments which follow are not to be understood as embodying further opposition to the general principle, but to point out certain considerations which it is believed should be borne in mind in approaching the further commitments which will be necessary to implement the general principle.

Whether or not the principle of international control and inspection be adopted, the implementation of Articles H and I, and of any other

⁶¹ President Roosevelt's message to Congress of May 18, 1934.

articles relating to inspections made under direction of the Disarmament Commission, by a detailed system of organization and procedure, will be required, as previously indicated. If this implementation should be incorporated in the convention itself, it would be subject to ratification and scrutiny prior thereto, thus affording the United States Government and all other High Contracting Parties the opportunity to pass upon the detailed operations involved and would not commit them to accept rules and regulations drafted after the treaty by an international body provided for therein.

If, on the other hand, as undoubtedly would be urged as a matter of practical convenience, the details of the implementation above referred to should be excluded from the convention and left to be set up by the Permanent Disarmament Commission, its interpretation of the scope of its activities would be authoritative, and it is easily possible that an international body outside the direct control of the United States might impose on us a system of inquisition and examination which would not only be irritating, but might be seriously injurious to national defense.

We should reasonably expect, in connection with the development and operation of the practical measures involved in a system of international inspections of any kind, that the nations with aggressive tendencies will be the ones most alert and interested. If international inspection be made the normal course of procedure, rather than national inspection and control except when a complaint based on reasonable evidence is made, it will be to the advantage of aggressor nations, since their representatives may, in such inspections, secure timely and adequate information as to the nature and quantity of defensive equipment available to other states. Thus a potential aggressor against the United States would be interested not so much in our offensive equipment, as in our defensive equipment, so that with precise knowledge of our defensive means, the aggressor could plan advisedly how to overmatch this defensive equipment with his own offensive equipment.

In summary, I therefore commend to your consideration the following:

(1) Elimination of the provisions of Article G from the draft articles for the control of arms manufacture and traffic. If these provisions are to be included in the final Disarmament Convention, they should be incorporated in Chapter 2 of Section 1 in Part II (of the British Draft Convention⁶²), pertaining to continental European states only.

(2) Interpret the principle of permanent and automatic inspections so as to emphasize that these inspections will be primarily and normally national in character, by an inspection system set up by each

⁶² *Conference Documents*, vol. II, pp. 476, 478.

signatory, and international only in the event of a charge establishing a prima facie case of violation, in which event the inspectors of the Permanent Disarmament Commission would be associated with the national inspectors to make the special inquiry which the case required. The scope of these special international inspections to be limited strictly to the requirements of the special complaint.

(3) In any event to insist that the organization and procedure necessary to implement the system of inspection, as well as the scope of authority of the Permanent Disarmament Commission, be incorporated in the Disarmament Convention.

Sincerely yours,

HARRY H. WOODRING

500.A15A4 General Committee/1019

President Roosevelt to the President of the General Disarmament Conference (Henderson).

WASHINGTON, [undated].

MY DEAR MR. HENDERSON: I have received, with appreciation, your letter of July 18th, regarding the Disarmament Conference at Geneva. I have followed with the greatest interest the Conference's course, for, as all the world must realize, it is engaging a problem the successful solution of which will cheer the hearts of all peoples. It is my conviction that my fellow-countrymen continue heartily to share with me the profound hope that out of the work of this Conference will come the universal blessing which the reduction and limitation of armaments must bring to all nations.

In expressing appreciation for your kind statements concerning the contributions which our Government and its representatives have endeavored to make toward furthering the ends of the Conference, may I seize the opportunity to extend to you my personal congratulations on the skill, understanding and patience which you have applied to the difficult role of Conference leadership.

Sincerely yours,

[File copy not signed]

500.A15A4 General Committee (Arms)/26

The Acting Secretary of State to the Secretary of War (Dern)

WASHINGTON, August 23, 1934.

MY DEAR MR. SECRETARY: I am in receipt of Mr. Woodring's letter of July 23, 1934, in regard to the Draft Articles for the Regulation of the Trade in and Manufacture of Arms and Implements of War which were adopted by the Committee for the Regulation of the Trade in and Manufacture of Arms and Implements of War of the

General Disarmament Conference on July 2, and I have given careful consideration to his comments upon those Articles.

In reply, I have to inform you that I concur in Mr. Woodring's suggestion that Article G should be eliminated from the provisions relating to the supervision and control of the manufacture of and trade in arms, and that if that Article is to be retained, it should be incorporated in that portion of the Convention which pertains to European continental states only. I have instructed⁶³ the American delegation in Geneva to urge this modification of the Draft.

The principle of permanent and automatic inspection by an international body, with a view to ensuring the carrying out of the provisions of the Disarmament Convention and, in particular, of those provisions dealing with the supervision and control of the manufacture of and trade in arms and with a view to allaying suspicion based upon false rumors of breaches of these provisions, has been definitely accepted by the President after full consideration of the advantages and disadvantages of such a system. The arguments adduced in the letter under acknowledgement were considered by the President before he made his decision on this point. His decision has been communicated directly by him to the representatives of other governments⁶⁴ and as a result of the statements which he has made and of statements made by the American Delegation at Geneva under my instructions, this Government is so committed to the principle that there can now be no question of a change of position on that point. For your information, I may state that the President's decision was based primarily upon the assumption that this Government would be placed at no disadvantage by such permanent and automatic inspection by an international body, when similar inspection was carried on in other countries and the results of such inspection was through publication made a matter of common knowledge. He felt also that supervision and control through international inspection would tend to allay unwarranted rumors of breaches of the provisions of the Convention, and that carried on as a matter of normal procedure such inspection would not result in the outbursts of chauvinistic emotion which would almost certainly result from inspection carried on as the result of a specific complaint from one of the signatory powers.

I am entirely in accord with the suggestion that the scope of the authority of any international body, charged with inspection under the provisions of the Convention relating to the manufacture of and trade in arms, should be clearly defined in the Convention itself, and I have so instructed the American Delegation in Geneva. My instruc-

⁶³ *Infra.*

⁶⁴ See circular telegram of May 18, 1934, to the Ambassador in Great Britain, p. 427.

tions have made clear that such inspection should relate to the concordance between licenses issued and the operations carried on thereunder, the accuracy of reports of arms manufacturers and importers and exporters of arms and the quantities of the various categories of arms, munitions, and implements of war manufactured, in process of manufacture, imported and exported, but that it should not extend to the methods and processes of manufacture.

Sincerely yours,

WILLIAM PHILLIPS

500.A15A4 General Committee (Arms)/28

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

WASHINGTON, August 23, 1934.

SIR: The receipt is acknowledged of your despatches of July 3, July 11 and July 13, respectively, in regard to the Draft Articles for the Regulation of the Trade in and Manufacture of Arms and Implements of War which were adopted by the Committee for the Regulation of the Trade in and Manufacture of Arms and Implements of War on July 2. The following considerations are set forth for your future guidance in negotiations pertaining to this matter.

It is noted that the Draft Articles, the additional provisions suggested in the memorandum by Colonel Strong, transmitted with your despatch of July 11, and the revised categories of arms contained in your despatch of July 13 are all predicated upon the assumption that the Disarmament Conference will be successful in negotiating a General Disarmament Convention. In the present circumstances, it is quite proper that they should be so predicated. It is suggested, however, that you should have ready for use, in case the necessity arises, a modified draft of the articles pertaining to this subject which might be presented to the Conference as a separate Convention dealing exclusively with the manufacture of and trade in arms.

Article G does not appear to relate primarily to the supervision and control of the manufacture of and trade in arms and the provisions thereof are extraneous to the purposes of the other articles dealing with that subject. It is, therefore, suggested that if it is desired to retain this article in the Convention, it should be incorporated elsewhere therein.

In order that a Permanent Disarmament Commission may function with as little friction as possible, it would appear to be highly advisable that the duties of that Commission referred to in Article I be specified in considerable detail in respect both to its obligations and to certain types of activities which it must avoid. These duties might be specified in Article I or in an Appendix, but in any case the detailed specifications should be a part of the Convention.

The additional provisions relating to the trade in arms suggested by Colonel Strong, in his memorandum transmitted with your despatch of July 11, are approved in principle. In this connection, your attention is invited to the Department's telegram No. 425 of June 5, 8 p. m.,⁶⁵ and in particular to Paragraph (3) thereof. In dealing with the trade in arms, the essential features of the Arms Traffic Convention of 1925 should be retained. This Government has, however, no interest in Chapter III of that Convention and we hope that if provisions such as are contained therein must be retained in the interest of other powers, they may be modified to meet as far as possible the objections of the governments of those countries which are included in or adjacent to the Special Zones. In any case, you should avoid becoming involved in any discussions in regard to this matter which may arise between the powers most directly interested.

A further instruction in regard to the categories of arms will be sent you when the opinions of the War and Navy Departments have been ascertained.

I enclose, for your information, a copy of a letter of July 23 from the Acting Secretary of War,⁶⁶ in regard to this subject, and a copy of my reply thereto.⁶⁷

Very truly yours,

WILLIAM PHILLIPS

500.A15A4 Steering Committee/459 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Bingham)*

WASHINGTON, September 4, 1934—6 p. m.

351. For Hugh Wilson. Your 504, September 3, noon.⁶⁸

United Press despatch this morning, under Geneva date-line, reports that the Bureau meeting has been tentatively fixed for September 25 "to allow Norman H. Davis to attend," this date depending on whether Mr. Davis "would be able to reach Geneva by that time."

This appears to be an attempt to shift the responsibility for future progress on to the United States. Mr. Davis tells us his suggestion that the Bureau meeting be postponed was made in the hope that such delay would give time for further developments in the matter of Germany's return to the Conference. It would be unfair in the face of failure to make progress in this field to create the impression that the

⁶⁵ *Ante*, p. 102.

⁶⁶ *Ante*, p. 139.

⁶⁷ *Supra*.

⁶⁸ Not printed.

delay was motivated by a desire to suit Mr. Davis' convenience, or that we should assume the responsibility for fixing the date of meeting.

Please telegraph whether there have been any recent developments in the direction of bringing Germany back into the conference and whether, in default of progress along these lines, you see any compelling reason why Mr. Davis should personally represent us at the forthcoming meeting of the Bureau.

MOORE

500.A15A4 Steering Committee/460: Telegram

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

LONDON, September 6, 1934—3 p. m.
[Received September 6—11:50 a. m.]

510. From Hugh Wilson. Your 351, September 4, 6 p. m. I have seen Henderson and Eden.

1. Henderson has received a letter from President Roosevelt which he called "most stimulating and helpful". He hopes his duties will permit him to go to America some time and see the President.

2. With reference the matter contained in first two paragraphs your 351, Henderson states that he has never explained to anyone his decision to postpone the meeting with reference to Mr. Davis' convenience; that the delay was obviously in order to give more time for the negotiations relative to the Eastern Locarno and to render possible the return of Germany to the Conference. What may have been said at the Secretariat he does not, of course, know but he has always talked to the press himself along the foregoing lines.

3. Henderson plans to proceed to Geneva shortly to remain 2 or 3 days in order to have conversations similar to the one he held with me this morning in an endeavor to get the general view of the Conference as to when the meeting will be called. Henderson explained that during the latter part of September and early October he will be obliged to be in England; that Simon and Eden will be very much occupied through the middle of October. Henderson feels that there is every advantage in delaying the Bureau even to the end of October or early in November in order to give time for the Eastern Locarno negotiations, which he hopes will be stimulated by the entry of Russia into the League. As will be seen he entirely concurs with Davis' views as to the undesirability of a meeting until at least reasonable time is given for the negotiations to be carried forward.

4. Eden, who has been on vacation, stated that he was not in close touch with all details. He informed me, however, that neither Ger-

many nor Poland had yet answered the representations made by Great Britain on the Eastern Locarno matter immediately subsequent to Barthou's visit to London. Eden stated that Great Britain "had gone all out" on the Eastern Locarno with both Poland and Germany but fearing an immediate unfavorable reaction had urged them to take their time in deciding this matter and in giving a reply. Eden felt that the time had now come to press for a reply. Henderson was obviously familiar with this situation and no doubt it influenced his consideration of a date for the Bureau meeting.

5. Final paragraph of your 351. Since the date and character of the next meeting of the Bureau are so indefinite I could only recommend as to whether Mr. Davis should come when more precise knowledge is available.

I plan to leave London Thursday next for Geneva. Cipher text delegation Geneva. [Wilson.]

BINGHAM

500.A15A4 General Committee (Arms)/30

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, September 25, 1934.

SIR: I refer to my instruction of August 23, 1934, in regard to the Draft Articles for the Regulation of the Trade in and Manufacture of Arms and Implements of War and enclose, for your consideration, a copy of a letter of September 1,⁶⁹ from the Secretary of War in regard to this matter.

The portions of this letter which set forth some of the questions which should be considered in drawing up the categories of arms merit a particularly careful study. It would appear to be preferable, in order to avoid unnecessary complications, that the arms listed in the Convention should be limited to well-recognized implements of war, and that an effort should be made to exclude, so far as possible, from the provisions of the Convention articles of peaceful commerce which only incidentally and exceptionally can be considered as arms or munitions. In drawing up the categories of arms, the purpose of those articles of the Convention dealing with the regulation of the trade in and manufacture of arms should be kept constantly in mind, and the inclusion of any provisions which are not definitely adapted to the attainment of the ends in view and which might constitute an unwarranted interference with international trade unrelated to war or preparation for war should be avoided.

⁶⁹ Not printed.

I invite your particular attention to the final paragraph on page seven of the letter from the Secretary of War.⁷⁰ I concur in the point of view expressed therein. It should be made perfectly clear in the Convention itself that the provisions relating to export and import licenses are not applicable to shipments of arms and munitions between the territories of the contracting parties and the territories of their respective dependencies and possessions.

Very truly yours,

CORDELL HULL

500.A15A4/2584 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, September 27, 1934—noon.

[Received September 27—9:15 a. m.]

935. Yesterday afternoon Litvinoff sent a letter to Sandler, President of the Assembly, proposing a resolution reading as follows:⁷¹

“The Fifteenth Assembly of the League of Nations expresses the hope that the President of the Conference for the Reduction and Limitation of Armaments will report to the League Council on the position of the work of that Conference and that the Council will express its views as to the procedure to be followed.”

In the Assembly this morning Sandler explained that inasmuch as the Council was always free to take whatever action it deemed desirable upon subjects within its competence and as under the present circumstances the Bureau of the Assembly deemed it inadvisable to initiate discussion on disarmament he would recommend only that the Assembly take note of the Soviet letter. While reserving the right to bring the question up again in the Council Litvinoff did not press for a vote on his resolution confining himself to brief explanation of its aim which was to show to the public that the Assembly had not forgotten the question of disarmament and to underline the importance of the Council's taking some cognizance of the progress of the work. When the subject was brought up to the Council he proposed to renew

⁷⁰ Paragraph on page 7 reads as follows: “In the operation of Articles D, E, and F, it is believed that some clarification is necessary in order to make it plain that neither export nor import licenses should be required when a High Contracting Party desires to make shipments of arms and equipment from its own stockages or depots to the military units or depots of its own dependencies. Such a procedure would go far beyond the scope of regulating traffic in arms, and would afford undesirable revelations of movements of supplies in accordance with changes in plans for defensive preparations of the mother country and its dependencies.”

⁷¹ For translation of letter containing Soviet resolution, see League of Nations, *Official Journal*, Special Supplement No. 125: *Records of the Fifteenth Ordinary Session of the Assembly, Plenary Meetings*, p. 76.

his proposal for a permanent peace conference⁷² which would permit of the cooperation of the United States in general discussion of peace problems.

Litvinoff took me aside at a reception last night and told me about the letter and the statement which he proposed to make. He said that certain people had reproached him since he wrote his letter for trying to bring the subject of disarmament up in the League organization where the United States was not represented. He explained that his idea of turning the Conference into a permanent peace organization was with the hope in mind that in dealing with peace problems the United States would be able to be present and that his primary preoccupation was to build a machine in which the great non-member states could be represented.

WILSON

500.A15A4/2587

The American Delegate (Wilson) to the Secretary of State

No. 101

GENEVA, September 27, 1934.

[Received October 5.]

SIR: I have the honor to refer to the Department's instruction dated August 23, 1934, in regard to the Draft Articles for the Regulation of the Trade in and Manufacture of Arms and Implements of War and to express my appreciation of the most helpful comments therein contained.

Applying to practical purposes at Geneva the line of thought presented in my confidential letter to the Secretary of September 22,⁷³ there is a general impression here among the Delegates that any immediate consideration of the disarmament problem in its broader phases would not only be useless, but actually dangerous.

The question then arises as to whether the President of the Conference should call a Bureau meeting in the near future. If a meeting is called there appear to be several alternative courses of action which might be followed:

1. The Conference should be terminated with a report to the Council and with the request that that body consider the situation in the light of changed events and come to a decision as to how the States Members of the League might fulfill their obligations under Article 8 of the Covenant;

2. The situation should be met by a continued series of adjournments or an indefinite postponement of the Bureau and General Commission of the Conference in the hopes that the situation in Europe

⁷² For outline of Soviet project for a permanent disarmament organization, see enclosure to memorandum by the Secretary of State, December 19, p. 206.

⁷³ Not found in Department files.

will so change in the near future that work can again be hopefully undertaken;

3. The Bureau should be convened, perhaps in November, the Commission set up, and an endeavor made to write the Convention as far as may be possible without Germany and in the face of the completely negative attitude of Italy and Japan.

4. The Bureau should be summoned for November when the situation should be frankly faced and the Conference instructed to turn to the accomplishment of such definite and tangible objectives as are capable of being written into autonomous treaties which, with certain additions might later form a part of a general disarmament convention.

Before the Assembly met there was a certain current of opinion in favor of the first alternative. As the idea gained ground, however, that an admission of complete failure would play into the hands of Germany in its supposed desire to disrupt the Conference and weaken the League of Nations, this idea was abandoned, at least for the time being. As for the second alternative, the procedure unsuccessfully pursued to date, it would appear to have all the objections of the first and to be an even less courageous method. As to the third alternative, I am constrained to state that endeavors to carry on the work of writing a general convention are now so surrounded by an atmosphere of unreality that I cannot conceive any useful purpose would be served by pursuing this course.

Having reached this conclusion and having been much influenced thereto by the thought which apparently lies behind your instruction to prepare a text on the manufacture of and trade in arms which could stand alone, not be a part of a general convention, I took many occasions to sound out the views of members of other Delegations on this subject. I did not, of course, intimate that my Government had made any suggestion of this nature and maintained the discussion on a purely personal basis and as a means of clarifying my own thoughts. I was surprised to learn how many of the Delegates, impressed with the dangers of both failure and adjournment, were approaching the problem from a similar point of view. There appeared also a considerable measure of accord that accomplishment was possible only in a very limited field. In fact as one looks over the Draft Convention, there would appear to be only three subjects, aside from naval questions which are being treated separately, on which a measure of accord might be possible under present circumstances. They are:

1. Manufacture of and trade in arms;
2. Publicity on budgetary expenditure;
3. The establishment of a permanent body whose primary function would be the supervision and control of the foregoing.

The first and third items are intimately related. Likewise publicity of national budgetary expenditure has a sufficient association with (1)

and (3) to warrant the belief that these three aspects of the disarmament problem could be satisfactorily grouped together in a convention of limited objectives.

In stating that these are the only subjects which give ground for the belief that there is possibility of agreement, I am aware that on numerous other subjects accord is apparent. I do not believe, however, that such accord is real. For example, in the case of the abolition of gas warfare, France and other States have always insisted that such abolition is contingent upon an agreement whereby methods of coercion will be used against any State violating its undertakings. To carry on discussions of such a solution would mean embarking upon discussions of the political questions involved. The question of bombing from the air is rather in a separate category. As you will remember the British have made a reservation which has never been officially withdrawn. The Italians likewise have stated that they would only accept the complete abolition of bombing from the air if capital ships and submarines are abolished. A limited agreement whereby States undertake not to bomb civilian populations might perhaps be possible.

You will remember that a year and a half ago we considered and discussed with some of the Delegations the advisability of attempting a treaty of limited objective.⁷⁴ But at that time we contemplated some reductions of existing maximum sizes of armament, and still entertained the hope that definite decisions could be taken on these matters in view of the fact that we were suggesting merely partial solutions of the problem. It is now, unfortunately, clear that even partial solutions of these semi-political problems are impossible at the present time. On the other hand, public opinion in most countries, at the time when a treaty of limited objectives was envisaged, had higher hopes for the ultimate solution of the larger issues involved. Today these hopes appear to have diminished. Public interest has perhaps turned from the consideration of disarmament as a whole: the aspect of the disarmament question which now seems uppermost in the public mind relates to the control of the manufacture of arms, which, to many, seems the only one capable of solution in the present troubled political situation. Thus I believe that any accomplishment along these lines would be hailed as a definite step forward and, through the establishment of a permanent body of supervision, might provide the machinery for the preparation of a more general convention under more auspicious circumstances in the future.

Both the British and the French, as well as other Delegations, seem to be in general accord with this analysis and disposed to make an at-

⁷⁴ See *Foreign Relations*, 1933, vol. I, pp. 22-42 *passim*.

tempt, if the United States is also willing. Eden has specifically requested me to keep him informed of my Government's views on the subject after I had submitted this question to you, and hoped that we could later discuss it before the Bureau meeting. Aubert made the same request and volunteered the personal suggestion that if we were disposed to follow this procedure, the question of such a treaty might be made one of the items on Barthou's agenda for his visit to Rome.

On the other hand the attitude of Italy appears to be a definite obstacle to the realization of such a treaty. As you will recall, the Italian Delegation has steadfastly refused to play an active part in the Conference since the departure of Germany. Nevertheless the present attitude of Italy is tending toward a closer cooperation with the French and it might be that French influence could prevail upon Italy to cooperate in this procedure, if we could reach a prior understanding with the French in this respect.

I have had some talks with unofficial Germans in Geneva and expect to see Schnee and Hasselmaier at the end of the week. Those with whom I have spoken have expressed deep interest in the clauses of manufacture of and trade in armaments. It is not to be expected that the Germans will return to Geneva and participate in any way or in any of the organs of the Conference on Disarmament until their major political questions are solved. On the other hand, it might be possible during the course of negotiations on a limited treaty to obtain from time to time the views of the Germans on the various factors thereof in the hope that they might be willing to adhere to this limited product of the Conference. The matter of Germany's position is of prime importance, since obviously a treaty on this subject would be impracticable without Germany's participation.

Also there is no use hiding the fact that Japan's position is dubious. Japan has stated repeatedly that it will tolerate no form of inspection.

I believe that the Department in coming to a decision on this work should weigh fully the fact that due to the attitude of one or another of the three above mentioned States (Italy, Germany, Japan), a treaty may never come into being.

If you believe, however, that such a limited treaty should constitute the Conference's objective, it is obvious, and I suppose that it is well realized by the Department, that the United States has been the initiator in the case of the present Draft Articles. Therefore it logically follows that other Delegations would continue to look upon the United States as the leader in the necessary modifications of these Draft Articles so that they might stand alone. In taking the initiative and suggesting changes in these Articles, it must, of course, be realized that such initiative implies the proposal that the Conference cannot continue in its present form and must limit its objectives.

In view of the responsibility which would be ours for suggesting means which might in fact constitute a breakdown of the Conference in its present form, you may consider it preferable to defer taking such initiative until its fate has been decided. On the other hand, if the Conference once admits complete failure, it may be difficult to get the States together even for a limited objective.

We in the Delegation are of course endeavoring to carry out your instructions as to a revision of the clauses on the manufacture of and trade in arms and I hope within the next week or ten days to be able to send you a draft of such revision. We have been necessarily delayed in this matter both by the pressure of other work and the fact that Colonel Strong will not be fit for consultation for another few days.

I am sending this information by mail rather than by telegram as I wish to feel free to put it to you in some detail. Inasmuch as Barthou's visit to Rome will take place about the middle of October, it will be helpful if you could send me by cable any advice for my guidance.

Respectfully yours,

HUGH R. WILSON

500.A15A4/2589: Telegram (part air)

The American Delegate (Wilson) to the Secretary of State

GENEVA, October 4, 1934—10 p. m.

[Received October 6—9: 50 a. m.]

936. Reference my despatch of September 27th mailed on *Europa* September 29th. Since then Litvinov addressed a letter to Sandler, (My telegram No. 935, September 27, noon). The letter has given rise to much discussion as to the real meaning of Litvinov's move and may well raise the fundamental question of how the disarmament movement will be dealt with. Litvinov would appear to have been motivated by three major considerations: (1) his fear of trouble with Japan coupled with the desire that the Russian western front be protected in the event of such trouble, (2) his desire that the United States will be in an organization such as his "peace commission" shortly [so that?] in the event of trouble between the Soviets and Japan consultation may normally be expected from us, (3) his conviction that disarmament for the time being at least is out of the question; that in any case Russia is not going to disarm in the face of the Japanese and German situations. Litvinov is, therefore, embarrassed by continuous discussion on disarmament in view of the very radical position which the Soviet delegation has taken on this question in the past.

Litvinov's desire would appear to be to set up a permanent peace organization of which the United States is a member so that Japan

and Germany would be confronted with the knowledge that the "peaceful-minded states" are jointly and continuously scrutinizing the situation and are on their guard. His original conception was limited to the foregoing. However, after numerous conversations in which he discovered that many states were unwilling completely to abandon disarmament efforts, he included in his declaration before the Assembly that one of the duties of the permanent peace organization should be to continue the attempts towards disarmament.

In a recent conversation with Aubert he pointed out to me that what we had been discussing, namely the possibility of a limited treaty within the scope of the Conference and what Litvinov was proposing, were compatible and merely different means of reaching a similar end. I told Aubert that I had no information as to how my Government regarded Litvinov's suggestion that personally I could see difficulties from our point of view in following such a course. I added that my Government might feel that whereas it would be normal to negotiate specific and limited protocols under the Conference, to ask the United States to join the "permanent peace" organization would face our President with a political decision of high importance, this especially since no one could predict with what type of questions the peace organization would occupy itself. It might even take up the question of Austria, the Saar, or the Polish Corridor as dangerous to peace and try to solve them in such a committee. I added that if the states in Europe preferred to adopt the path which the Russians suggested it might, of course, be possible for such an organization to institute specific negotiations of a definite character in which case we might be able to cooperate in the same fashion that we do now on subjects of interest to us. However, the simpler path for us possibly would be that which involved no new political decision.

In connection with the preceding paragraph I feel that if a permanent Disarmament Commission received a mandate to endeavor to carry on with the objectives of the Disarmament Conference, a mandate which it is very probable would be given to any permanent body, such a mandate would commit us no further than is already the case under the Disarmament Conference. A new body with a fresh mandate of a political character might commit us further than we desire.

Presumably the suggestion of Litvinov will be considered at the next meeting of the Council which it is anticipated will be called approximately November 10. It is possible that at the same time a meeting of the Bureau of the Disarmament Conference will also be summoned. It would be helpful to have your comments on this situation at as early a date as possible.

Copy to London for Mr. Davis.

WILSON

500.A15A4/2588 : Telegram

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

Moscow, October 5, 1934—5 p. m.

[Received 9:45 p. m.]

340. I had a long conversation with Litvinov this morning and found him chastened and pessimistic. He said that as a result of his participation in the meetings of the Council of the League of Nations and his conversations in Geneva he was convinced that ultimate war in Europe was inevitable; that there was not one government in Europe, even the French, which was ready to do anything real to preserve peace; and that he felt that there was nothing for the Soviet Union to do except to strengthen the Red Army in every way possible and rely on the Army to protect the Soviet Union from attack. He added: "I think we had better even use the few millions that we might pay you on a debt settlement⁷⁵ for tanks and guns."

He said that he believed there might be some hope of preserving peace in Europe if the suggestion that he had advanced some months ago⁷⁶ with regard to the establishment of a "permanent peace conference" in connection with the League of Nations should be adopted. He asserted that he had been able to arouse considerable interest in this proposal among the leading powers represented at Geneva because those powers ardently desired that the United States should be involved in the maintenance of European peace and the "permanent peace conference" would be a mechanism by which the United States could participate in the most important work of the League without becoming a member of the League. He asserted that he intended to draw up a constitution for a "permanent peace conference" which would be so framed that the Council of the League would be reduced to a [body?] which would occupy itself with minor questions only, questions of war, peace and disarmament being handled by the "permanent peace conference". He said that he intended to propose that the "permanent peace conference" should have a Council composed of the present members of the Council of the League plus the United States.

Litvinov said that since the chief interest of the other powers in establishing such a conference would be to obtain the participation of the United States his task would be immeasurably lightened if he could know that the United States would participate. He asked me if

⁷⁵ For correspondence relative to Soviet-American debt negotiations, see *Foreign Relations, The Soviet Union, 1933-1939*, section on 1934.

⁷⁶ For text of Soviet proposal introduced at meeting of General Commission of May 29, 1934, see *Minutes of the Bureau*, vol. II, p. 212. For Soviet project of a permanent disarmament organization, see enclosure to memorandum by the Secretary of State, December 19, *post*, p. 206.

I would obtain as soon as possible the views of my Government with regard to this proposal.

I replied that I would be glad to ask my Government for its views but that I should not be surprised if the answer were long in coming. I reminded him that the question of adherence to the League of Nations was still a question of major political importance in the United States and one which aroused violent emotions, that his proposal would certainly be criticized in the United States as a method of entering the League by the back door. He replied that the United States had already done so by accepting membership in the International Labor Bureau. I answered that membership in the International Labor Bureau in my opinion did not in any way involve us in the obligations of a member of the League but that membership in his proposed "permanent peace conference" might be viewed in another light.

There is certainly no need for immediate reply to this request for information but I feel sure that Litvinov in the course of the next few weeks will bring up the matter again and that it will be advisable to have a reply in readiness.

BULLITT

500.A15A4 General Committee (Arms)/35

The American Delegate (Wilson) to the Secretary of State

No. 104

GENEVA, October 13, 1934.

[Received October 23.]

SIR: I have the honor to supplement my despatch No. 103, October 3, 1934,⁷⁷ by the transmission herewith of Chapter IV accompanied by Annex I of the Draft of a Treaty on the Manufacture of and Traffic in Arms and Implements of War. Chapter IV envisages the setting up, competence and functions of the Permanent Disarmament Commission.

As we progressed in the study of this question, we became increasingly impressed with the fact that the limited scope of the convention now under consideration alters materially the nature and ends of supervision and especially of inspection within the territory. In the limited convention the inspection would appear to be for the purpose of establishing the accuracy of information submitted and would not, as in any general convention, occupy itself with any form of qualitative and quantitative limitation. This robs inspection somewhat of its dangerous character, since any adverse findings would be of a less serious nature as applying only to provisions of publicity rather than in contravention to limitations or restrictions on manufacture or possession.

⁷⁷ Not printed.

The scope now is more clearly limited by the convention itself, whereas in a general disarmament convention the scope of an investigating committee might conceivably have been applied to almost any form of national or local activity.

It is true, as the Department has no doubt realized, that the inspection provisions of Chapter IV of this Draft Convention seem over-balanced and out of focus, having regard to the limited character of the agreement under consideration. As we see it here, however, the supervisory or inspection features of a limited convention are those which many States will find more interesting and desirable than the other, or what might be termed substantive provisions of a proposed treaty relating to manufacture of and traffic in arms. This we believe is especially the case with France and Russia. Therefore it is felt that the successful conclusion of a limited convention regarding the manufacture of and traffic in arms depends measurably upon the extent to which supervisory provisions are included and the importance and extent assigned to this aspect of the treaty. This clearly does not obviate the necessity for a precise definition of the rights, duties and limitation of powers of these special committees. We have endeavored to comply in the fullest possible measure with the Department's desire for precision in the relations and duties of the investigating committees. It is difficult at present to write with further precision what those duties will be. Presumably the discussion which will center around these articles will give us clarification as to those points on which precision is necessary. I should be grateful if the Department could point out shortcomings in the draft on which further precision could be formulated. The thing that gives me concern is the difficulty of defining the rights of an investigating committee after it arrives on the territory of the State to be investigated. The only precisions which we have written lie in the general limitation that the investigation shall apply to matters covered by the convention, and the specific restrictions contained in paragraph "O". I am satisfied that this is not all that is necessary. But, as I stated above, at present writing I do not feel competent to go further.

The enclosed articles have reproduced, in so far as they are applicable, the sections of the British Draft Convention relating to the establishment of the Permanent Disarmament Commission and the amendments introduced into these articles as a result of the deliberations of the Committee of the Bureau on General Provisions. (See Conf. Doc. Bur./C. D. G. 3/Dec. 7, 1933.) In many instances these original articles will not fit in a convention dealing only with the manufacture of and traffic in arms and have been either modified to meet the changed circumstances or omitted where they no longer

applied. New provisions for publicity of manufacture and trade have been inserted in this section.

Please refer to Article "K". You will note that in the first paragraph we have provided ". . . the Commission shall be entitled annually, or more often if it so desires, to examine . . ." We have adopted this phraseology rather than using a more mandatory form in order not to create too cumbersome a machine for the purpose desired. If the Convention should make it obligatory that every State should be inspected every year, the machine would not only be cumbersome and expensive, but would accomplish innumerable investigations of States whose neighbors had no apprehension regarding their activities and in which the investigation was patently useless. We therefore thought it better to establish the principle of annual inspection but to leave it to the Commission itself to determine the frequency thereof. On the other hand, cases might arise where the Commission might feel that an inspection should be immediately followed by another inspection for the purpose of deciding specific questions, and to cover this contingency we inserted the words ". . . more often if it so desires . . ."

I should be happy to learn whether this meets your conception of automatic control or whether you would prefer to have the article drafted in a more mandatory form.

In relation to the first paragraph of Article "K" I give below the draft of another article to be inserted in Chapter I of the Draft Articles enclosed with my despatch No. 103, October 3, 1934, providing for a report to the Permanent Disarmament Commission of the national control set up by each contracting party.

"The High Contracting Parties shall inform the Commission of the provisions of the national control exercised over the manufacture of and trade in arms and implements of war within the territory under their respective jurisdiction."

I invite attention to the fact that different types of committees are set up under Articles "K" and "M". Article "M" deals with complaints, and a complaint immediately creates a more serious situation than a normal investigation and therefore, it seems to us, should be handled with special precaution. Hence the final paragraph providing that the two Parties to the complaint shall not be members of the special investigating committee, but shall be represented by assessors only; and the further provision for a majority of States on the committee not directly interested in the complaint. The precaution has also been taken in Article "M" of providing for a two-thirds majority of the Commission to acquiesce in the special investigation based on complaint.

Article "N" raises a question of considerable importance. The final sentence reads as follows:

"The High Contracting Parties shall promptly advise as to the conclusions of the report."

As you will remember, practically this phraseology was originally adopted by the Preparatory Commission in its Article 50 of the Draft Convention⁷⁸ and was designed to make consultation possible between all States signatories in the event of a grave situation arising. In the case of a limited convention it is, of course, unlikely that an infraction of the convention would bring about a threat of war. On the other hand, it seems essential that some form of consultation should be provided. For instance, consultation might be the best means of obtaining relief from the obligations of the treaty for the neighbors of a State which had persistently and with premeditation violated its provisions.

Presumably investigations under the limited convention would not be of immediate or vital importance, yet some consultation regarding them would seem necessary. It would appear advisable, therefore, to make some provision for this eventuality, but to make it in a way which would cause the least publicity and the least apprehension on the part of the public. The Contracting Parties might consult diplomatically, though this, of course, is a clumsy procedure. They might consult through the Council of the League, but this raises certain difficulties for us and is inevitably a matter of wide public comment. It has occurred to me that you might think it wise to phrase the final paragraph of Article "N" somewhat as follows:

"At the instance of one of the members of the Commission, the High Contracting Parties shall promptly advise as to the conclusions of the report, in the first instance, through their representatives on the Permanent Disarmament Commission."

Such advice through the ordinary machinery of the Commission would seem to be sufficient to liquidate minor questions which might arise as to infraction. If more serious questions arise either the States could name special members to the Permanent Disarmament Commission for the purposes of consultation, or another form of consultation would readily be devised.

Obviously any clause in a treaty that deals with consultation has to be scrutinized with the utmost care on our part, since the setting up of

⁷⁸ League of Nations, *Documents of the Preparatory Commission for the Disarmament Conference Entrusted With the Preparation for the Conference for the Reduction and Limitation of Armaments*, Series X: *Minutes of the Sixth Session (Second Part) of the Preparatory Commission for the Disarmament Conference* (Ser. L. o. N. IX. Disarmament 1931. IX. 1), p. 618; Department of State, *Conference Series No. 7: Report of the Preparatory Commission for the Disarmament Conference and Draft Convention* (Washington, Government Printing Office, 1931), p. 99.

any form of consultation might and very probably would invite attempts on the part of certain States to urge the use of collective measures in the case of violation. The limited nature of this treaty should nevertheless be the guarantee that at any time the American Delegate would be free to refuse to follow in any such action. I fully realize what a difficult matter is this question of advice and the general as well as specific objections to our making any undertaking in this connection. I do feel strongly, however, that even if we left out of any draft treaty any mention of advice it would be brought up from another source in a more objectionable form. Furthermore, our willingness to "advise" in this relation would be an important if not, perhaps, decisive factor in bringing about agreement on such a convention.

With reference to Article "O", this text is adapted from the Draft Articles Relating to the Manufacture of and Trade in Arms approved July 2, 1934,⁷⁹ by the committee dealing with this subject. I ask your consideration of the phraseology adopted. I feel that it is indispensable that knowledge which could lead to unfair competition should not be made available to the trade rivals of the concern inspected. On the other hand, monies expended on certain types of materials may be an important index as to quantities produced or contemplated for production. I confess that I am not entirely satisfied as to the phraseology and would appreciate your observations on this article.

Articles "R", "S" and "T" deal with functions of the Permanent Disarmament Commission which are entirely separate from the functions as specifically applying to the treaty on manufacture of and traffic in arms and implements of war. I am not sure what form exactly the wishes of the members of the Disarmament Conference will take as to the continuation of the Conference itself. It may be that they will decide to continue the Conference for active work, when conditions are ripe, on a general disarmament convention. It may be they will decide to continue the Conference purely as a façade while delegating the Conference work to the Permanent Disarmament Commission set up under this treaty. Or, it may be—a third alternative—that they will prefer to terminate the Conference and turn over its mandate to the Permanent Disarmament Commission. Whichever one of these alternatives meets general approval, there will probably be some attempt made to have the Permanent Disarmament Commission carry on the general disarmament work. We have therefore considered it wise to meet what we believe to be the general view by drafting Article "S" in such form that it could be

⁷⁹ *Conference Documents*, vol. III, p. 894.

readily adapted to any of the alternatives. In this connection please see my telegram No. 936, October 4, 10 p. m.

We have not attempted to draft articles of ratification since ratification inevitably differs in accordance with the document drawn up and can only be written effectively in the light of the text adopted.

Respectfully submitted,

HUGH R. WILSON

[Enclosure]

CHAPTER IV

PERMANENT DISARMAMENT COMMISSION

Composition

Article A.

There shall be set up at the seat of the League of Nations a Permanent Disarmament Commission composed of representatives of the Governments of the H. C. P. Each such Government shall appoint one member of the Commission. Each member may be accompanied by substitutes and experts.

The Governments of the H. C. P. will inform the Secretary-General of the League of Nations of the names of their representatives, substitutes and experts on their nomination and on any changes being made.

Article B.

The Commission may be assisted by experts chosen by itself, not being experts appointed by the H. C. P. to accompany their representatives, it being understood, however, that these experts may not accompany either the inspection or special investigation committee.

Article C.

The members of the Commission, their substitutes and experts, and the experts and officials of the Commission, when engaged on the business of the Commission, shall enjoy diplomatic privileges and immunities.

Article D.

The Secretary-General of the League of Nations shall provide the Secretariat of the Commission.

Functions

I.

Article E.

It will be the duty of the Commission to follow and report upon the execution of the present Convention and to this end it will as hereafter provided

- (1) examine the information furnished under the provisions of the present Convention,
- (2) establish an adequate system of publicity for manufacture of and trade in arms,
- (3) cause permanent and automatic inspections to be made,
- (4) cause special investigations to be made.

Article F.

The Commission shall receive, co-ordinate and carry out an examination of the information furnished by the H. C. P. in pursuance of their obligations under the present Convention.

Article G.

With the view to following the execution of the present Convention, the Commission shall publish the results of its examination of the information received.

Article H.

The Commission shall publish within three months after the close of each quarter a return of the statistical data furnished under the provisions of Article G (Chapter I), duly co-ordinated, and showing the situation as regards the orders for the manufacture of, and the traffic in arms and implements of war. It shall likewise publish annually a duly co-ordinated table showing the production of arms and implements of war.

Article I.

Within the limits of the obligations assumed, the Commission may request the H. C. P. to supply, in writing or verbally, any supplementary particulars or explanations in regard to the information furnished.

The Commission may take into account any other information which may reach it from a responsible source and which it may consider worth attention.

In all cases it will examine information furnished by any member of the P. D. C.

Article J.

The Commission shall be entitled to hear or consult any person who is in a position to throw any light on the question which is being examined by the Commission.

Article K.

Within the limits of the obligations assumed under the present Convention, the Commission shall be entitled annually or more often if it so determines to examine upon the territory of each of the H. C. P.'s

the conditions of the national control exercised by the H. C. P.'s over the manufacture of and trade in arms and implements of war; the operation of such control and the accuracy of the information furnished.

To this end the Commission shall create committees, which will be entrusted with the duty of proceeding to the local inspections provided in this Article.

The Commission shall determine the composition of these committees, and shall issue instructions within the scope of the rules set forth in Annex I.

Article L.

Any H. C. P. shall be entitled to request the Commission to conduct in its territory such investigation as may be necessary in order to verify the execution of its obligations under the present Convention.

On receipt of such a request, the Commission shall meet at once in order to give effect to it and to determine the scope of any such investigation and to lay down the conditions in which the investigation is to take place: it being understood that the Commission may decide not to hold such investigation if the H. C. P. making the request is satisfied with the results of the Commission's deliberations.

Article M.

If one of the H. C. P. is of the opinion that the provisions of the present Convention have been infringed, such a Party may address a complaint to the Commission.

The Commission shall meet at once to consider the matter and will invite the H. C. P., whose attitude towards the fulfillment of its obligations has produced the complaint, to supply it with all the explanations which may be useful.

Should the Commission determine that the complaint is of such a nature as to warrant a special investigation, its decision to conduct the investigation on the territory of the H. C. P. in question must be taken by a two-thirds majority of all members of the Commission whether present at the meeting or not.

The special investigations provided for in the present Article shall be carried out by a special committee created for this purpose. These special investigating bodies shall include a majority of members from States of regional groups other than those including the States concerned.

The State making the complaint and the State undergoing special investigation shall not be represented on the special committee by members but shall name one or more assessors who shall accompany the committee during such inspections.

Article N.

The results of any investigation decided upon in accordance with Articles K. L. and M. shall be embodied in each case in a special report by the Commission.

The H. C. P.'s shall promptly advise as to the conclusions of the report.

Article O.

Processes, trade secrets, production costs and profit-accounting of manufacturing concerns shall be exempted from any investigations under the provisions of the preceding articles.

Article P.

Each member of the Commission shall be entitled to require that, in any report by the Commission, account shall be taken of the opinions or suggestions put forward by him, if necessary in the form of a separate report.

Article Q.

All reports by the Commission shall be immediately communicated to the H. C. P. and to the Council of the League of Nations.

II.

Article R.

The Commission shall furthermore receive and cause to be published the information which the H. C. P.'s are bound to communicate in respect of their armaments to the Secretary-General of the League of Nations in pursuance of their international obligations in this respect. The Commission may request the H. C. P.'s to supply in writing or verbally any supplementary particulars or explanations regarding the said information.

Article S.

The Commission shall undertake such studies as it may deem appropriate to carry on the work of the Conference for the Reduction and Limitation of Armaments and to facilitate the realization of further progress toward the establishment of a General Disarmament Convention.

Article T.

Within the limits of its functions, the Commission shall supply the Council of the League of Nations with any information and advice which the Council may request of it.

*Operation**Article U.*

The Commission shall meet for the first time, on being summoned by the Secretary-General of the League of Nations, within three months from the entry into force of the present Convention, to elect a provisional President and Vice-President and to draw up its Rules of Procedure.

Thereafter it shall meet at least once a year in ordinary session on the date fixed in its Rules of Procedure.

It shall also meet in extraordinary session :

- (1) When such a meeting is prescribed by the present Convention ;
- (2) If its Bureau so decides, either of its own motion or on the request of one of the H. C. P.'s ;
- (3) On the request of the Council of the League of Nations.

Article V.

The H. C. P.'s will make available to the delegates of the Commission who are entrusted with the investigations referred to in Articles K. L. and M. the necessary facilities for the execution of their missions. The H. C. P.'s will employ the means at their disposal to secure the attendance of any witnesses whom the delegates of the Commission may wish to hear.

Article W.

Except in cases where larger majorities are provided for under the present Convention or in the rules of procedure of the Commission, the decisions of the Commission will be taken by a majority of the members present at the meeting, abstentions being counted as absences.

A vote may only be taken on the adoption of the rules of procedure of the Commission if half at least of the H. C. P. are represented at the meeting.

If, owing to this quorum not being reached, the Commission is unable to act, a second meeting may be called fifteen days later. At this second meeting the draft rules of procedure may be validly adopted, whatever be the number of members present.

The Commission may only validly consider modifications of the rules of procedure provided that the object of such modifications has been stated specially in the convocation.

The provisions stipulated above in this Article concerning the number of attendances necessary for the adoption of the rules of procedure shall apply to discussions of modifications thereto. Moreover, in order that the draft modifications may be adopted, a two-thirds majority of the members present at the meeting shall be required.

Article X.

The general expenditure of the Commission shall form the subject of a special chapter in the budget of the League of Nations.

The H. C. P. who are not members of the League shall bear a reasonable share of the said expenditure. An agreement to this effect will be reached between these parties and the Secretary-General of the Commission.

The travelling expenses and subsistence allowances of the members of the Commission, their substitutes and experts shall be paid by their respective Governments.

The Commission shall draw up regulations relating to the expenditure necessitated by its work.

ANNEX I

Article 1.

The Commission shall determine the number of inspection committees and the regions to be assigned to them.

The composition of the group of States under the jurisdiction of the same committee shall be determined in such a way as not to include any Powers not maintaining diplomatic relations with each other.

This composition may be modified at any time by the Commission.

Article 2.

The Commission will appoint the members of the inspection committees.

All States belonging to a regional group under the jurisdiction of a committee shall be represented thereon on a basis of absolute equality. Each Committee will, in addition, include nationals of other States.

While the Committee is proceeding to the local inspection in the territory of a State, the representatives of such State shall cease, temporarily and until the inspection is finished, to sit on the Committee.

On the other hand, the State undergoing inspection shall name one or more assessors who shall accompany the Committee during such inspection. These assessors shall be constantly at the disposal of the Committee in order to facilitate the accomplishment of its task. The Committee shall not refuse them the right to be present at its investigations.

Article 3.

The chairmanship of the Committees shall be assumed by each of the members in turn. The rotation will be determined by drawing lots.

Article 4.

The Committees will draw up the program of each investigation in conformity with the instructions given them by the Commission.

Article 5.

The Committees' sole task shall be the establishment of facts. In particular they shall not give orders or make observations to the local, civil or military authorities. When help is required from these authorities it shall be requested through the intermediary of the assessors representing the State under inspection. These assessors must be provided with written instructions giving them all necessary powers for this purpose.

500.A15A4/2591 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, October 15, 1934—2 p. m.

170. Your despatch 101, September 27. I am more than ever convinced that whatever treaty is drawn up on the manufacture of and traffic in arms should stand alone. The text on which you are now working is awaited with interest.

As to tactics in proposing the divorce of the traffic in arms treaty from the provisions of the General Disarmament Convention, could it not be presented as a question of such urgency that it should not await the conclusion of the General Convention, the more so as it is susceptible of independent treatment? Would not such an approach avoid the charge that we had made the first move in proposing that the conference limit its ultimate objective?

It may well be that the disinclination of European Powers to proceed further with disarmament becomes so evident that we may find it advisable to take the initiative in recognizing facts and proposing a limitation of objective. It is too early, however, to make a decision on this point. I should like you to take this up with Norman Davis when you are in London and to submit a joint recommendation as to tactics shortly before the November meeting is held.

HULL

500.A15A4/2593 : Telegram

The Adviser to the American Delegation to the General Disarmament Conference (Mayer) to the Secretary of State

GENEVA, October 20, 1934—2 p. m.

[Received 3:15 p. m.]

938. Department's 170, October 15, 2 p. m., and previous correspondence regarding a treaty of limited objectives. Aghnides⁸⁰

⁸⁰ Thanassis Aghnides, Director, Disarmament Section, League of Nations.

showed me recently a memorandum to Avenol⁸¹ analyzing present situation of the Conference and giving his carefully considered views as to future action. Briefly, Aghnides believes effort toward a treaty of limited objectives is undesirable and impracticable; that it would fail for the same reason that the Conference has thus far been unsuccessful, namely: German demands for equal rights. Instead of trying for such a treaty, Aghnides would prefer a policy of limiting negotiation in the Conference to certain objectives. Instead of trying to agree upon, and incorporate, certain items in a single treaty of limited objectives, Aghnides would have the Conference limit its activities to arriving at three protocols dealing with a Permanent Disarmament Commission, manufacture of and trade in arms, and budgetary publicity; these protocols to be written by committees of the Conference sitting simultaneously. When these three protocols are signed Aghnides would have the Permanent Disarmament Commission established at once (Aghnides' original idea was that negotiation for the establishment of a Permanent Disarmament Commission would take precedence in order to satisfy the Russians and prevent their forcing reference of the whole Disarmament Conference to the Council), see our 936, October 4, 10 p. m.

Aghnides has just discussed his memorandum with Avenol and Walters (English Under Secretary General), both of whom he tells me are in general agreement with his ideas except that Avenol would limit the duties of the Permanent Disarmament Conference [*Commission?*] to those of supervision, control and consultation, (Aghnides originally proposed to give the Permanent Disarmament Commission rather broad powers, in effect concentrating the Conference in the Commission).

Aghnides expects to redraft his memorandum along the lines indicated and take it to London for discussion with Henderson the latter part of the month.

This telegram is sent after cooperation Wilson.

The extraordinary meeting of the Assembly has been set for November 20th with the extraordinary meeting of the Council to be approximately at the same time. The thought appears to be taking shape that there should be a meeting of the Bureau of the Conference at that time and a decision taken with regard to the future of the Conference.

Please see my letter to Moffat of October 17th⁸² mailed on *Berengaria* October 18th.

Repeated to London for Davis.

MAYER

⁸¹ Joseph Avenol, Secretary General of the League of Nations.

⁸² Not found in Department files.

500.A15A4/2594 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 22, 1934—7 p. m.

[Received October 22—4: 34 p. m.]

5. Your 170, October 15, 2 p. m. to Wilson at Geneva. After a full discussion with Wilson of the dossier with regard to a separate convention on Manufacture and Traffic in Arms, and also with regard to the status and fate of the Disarmament Conference, our joint views and observations may be summarized as follows:

1. A disarmament convention in the near future is impossible. Mussolini has publicly declared his position, and France and Russia privately, to the effect that they would not disarm at all under present conditions; also the British feel that it is futile to make any further effort at present. A striking fact, however, is that while they are not willing to disarm now, they are not willing to destroy machinery for effecting a disarmament agreement in the future or to publicly abandon all effort to reach an agreement. The indications therefore are that the consensus of opinion will either favor keeping the Conference alive or setting up a Permanent Disarmament Commission for continuing the work of disarmament and specifically for the supervision of the substantive articles of a treaty relating to the manufacture and trade in arms. (For more extended analysis refer despatch No. 104 from Geneva.)⁸³

2. My impression is the American public opinion would favor a vigorous effort on our part to secure an agreement going as far as possible in dealing with the arms traffic problem.

As to how we might initiate action, I am inclined to favor a blunt statement to the effect that the temper of many of the European states was such that no early success on disarmament negotiations could be expected; that we deplore this and believe that success could be achieved were the states thoroughly imbued with the necessity and importance for a disarmament agreement. That, nevertheless, recognizing the existing situation there was one phase of the problem of the highest importance and urgency, namely, manufacture and traffic in arms which offers promise of immediate achievement and on which a complete and autonomous treaty might be immediately negotiated and signed. Success in the treatment of this problem would of itself ease the solution of disarmament and eliminate some of the most sinister influences now acting against it.

3. As indicated by the draft text presented to you it is not possible to go very far beyond publicity, even in regard to manufacture and

⁸³ October 13, p. 155.

traffic in arms because until there is a limitation on the possession of arms obviously there can be no limitation on manufacture. Wilson tells me repeated effort has been made to find means of controlling profits in manufacture of arms by international agreement but without success. In fact the committee itself discussed this matter extensively over a year ago and were unable to reach any positive conclusion even when they were contemplating doing so in connection with a disarmament convention. At any rate the important thing is to attempt to get some measure of international agreement on at least a first step in the treatment of the problem of manufacture and trade in arms, publicity alone will go far to eliminate many of the evils of the trade and will reduce the fear of the unknown between states. It would also establish a concrete basis upon which to build more radical control in the future in the light of practical experience.

4. While we were reluctant to assume the moral responsibility of bringing real pressure on any nation to limit its armaments, because of the implications that this might involve, I feel that there is not the same responsibility in actively advocating a convention such as contemplated. We could, in fact afford to enter into such a discussion with a vigorous determination to prosecute it to a finish. Indeed, the states represented in the Disarmament Conference look to us as leaders in this particular objective. We should not, however, prosecute the matter further unless we are willing to throw the whole weight of our influence continuously and vigorously behind it.

5. We are satisfied that we can count upon the active support of the neutral states as to the position of the great powers. This is fully covered in Wilson's despatch 101.⁸⁴

6. If our initiative is to have the greatest possibility of success it will need careful preparation particularly with England and France because if they are unwilling to go along they can very well block it. If therefore you concur in the above views we can take it up with the British and Henderson and then, at such interval as his presence here may not be required in connection with the naval conversations Wilson could go to Paris to take the matter up with the French Government.

7. I have just received a copy of Mayer's 938, October 20, 2 p. m. from Geneva to you and see no reason therein to modify the foregoing. Agnides project would appear to be drafted to give a measure of satisfaction to Litvinoff by instituting at once the Permanent Disarmament Commission which would have nothing to supervise, the only purpose of which would be consultation and other political questions. It is open to the same objections which Wilson raised with Aubert (see his 936, October 4, 10 p. m.).

⁸⁴ September 27, p. 148.

Since the disarmament appropriations will soon be exhausted and since it may be found difficult, if not inadvisable, to secure additional appropriations from Congress in order to continue participation in disarmament discussions when there is such a definite opposition to disarmament by some of the principal European powers, I feel inclined to tell Henderson that under the circumstances I am skeptical about our continuing to fan the air much longer without a specific objective with a possibility of realization. Cipher text to Geneva.

DAVIS

500.A15A4/2600‡

The Under Secretary of State (Phillips) to the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] October 22, 1934.

MR. MOFFAT: The President made the following suggestion to me today; he threw it out as a mere thought, not in any sense as something that we were necessarily to follow; he envisaged an understanding between the United States, Great Britain and France and possibly other powers in the following terms:

1. The signatory powers agree over a period of 10 years that they will not allow any armed forces to cross the frontier of any neighbor nation or of any other nation and that such an act is declared to be the act of an aggressor.

2. Every signatory power agrees that, in the event of any act of aggression, as defined above, it will decline to trade in any manner, shape or form with an aggressor. If any question should arise with regard to the act of an aggressor as, for example, two nations sending armies across the border simultaneously, each signatory power will agree not to trade with the aggressors.

3. At the end of five years, the League of Nations will call a disarmament conference, in view of this agreement, to discuss the limitation of armament and also the extension and strengthening of the agreement itself.

I should be glad to have an expression of your views.

W[ILLIAM] P[HILLIPS]

500.A15A4/2600‡

*The Chief of the Division of Western European Affairs (Moffat) to the Under Secretary of State (Phillips)*⁸⁵

MEMORANDUM

[WASHINGTON,] October 23, 1934.

DEAR MR. PHILLIPS: I have endeavored to give a critical study to the

⁸⁵ A note by the Under Secretary to Mr. Moffat attached to this memorandum reads: "The President says we can let this matter rest."

effects of the Pact proposed in the attached memorandum ^{85a} and venture to list a number of objections which materially detract from its practical value.

(1) A pact of this nature, which makes the crossing of a frontier an absolute test of aggression, would give every nation a free hand to pursue a policy of treaty violation without fear of outside interference. For instance, Germany would feel safe in rearming to a point where she could actively threaten her neighbors in spite of her treaty obligations.

(2) Instead of assisting us to remain out of a further European war, this Pact would bid fair to involve us in a future conflict, as there is little doubt that "declining to trade in any manner, shape, or form with an aggressor" as a means of sanction, comes pretty close to a *casus belli*, and would in any event be inconsistent with the duties of neutrality.

(3) This Pact would go considerably beyond the offer contingently made by Mr. Davis in 1933 ⁸⁶ that in certain circumstances where States in conference had determined that a State was guilty of a breach of the peace in violation of its international obligations and had taken measures against the violator, then if we concurred in the judgment rendered as to the responsible and guilty party, we would refrain from any action tending to defeat such collective effort which these States might thus make to restore peace. The Davis offer was made contingent upon a real measure of disarmament, which the Pact does not provide for; further, its purpose was a negative one, namely, to refrain from action, while the Pact is cast in positive form and implies action.

(4) The proposed Pact goes considerably further than the Covenant of the League of Nations which even recognizes certain types of "legitimate war". Great Britain and certain of the other members of the League have consistently attempted by interpretation to tone down the League Covenant, and have objected to assuming any additional international obligations.

(5) As a practical measure the test of the crossing of frontiers as an act of aggression is not altogether a sound one. There are many disputed frontiers; in such a case the signatories would speedily become involved in the merits of the dispute over the frontier. (As an example, take the Saar territory in the event that Germany had won the plebiscite but the Council had not yet made the final allocation of the territory.)

(6) There are cases such as protecting citizens abroad in case of disorder or threat to life, particularly in backward parts of the world, in China, et cetera, where it might be necessary for a nation to allow its

^{85a} *Supra*.

⁸⁶ See telegrams No. 644, May 19, 1933, and No. 646, May 20, 1933, from the Chairman of the American delegation, *Foreign Relations*, 1933, vol. 1, pp. 154 and 158.

armed forces to cross foreign frontiers or to land on foreign soil, without subjecting themselves to the penalties provided for.

(7) If the proposed Pact were not universalized, I reach the reluctant conclusion that it would in effect constitute an alliance in fact if not in form between the signatory Powers.

PIERREFONT MOFFAT

500.A15A4/2594 : Telegram

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

WASHINGTON, October 25, 1934—7 p. m.

7. Your 5, October 22, 7 p. m.

(1) We are in entire agreement with you and Wilson that our efforts in the Disarmament Conference should now be directed towards securing a satisfactory international agreement dealing with the manufacture of and traffic in arms.

(2) We have not as yet had time to complete our study of the texts submitted in your despatch 103 of October 3,⁸⁷ and have not yet even received the draft articles dealing with categories and supervision. It must therefore be understood that in the following paragraphs we have in mind the problem as seen in broad outline and not any specific text or draft.

(3) We agree that it would be a wise plan for you to discuss the question frankly with the British and with Henderson and instruct Wilson at an early occasion to do likewise in Paris with the French authorities.

(4) We agree with the analysis found in Wilson's 101,⁸⁸ that the greatest obstacles to success will undoubtedly arise from the attitudes of Japan, Italy and Germany.

(5) If you find the French and British agreeable to our general thesis, you might wish to take the matter up informally with Matsudaira,⁸⁹ either on your own initiative, or jointly with the British, provided you are convinced that Matsudaira could appreciate that the subject had no connection with the present naval conversations.⁹⁰ After consulting the French, and if the idea commends itself, Wilson might consider continuing to Rome where he could show the Ambassador the dossier to date and with him discuss the general problem with the Italian authorities.

⁸⁷ Not printed.

⁸⁸ September 27, p. 148.

⁸⁹ Tsuneo Matsudaira, Japanese Ambassador in Great Britain; head of the Japanese delegation to the preliminary naval conversations at London.

⁹⁰ For correspondence covering preliminary naval conversations at London, see pp. 217 ff.

(6) The situation with regard to Germany is more difficult, partly owing to Germany's absence from the Disarmament Conference and partly owing to the pertinent provisions of the Treaty of Versailles. We should appreciate any recommendations you might have as to the best way of interesting the German authorities.

(7) As to the tactics you recommend in paragraph 2 of your telegram under reference, notably your suggestion of a "blunt statement" at the next Bureau meeting, we are not ready to commit ourselves thus early. It will not be necessary to make up our minds on this point until shortly before the meeting of the Bureau, when a decision will largely be governed by the current European political situation, but we see no harm in your indicating to Henderson that you are seriously considering making such a move.

PHILLIPS

500.A15A4/2598 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 1, 1934—10 p. m.

[Received November 1—8:05 p. m.]

19. Your 7, October 25, 7 p. m. At Henderson's request, a meeting was held in Simon's office this morning for consultation. There were present Simon, Eden, Henderson, Avenol, Aghnides, myself, and Wilson.

In view of the reluctance which Aghnides reports exists on the part of the continental states to call the Bureau at an early date for fear that the fundamentals of disarmament may be debated, the following plan was evolved to take care of their preoccupation and to give satisfaction to the British and ourselves. The plan is that Henderson will issue a statement to the effect that the present time is not propitious for entering into a debate on the fundamentals of disarmament, but that he hopes in the near future that the situation in Europe will have so developed that these fundamentals can again be attacked. He will add, however, that although the purpose of the Conference has been and continues to be a general convention covering all phases of armament, it now seems feasible to attack and complete certain specific objectives, notably the trade in and manufacture of arms. For this reason he will summon the Bureau at the time of the Assembly, approximately November 21st, to lay before it the possibility of engaging upon these specific tasks in committees. It is intended that the Bureau will instruct the committees to work upon separate protocols destined for independent signature and ratification. This will be done in such a way that these independent protocols may in

the future be joined together in a general disarmament treaty somewhat in the way that the separate protocols of the Washington Convention are linked. It is, however, not Henderson's purpose to suggest immediate beginning of the work but to propose that the committees will assemble sometime after the new year.

Wilson is leaving for Paris tomorrow in order to explain fully to the French our objective in these limited treaties so that they may have a complete understanding of our intentions, and to obviate any feeling in their mind that an Anglo-American combination is working. He will return to London early next week.

I am sending a copy of this telegram to Rome in order to forestall any precipitate adverse decision by Italy. Wilson will proceed to Rome after his return to London as soon as the state of the naval conversations permits of his departure.

Copy to Delegation, Geneva.

DAVIS

500.A15A4/2599 : Telegram

The Adviser to the American Delegation (Mayer) to the Secretary of State

GENEVA, November 6, 1934—11 a. m.

[Received November 6—9:55 a. m.]

941. Davis' 19, November 1, 10 p.m., from London. Henderson issued a statement (Conference Document Bureau 68) last night at Geneva embodying the plan referred to in the above telegram. The statement addressed to the members of the Bureau was likewise communicated to the members of the General Commission. After briefly reviewing the situation to date the President's statement continues as follows:

"In the opinion of the President the changes which have taken place since June last and the probable trend of political events in this respect make it incumbent on the Bureau to reconsider its method of work without prejudicing the principles underlying the commitments entered into by the General Commission in virtue of the resolution adopted last summer.

It is therefore the opinion of the President that conditions are now such as to make it necessary to postpone until after the beginning of the coming year an attempt to deal with the problems of disarmament and to modify the procedure of the Conference both as regards the questions which should become the immediate concern of the Conference and also the manner in which they should be approached.

Consequently the President ventures to put forward for the consideration of the members of the Bureau the following proposals:

The Conference and its various organs have so far produced a certain amount of work in which agreement has either been reached or is in sight. The procedure which has been followed so far had in view the conclusion of a complete text of a convention which would have been submitted as a whole for the signature and ratification of the countries represented at the Conference. In the opinion of the President the time has come when such questions as are considered ripe may be advantageously embodied in separate protocols coming into force one by one without the Conference having necessarily to wait for the completion of the entire convention.

Some of the subjects which are sufficiently advanced to come within this category are the following:

- (a) The question of the regulation of the manufacture of and trade in armaments,
- (b) The question of budgetary publicity,
- (c) The setting-up of the Permanent Disarmament Commission.

The President thinks that there are other questions which the Conference may find so mature as to be susceptible of similar treatment.

On the other hand it should not be forgotten that the air question in the June resolution has not yet even been considered by the appropriate committee and should therefore begin at the earliest opportunity when the negotiations concerning them have sufficiently prepared the ground.

The President invites the members of the Bureau to be good enough to reflect on the advantages [of] this procedure with which he hopes they will concur when the Bureau holds its next meeting which he convokes for the morning of November 20th at 10:30 a. m.

In issuing this statement the President wishes to emphasize the fact that the fundamental aim of the Conference has been and remains for the future the completion of a comprehensive disarmament convention. It was to this definite program that the states represented at the Conference solemnly pledged themselves in the resolution which was unanimously adopted on June 8th."

Copy of statement mailed Davis, London.

MAYER

500.A15A4/2600: Telegram

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

LONDON, November 7, 1934—3 p. m.
[Received November 7—12:44 p. m.]

25. My 19, November 1, 10 p. m. Wilson returned from Paris last night. He informs me that the precarious situation of the French Cabinet rendered it impossible to take up with the Ministers the question of a separate treaty for the manufacture of and trade in arms.

He did, however, talk both with Massigli⁹¹ and Aubert, both of whom showed entire sympathy with the project. If any difficulty is to be anticipated from the French it would appear to be more in the line of wishing unduly to complicate the proposed treaty than from reluctance to enter into such treaty. Wilson emphasized the advantage of making the treaty so simple that it could be quickly written and accepted and could thus mark within a reasonable period a definite achievement, and he believes that they were both impressed by this argument. Ambassador Straus has been fully informed.

Wilson also talked with Rosenberg, Soviet Chargé d'Affaires, and explained the situation to him. Rosenberg, while not raising definite objections to a special treaty, insisted on the Litvinov proposal that the Conference should be abandoned and the work turned over to a "permanent peace commission" which would deal primarily with threats to peace. Wilson indicated to him his own views as to the difficulties that such procedure would raise with us. Rosenberg is taking the matter of the special treaty under advisement and will communicate subsequently the views of his Government.

During the coming weeks it would be helpful to us both if you could indicate whether in a general way you approve the type of treaty which the delegation has suggested.

Copy to delegation Geneva.

DAVIS

500.A15A4 General Committee (Arms)/45: Telegram

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

WASHINGTON, November 9, 1934—6 p. m.

16. Your No. 25, November 7, 3 p. m., and Nos. 940, October 30, 6 p. m.,⁹² and 941, November 6, 11 a. m., from Mayer. The scheme of the draft articles dealing with the manufacture of and traffic in arms meets with our general approval. I desire to express my appreciation of the excellent work which has been done in preparing this draft. It is being carefully studied in cooperation with War and Navy, and detailed criticisms and suggestions will be sent to Geneva by pouch in time to reach the Delegation several weeks before the Committee reconvenes.

You should continue preparing the ground for the negotiation, with the least possible delay, of a separate protocol based upon the draft

⁹¹ René Massigli, French delegate; Assistant Director of Political Affairs, French Foreign Office.

⁹² No. 940 not printed.

articles submitted. It seems to me, however, to be essential that the articles defining the organization of the Permanent Disarmament Commission and its functions in respect to the trade in and manufacture of arms should be an integral part of this protocol. The articles defining the organization of that body can be so drawn that further functions can be assigned to it in other protocols if the negotiation of such protocols becomes possible in the future. I am unable to perceive any advantage in Henderson's proposed procedure by which the articles setting up the Commission would be embodied in a separate protocol. What arguments have been adduced in support of this procedure? It would not appear to aid in any way toward solving the difficulties in respect to Germany, and it would require the ratification of two separate protocols, both of which would be necessary to the establishment of international control of the arms traffic, thus apparently creating an unnecessary difficulty.

Repeat to Geneva for Mayer.

PHILLIPS

500.A15A4/2601 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 12, 1934—3 p. m.

[Received November 12—12:44 p. m.]

27. Department's 7, October 25, 7 p. m., paragraph 5. Both the British and French who have evidenced a willingness to cooperate consider it would be useful for Wilson to proceed to Rome and Kirk⁹³ informs me the Italian Foreign Office would like to discuss matters with him. In view of your previous approval I am therefore informing Kirk that Wilson will leave for Rome, Wednesday the 14th, so that he may be back in Geneva on the 19th as I do not yet know if I can leave London then.

We are discussing the matter with Matsudaira this afternoon after having emphasized that it has nothing to do with present negotiations.

Reference paragraph 6, Wilson has discussed matter informally with German Minister in Bern⁹⁴ and is informed most confidentially that idea is sympathetic and that although they will not participate in negotiations at Geneva they might adhere under certain conditions. He will continue to keep German Minister informed.

Cipher text to Geneva.

DAVIS

⁹³ Alexander Kirk, Chargé in Italy.

⁹⁴ Ernst von Weizsäcker.

500.A15A4 General Committee (Arms)/46: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 12, 1934—10 p. m.

[Received November 12—6:20 p. m.]

28. Your No. 16, November 9, 6 p. m.

1. As for explanation the proposal to embody the articles, setting up the Permanent Disarmament Commission in a separate protocol, was made to permit of the possibility of writing more than the one separate treaty covering control of arms manufacture and trade. Other powers have envisaged the possibility of concluding agreements covering such subjects as budgetary publicity and aviation. Also there [is] the technical consideration that the various subjects had been handled in separate committees of the Conference. Henderson in particular refuses as yet to admit even in the face of argument that it is not possible at the present time to do more than prepare a treaty covering arms traffic. Many powers feel that the establishment of the P. D. C. is so important that it should be done separately and have less interest in the other protocols, but apparently do not yet recognize as we do that it will be impossible to establish this body without giving it some definite function, such as the control of arms manufacture and traffic.

2. We consider that the best procedure will be to urge in the meeting of the Bureau that it is essential that the protocol on manufacture and trade and the protocol of the Permanent Disarmament Commission should form an indivisible whole and to argue that it is difficult to conceive that all states would participate in a commission which had no definite function and reason for existence, pointing out that publicity on manufacture and control of such publicity are inextricably woven. We might add, if you concur, that we are working on a draft of a treaty showing how it is possible to treat the problems as a unit bringing the Permanent Disarmament Committee into being and giving it sufficient elasticity to assume other functions beyond the control of arms traffic as soon as other protocols covering other subjects may be written. Further, if you approve and in order to crystallize the situation as far as possible we could state at the Bureau meeting that we proposed to circulate a draft text before the meeting of the committee next year in order that the states should have an opportunity to study it before the meeting of the committee. I am inclined to think that such an announcement and action would be useful in canalizing conflicting theories.

Furthermore, such a promise and procedure on our part would tend to keep the initiative and give us a better chance of securing what we desire.

3. There will doubtless be considerable pressure to include in the same treaty the treatment of publicity of budgetary expenditure. I think we should do our best to discourage this as a complication of the problem and one which might considerably delay the realization of the proper handling of the matter of trade in arms. However, should such pressure be overwhelming I would like an expression of your views as to whether you consider that we might admit in a contemplated treaty a chapter on budgetary expenditure.

4. I would appreciate an answer as urgently as possible. Also please repeat answer direct to Geneva.

Repeated to delegation Geneva.

DAVIS

500.A15A4/2604 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 14, 1934—noon.
[Received November 14—9:10 a. m.]

33. Although all mention of Litvinov's proposal for a permanent peace conference was omitted from the statement by Henderson⁹⁵ it is conceivable that Litvinov may press for consideration of his project at the Bureau.

Both Aghnides and Avenol hope that it will not be necessary for the Bureau to devote much attention to the Soviet proposal. It may be however that a discussion cannot be avoided and it will therefore be useful to have an indication of your views as to the line we should take in the Bureau if necessary.

I am inclined to think that it would be preferable at least in public to base our objection on a desire not to terminate the Disarmament Conference or to take any step which could be interpreted as a loss of interest in the disarmament movement or a loss of faith in an eventual successful outcome.

I feel that the reasons adduced by Wilson in his conversation with Aubert (see Geneva telegram 936, October 4, 10 p.m.) are valid but are more capable of being used in private conversation than in public. Please answer this telegram both here and Geneva direct.

Repeated to Geneva.

DAVIS

⁹⁵ See telegram No. 941, November 6, 11 a. m., from the adviser to the American delegation, p. 174.

500.A15A4 General Committee (Arms)/46: Telegram

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

WASHINGTON, November 14, 1934—5 p. m.

19. Your No. 28, November 12, 10 p. m. Your recommendations and the procedure which you propose are approved.

I concur in your opinion that budgetary expenditure should be dealt with in a separate Protocol. Should the pressure become overwhelming to deal with that matter in the Protocol relating to manufacture of and traffic in arms, please refer the question to me again for further consideration.

Copy has been sent to Amdelgat Geneva.

HULL

500.A15A4/2605: Telegram

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

WASHINGTON, November 14, 1934—7 p. m.

21. Your 33, November 14, noon. We incline to the belief that if the Litvinoff proposal for a permanent peace conference is raised at the Bureau, and if a discussion cannot be avoided, it would be better for our delegation to follow the line of comment contained in Davis' personal letter to me of October 9.⁹⁶ This approach which follows a middle course between the rather anodyne reasons set forth in your 33 and the reasons adduced by Wilson in his conversation of October 4 with Aubert,⁹⁷ has the merit of avoiding controversial issues while at the same [time] reassuring the public here that this Government remains determined not to become involved in European political questions. Please report to Amdelgat Geneva adding pertinent quotations from Davis's letter above referred to.

HULL

500.A15A4 General Committee (Arms)/49: Telegram

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

LONDON, November 15, 1934—7 p. m.

[Received November 15—3:40 p. m.]

39. Your No. 16, November 9, 6 p. m. and No. 19, November 14, 5 p. m. In a talk with Henderson today he agreed that the articles

⁹⁶ Not found in Department files.

⁹⁷ See telegram No. 936, October 4, 10 p. m., from the American delegate, p. 152.

defining the organization of the Permanent Disarmament Commission and the articles setting up the control of arms traffic and manufacture should be embodied in the same protocol. He still feels, however, that some provisions covering budgetary expenditure could be included in the same protocol to be worked out at the present time. Repeated to Geneva.

DAVIS

500.A15A4/2606 : Telegram

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

ROME, November 16, 1934—8 p. m.

[Received November 16—4:25 p. m.]

256. From Wilson. Kirk and I had a conversation with Suvich⁹⁸ this afternoon in which I outlined our objectives. Suvich raised certain points of doubt as to the advantages of a special treaty on production and traffic of arms but did not explicitly repudiate the idea. He stated that he would have to discuss it further before deciding what instructions would be given to their representatives at the Bureau.

This morning I talked to Aloisi, Soragna⁹⁹ and others and received a much more definitely negative impression, so much so that before seeing Suvich I was under the impression that a definite Government decision had been taken against the participation in such a treaty. Since my talk with Suvich I am inclined to think that the military services and the subordinate officials of the Foreign Office are opposed to participating in a treaty but that a definite decision has not yet been reached by the Chief of State.

I am also inclined to think that the utmost we can hope for will be a passive attitude on the part of Italy at the Bureau meeting thus permitting the subject to be taken up in commission. We will be fortunate if they do not enter definite objection.

I am seeing Suvich again this evening and of course will do my utmost to convince him.

Even in the event that I find that we may expect definite opposition from Italy I shall continue under the assumption unless you instruct me to the contrary that you desire me to advocate strongly in the Bureau the adoption of our thesis.

Repeated to delegation, Geneva, and the Embassy, London, for Mr. Davis. [Wilson.]

KIRK

⁹⁸ Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.

⁹⁹ Pompeo Aloisi and Antonio Meli Lupi di Soragna, Italian members on the Bureau, General Disarmament Conference.

500.A15A4 General Committee (Arms)/50: Telegram

The Adviser to the American Delegation (Mayer) to the Secretary of State

GENEVA, November 17, 1934—6 p. m.
 [Received November 17—1: 55 p. m.]

943. Reference my 942, November 13, 8 p. m.,¹ and Davis' 39, November 15, 7 p. m., from London. In a conversation with Aghnides today, he indicated that those delegations he had seen favored dealing with the regulation of the manufacture and trade in arms and the establishment of a Permanent Disarmament Commission in separate protocols as Henderson's statement of November 5² had suggested. In view of our desire to have these two subjects in one protocol, Aghnides observed that much confusion could be avoided and our thesis more easily attained if we gave the Bureau something immediate and concrete to consider. Entirely on his own initiative he strongly recommended that we place a text of such a protocol before the Bureau on Tuesday.

During the same conversation Aghnides told me confidentially that he had just received word from a source usually accurate that the Soviets had now decided to make certain *démarches* at the Bureau meeting which "would be very troublesome".

Repeated to London.

MAYER

500.A15A4/2608: Telegram

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

ROME, November 17, 1934—8 p. m.
 [Received November 17—4: 22 p. m.]

258. My telegram No. 255, November 16, 7 p. m.¹ Following from Wilson:

"Suvich told me last night that he had talked with the Chief of Government after my conversation with him at the Foreign Office and had suggested an interview with me. Word was received from the Foreign Office today that an interview was arranged for this afternoon.

I presented to Mussolini in some detail what we hoped could be accomplished in the way of a special treaty on the manufacture of and traffic in arms. Mussolini appeared interested and asked pertinent questions both as to the form of the treaty we had in mind and the objects which we hoped to accomplish thereby. However, he gave me

¹ Not printed.

² See telegram No. 941, November 6, 11 a. m., from the adviser to the American delegation, p. 174.

no indication as to his attitude on the question, or as to what instructions he would give to his delegates at Geneva.”

Repeated by telegraph to Geneva, and London for Mr. Davis.

KIRK

500.A15A4 General Committee (Arms)/51 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, November 18, 1934—7 p. m.
[Received November 18—4: 45 p. m.]

944. From the interviews which I have had in the last few days in Rome, and from talks with the delegation since my return to Geneva, I feel sure that we will confront a situation in the Bureau which will be touch and go, and that we will be constrained to use every means in our power if we are to achieve our object on Tuesday.³ I, therefore, urge strongly the adoption of the procedure outlined in Mayer's 942, November 13, 8 p. m.,⁴ and 943, November 17, 6 p. m. It may well be that the submission of a text will turn the tide and canalize what seems to be conflicting views both as to procedure and objectives. Such action would tend to make plain our position with the Bureau and the public before there is any possible complication to the situation brought in by a Russian demand for a permanent peace organization or other obstructive suggestions. I have arranged already to speak first Tuesday.

In view of the time element I shall telephone at 6 p. m. Geneva time, noon Washington time, Monday, to obtain your decision, unless I have received your decision by telegraph before that time.

Repeated Mr. Davis, London.

WILSON

500.A15A4 General Committee (Arms)/52 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, November 19, 1934—noon.
[Received November 19—10 a. m.]

946. I desire to submit to you a question the answer to which I shall request when I telephone⁵ this afternoon at 6 p. m. as stated in my telegram 944, November 18, 7 p. m.

I have just seen Henderson. He tells me that he had considerable difficulty with the French in accepting his letter based upon the meeting in London. Furthermore, when he spoke to the French Saturday

³ November 20.

⁴ Not printed.

⁵ See *infra*.

regarding the idea of a single instrument for traffic in arms and Permanent Disarmament Commission (see Davis' 39, November 15, 7 p. m.) the French insisted emphatically that publicity of budgetary expenditure must be included in the treaty.

Henderson therefore feels strongly and stated emphatically that while he would be happy to back us in insistence upon a single treaty it would be only if we included budgetary publicity. If we insist upon singling out only the two subjects in which we are particularly interested, namely, manufacture of and trade in arms and setting up the Permanent Disarmament Commission then he can not back us. He is convinced that our only hope of getting through the program of work is to present a united front in the face of the probable Russian attempts to kill the Conference and set up a permanent peace commission which it is generally felt will take place at the meeting Tuesday.

I have in mind your telegram 19 to Davis in London and share the reluctance to include budgetary publicity in a treaty with the other two subjects. I feel, however, that unless we are profoundly opposed to budgetary publicity we should accept Henderson's compromise and accept it gracefully in giving Henderson full backing in tomorrow's meeting.

For the sake of clarity I venture to summarize as follows: The plan would be that the three committees would undertake their separate studies for the purpose of finding such modifications in existing texts as would fit an immediate realization of a single treaty; that the correlation of these three texts into one treaty would be the work of the Bureau in a subsequent meeting.

If you approve of our submitting a text Tuesday as requested in my 942, November 13, 8 p. m.,⁷ the procedure I have in mind after this conversation with Henderson is that we should submit this text as two-thirds of the treaty. We should state that in our opinion budgetary publicity is a subject which has not advanced to the same stage as the other two subjects that, however, we are agreeable to including a chapter thereon in the treaty.

Repeated to London for Davis.

WILSON

500.A15A4 General Committee (Arms)/56

*Memorandum of Trans-Atlantic Telephone Conversation**

MR. PHILLIPS: I am speaking from the Secretary's office and the Secretary is beside me. We have received your two telegrams, Nos. 944

⁷ Not printed.

* Between the American delegate in Geneva and the Under Secretary of State in Washington, November 19, 1934, 12 noon.

and 946; with reference to your 944, you will receive by telephone from the Embassy at London shortly after 2:00 p. m., Washington time, that is, 8:00 p. m. Geneva time, a long telegram ⁹ giving changes in the draft articles for a separate convention which you submitted to us. Please have at least one stenographer with you to take down the text.

MR. WILSON: All right.

MR. PHILLIPS: I am afraid that the delegation will have an overnight's work cut out for them, but it is the best we have been able to do in view of the many conflicting views held here. With these changes you may submit the draft text to the Bureau tomorrow.

MR. WILSON: That's right.

MR. PHILLIPS: Now with reference to your 946, if you are convinced that our only chance to get through a treaty covering manufacture and traffic in arms is to agree to the French demands, we reluctantly agree,

MR. WILSON: Fine.

MR. PHILLIPS: to your accepting it. Could you not however try to persuade the Bureau to agree to two protocols, the one covering manufacture and traffic in arms with the appropriate provisions of implementation by the Permanent Disarmament Commission written in as an integral part; the other protocol covering budgetary publicity likewise with the appropriate provisions of implementation by the Permanent Disarmament Commission written in as an integral part? If you cannot persuade Henderson and the French to accept this, then insist on some provision being made to correlate the work of the three committees you mentioned as they go along and not leave this exclusively to the Bureau at a later date.

MR. WILSON: I understand.

MR. PHILLIPS: What we are of course concerned over is the possibility that the special committee set up to draft the articles covering the Permanent Disarmament Commission would approve articles that have no inherent relation to the manufacture and traffic in arms and which it would be difficult for us to accept,

MR. WILSON: Right.

MR. PHILLIPS: Or embarrassing to reject. That covers all I have to say.

MR. WILSON: I think that is all we want to know. Please repeat again when the telegram was sent to us.

MR. PHILLIPS: It will be sent to you from London. By telephone, arriving at 8:00 p. m., Geneva time. It is about a ten page communication.

⁹ *Infra.*

500.A15A4 General Committee (Arms)/48 : Telegram

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

[Extract]¹⁰

WASHINGTON, November 19, 1934.

412. Please telephone the following message to Amdelgat Geneva and send Department a flash when telephoning has been completed.

"Your 940, October 30, 6 p. m., and 942, November 13, 8 p. m.¹¹ In view of your recent messages, you may present to the Bureau for circulation a draft Convention on Manufacture of and Traffic in Arms.

Although the Department has been working closely and cooperatively with the War Department, it has not yet been possible entirely to reconcile conflicting opinions on certain articles. It is, therefore, suggested that when you present the text you reserve the right (without undue emphasis) to propose or accept modifications on individual articles during the course of debate.

At your convenience, please submit for my consideration your ideas as to articles of ratification. These articles should, I believe, contain a provision to the effect that the Arms Traffic Convention of 1925 shall be considered as superseded by the coming into effect of this Convention.

Please transmit to the Department by open mail the revised draft as soon as possible.["]

HULL

500.A15A4/2609 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, November 20, 1934—4 p. m.

[Received November 20—11:55 a. m.]

948. Reference Conference Document D. C. L. 15, dated June 4, with regard to Henderson's request that the Governments represented at the Conference communicate to him any observations they might have on the Russian proposal for a permanent peace conference, Henderson at this morning's meeting requested that all Governments represented forward to him for presentation to the Conference their ideas upon the Russian proposal.

Is it desired that I prepare and submit to you the draft of a reply along the lines indicated in your 21, November 14, 7 p. m. to Davis?

Mailed to London for Davis.

WILSON

¹⁰ The omitted portion of this telegram referred to textual revisions of drafts previously submitted by the American delegation.

¹¹ Neither printed.

500.A15A4 Steering Committee/471 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, November 20, 1934—5 p. m.

[Received 5 : 05 p. m.]

949. Henderson's opening statement at the Bureau meeting this morning followed the lines indicated in his statement of November 5 (see my 941, November 6, 11 a. m.). I was the first speaker¹² and agreed with Henderson's outline emphasizing the indispensability of incorporating the provisions on the three subjects in a single document which would require but a single ratification and further emphasizing the deep interest of the American Government in manufacture of and trade in arms. I then presented the text¹³ with a brief analysis of its broad lines.

Litvinoff followed with rather a mild suggestion that consideration be given to his proposal for a permanent peace organization which in a later statement he denied as replacing the League. He referred pleasantly to our proposal but pointed out that inasmuch as the General Disarmament Conference had thus far accomplished nothing the setting up of the Permanent Disarmament Commission was more or less futile since it would have very little work to do. Henderson replied vigorously stating that the work of the General Disarmament Conference must go on. He expressed appreciation for our proposals which he accepted as being exactly in line with his ideas of the present situation.

Madariaga and Undén,¹⁴ Sweden, associated themselves with the American proposal emphasizing especially the desirability of a single treaty for the three subjects. Eden spoke briefly and supported the idea of the continuity of the Conference and desirability of adopting Henderson's suggestions. He welcomed the American proposals which he said he would look forward to studying carefully. Massigli spoke very briefly saying merely that the three questions proposed for detailed study were questions the French delegation considered fundamental elements of any convention, agreeing to the President's proposal as likely to lead to useful work. He made no reference to our statement or proposal. The Japanese representative did not speak. Both Eden and Massigli have subsequently told me that the

¹² For complete text of Wilson's speech, and for remarks of others mentioned in this telegram, see *Minutes of the Bureau*, vol. II, pp. 246-255.

¹³ The American draft treaty text is printed in Department of State, *Press Releases*, December 22, 1934, p. 391, and in *Conference Documents*, vol. III (Conf. D. 167), p. 776.

¹⁴ B. O. Undén, Swedish Minister without portfolio.

idea of a single treaty and single ratification is in entire harmony with their thoughts.

Soragna called attention to the previous Italian position. He questioned the advisability of attempting to get a solution of the three subjects under consideration and made full reservation as to Italy's future action thereon although he did promise collaboration in the work anticipated. Soragna emphasized strongly the Italian thesis of the interdependence of all questions relating to disarmament indicating that it was all or nothing and stated "no disarmament, no control".

The Bureau session ended with the adoption of Henderson's program on the understanding that he and the chairmen of the subcommittees concerned would hold frequent consultations in order to assure coordination and close collaboration in the preparation of the three subjects to be considered. Under the program adopted the committees will meet at the call of their chairmen probably in January. Our draft text, copies of which were distributed at the meeting, will be circulated officially to the Governments represented at the Conference with a request that it be studied and suggestions or comments be sent to Mr. Henderson prior to the January meeting. Henderson also said that he would specially see that a copy of our text would be put in the hands of the chairman of each of the three committees.

Copies are being mailed to the Department today.

Repeated to London for Davis.

WILSON

500.A15A4/2610 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, November 21, 1934—2 p. m.

456. Your 948, November 20, 4 p. m. We are unable to see any advantage in submitting comments on the Russian proposal for a Permanent Peace Conference at this time. (1) There is always the possibility that the idea may die of inanition; (2) there is no reason to antagonize the Russian delegation at this particular moment when we were anxious for their support of our Draft Convention on Arms; (3) there would be plenty of time when the subject is actually up for consideration to explain why we would not join the proposed Permanent Peace Conference. If you do not agree and see some compelling reason to present a draft reply in the near future, please summarize your reasons briefly.

HULL

500.A15A4/2618

Memorandum by the American Delegate (Wilson)

[GENEVA,] November 21, 1934.

At his request I dined with Litvinov alone last night. He opened the conversation by discussing the London naval conversations¹⁵ and said he did not see why the British were flirting with the Japanese by political discussions of a non-aggression pact. I replied that as far as we knew no such action was taking place. (I remembered Sir John's discussion with Mr. Davis on this point and believed I was within the bounds of truth in what I said.)¹⁶ Litvinov, however, was insistent that these discussions were going on and thought it was the height of folly to do anything which might lead Japan to think that a wedge could be driven between the United States and Great Britain. I replied that I thought there was less likelihood of a wedge between us than there had been some weeks ago and that even at that time the possibility was remote. He stated that for the moment the tension was reduced with Japan, scoffed at my idea that the tension was reduced because of the purchase of the Chinese Eastern Railway¹⁷ and said it had been reduced solely and only because of intensive warlike preparation which the Soviet Government had made in Eastern Siberia. This had prevented the Japanese from thinking that they could make a parade across Siberia and made them count the cost.

Then he reached the purpose of our interview. Indeed he frankly said that he had invited me so that we could talk of his idea of the permanent peace organization. He stated that there were several co-related ideas in his mind which led him to make his proposition: (1) The Kellogg Pact lacked all implementation and some form of implementation should be devised; (2) the League machinery was too cumbersome with its step by step procedure to sanctions which he recognized frightened not only the United States but many members of the League, including Great Britain; (3) the United States was not in the League and one of his principal thoughts was to devise something whereby the United States would consult with the rest of the world if there were a real threat to peace; (4) it seemed to him indispensable that unruly nations should realize that if they start anything there would be a united public opinion among the sober nations of the world which could take such measures as might be

¹⁵ See pp. 217 ff.

¹⁶ See telegrams Nos. 31 and 34, November 13 and 14, from the Chairman of the American delegation, pp. 328 and 331; telegram No. 20, November 14, to the Chairman of the American delegation, p. 333.

¹⁷ See telegram No. 212, September 25, 1934, 5 p. m., from the Chargé in Japan, vol. III, p. 283.

necessary to hold the unruly ones in check. In this particular conception he had been hoping that the United States would find it sympathetic since, when he was in Washington, President Roosevelt, he stated, had discussed with him the possibility of showing a united front on the part of the whole civilized world against the unruly ambitions of Germany and Japan.

I replied that I was very glad that he had given me this opportunity to discuss this matter frankly between us, since I felt that an intimate talk of this kind on this subject would be much more satisfactory than to have to argue such a matter on the floor of the Commission, and it was the very fact that he was concerned in our co-operation that made me happy at this stage to avoid a public discussion, because what I had to tell him was not at all encouraging to his project. I continued by stating that the American people were profoundly interested in the disarmament movement, but they divided in their minds disarmament from political problems and especially from European political problems, in which they firmly refused to concern themselves; that they felt that if the states of Europe were not even able to disarm among themselves, then it meant that any organization such as Litvinov proposed to set up would be purely political in character, predominantly concerned with European political problems, and therefore something in which we should not participate. I cited to him the experience of over a year ago when we had worked with France and Great Britain in the endeavor to find a basis of agreement which might be acceptable to Germany.¹⁸ The moment Germany walked out and accused us of trying to force her, public opinion in America indignantly repudiated the idea that we had mixed in an internal European squabble and it was necessary to clear the atmosphere at once by a public declaration to the contrary.

As to the Kellogg Pact, I had hoped myself at one time that further implementation could be made in it, but our thoughts had veered a long way in the past three or four years. Three or four years ago there was an atmosphere which at least gave hope of peaceful co-operation. Now there was an atmosphere of disillusionment and increasing distrust among the nations of Europe. Would the American people be willing to assume any fresh obligation even of a consultative nature in the face of a situation which seemed to be daily growing more bitter? I added that these were considerations in the minds of the American people and that I felt sure that if Mr. Litvinov pressed his project, we would have to bluntly say that if the Conference turned into such an organization, it would have to do so without the participation of the United States.

¹⁸ See *Foreign Relations*, 1933, vol. 1, pp. 211-265 *passim*.

Litvinov made some further argument and then thought aloud as to possible modification that might be made in his plan which we could find acceptable, notably basing the conception squarely and directly on an implementation of the Kellogg Pact. At the end of the dinner he said, "Well, I am glad we have had this talk. It looks as if I would have to think of something else."

Throughout the conversation Litvinov displayed the most complete distrust of Germany. To him, so long as there is a Hitler regime, just so long is Germany a mad dog that can't be trusted, with whom no agreements can be made, and whose ambition can only be checked by a ring of determined neighbors.

HUGH R. WILSON

500.A15A4 General Committee (Arms)/57a

The Secretary of State to President Roosevelt

WASHINGTON, November 22, 1934.

MY DEAR MR. PRESIDENT: I authorized Mr. Wilson to present a revised draft of a Convention for the International Supervision and Control of the Manufacture of and Trade in Arms and Munitions of War to the meeting of the Bureau of the General Disarmament Conference, which met at Geneva on November 20, 1934. This draft was referred to Committees which will meet in January. In the meantime, it will be circulated to the governments, including our own, for their consideration and such criticisms, suggestions and amendments as they may wish to present.

In the preparation of this Draft Convention the Department has been greatly indebted to the War Department which, in a spirit of helpful cooperation, made valuable and constructive suggestions, which were the result of a painstaking study of the whole question. The draft which I authorized Mr. Wilson to present to the Bureau contains, nevertheless, several features which do not meet with the approval of the War Department. A letter which I have received from the Secretary of the Navy makes it clear that he shares the misgiving of the War Department on these points.

The most important of the features referred to are the following:

(1) The Draft Convention in its present form provides for the supervision and control of the manufacture of arms by each High Contracting Party within its own jurisdiction in conformity with a definite procedure and subject to full publicity—except, of course, in respect to specifications, composition of materials, et cetera. This supervision and control is made to include the supervision and control of arms and munitions manufactured by a State for its own armed forces. Such arms the War Department would prefer to have excepted from the provisions of the Convention.

(2) The system of permanent and automatic inspection to ensure the carrying out of the Convention is provided for in some detail. It authorizes the Permanent Disarmament Commission to send Committees into the territories of the High Contracting Parties to carry on investigations at any place which they may consider convenient to the purpose in hand. These Committees are prohibited from obtaining information as to technical details of design, physical and chemical composition of materials, processes of manufacture and other similar matters, which may constitute a trade or defense secret. They are, nevertheless, authorized to inspect Government arsenals and private factories for the purpose of ascertaining the quantities of arms and munitions in process of manufacture or in stock. The War Department would prefer to have the seat of these investigations restricted to the capitals of the Contracting Parties and the procedure restricted to the examination of witnesses and of documents.

In authorizing Mr. Wilson to present a text embodying the features outlined above, I felt that I was acting in accordance with your policy and with the ideas which you have expressed on several occasions, and notably in your conversation¹⁹ with Mr. Phillips and Mr. Green²⁰ on May 28. Before proceeding further in the negotiation of this Convention, I should be grateful if I could receive your assurance that I have indeed reflected your views in authorizing Mr. Wilson to present to the Bureau a Draft Convention containing these features.

I am, my dear Mr. President,

Faithfully yours,

CORDELL HULL

500.A15A4 General Committee (Arms)/67

*President Roosevelt to the Secretary of State*²¹

WARM SPRINGS, GA., November 24, 1934.

DEAR CORDELL: I am glad to have your letter of November twenty-second relating to the Convention for Supervision of Munitions of War.

I like your summary. I cannot understand the hesitation of the War Department in regard to the principles mentioned, i. e., number (1) on Page two and number (2) on pages two and three.

¹⁹ No record of conversation found in Department files.

²⁰ Joseph C. Green of the Division of Western European Affairs, liaison officer for the Department on the subject of arms and munitions.

²¹ In transmitting a copy of this letter and other correspondence to the American delegate in an instruction of December 5, 1934 (500.A15A4 General Committee (Arms)/67a) the Secretary of State wrote: "You will note that the President has expressed his approval of the Draft which you presented to the Bureau of the Conference on November 20. You may assume, therefore, that such further suggestions as I may make before the Committees undertake the study of the Draft in January will relate to matters of detail and not to the essential principles on which the proposal is based."

You, however, are right and I see no reason why you should not tell the War Department that supervision and inspection must be all inclusive, including all plants in all nations. That is my policy.

You do not say anything about the Navy objections. In any event, I entirely approve of the draft and am glad you have authorized Mr. Wilson to present it to the Bureau.

Always sincerely,

FRANKLIN D. ROOSEVELT

500.A15A4 General Committee (Arms)/69

The American Delegate (Wilson) to the Secretary of State

No. 107

GENEVA, November 26, 1934.

[Received December 11.]

SIR: I have the honor to invite the Department's attention to the draft treaty on the manufacture of and traffic in arms which we presented at the meeting of the Bureau on Tuesday the 20th. In this connection, permit me again to express my appreciation of your thoughtful and prompt cooperation.

I append hereto a memorandum prepared by Colonel Strong giving an analysis of the differences between the text submitted to the Bureau and the text which we originally submitted to you in despatches Nos. 103, October 3,²² No. 104, October 13, and telegram No. 940, October 30, 6 p.m.^{22a} The memorandum is comprehensive but there are certain points brought out in it to which I would like especially to invite your attention.

In referring to the articles, I shall define them by the numbers used in the draft text as circulated by the Bureau, Conf. D. 167, copies of which have already been sent to the Department.

I. CATEGORY III, PARAGRAPH (3)

Our original text drew a line of demarkation between airplane engines of above and below 400 HP, making the provisions of the convention both as to manufacture and as to export and import applicable to engines of that horsepower and above it, and exempting engines of below that horsepower from all provisions of the convention. The Department, on the contrary, has placed all aircraft engines in Category III, in so far as the provisions relating to traffic are concerned, but expressly exempts them from those provisions relating to manufacture. May I point out that, in view of the second paragraph of Article 10, the change would mean that no aircraft

²² Not printed.

^{22a} Telegram No. 940 not printed.

engines could be sold outside of the United States, except to a Government.

Needless to say the subject of the treatment of aircraft has been given endless debate, both in public and in private, since this Conference started. However much we insist upon the purely civilian aspect of civil aircraft, the fact remains that to the States in Europe, practically any aircraft is a potential weapon of war. This is peculiarly so, and in increasing degree, as the size of airplanes increases and their radius of action is extended. We feel here that it would be essential to make some concession to this widespread feeling, but we question whether the concession made in your suggestion is not more embarrassing perhaps and more limitative to legitimate trade than other possibilities. In order to show the contrast between the two extreme points of view, may I point out that we contemplated making mention only of military aircraft actually found in the armed forces, and purposely left out of the picture civil aviation even of types which can be readily adapted to military purposes in warfare. The Europeans, on the other hand, have tried to insist that all civil aviation should be subject to the same regime, especially as to control and inspection, as those articles covered by Categories I, II and III. As a great concession they might be willing to accept the point of view that aircraft below a certain specified horsepower, or radius of action, should be subject to publicity only, whereas the powerful, long-range machines should, at least for control purposes, be given the same treatment as Category I. With this in mind, could we consider a compromise? Could we agree in a separate article to give full publicity to all civil aviation, both as to production and export and import, and further agree that aircraft above a designated size should be included in Category V; that they should be considered as one of those articles which, in the event of war, could be adapted for war purposes? Such treatment would limit the control to the large planes only but would give the Europeans a measure of satisfaction by having full knowledge of the development of civil aviation.

In discussing this matter with a member of the French Delegation, he pointed out that in America there are approximately 10,000 registered planes. This means a yearly increment for replacement of approximately 2,000 civil planes, not to mention the production for export and for military purposes. Let us say roughly, therefore, their increment in the production for civil aviation is approximately 20 per cent. In Germany, on the other hand, their listed planes are 760. Under the Treaty of Versailles they would have to be all civil aircraft. This would mean, on the same basis as our own aircraft, a normal production increment of 150 planes per year, plus a small number which they export, but, added this Frenchman, 150 planes according

to their information, is a comparatively low estimate of what they are producing monthly which gives immediate concern as to the warlike potentiality of this surplus. It is apparent from this argument how vital the Continental States would regard full information and as wide a control as possible on the production of civil aircraft. While the argument is not entirely sound, it represents certainly French views and probably the views of most Continental Powers.

To get back to my suggestion, may I state it briefly as follows: A practical solution of the present problem in regard to aviation would appear to be to delete sub-paragraph (3) under paragraph (a) of Category III, and place all aircraft engines in Category V where they would be subjected only to publicity and an export license, and to agree to put in the same Category, namely, Category V, all aircraft other than that covered in paragraph (a) (1) of Category III, which are above certain designated criteria as to size or carrying capacity or horsepower, taking care to limit this particular classification only to the large, long-range planes that might be capable of prompt adaptation to bombing. In this case the export of these civil planes would be subject to an export license. In addition to publicity, attention is invited to the fact that this would not subject the manufacturers to any of the provisions for licensing to manufacture, but would subject them to inspection and to the export license provisions of the Convention.

In addition to the foregoing, we might offer a measure of satisfaction by introducing an article on publicity which would operate to give full publicity as to production and export of all aircraft which do not appear in Category V and which do not come within other provisions of the Convention.

II. CATEGORY III, (a) (1)

I invite attention to Colonel Strong's analysis.

III. CATEGORY V

The Department has instructed that the item of "commercial explosives" should be deleted. While I agree that commercial explosives are a large and important factor in civil exportation nevertheless the Europeans, particularly those of the French school have consistently, during the discussions of the past ten years, held that explosives are part of immediate war material and should be inserted in Category I. Since, under the heading of ammunition in sub-head (5) of paragraph (a), Category I, and paragraph (b), we have included explosives which normally are of military concern, I believe we would have a better chance to keep the remaining explosives or those we perhaps

ill-advisedly designated "commercial explosives", out of Category I, acknowledging their existence for publicity by putting them in Category V. In this connection, "explosives not covered in other Categories" might be substituted for the term "commercial explosives".

In case doubt exists as to the adequacy of the present provisions of Category I, it might well be solved by adding a sub-head (8) of paragraph (a), under the term "propellants and fillers for the articles covered by items (5) and (6) above."

IV

With reference to your instruction as to Chapter I, Article D, in the draft transmitted in despatch 103,²³ I am inclined to believe that on subsequent reflection we have done well to delete this article. In any case, as I outlined in my telegram No. 947, of November 19, 11 a. m.,^{23a} the article is of a highly controversial character and under any form would invite discussion as to the waiver or maintenance of Part V of the Treaty of Versailles. Since issuing our text at the Bureau, several representatives of other countries have spoken to me of the implications of our project upon the Treaty of Versailles, and have asked me how I thought the project would affect that Treaty. I have invariably replied that we have drafted a treaty which we believe to be workable and have not considered it our business to interpret the obligations of the Treaty of Versailles. Hence there would seem to be a real advantage not to lay down any article that even approaches this question, but to await the debate in committees and see what suggestions are made and at that time endeavor to accept only such suggestions as may best, on the one hand, satisfy the French and, on the other hand, still make possible for Germany to agree to this convention.

V

In Article 9, the Department instructed us to delete the reference to "fifteen days" and to insert in its place the words: "before that date." I venture to ask for the reconsideration of this decision. While I recognize that your suggestion is simpler and from certain points of view preferable, nevertheless the insertion of the words "fifteen days" was the result of long discussion in the Committee in its sessions last spring. The Continental States felt that it was essential to have notice sufficient time in advance, in order that, in cases of grave doubt, the shipment might be checked even before its departure from the country of origin, and if necessary followed through to its ultimate destination. They regard this time interval as a very important part of the

²³ October 3, not printed.

^{23a} Not printed.

whole structure and, inasmuch as I do not conceive that we regard it of high importance, it might be better to acquiesce in their view, unless there is some compelling argument to the contrary of which I am unaware.

VI

With reference to Article 11, I venture to refer to Colonel Strong's analysis. I am inclined to feel that you will agree that samples of articles in Category III may be included in Article 11, both in subparagraph (1) and (3) and that the omission thereof was done through inadvertence.

VII. ARTICLE 15

I have given further thought to the possibility of inserting your suggestion in this place, but the more I consider it, the more I feel that Colonel Strong's reasoning, as exposed in his memorandum, is sound. In its essence the application of the article would be an embargo against a certain State or States, and one could conceive that the mere signature or ratification of the treaty under certain conditions would become a political act of the highest importance.

It seems to me further that if we admit in a treaty form an obligation to embargo a State or States in common action for the achievement of a political objective, we are entering upon the road which leads direct to economic sanctions as a measure of collective action, a slippery road which might take us far further into the Continental conception of security than we would care to go or be able to go.

I take it that the idea of your suggested article would be to encourage the States of the world to ratify the convention. I very much fear that it might have a contrary effect. For instance, a non-producing State in one area, might argue that it might be better to allow its neighbors to ratify and not ratify itself, so long as there was one producing State which had not ratified. Thus the non-producing State would be the only one within its particular region which would be purchasing its goods without publicity and would have the benefit of all the publicity given to the purchases and shipments of its neighbors. Under the circumstances, it might be well to consider the deletion of this Article in any form, because it is believed that in view of the possible requirements as to ratification by all important producing States, the inclusion of this Article in the ultimate convention would serve no useful purpose.

VIII

There is a further conception which the French have recently discussed with us and in some measure with our Colleagues. Publicity

in budgetary expenditure will presumably bear both on expenditure already made and on projected expenditure, that is to say, there will be publicity after the fact and publicity of intention, not that the latter would be binding, but a mere indication of intention. It has been suggested that this should be paralleled by some process in the chapter on manufacture of arms; that publicity should be given not only after an order is placed, but that declarations of intention by governments of their programs of construction for the ensuing year should be made public. Whether this should be made in the form of declarations of the proportion of the budget contemplated for construction of matériel, and in what items, or whether the items themselves should be listed is a matter for thought if it seems advisable to accept the idea. It is argued that the presentation of programs would inevitably bring about regional agreements as to programs, perhaps informal agreements, negotiated outside the treaty and outside the Permanent Disarmament Commission. Such informal agreements might well tend for separate regions to crystallize into longer term agreements in the future.

As I understand it, when our military budget is presented to Congress, the Financial Committees of the House and Senate bring out the details of projected expenditure so agreement as to declarations of budget intention would not appear to reveal more in our case than we already reveal under examination of departmental testimony.

I can see real merit in the idea if it can be worked out in such a way as to form no limitation on the projected expenditure of the funds estimated for in the budget, and be confined to publicity of intention only and be kept simple enough not to become a burden. I believe that the French are working on this idea and may possibly present a draft of suggestions to us. If they do and the suggestions seem worth consideration, I shall forward them to you. I mention this for what it is worth but suggest that detailed consideration of the subject be deferred until such time as the French present us, if they do so, with a detailed text on the subject.

IX. ARTICLE 29

While at first glance the change which substitutes "recommendations" by the Permanent Disarmament Commission for "advice" between the contracting States appears to render more innocuous the consultation feature, I am concerned lest the result of this substitution should be a greatly enhanced political activity on the part of the Permanent Disarmament Commission.

The suggestion for recommendations would mean that the reports of any and all investigations undertaken under Articles 26, 27 and 28 could and might well give rise to recommendations to the High Con-

tracting Parties in each case. It invites, it seems to me, rather than restrains the political consideration of these reports. We here have envisaged the Permanent Disarmament Commission as an essentially technical and fact-finding body and indeed in numerous discussions in committee the tendency has been marked to restrain the political activities of the Permanent Disarmament Commission to the minimum, leaving such activities, if any, to the High Contracting Parties or to the Council of the League of Nations. This question of recommendations was discussed in the committee and discarded as too political in character.

In this connection, I venture to invite your attention again to my despatch No. 104, of October 13, page 6, in discussing the article which was then denominated "N". I made a suggestion as to a form of clause reading as follows:

"At the instance of one of the members of the Commission, the High Contracting Parties shall promptly advise as to the conclusions of the report, in the first instance, through their representatives on the Permanent Disarmament Commission."

I have no desire—indeed very much the contrary—to invite consultation continuously between the Powers. It may be that the suggestion which I have just quoted does open the door too wide. Perhaps you would feel that the Permanent Disarmament Commission might be given the right to make one recommendation, and one only, namely, as to the advisability of consultation between the Powers; this to be done by a decision of the Commission itself. In that event, the clause might read somewhat as follows:

"On a recommendation to that effect by the Permanent Disarmament Commission, the High Contracting Parties shall promptly advise as to the conclusions of the report."

In order to preserve the non-political character of the Permanent Disarmament Commission, it seems essential that they have no power to prejudge what action the States may take upon consultation.

I shall not reiterate the arguments which I previously made in Despatch No. 104 as to the advisability of having some form of consultation included in this document, such consultation to arise, of course, only on matters within the scope of the convention.

X. ARTICLE 30

I invite special attention to Colonel Strong's analysis of Article 30. It seems plain to me that if we intend to limit inspection on the spot to the taking of testimony and the examination of documents, we are placing a very limited construction on the operation of inspection and a construction which has never been in the minds of any of the dele-

gates here or in my own mind on the several occasions when President Roosevelt has declared it to be the policy of the United States not only to accept but to advocate permanent and automatic inspection. To be sure, in the first instance this policy was declared for the United States in relation to a general treaty on disarmament; but subsequently instruction No. 425, of June 5, 8 p. m.²⁴ (sub-paragraph 2 of paragraph 1), stated that we were willing to go as far in this direction for a special treaty for manufacture of and traffic in arms as we would in the case of a general treaty on disarmament. I share the instinctive Anglo-Saxon dislike of inspection. I feel sure, however, that no treaty which limits inspection to the examination of witnesses and documents will be accepted nor will the Continental States consider such procedure alone as constituting any but a fictitious investigation.

I have requested the staff of the Delegation to redraft Article 30 in such a way as to retain the form which the Department has ordered, but at the same time to carry out the idea of inspection which appears to us in harmony with the President's declared policy.

You were good enough to request that we give special consideration here at Geneva to the draft Article 30. This we have endeavored to do and have endeavored in the draft submitted herewith to give a fair interpretation of the principle to which we believe we are committed, to provide for inspection on the spot in such a way that it will be a real inspection, ample enough to accomplish its purpose and at the same time rigidly limited in its scope to those matters falling within this convention.

"Article 30

"(1) In the carrying out of investigations conducted by the Permanent Disarmament Commission at its permanent seat, whenever information in addition to that information furnished in pursuance of Articles 7, 9 and 14 is considered necessary or desirable, the Permanent Disarmament Commission may make request therefor to the H. C. P. from which it is desired. Such requests shall normally be made through the representatives of those H. C. P.'s on the Permanent Disarmament Commission. The H. C. P.'s agree to meet such requests and to furnish the information desired through the representatives on the said Commission or otherwise, subject to the right to decline to furnish the desired information upon certification that the information is within the scope of the exemptions hereinafter set forth in paragraph (4) of this article.

"(2) The Permanent Disarmament Commission, during investigations conducted at its permanent seat, is privileged to examine such witnesses as voluntarily appear before it. A full record shall be made of such examination. No national of any H. C. P. may be so examined unless its representative of the Permanent Disarmament Commission, or an alternate designated by him, shall have been duly

²⁴ *Ante*, p. 102.

notified in advance of the examination and given an opportunity to be present thereat.

“(3) In the carrying out of the investigations or inspections conducted by the Permanent Disarmament Commission or any committees thereof at any place other than its permanent seat, the scope thereof shall be limited to:

(a) The examination under oath of officials or employees of the government of the H. C. P. designated by it, including those charged with the details of the execution of this convention.

(b) The examination of pertinent documents under the jurisdiction or control of the officials indicated in (a) above.

(c) The examination under oath of any person within the territory and under the jurisdiction of the H. C. P. The H. C. P. agrees to make available by all means at its disposal any such person whose presence is requested by the Permanent Disarmament Commission or its committees.

(d) The examination provided for in (a), (b) and (c) above shall be made fully of record and conducted in the presence of designated representatives of the H. C. P. under investigation.

(e) The inspection of arsenals, factories, manufacturing plants, warehouses, depots, yards, loadings standing or in transit and any other locations of stocks of completed articles of Categories I to V, inclusive, and fully processed component parts thereof shall be made in the presence of designated representatives of the H. C. P. under investigation.

(f) The result of the inspections provided for in (e) above shall be made fully of record as a part of the required report of the investigating body, and all observations bearing on the subject under investigation shall be included therein.

“(4) In the carrying out of any investigation provided for in this Convention, information covering any and all of the following matters shall be exempted from presentation to, investigation or inspection by the Permanent Disarmament Commission or any committee thereof:

(a) Technical details of design, physical and chemical composition of materials, manufacturing processes and any matter related to these things which constitute a trade or defense secret.

(b) Records, public and/or private, in so far as they contain information covering production costs, profit accounting, credit facilities, internal finance of the establishment, correspondence with prospective customers apart from orders actually entered or agreed to, studies and plans for possible future alterations or expansion of manufacturing facilities or any other correspondence, records or accounts pertaining to any production or any phase of production or accounting except the accounting of the completed articles in Categories I to V, inclusive, and the fully processed component parts thereof.

(c) Production materials, installations, operations, processes, facilities and all plant construction other than that devoted to housing, storage or shipment of fully completed articles of Categories I to V, inclusive, and the fully processed component parts thereof.”

XI. RATIFICATION

I concur in Colonel Strong's argument regarding the 1925 Treaty.

We have discussed at length the possibility of submitting ratification articles for your approval, but we all feel that the type of ratification must be dependent upon the eventual contents of a treaty. Probably it will be dependent upon the attitude of various Powers, which will come to light during the discussions on that treaty. For these reasons it seems to us premature to endeavor to list now those States, or to list the number of States upon whose ratification the coming into effect of the treaty will depend. In the final analysis this may be a decision for each signatory to take for itself rather than to have a fixed group of States whose ratification is indispensable.

Respectfully yours,

HUGH R. WILSON

[Enclosure—Extract] ²⁵

Memorandum by the War Department Adviser to the American Delegation (Strong)

[GENEVA,] November 24, 1934.

(b) *Category III, Paragraph (1)*. (*Telegram 940,*²⁶ *Category IV, paragraph (a) (1), and paragraph (m) (1) Department's instructions*.) The former text provided for the inclusion of two classes of aircraft: first, those "exclusively designed and intended for aerial warfare", and second, those "of a type which is or shall be comprised in the armament of the armed forces of any State", with exception being made, first, for training planes and second for those appearing in other Categories, notably ship-based planes included in Category II (telegram No. 940, Category III). The present text includes aircraft "designed, adapted or intended" for reconnaissance or aerial combat, and for bombing, if the latter be included in the term "combat". The effect of the change directed is as follows:

(1) It makes the inclusion of a particular aircraft dependent upon its design or adaption to certain designated uses, rather than upon the purpose of the plane—or, as is less open to debate, its actual inclusion in the armed forces. The determination of a fact such as the actual inclusion of a plane of a given type in the military forces of a State, is far easier than determination of intention or evaluation of design.

²⁵ The portions of this memorandum here printed are those specifically referred to in the foregoing despatch by Mr. Wilson.

²⁶ October 30, not printed.

(2) Training planes unsuited for combat or normal military employment are excluded by inference rather than specifically.

(3) Ship-based naval planes are now included in two categories, since they are "implements of war mounted on board and forming part of their normal armament," as covered in Category II.

(4) The present terminology makes inevitable a battle in the Committee, and probably in the Bureau, on the matter of inclusion of a part of civil aviation, and probably invites the proposal of measures for the "control of civil aviation."

10. *Article 11. (Despatch No. 103,²⁷ Chapter II, Article D-(1); and Department's instructions, paragraph G).* The change directed was such as to change the word "Categories" to read "Category" and insert "I" after the word "Category". The effect of this change is to authorize only the export of articles appearing in Category I to a manufacturer of war matériel and to prevent the export for such purposes of the articles appearing in Categories II and III. While the omission of Category II may not be important, I believe the prohibition, in so far as it concerns matériel in Category III, which deals with aeronautical matériel, is so unwarranted as to result in an undue restriction upon the aeronautical industry, and in consequence I believe indicates an inadvertent omission.

The same remark is applicable to sub-paragraph (3) which refers to samples for demonstration. In this case I believe Category I should be extended to include Categories II and III. In the latter case the error arose in this Delegation in sending the original text to the Department.

18. The Department's instructions also ask that we submit our ideas as to articles of ratification and suggest that such articles contain a provision to the effect that the Arms Traffic Convention of 1925²⁸ be considered as superseded by the coming into effect of this Convention. It should be noted that the 1925 Convention is not yet in effect, due to lack of sufficient ratifications.²⁹ Furthermore, the 1925 Convention—in reality a revision of the live portions of the Brussels Pact³⁰—covered a different field, was drafted for a different purpose, and, if ever put into effect, will serve a different end than the Convention we are considering. I consider it highly important that no reference at all appear in this Convention to the 1925 Conven-

²⁷ October 3, not printed.

²⁸ *Foreign Relations, 1925*, vol. I, p. 61.

²⁹ For correspondence concerning efforts to secure ratification by the United States, see pp. 449 ff.

³⁰ General Act for the Repression of African Slave Trade, signed July 2, 1890; for text, see Malloy, *Treaties, 1776-1909*, vol. II, p. 1964.

tion nor to its predecessor, the abortive Convention of St. Germain; ³¹ nor to its progenitor, the Pact of Brussels. Surely we want neither to revive nor discuss the subject of "Special Zones" nor to take any action to indicate that we have any idea of application other than absolute equality of treatment for all States, large and small, producers and non-producers—the same regime with equal benefits and with equal burdens for all.

As to articles of ratification, may I suggest the wisdom of waiting until such time as the Convention approximates final form in order that we can intelligently determine what we may have to ratify, and then consider the form and content of such articles.

GEO. V. STRONG

500.A15A4 General Committee/1029: Telegram (part air)

The Adviser to the American Delegation (Mayer) to the Secretary of State

GENEVA, December 13, 1934—1 p. m.

[Received December 14—noon.]

955. Following is brief résumé of situation resulting from recent Council meeting as we see it here with special reference to background for disarmament activity.

The treatment of the Saar and Yugoslav-Hungarian questions at the extraordinary meeting of the Council following Baldwin's speech in the House of Commons and Laval's in the Chamber have measurably improved the atmosphere in Europe. British policy seems rather definitely oriented toward the position for which the French have so ardently hoped, namely, abandonment of isolation and intervention on the Continent in a decisive manner. This was the outstanding feature of recent occurrences at Geneva. At the same time French foreign affairs are in the hands of a man who seems naturally inclined toward rather than against a Franco-German understanding. Laval did a fine piece of work here. He gave satisfaction to the Little Entente without embittering their opponents. The chance for a Franco-Italian understanding which was at stake has not been lessened, possibly improved. For the moment at least pro-Soviet influence is less strong in the French Government. At the same time Russia has been quieted if not satisfied by the recent Franco-Soviet agreement³² colloquially described here as a promise not to betray each other during the forthcoming political maneuvering. With England seemingly

³¹ Convention for the Control of the Trade in Arms and Ammunition, and Protocol, signed at Saint-Germain-en-Laye and Paris, September 10, 1919, *Foreign Relations*, 1920, vol. I, p. 180.

³² Protocol regarding an Eastern Pact, signed at Geneva, December 5, 1934; for French text, see *British and Foreign State Papers*, vol. cxxxvii, p. 491.

"continental minded" not only are France's worries greatly lessened but Italy's with her long background vis-à-vis English policy must feel as well that she no longer need have the same fears for the balance in Europe either with regard to France or to Germany. Italy could therefore adopt a different attitude respecting Hungary at the recent League meeting than otherwise might have been the case. This contributed materially to the advantageous settlement of the Yugoslav complaint. There was doubtless a financial aspect to this angle of the general situation.

This settlement showed the desirability of the League as a place at which such matters could be compulsorily considered. But it also proved the fact that there could only be solution by agreement among the big powers.

This settlement was obtained in circumstances of the greatest delicacy. Italy was probably more guilty than Hungary with respect to terrorist activities against Yugoslavia. French negligence at Marseilles in regard to the protection of King Alexander³³ was the proximate cause of the tragedy. Both France and Italy knowing these facts had to act accordingly at the Council and with greatest circumspection. The Little Entente knew this and took due advantage. Things were on a knife edge all the time. The Russians had just resumed their own international terrorist methods. Therefore the only principal participant at the Council with really clean hands was England, who made a magnificent use of this position.

The net of all this seems to be that the stage is now set for a *rapprochement* between Germany and France permitting of betterment of relations generally throughout Europe and with the possibility of eventual arrangements for long-term political and economic stability.

Everyone was too occupied with the immediate questions to consider disarmament matters. My talks with the British indicated that while they had nothing definite in mind at the moment they felt the imperative need of the limitation of land armaments to forestall military competition in Europe. The treaty on manufacture of and trade in arms we recently submitted will doubtless be the immediate work of the Conference. I am inclined to believe however that the Department should anticipate a resumption of activity here of a more extensive character after the Saar question has been liquidated assuming it will be satisfactorily settled. Conversation with the Secretariat and various committee chairmen here indicates January 28 as the earliest date for beginning committee work. It may be later.

Mailed to London for Davis, Paris, Rome, Berlin.

MAYER

³³ Assassinated together with Jean Louis Barthou, French Minister for Foreign Affairs, at Marseilles, October 9, 1934.

500.A15A4 General Committee/1030 : Telegram

*The Secretary of State to the Adviser to the American Delegation
(Mayer)*

WASHINGTON, December 17, 1934—5 p. m.

460. Your 955, December 13, 1 p. m. Your analysis of the situation and the prospect of future work in disarmament is exceedingly helpful. We hope, however, that the tendency will not be so to widen the scope of negotiation that we risk success in the immediate achievement of a separate treaty dealing with the manufacture of and trade in arms problem.

HULL

500.A15A4 Permanent Disarmament Commission/82

Memorandum by the Secretary of State

WASHINGTON, December 19, 1934.

The Chargé d' Affaires of the Soviet Union ³⁴ called and, in a purely individual and unofficial way on his own account and on account of Mr. Litvinoff, handed me an instrument of writing in French, purporting to be a project for a permanent disarmament organization to sit at Geneva. The Chargé stated that Mr. Litvinoff desired the opinion of the President and myself before the meeting of the disarmament body on January 10th. He then undertook to repeat some of the reasons which Mr. Litvinoff advanced in support of his proposal for a permanent disarmament organization—which reasons were that when the Kellogg or Paris Pact was violated there was no machinery providing for a conference; that it was important at all times for an agency to be available to deal with disarmament problems; that the United States not being a member of the League had no place to offer its views touching disarmament problems when the present organization was not in session; that it was very important as a matter of general policy that there should be a continuing body of this kind, etc., etc.

I thanked the Chargé d'Affaires and expressed my interest in any proposal of this or like nature, and assured him that I would gladly make a study of it and communicate with him in the same informal and individual way prior to January 10th.

C[ORDELL] H[ULL]

³⁴ Alexei Fedorovich Neymann.

[Annex—Translation]

Draft Resolution

THE ASSEMBLY: Inspired by the firm determination to assure the maintenance of the general peace and strengthen security among all nations,

Convinced, therefore, of the necessity of continuing the work of the Disarmament Conference tending to bring about the reduction and the limitation of armaments, and to assure security, and of effecting the conclusion of a general convention in this matter, which is one of the essential conditions on which peace depends,

Believing that it is likewise necessary to contribute by all means to full respect for the solemn undertaking to renounce war, assumed by virtue of the Pact of Paris of August 27, 1928, by facilitating, in particular, for all states sincerely desirous of averting and reducing the danger of war, the exchange of views intended to permit of coordinating their efforts in this sense,

Recognizing the utility of giving to the work tending to the accomplishment of these pacific tasks, a character of continuity within the framework of a permanent organization open to all nations that may desire to give it their effective cooperation,

Decides to establish, with the League of Nations, a Permanent Peace Conference,

Approves the statute of the Permanent Peace Conference, submitted to the Assembly for approval,

Requests the Secretary General to submit for the signature of the Members of the League of Nations this statute, which will go into effect as soon as the protocol of signature thereof shall have been ratified by the majority of the Members of the League.

STATUTE OF THE PERMANENT PEACE CONFERENCE

CHAPTER I. ORGANIZATION

Article 1. All the states represented at the Conference for the Reduction and Limitation of Armaments shall be considered as members of the Permanent Peace Conference, as well as any state which, while not being represented therein, shall have declared without reservations its desire to take part in the Permanent Peace Conference, such participation taking place from the time of the receipt by the Secretariat of its declaration to that effect.

Participation in the Permanent Peace Conference shall imply the recognition of the Pact of Paris for the renunciation of War.

Article 2. The work of the Permanent Peace Conference shall be carried on in accordance with the principles and the spirit of the covenant of the League of Nations by:

- (1) The General Assembly.
- (2) The Executive Committee.

The Secretariat of the Permanent Peace Conference shall be assured by the Secretariat of the League of Nations.

Article 3. The General Assembly shall be composed of representatives of the members of the Permanent Peace Conference. It shall meet in regular sessions during the periods of the regular sessions of the Assembly of the League of Nations, and in extraordinary sessions, in the cases contemplated by the present statute.

Article 4. The General Assembly shall take cognizance of all questions which come within the jurisdiction of the Permanent Peace Conference.

Article 5. The Executive Council shall be composed of representatives of the states represented at the same time on the Council of the League of Nations, and the representatives of the members of the Permanent Peace Conference, which do not belong to the League of Nations but to which the Executive Council shall have assigned a seat with the approval of the majority of the General Assembly.

The Executive Council shall meet whenever circumstances require and at least once a year.

It shall submit to the General Assembly annual reports on the work of the Permanent Peace Conference.

Article 6. In the intervals between the sessions of the General Assembly, the Executive Council shall take cognizance of any question coming within the jurisdiction thereof.

Article 7. Any member of the Permanent Peace Conference which is not represented on the Executive Council may send a representative to take part in its deliberations when a question which concerns it in particular is being studied by the Council.

Article 8. Every member of the Permanent Peace Conference represented in the General Assembly or in the Council shall have one vote therein.

Subject to contrary provisions of the present statute, the decisions of the General Assembly and of the Executive Council shall be taken on the basis of a majority of two-thirds of the members of the Permanent Peace Conference represented at the meeting. In taking votes relative to differences and disputes between members of the Permanent Peace Conference those of the parties to the dispute shall not be counted in the votes.

Article 9. The expenses of the Permanent Peace Conference shall be carried in the budget of the League of Nations. The amount of the

contributions of the members of the Permanent Peace Conference which do not belong to the League of Nations shall be fixed by the Executive Council in agreement with the State concerned.

CHAPTER II. DUTIES

Article 10. The Permanent Peace Conference shall be charged with the following duties :

(1) To carry on within the field of the reduction and limitation of armaments and the organization of security, the work undertaken pursuant to Article 8 of the Covenant of the League of Nations by the Disarmament Conference, to draw up, in particular, a general convention and to supervise the execution thereof, as well as that of other acts which may be drawn up in the course of such work.

(2) To study all questions relating to respect for the peace and the security of the members of the Permanent Peace Conference.

(3) To recommend the conclusion of general and regional agreements for non-aggression, mutual assistance, prevention of war, and peaceful settlement of international differences and to keep under observation the performance of international undertakings in these matters.

(4) To undertake consultation, in case of international conflicts constituting a danger or a threat of war or which have brought about hostilities, and to take the necessary measures for safeguarding or reestablishing peace.

(5) To adopt resolutions on the subject of acts endangering peace or infringing the Pact of Paris for renunciation of war, [on the subjects] ⁸⁵ of offering its good offices for the reestablishment of peace as well as of determining which of the parties in the conflict should be considered as responsible and as having resorted to aggression.

The States signatories of agreements (*accords*) relative to the definition of the aggressor shall be guided, with respect to the parties to such agreements, by the definitions therein contained.

Article 11. Any member of the Permanent Peace Conference which should see its security threatened by an immediate danger or which should become the victim of an aggression, will have the right to request the convocation, within a period of ten days, of the Executive Committee which may decide to call together the General Assembly in order to examine the situation and take such measures as should be necessary to safeguard and reestablish peace.

Recourse to the Permanent Peace Conference shall not affect the right of the State concerned to appeal to the League of Nations according to the rules prescribed in the League Covenant.

Article 12. If a State in flagrant violation of the Pact of Paris resorts to hostilities against a member of the Permanent Peace Conference, the General Assembly may decide on the moral, economic or

⁸⁵ Brackets appear in file translation.

other measures which are to be applied to the said State in order to reestablish peace.

Such decision, made by a unanimous vote, shall obligate all the members of the Permanent Peace Conference to apply the measures which are provided for therein.

In case such decision, without being unanimous, should receive a majority vote in the General Assembly, a second vote shall be taken, the members of the Permanent Peace Conference who shall at this time have pronounced themselves in favor of the measures proposed thereby binding themselves to take part therein.

Article 13. In case measures should be taken in accordance with Article 12 of this Statute or by virtue of other agreements tending to safeguard peace against a State which has violated the engagement not to resort to war, any Members of the Permanent Peace Conference, who are not bound by an engagement to take part in such measures, will be bound not to undertake any action or give any protection to their nationals who are engaged in activities tending to counteract the measures taken by the other members of the Permanent Peace Conference in execution of the obligations existing between them.

Article 14. Any member of the Permanent Peace Conference who shall have broken the obligations assumed by it by virtue of the Pact of Paris or the present Statute, shall be deprived of the advantages of the latter and may be excluded from the Permanent Peace Conference by a unanimous vote of the General Assembly.

Article 15. Infractions of the obligations mentioned in paragraph 1 of Article 10 of the present Statute, the application of which may be placed under the supervision of the Permanent Peace Conference, will have the same consequences as the threat of violation of the Pact of Paris for the renunciation of war.

Article 16. The supervision and control of the execution of the agreements mentioned in paragraph 1 of Article 10 will be exercised in the form of centralization, collection, discussion, verification, appreciation and publication by the Permanent Peace Conference of the information relating to armaments, of the examination, investigation and appreciation of complaints concerning infractions of the said agreements and of the application of the measures intended to liquidate the consequences thereof.

The Permanent Peace Conference shall exercise these functions to the extent that the reduction, limitation and publicity of armaments and supervision (*contrôle*) of the latter shall be provided for by the agreements above mentioned.

In the discharge of these tasks the Permanent Peace Conference will be guided by the rules contemplated in the said agreements, in addition to the provisions of the present Statute.

Article 17. All decisions of the General Assembly of the Permanent Peace Conference that are not made unanimously must be submitted for approval to the Assembly of the League of Nations with the exception of the cases contemplated in Article 12, paragraph 3, of this Statute.

500.A15A4 General Committee (Arms)/78

*The Secretary of State to the Adviser to the American Delegation
(Mayer)*

WASHINGTON, December 24, 1934.

SIR: I refer to the Delegation's despatch No. 107 of November 26, 1934, in regard to the Draft Articles for the Regulation and Control of the Manufacture of and Trade in Arms and the Establishment of a Permanent Disarmament Commission, which were presented on November 20 by the Delegation to the Bureau of the General Disarmament Conference. The analysis of the Articles contained in this despatch and in the memorandum by Colonel Strong, which was transmitted with it, have been of great value to the Department and to the other interested Departments of the Government in connection with our further study of the Draft Articles.

It is suggested that at the appropriate time in the discussion of the Committee you propose that Category I be amended to read as follows:

CATEGORY I. MILITARY ARMAMENTS

(a) Arms, ammunition and implements exclusively designed and intended for land, sea or aerial warfare, excepting such arms, ammunition and implements as are covered in other categories, even though included in the above definitions.

Such arms, ammunition and implements are classified as follows:

- (1) Rifles and carbines;
- (2) Machine-guns, automatic rifles and machine pistols of all calibres;
- (3) Guns, howitzers and mortars of all calibres;
- (4) Mounts, accessories, devices or appliances for use with the arms enumerated under Nos. 1, 2 and 3 above;
- (5) Ammunition and projectiles for the arms enumerated under Nos. 1, 2 and 3 above;
- (6) Grenades, bombs, torpedoes, depth charges, mines, and apparatus for their use or discharge;
- (7) Propellants and fillers for the articles enumerated under Nos. 5 and 6 above;
- (8) Tanks and military armored cars.

(b) Component parts, completely finished, or fully processed, of the articles covered by (a) above, if capable of being utilized only as spare parts or in the assembly or repair of said articles.

It is suggested that you propose that Category III be amended to read as follows:

CATEGORY III. AERIAL ARMAMENTS

(1) Types of aircraft, both heavier than air and lighter than air, which are designed, adapted and intended for military or naval reconnaissance or for aerial combat by the use of machine guns or of artillery or by carrying or dropping bombs or fitted with defensive armor.

(2) Bomb sights and mounts, bomb racks and bomb release mechanisms, separable structural strengthening to permit the carrying of bombs, aircraft guns and mounts and appliances for their use.

(3) Component parts completely finished or fully processed of the types of aircraft, appliances, and equipment listed in (1) and (2) if capable of being utilized only in their assembly or repair or as spare parts thereof.

It is suggested that you propose that Category V be amended to read as follows:

CATEGORY V

Arms and ammunition designed and intended for [non]military use and which only incidentally and exceptionally can be used for military purposes.

- (A) (1) Shot-guns of all types and ammunition therefor;
- (2) Revolvers and automatic pistols designed for single-handed use and ammunition therefor;
- (3) Sporting rifles and ammunition therefor.
- (B) (1) Types of aircraft, both heavier-than-air and lighter-than-air, other than those included in Category III.
- (2) Component parts completely finished or fully processed of aircraft of types other than those included in Category III if capable of being utilized only in their assembly or repair or as spare parts thereof.
- (3) Aircraft engines.

You will note that in the above suggested draft in regard to modifications in the text of Chapter I, I have adopted your suggestion as to the introduction of the sub-paragraphs in Category I relating to propellants and fillers. After careful consideration, I have, however, rejected your suggestion concerning the inclusion of other explosives in Category V. The Department has recently had practical experience, in connection with the administration of the existing restrictions on the exportation of arms to Cuba,³⁶ with the difficulties arising from attempting to include commercial explosives among the articles for

³⁶ See vol. v, section under Cuba entitled, "Restrictions on the Exportation of Arms and Munitions of War to Cuba."

which an export license is required. The list of commercial explosives had been found to include so many items of ordinary peaceful commerce that in order to avoid subjecting manufacturers and exporters to unnecessary and annoying formalities, the Department has recently decided to require export licenses for the following explosives only :

Powders of all kinds and
for all purposes
Nitrocellulose
Trinitrotoluene
Diphenylamane
Alkaline nitrates
Tetryl
Picric acid
Nitric acid
Nitrobenzene
Sulphur
Chlorate of potash
Dynamite of all kinds
Ammonal
Ammonium picrate
Sulphuric acid
Nitroglycerine
Acetones

It is believed that the inclusion of even so restricted a list is unwarranted in a Convention of this kind and I, therefore, believe that it is preferable to omit commercial explosives entirely from the provisions of the Convention.

It is suggested that you propose that Article 5 be amended to read as follows :

The H. C. P. undertake not to permit, in the territories subject to their respective jurisdictions, the manufacture of arms and implements of war as set forth in Categories I, II and III of Article 1 unless the manufacturers have obtained a license to manufacture issued by the Government and unless those manufacturers are in possession of bona fide orders in each case duly notified to the Government in accordance with the provisions of Article 6.

It is suggested that you propose that Article 9 be amended to read as follows :

The H.C.P., in so far as it pertains to their respective jurisdictions, will forward among other information to the Permanent Disarmament Commission, copies of all import or export licenses 15 days before the date of entry into or despatch from the territory of the arms and implements of war of Categories I, II and III referred to in the said licenses, and copies of all export licenses before the date of despatch from the territory of the arms and implements of war of Categories IV and V referred to in the said licenses. They will also for-

ward to the Permanent Disarmament Commission a statement of all imports and exports effected during the calendar year within three months following the close of that year.

It is suggested that you propose that the second paragraph of Article 10 be amended to read as follows:

The H.C.P. also undertake not to permit in the territories under their respective jurisdictions the export of arms and the implements of war embraced in any categories without an export license issued by the Government and the import of arms and implements of war embraced in Categories I, II, and III without an import license issued by the Government.

The export of articles in Categories I, II and III shall be for direct supply to the Government of the importing State, or with the consent of such Government, to a public authority subordinate to it.

It is suggested that you propose that sub-paragraph 1 of Article 11 be amended to read as follows:

Articles covered by Categories I, II and III exported direct to a manufacturer of war material . . .

and that sub-paragraph 3 of Article 11 be amended to read as follows:

Samples of articles covered by Categories I, II and III exported for demonstration purposes direct to a trade . . .

You are instructed to consider further the advisability of proposing that the text suggested in telegram No. 412 of November 19 to the Embassy in London, viz:

The H.C.P. undertake not to permit the exportation from territory under their respective jurisdictions of any of the articles comprised in any of the categories to territory under the jurisdiction of non-contracting States, nor the importation from territory under the jurisdiction of non-contracting States of any of these articles into territory under their respective jurisdictions

be substituted for the text of Article 15 contained in the Draft which you submitted to the Bureau. It is suggested that you may find it profitable to discuss this suggested text informally with members of other delegations, with a view to obtaining their reactions thereto. If after such conversations and after further consideration of the advisability of the implications of the suggested text, you are of the opinion that it might be advisable for you to propose such an amendment you are instructed to telegraph fully, requesting definite instructions on this point.

After careful consideration of the amendment you propose in the text of Article 29, I have come to the conclusion that it is preferable not to include in the Convention any explicit obligation for consulta-

tion among the powers. You are, therefore, instructed to allow the text of that Article to remain for the present as it was in the Draft which you presented to the Bureau. I shall await your reports on the discussions in the Committee and your further recommendations in the light of these discussions before making a final decision as to the text of this Article.

The amended draft of Article 30 contained in the despatch under reference is approved. It is suggested that you propose that Article 30 be amended in accordance with your suggestion.

I have carefully considered the suggestion in Paragraph VIII of the despatch under reference, in regard to the possibility of including in Chapter II of the Convention provisions requiring advance declarations of intention by Governments of their programs of construction. There appear to be practical objections, due to the budgetary procedure of this Government, to the application of such provisions to our programs of construction. I concur, therefore, in your suggestion that detailed consideration of this subject be deferred until such time as other delegations may make in Committee some concrete suggestion of this nature.

I think it advisable that the American Delegation refrain from submitting to the Committee any draft of articles in regard to budgetary publicity. The War and Navy Departments are making a careful study of the subject with a view to determining the extent to which the peculiar budgetary system of this country and the American system of accounting would make it possible for this Government to comply with provisions based upon the French ideas in regard to this matter. An instruction for your guidance in this connection will go forward next week.

I concur in your suggestion that the drafting of Articles of Ratification be deferred until the negotiation of the Convention is somewhat more advanced. It is suggested that in the drafting of such articles you consider carefully their relation to the text ultimately decided upon for Article XV. When you find it possible to determine upon a suggested text for the Articles of Ratification, you are instructed to submit it by telegram for my consideration.

I enclose, for your information, a copy of a letter of December 18, 1934,³⁷ from the Chief of Staff, in regard to the Draft Articles. You will note that all but one of the suggestions made therein have been adopted by the Department.

Very truly yours,

CORDELL HULL

³⁷Not printed.

500.A15A4 Permanent Disarmament Commission/83

Memorandum by the Secretary of State

[WASHINGTON,] December 31, 1934.

The Soviet Chargé d'Affaires³⁸ came in and inquired what my attitude was in regard to Mr. Litvinoff's permanent disarmament organization proposal. After expressing the keen interest of this Government in every effort and plan to promote peace and its readiness at all times to cooperate to the fullest extent feasible, I suggested that the most difficult feature the Litvinoff proposal presented to this Government was the political involvement phase. I then added, without making the slightest commitments, that this Government was closely and sympathetically observing every effort and method intended to promote peace, as it was every feasible chance to cooperate. I left the Chargé with the definite understanding that the political phases of the Litvinoff permanent disarmament organization proposal would not permit this Government to make any affirmative commitments.

The Chargé, having just returned from Moscow,³⁹ then spoke at some length about the immense improvement that he said he observed in conditions in various parts of the Soviet; that developments were very surprising. He referred both to external commerce and to the industrial situation.

C[ORDELL] H[ULL]

³⁸ Boris E. Skvirsky.

³⁹ He returned on December 26, 1934, as Counselor and Chargé of the Soviet Embassy in the United States.

NEGOTIATIONS PRELIMINARY TO THE LONDON NAVAL CONFERENCE OF 1935

I. ANGLO-AMERICAN DISCUSSIONS AND PLANNING FOR PRELIMINARY CONVERSATIONS, JANUARY 22-JUNE 15, 1934

500.A15A5/24

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

No. 650

TOKYO, January 22, 1934.

[Received February 10.]

SIR: The Embassy has reported frequently on the Japanese attitude toward the coming naval conference in 1935*. Certain recent events bearing on this subject justify further discussion of Japanese naval aims, and bear out conclusions previously set forth by the Embassy.

There is broad evidence that the Japanese Navy is straining every sinew to place itself in the strongest possible position by the time the next conference meets. Present building programs will bring the Navy to full Treaty strength by 1936. This fact alone is not particularly significant, but other activities of the Navy point plainly to the aims of its leaders.

The London Treaty¹ is intensely unpopular among Japanese naval officers high and low, particularly among the present group which heads the Navy. All officers who supported the civilian government in the bitter fight over ratification of the London Treaty in 1930 have been forced to resign or have been placed in unimportant posts. Admiral Takarabe, Japanese delegate to the London Conference, was the first to resign. Admiral Okada was placed on the retired list, supposedly for having sided with the Hamaguchi Government against the Naval General Staff. Admiral Taniguchi was denounced for "unfaithful service to the Navy" during the recent trials of naval officers who participated in the notorious "May 15th Affair",² and was shamed into resigning. The next to resign was Admiral Yamanashi, who was Vice-Minister of the Navy at the time the Treaty was con-

* Embassy's despatches No. 480 of July 26, 1933, No. 520 of September 15, 1933, No. 559 of October 20, 1933. [Footnote in the original. Despatches Nos. 480 and 559 not printed; for text of despatch No. 520, see *Foreign Relations, Japan, 1931-1941*, p. 249.]

¹ Signed April 22, 1930, *Foreign Relations*, 1930, vol. I, p. 107.

² The assassination of the Japanese Prime Minister, Ki Inukai, May 15, 1932.

cluded and who supported Admiral Takarabe in opposition to the anti-Treaty faction.

The latest to retire is Admiral Abo, third ranking naval officer and adviser to the Japanese delegation at London, who resigned on January 15th. His retirement has been predicted by the press since the other three pro-Treaty admirals were forced out.

These resignations leave at the head of the Japanese Navy, Admiral Kanji Kato, senior officer of the Supreme Military Council and notorious for his fight against the Treaty; Vice-Admiral Suetsugu, an intense nationalist and a bitter opponent of the Treaty; Admirals Kobayashi, Nomura, and Vice-Admiral Matsuyama. Admirals Nomura and Osumi, the present Navy Minister, have less weight in high navy councils, and are regarded as "finished".

The ousting of these liberal pro-Treaty officers and their replacement by fire-eating nationalists is one significant indication of the Japanese Navy's attitude toward past and future arms limitation. Another indication is the recent change in the Navy General Staff regulations † making the Chief of the General Staff solely responsible for determining the size of the fleet, thereby further removing the Navy from civilian control.

Still another indication is the formation of a group of Navy, Army and civilian officials to prepare policies in preparation for the so-called "crisis of 1935-36" in Japan's international relations, of which so much has been heard lately.‡ In view of Japan's proposals at Geneva in December 1932,³ and with recent statements by Japanese Navy leaders in mind, it is safe to assume that Japan, or at least the Japanese Navy, is determined to have her own way at the 1935 conference. Failing in this the Japanese Navy is prepared to reject all limitation on naval construction.

Supporting this assumption are statements by the two most powerful navy leaders in active service, as well as those of two other prominent admirals:

Admiral Kanji Kato in *Keizai Oraï*:

"In view of the changes that have taken place in international relations, Japan at the next Naval conference must secure at all costs a revision of the existing naval treaties for the purpose of perfecting her national defence. Such an opportunity may never come again if we miss it in 1935. Precisely speaking, we must insist on equality of armaments which is the prerogative of every independent nation".

† Reported in despatch No. 559 of October 20, 1933. [Footnote in the original; despatch not printed.]

‡ Embassy's despatch No. 546 of October 6, 1933—refer to for a discussion of naval limitation in relation to political problems. [Footnote in the original; despatch not printed.]

³ For text of Japanese naval proposal submitted to Bureau of General Disarmament Conference, see *Foreign Relations*, 1932, vol. I, p. 410.

Admiral Suetsugu in *King Magazine*:

"In my opinion no disarmament (limitation) is the best policy. Then [all] countries can make the proper defence preparation with knowledge of the defensive strength of others" §

Admiral Osumi, Minister of Marine in an interview with the Tokyo correspondent of the United Press:

"We are not satisfied with the present arrangement, and we will demand the change of ratios at the next conference".

Vice-Admiral Takahashi in conversation with my Assistant Naval Attaché:

"We are going to the 1935 conference with a demand for parity. If our demand is rejected, we shall return home."

These views, expressed by the highest authorities of the Japanese Navy who will have the final decision at the next Naval conference and who speak with authority for a Navy which has recently made itself supreme in decisions affecting the size of the Navy, are of utmost significance. The feeling they indicate dominates the entire Japanese Navy, and must be reckoned with in any plans made by our Government for the 1935 naval conference.

If newspaper accounts may be relied on, the suggestion, advanced in some quarters, that the validity of the Naval treaties be extended for two or three years, is equally displeasing to the Japanese Navy. The reason is, according to press résumés of the Navy's attitude, that the reservations made by Japan at the London Conference would become meaningless, and that the present inferior quota would tend to be regarded as permanent. Moreover the Japanese Navy, which is designed to be at full Treaty strength in 1936, will become increasingly inferior thereafter as other nations approach Treaty strength.

That there exists a more liberal and conciliatory view in this country as regards Navy limitation is indisputable.¶ The point is that the Navy itself is bitterly intransigent and that it has the authority to enforce its will on the nation. The situation is entirely different from that in 1930, when the armed forces were unpopular, when a liberal government was in power, and when final decision as to the size of the Navy lay in the competence of the civilian government. Under present conditions the Navy alone will have the final say at the conference in 1935.

§ Note: An article by Admiral Suetsugu appearing in the *Genzai Magazine*, which according to cabled reports caused some sensation in the United States, is appended to this despatch, translated by the *Japan Advertiser*. Also hereto appended is a part of the article from *King Magazine* of which the above quotation is an excerpt. [Footnote in the original; enclosures not reprinted.]

¶ Embassy's despatch No. 559 of October 20, 1933. [Footnote in the original; despatch not printed.]

The efforts of the Navy and Army to maintain their present popularity and to keep the public aroused to a sense of national emergency are obvious to the observer and are largely successful. I may state with confidence that in the present spirit of the Japanese people they will follow their military leaders without hesitation into any commitment or crisis. Whether this spirit may be maintained until the 1935 conference meets, in the face of restlessness over the tremendous expenditures of the armed forces and the consequent tax burden, is the problem which causes most worry to the Army and Navy leaders at present.

Incidentally, the statement by the Army's spokesman last year condemning "certain influences at work to alienate the people from the Army and Navy", seems to have become since then somewhat of a political issue. The possibility exists that the political parties, incensed by the budget which gives to the military the lion's share at the expense of projects sponsored by the parties, will attack the military for attempting to gag their critics. The Government, as well as the military, would deplore any airing of this controversy in the Diet, as this would tend to exacerbate the jealousy between parties and military, and more important, reveal to the world the resentment existing against domination by the military. The press reports that Premier Saito is beseeching the political parties not to make provocative interpellations regarding the Army and Navy in the coming Diet session.

Respectfully yours,

JOSEPH C. GREW

500.A15A5/16a : Telegram

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

WASHINGTON, January 24, 1934—2 p. m.

16. For Hugh Wilson.⁴ The time is not yet ripe to bring up in London the question of naval preparation for the 1935 Conference although there is to be no change in our position in favor of the maintenance of the present treaty ratio. If, however, the British should approach you on this point, you may intimate that while we think it desirable that we have further talks to smooth out any differences of opinion we may have on technical matters, our Navy Department has not yet completed its studies nor have we been able to determine when or where such conversations could most usefully be held. If the British have any definite opinion on these points, we should be glad to know them.

HULL

⁴ Minister to Switzerland; American delegate to the General Disarmament Conference. Mr. Wilson was en route to Geneva via London.

500.A15A5/18 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, January 26, 1934—1 p. m.
 [Received January 26—9:55 a. m.]

16. From Hugh Wilson. Your 16, January 24, 2 p. m. Craigie⁵ got in touch with me to inquire whether we had any views as to naval conversations. I followed instructions in your cable and learned from Craigie that the Admiralty also has not yet completed its studies. He had no definite suggestions to make but again reverted to the possibility of his proceeding to Washington en route to visit his wife's family. Craigie was especially desirous that conversations of a technical nature and very informal and confidential in character should take place at the earliest possible moment after the two Admiralties were ready.

I did not encourage Craigie in thinking that his visit to Washington would be a procedure which my Government would consider the most advantageous.

Copy sent Geneva. [Wilson.]

ATHERTON

500.A15A5/21a : Telegram

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

WASHINGTON, January 31, 1934—5 p. m.

27. For Atherton. Your No. 23, January 29, 7 p. m.⁶ Please take an occasion orally to thank the Prime Minister⁷ for his message suggesting that our two Governments shortly undertake an exchange of views on the naval situation. Our minds have been running along these same lines and we attach the same importance as does the Prime Minister to smoothing out any differences of opinion we may have on technical naval matters and to considering the potentialities which would follow a possible termination of the naval treaties. As our ideas crystallize, we will keep in touch with the British and hope that they will similarly feel free at any time to approach us. Please ascertain very confidentially if the Prime Minister has any suggestions as to the best method of private interchange of views.

You may also say to the Prime Minister that the other point raised by him in connection with the general demoralization of world trade is receiving our careful consideration.

HULL

⁵ Robert L. Craigie, Counselor in the British Foreign Office.

⁶ *Ante*, p. 15.

⁷ J. Ramsay MacDonald.

500.A15A5/29: Telegram

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

LONDON, March 5, 1934—4 p. m.

[Received March 5—1 p. m.]

96. For the President from Norman Davis.⁸ MacDonald informs me he has been so preoccupied with pressing internal and other questions that he has not been able to crystallize more definitely the suggestions he had made to Atherton, but that he will within the next 2 weeks explore the question more fully with his associates and would like then to have a further talk on my way back from Sweden. He evidenced anxiety with regard to the Japanese attitude⁹ and activities and said he thought it most important for us to agree upon the position we would take with regard to Japan's claims. He said that if we could once agree against an increase in ratio and so individually and separately inform the Japanese he thought it would have a salutary effect. As to a reconciliation of any differences between the British and American Governments as to their navy, he was satisfied from the talks he had had with the Admiralty that the only question which would offer any serious difficulties was with regard to future battleships. [Davis.]

BINGHAM

500.A15A4/2515

*The Chairman of the American Delegation to the General Disarmament Conference (Davis) to President Roosevelt*¹⁰

LONDON, March 6, 1934.

MY DEAR MR. PRESIDENT: I am enclosing a memorandum of my conversation with Mr. MacDonald with regard to the naval question. The British are unquestionably disturbed as to the far-reaching effect which the present Japanese activities may have, and they are most desirous of reaching an agreement with us, if possible, because of the salutary effect which it might have on Japan. I am informed that they are pushing the work at Singapore as rapidly as possible but that this will not be completed until 1937. In the meantime their policy will, in my judgment, be to iron out their differences with us

⁸ Chairman of the American delegation to the General Disarmament Conference. At this date he was en route to Stockholm on private business connected with Kreuger and Toll.

⁹ See despatch No. 650, January 22, from the Ambassador in Japan, p. 217.

¹⁰ A memorandum from President Roosevelt to the Secretary of State, March 26, 1934, attached to photostatic copy of this letter reads as follows: "Will you read this and let me know if there is anything you think we should do at this time? F. D. R." For reply from the Secretary of State to Mr. Davis, see paragraph 4, telegram No. 117, March 28, p. 34.

with regard to the maintenance of naval parity, to reach a common understanding as to the Japanese demands for an increased ratio and even to go further, if we are disposed to do so, for the maintenance of peace and the protection of our respective rights and interests.

I understand that, while they all want an agreement with us, Baldwin¹¹ and some of them are fearful that the Senate might upset any agreement that might be made. For that reason they want to be very careful in doing nothing to arouse Japan's susceptibilities until they know definitely where they stand. That, I think, is MacDonald's chief reason for insisting that any preliminary negotiations should be most secret. Preliminary conversations such as we have had can, of course, be kept confidential but when it reaches the stage of actual agreement on technical and political questions relating to the navy I doubt if it can be kept secret and I do not quite see the necessity for it. Since the British have taken the initiative in inviting us to have an exchange of views, I think it is wise for us to see that they maintain this position in the negotiations preliminary to the Naval Conference in 1935. Once these are prepared, we could well take the initiative of having the Conference, in case there is to be one, held in Washington.

As to procedure, I would suggest for your consideration, two or three alternatives. First, to accept MacDonald's invitation to have a naval representative and someone representing the Department of State, confer with two corresponding British representatives. To maintain the present strategic position I think it would be wise for us to send someone here. Otherwise, if they send someone to Washington, our strategic position changes. We might designate as naval attaché here the Admiral to be chosen for the Navy and Atherton might serve as the opposite to Craigie. In this respect, however, we would be at a disadvantage unless there were someone to agree with MacDonald on the agenda for the preliminary discussions and to keep a hand on the situation and prevent its getting in a jam. I do not see how this could very well be done without causing a lot of speculation unless the principal representative has a reason for being here.

After thinking this over and talking with Bingham and Atherton, I am inclined to favor a second alternative method as follows: Once we have reason to believe that, as a result of a further exchange of views with Mr. MacDonald during the next few weeks, we can get together, it would be better to let it be known that the British, with a view of preparing for the forthcoming naval conference, are first inviting the Americans to have an exchange of views, after which the discussions will be broadened to include the Japanese and then the French and the Italians. The British may be somewhat reluctant

¹¹ Stanley Baldwin, Lord President of the Council

to do this for fear it may strain their relations with Japan, which they wish by all means to avoid unless practically assured of a naval agreement with us, but I think that if they believe our negotiations can be concluded quickly (which I believe would be possible), they will fall into line.

If, however, there should be a meeting within the next month of eight or ten Powers, in a last effort to reach a disarmament agreement,¹² our negotiations with the British could be carried on under this umbrella without any difficulty or embarrassment. The possibility of such a meeting will depend largely upon the attitude of France which at present is not favorable.

Eden,¹³ who has told me of his visits to Berlin, Rome and Paris, is satisfied that Hitler¹⁴ now is most desirous of reaching a disarmament agreement and of mollifying France, and from other good sources I am informed that Hitler now feels the need of tranquillity in foreign politics, which is becoming more and more necessary for the organization of his plans for internal reconstruction.

On the other hand, Eden feels that Barthou,¹⁵ Tardieu,¹⁶ and even Herriot¹⁷ and Léger¹⁸ (who is rather a key man at the Quai D'Orsay) do not want a disarmament agreement now and that Beneš,¹⁹ for some reason, is becoming less inclined to favor an agreement.

Just now Eden called me by telephone and told me that they had had a meeting of the Committee of the Cabinet on disarmament today and that they had decided to send to Tyrrell²⁰ to be delivered to the French, some further arguments urging them as a matter of self-interest to accept at once, as a basis of negotiation, the British memorandum.²¹ This they hope will have some effect but at present they are expecting a temporizing reply. After that they will decide upon the advisability of trying to get a meeting on disarmament, including Germany and all the principal powers.

While the situation does not look promising as to an agreement, the British still feel that when the French have to decide whether, through a disarmament agreement and supervision, to stop German rearmament at about where it is now, or to face the inevitable continued rearmament of Germany in the absence of any control, they will be wise

¹² For correspondence relating to the General Disarmament Conference, see pp. 1 ff.

¹³ Anthony Eden, British Under Secretary of State for Foreign Affairs.

¹⁴ Adolf Hitler, Chancellor of the German Reich.

¹⁵ Jean Louis Barthou, French Minister for Foreign Affairs.

¹⁶ André Tardieu, Minister without portfolio in coalition Cabinet of Gaston Doumergue.

¹⁷ Edouard Herriot, Minister of State in coalition Cabinet of Gaston Doumergue.

¹⁸ Alexis Léger, Secretary General of the French Foreign Office.

¹⁹ Eduard Beneš, Czech Minister for Foreign Affairs.

²⁰ William George Tyrrell, British Ambassador to France.

²¹ Great Britain, Cmd. 4512, Miscellaneous No. 3 (1934): *Memoranda on Disarmament Issued by the Governments of the United Kingdom, France, Germany and Italy, January 1934*, p. 21.

enough to choose the former. The chief source of trouble will be on the part of the manufacturers of armaments and particularly the Comité des Forges and the Germans, who have a financial interest in fomenting international strife. That is the most insidious and powerful influence against which we have to struggle and there is a growing realization here of this.

I am leaving for Sweden tomorrow. I had planned to go today but Mr. Kindersley, who is the British member of the International Committee and is going with me, could not leave until tomorrow. I was unable to arrange to take a boat directly to Sweden, as I had hoped to do, because at this time of year there is only one boat a week, leaving Saturday night. We therefore have to go by train through Hamburg but I will not go through any of the capitals or see anybody on the Continent.

By the time I get back here in two or three weeks I presume we will know much more about the possibilities of disarmament and whether or not I shall get into that or return home. If, by then, you have any instructions or suggestions with regard to the naval question I hope you will send me word through the Embassy here.

It was gratifying that there should be such a favorable impression everywhere with regard to the end of the first year of your Administration. Even Wilmot Lewis²² sent a very excellent dispatch, more friendly than those he has been sending heretofore.

With warm regards, I am as ever,

Sincerely yours,

NORMAN H. DAVIS

P. S. I may say that Bingham and I, who have discussed these various questions, have reached the same conclusions and our views are identical.

[Enclosure]

Memorandum by the Chairman of the American Delegation to the General Disarmament Conference (Davis)

LONDON, March 2, 1934.

The Prime Minister, Mr. MacDonald, who went to Ambassador Bingham's for luncheon, came at noon so that we could have a talk beforehand.

I told him Mr. Atherton had reported to Washington²³ his conversation with him several weeks ago with regard to the naval question; that the President and Secretary of State were interested in and sympathetic with the suggestions he had made for a confidential ex-

²² Washington correspondent for the London *Times*.

²³ Telegram No. 23, January 29, from the Chargé in Great Britain, p. 15.

change of views with regard to a renewal of the London Naval Treaty and the possible eventualities in case of Japan's refusal to renew the treaty without an increase in her ratio (to which, it was understood, neither the British nor American governments were disposed to agree); and that Mr. Atherton had accordingly been advised²⁴ to inform him of the receptive attitude of the United States and to inquire when, where and how he thought such an exchange of views should take place.

I then told him that, as nothing more had been heard from him and as I am now on leave of absence and was going through London on my way to Sweden in connection with the Kreuger matter, the President had suggested that I might have a private talk with him in case his ideas had crystallized sufficiently to report them confidentially to the President. He said that since he had received, through Mr. Atherton, the reply from Washington, he had been so occupied with pressing and perplexing questions he had not had time to think the naval question through and to discuss it with the necessary persons here. My impression was that, while he was most eager to talk, he had rather hoped that we might have some definite proposals to make to him. I accordingly took the position that, since he had made the advance, we were waiting to ascertain more definitely what he has in mind.

He then said that Great Britain would not agree to parity with Japan. He had thought the first step would be to so inform the Japanese Ambassador²⁵ and to tell him that Great Britain was disturbed by the Japanese talk about an increase in their naval ratio, which was unjustifiable because Great Britain is entitled to a larger ratio than Japan since her fleet has to cover two oceans, whereas Japan has only a limited area to cover. He said he would like to feel that the United States felt the same way about it. Furthermore, he thought he ought to advise the Japanese Ambassador that Great Britain is quite disturbed by their fortifying the mandate islands, which they had no right to do. He said that before having such a talk he thought it well for us to be in accord in refusing to accede parity to Japan, to iron out any differences as regards the future makeup of our respective navies and also to decide what we would do with regard to a naval agreement as between ourselves in case Japan refused to renew the present Treaty.

I told him that the United States was also definitely opposed to parity for Japan but that, as regards the proposed talk with the Japanese Ambassador, I thought it would be wiser and more effective for the United States and England each to speak separately to the Japanese, rather than for the one to speak for the other.

²⁴ Telegram No. 27, January 31, to the Ambassador in Great Britain, p. 221.

²⁵ Tsuneo Matsudaira.

I then asked him if he could tell me definitely that Great Britain would not even consent to an increase in the ratio for Japan. He said he was not yet prepared to state categorically that they would not consent to any modification at all in the ratio, since he had not yet had an opportunity to discuss it with all the proper authorities in the British Government, but that the most that had been suggested by anyone here was that, as a compromise, they might possibly agree on a 10-10-7 ratio provided certain other questions could be settled satisfactorily. I told him that, in my own personal opinion, the present ratio was fixed after considerable thought and negotiation and that the only basis for a modification would be that the present ratio is unfair, and that I did not think such a contention could be upheld because of the relative differences in the functions which the British and American navies have to perform in relation to that of Japan. I told him, furthermore, that as a matter of fact the present ratio is not actually 5-5-3 except as to battleships and battle cruisers, because there is parity as to destroyers and submarines and that, if the question were ever opened up again there would be no limit to where it might go. He said he was inclined to agree entirely with this point of view and that his feeling is that, if England and the United States agree to oppose any increase in the Japanese ratio, the chances are that Japan would be more amenable to reason.

He then said that he would like our two governments to reach an agreement not only as to a continuation of parity between them but also as to the particular categories of vessels. He said that, as a result of his talks with the Admiralty, he felt the only serious difficulty would be with regard to the size of new battleships and that the younger officers in the British navy believe that it would be desirable in the future to build smaller and less expensive battleships. I told him that this was a matter, of course, which had been argued backwards and forwards and that the difference in view was due to the difference in the problems that faced the respective navies due to the differences in bases, but that if some arrangement could be made whereby certain ports in the Pacific could be neutralized, or used by the American navy, it would probably facilitate an agreement as to the future tonnage of battleships. He said that this raised difficult questions but that it might well be explored.

I then told him that, as a result of the talks between Admiral Hepburn and Admiral Bellairs, over a year ago,²⁶ we both got the impression that it was not impossible for us to reach a mutually satisfactory naval agreement, contingent upon what Japan, France and Italy may

²⁶ For correspondence concerning Anglo-American naval conversations, see *Foreign Relations*, 1932, vol. 1, pp. 528 ff.

do. But, assuming now that we can agree as between ourselves on a maximum and minimum for battleships, such for instance as 15 of 25,000 tons for Great Britain and 14 of 30,000 tons for the United States, this would become purely academic in case Japan refuses to renew the Treaty because, in such event, neither of us would be willing to reduce the size of our present battleships, or the calibre of guns. I expressed the view that we might agree upon a continuance of parity as between ourselves and provide for going up or down, depending upon what other naval powers do. He said this was in line with his ideas and that we would both have to have some provision, in respect of Japan, such as the present escalator clause with respect to France and Italy.

The question was then raised as to the advisability of holding a Conference in 1935 in case Japan definitely informs us beforehand that she will not agree to a renewal of the Treaty without an increase in her ratio. He said he was concerned about this because, under the Treaty, Great Britain is the Power to issue invitations and she would not want to put Japan in a position to claim afterwards that she was not invited to the Conference. I suggested that if our two countries should agree beforehand as to the future makeup of our navies, and it should then be found impossible to reach an agreement with Japan, a naval treaty could be entered into by us without the necessity of a Conference with other Powers, unless it were found that France and Italy could be brought into the frame-work of a new treaty.

He said another thing which concerned him was that, in case of a general naval Conference as contemplated, in 1935, Great Britain would have to invite Germany and that this would open the doors, necessitating invitations to Yugoslavia, Spain, Turkey, and perhaps Russia and other countries, which would greatly complicate the problem.

Mr. MacDonald thought it essential that the preliminary discussions be most secret in order to avoid arousing prejudices and misunderstandings; and that, in order that such conversations may be carried on freely and without embarrassment to either government, it would be well to proceed as was done year before last, i. e. to have a representative from each of the navies, in conjunction with a representative of the Foreign Office and a corresponding representative of the United States, thresh out the details. He himself, and the principal representative of the United States should not at first take part in the conversations, although they should decide upon the scope of the work and keep in touch with what is going on, but in the background. He said his idea was to designate Admiral Bellairs and Mr. Craigie of the Foreign [Office] for these preliminary negotia-

tions. I asked if it was his idea for these to be held in Washington or London and he said he would like to think this over and talk about it further later on.

There was some discussion of the possible appointment as naval attaché, in London or Washington as the case may be, of the person designated to deal with the naval aspects of the work proposed, but no definite view was expressed.

Mr. MacDonald manifested considerable anxiety and concern about the attitude and activities of Japan and said, in effect, that he not only considered it of the greatest importance that the United States and England reconcile any differences in the point of view as to their respective navies but that, for the promotion of world peace and stability, it was vitally important that they cooperate most closely. I told him I had always favored the most friendly cooperation between our two countries and was satisfied that President Roosevelt feels the same way.

I also said that I had been most hopeful about our ability to reach a mutually satisfactory agreement on the naval question but that I had been perplexed by the note his government sent to the United States last September,²⁷ with regard to our naval program, because there seemed to be no ground whatever for raising any objections about this. He insisted that they recognized we were acting within our treaty rights and that there was no resentment whatever on their part over our program, but said that they had hoped to avoid the expense involved in building new types of vessels and that their note to us was prompted by friendship but that our reply²⁸ had somewhat disturbed them. I told him I did not see how we could possibly have taken any other position and that the fact that someone from the Admiralty tipped off a Hearst representative about the ending of the note, had made the situation more difficult. Furthermore, if we had taken any other position it would, under the circumstances, have been construed as a surrender to the dictation of Great Britain. He said he had understood that the leak came from Washington but I assured him that it had not. He then said he was going to look into that further but indicated that this was now a closed incident. He repeated that he was now satisfied from his talks with the Admiralty that the only difficult question between us would be with regard to the size of battleships for which we must find a solution.

In conclusion I told him that I would be back here on my way from Sweden within two or three weeks and would then return home unless

²⁷ *Aide-mémoire* of September 14, 1933, from the British Embassy, *Foreign Relations*, 1933, vol. I, p. 382.

²⁸ Memorandum of September 22, 1933, to the British Embassy, *ibid.*, p. 386.

developments in disarmament require my presence. He said that during that time he would go into the matter discussed more fully with the different ones here with whom he must consult, and would be glad to have a further discussion with me upon my return.

N[ORMAN] H. D[AVIS]

500.A15A5/45½

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) to the Secretary of State*

[WASHINGTON,] March 31, 1934.

MR. SECRETARY: Referring further to the question of the (problematical) Naval Conference:

Right or wrong, like it or not, this country is at the head of the column and therefore must function within and according to the character imposed upon it by virtue of its being in that position.

We ought, therefore, as I see it, to make up our minds definitely in regard to what action, positive or negative, we wish to see consummated: whether forward, backward, to left or right, or a standstill: and what position we wish to take in regard thereto.

In my opinion, we should think first of our own interests, in terms of national security. Clearly, the security of this country would be best ensured if arrangements could be made which would ensure the peace of all countries. But, such arrangements could be made only if all countries wished and were determined that there be peace or if, being in a majority, those countries which wish peace were willing to pool their forces and efforts in order to coerce (toward maintenance of peace) those that are not adequately imbued with the ideal of peace. The attainment of either of these alternatives still lies far in the future. The nations are still under the necessity of providing in substantial measure each for its own security. China has been attacked and invaded by Japan in consequence of the two facts that, on the one hand, Japan is willing to use force, and, on the other hand, China was not and is not able to defend herself or to induce other powers to come to her defense. Russia would have been attacked by Japan before now were it not that the Russians have armed themselves to such an extent that the Japanese hesitate to make the attack. Had the United States been less adequately prepared to defend itself, if attacked by Japan, we would have had, in 1932, either to keep silent on the subject of the Pact of Paris²⁹ and other treaties and the subject of peace or to have sustained an attack at the hands of Japan's armed forces.

²⁹ *Foreign Relations*, 1928, vol. I, p. 153.

The naval ratios as they now stand were designed, it is believed, on the principle of making it possible, on the one hand, for each of the powers concerned adequately to safeguard its own interests, on a defensive basis, and of making it impossible, on the other hand, for any one of the powers provided that each and all built up to and maintained its allotment of naval equipment, to indulge in aggression against one or more of the others. Assuming that the technical calculations have been sound, the existing ratios are the correct ratios for the purpose of maintaining the equilibrium thus sought. The situation has not changed, as regards the rightful interests of the various powers concerned, separately and collectively, from the point of view of problems of self-defense (as distinguished from possible contemplated programs of aggression), since these ratios were worked out and agreed upon. It would therefore seem that any alteration of the ratios in favor, upward, of any one power, would tend toward an upset of the equilibrium and would impair the principle on which the powers have proceeded in the formulating and concluding of naval limitation agreements.

It therefore is believed that, although we might admit need for making readjustments in detail within the ratios, we should hold and adhere to the view that, insofar as any agreement to which we would be parties is concerned, the ratios themselves must continue to stand.

It is believed that this should be our fixed position in relation to the agenda of any naval conference contemplated or held. The President has intimated recently, in his statement on the Vinson Act, that such is our idea and hope.

We should be prepared to let it be known, at an opportune moment and in a carefully prepared statement, that such is our position. Thereafter we could await evidence of desire and intention on the part of other powers. And, no matter what appeared or failed to appear, we should make that position the fixed point from which, to which and around which any and all further consideration by the American Government of the question of a naval conference and (if and when such conference is held) of agenda and action thereat must proceed.

If action in the sense above suggested, by this Government, should result in there being held next year no conference, we could, it is believed, view that development with equanimity. We would not be subject to any military attack or formidable diplomatic assault because of it.

There is perceived no reason why we should discuss or enter into any agreement by and under the provisions of which Japan would, with our assent, become relatively stronger and we become relatively weaker in naval armament. It is believed that no step that we might take would contribute more effectively toward rendering real in the long run likelihood of war between Japan and this country than would such a step.

500.A15A5/40a : Telegram

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

WASHINGTON, April 28, 1934—6 p. m.

168. Personal for the Ambassador from Norman Davis. Referring memorandum of our conversation of April 12³⁰ with Craigie and Admiral Little,³¹ the procedure indicated for informal preliminary naval conversations would be acceptable here. My understanding was that as soon as British Cabinet approved, they would advise you so that we could then agree upon the time and details. I realize that intervening incidents may have delayed final decision but it may possibly be that they are awaiting word from us as to whether the idea is acceptable here or not. Under the circumstances, I suggest that Atherton see Craigie to ascertain what the situation is, and if occasion warrants, he may let him know what our attitude is. If it is deemed desirable that the conversations should begin within the next 3 or 4 weeks, it is important to know this as soon as possible in order that we may endeavor to get ready by that time. [Davis.]

HULL

500.A15A5/42 : Telegram

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

LONDON, May 2, 1934—3 p. m.
[Received May 2—12:16 p. m.]

219. Personal for Norman Davis. Your 168, April 28, 6 p. m. Craigie reports the Admiralty are studying their requirements and the whole question of preliminary [conversations?] is under consideration by British Cabinet Council who are expected any day to conclude their discussions when he will advise me further.

For your guidance I venture to point out that possibly since your departure an important section of British official opinion has crystallized very definite views in regard to the Japanese problem. As I understand these, I believe that until the menace of Japanese policy is more actually pressing than at present, when events in the Far East are overshadowed here by the threats inherent in the European situation, British would be against any appearance now of such Anglo-American cooperation and coercion vis-à-vis Japan as allegedly would

³⁰ Not found in Department files.

³¹ Charles James Colebrooke Little, Deputy Chief of Naval Staff, British Admiralty.

strengthen the hands of the militarists in Japan and weaken the civilian element which is reportedly recovering political strength. With this background I believe British policy in regard to the recent Japanese statement can be best understood and I feel certain that in contemplating the forthcoming naval conversations there is an element here that would prefer to abandon the idea of a subsequent conference than to attempt by Anglo-American coercion to force Japan into a ratio agreement that would arouse national resentment there. There is also a naval group here that deplore by us naval discussions on the lines of the London naval agreement.

Craigie believes that German and Italian demands for parity have inspired Japanese naval officers to increase their demands, but that should Japan once realize the additional cost incumbent upon her if successful in her latest naval pretensions she would preferably accept any solution that did not destroy her *amour propre* rather than the burden of competitive cruiser building.

BINGHAM

500.A15A5/43 : Telegram

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

TOKYO, May 3, 1934—11 a. m.

[Received May 3—1:30 a. m.]

88. In an informal conversation last evening with the Vice Minister of Foreign Affairs³² at a dinner at his residence he said to me that he had been puzzling as to the best way to prepare the ground for the coming Naval Conference so that it will be successful. It seemed to him, he said, important to reduce the problems of the Conference to their simplest possible elements because its success will depend much upon its simplicity. The United States and Japan, he thought, could accept as axiomatic the hypothesis that the Navy of neither country will ever attack the territory or possession of the other. With this principle as a basis he thought that it would not be difficult to arrive at some mutually satisfactory limitation in ships which would result in real reduction. What Japan most feared, however, was that she might run into the same sort of situation which she had encountered last year in Geneva in facing a solid block of opponents resulting in her withdrawal from the League of Nations.³³ The Japanese people, he said, were now doubly fearful of international institutions and conferences. He developed this thought at considerable length but he added that they (the Foreign Office) were still "puzzling" and had

³² Mamoru Shigemitsu.

³³ See *Foreign Relations*, 1933, vol. I, pp. 16-34 *passim*.

formulated no plans although determined that the Naval Conference must be made successful. He seemed to be inviting suggestions from me and he asked how I thought the matter should be approached. I replied that I had no authorization to approach the subject but referred to your message to Hirota³⁴ to the effect that you would be glad to receive suggestions from the Minister for Foreign Affairs either through the Japanese Ambassador in Washington or the American Ambassador in Tokyo which might tend to increase our friendly relations.

I have the impression that this was an initial feeler probably put out at Hirota's suggestion. Unless otherwise instructed I shall continue to take the position stated above, that of declining to be drawn into a discussion of plans or principles but reporting whatever may be said to me.

Incidentally the Vice Minister spoke in very favorable terms of the substance and tone of your *aide-mémoire* of April 29th.³⁵

GREW

500.A15A5/43 : Telegram

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

WASHINGTON, May 3, 1934—10 p. m.

64. Your 88, May 3, 11 a. m. The position you took in conversation with Vice Minister for Foreign Affairs is entirely satisfactory.

HULL

500.A15A5/42 : Telegram

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

WASHINGTON, May 4, 1934—6 p. m.

180. Personal for the Ambassador from Norman Davis. Your 219, May 2, 3 p. m. Your telegram indicates that there is considerable misconception in British circles as to the purposes for which we favor holding preliminary naval talks. The idea was originally suggested to Atherton by MacDonald and was welcomed by us as a distinctly advantageous step. Until the British and ourselves have smoothed out our own difficulties, the situation both with respect to the Far East and even with regard to Europe will remain obscure. There is no question in our mind of any coercion of Japan. We merely desire as

³⁴ Informal and personal message of March 3, 1934, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 128.

³⁵ *Ibid.*, p. 231.

a constructive step to clear away with the British our outstanding naval differences of opinion.

Do you not feel that the time is ripe for you or Atherton again to remind MacDonald of his original suggestions and point out the considerations involved? If however you become convinced that opinion is definitely crystallizing against further advance along the lines indicated, and if you find that the British would favor holding such naval conversations at Geneva under cover of the May 29 meeting of the General Commission³⁶ without sending specific invitation or without formal announcement, the Secretary and I will gladly recommend to the President an acceptance of this procedure. [Davis.]

HULL

500.A15A5/45: Telegram

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

LONDON, May 7, 1934—11 a. m.

[Received May 7—7:30 a. m.]

228. Personal for Norman Davis. Your 180, May 4, 6 p. m. I have the strongest reasons which I will communicate to you by letter for not recommending any move by us in the present situation until we have heard the result of the discussions now going on by the British Cabinet Council reported in the first paragraph of my telegram 219, May 2, 3 p. m.

BINGHAM

500.A15A5/47: Telegram

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

LONDON, May 18, 1934—1 p. m.

[Received May 18—9 a. m.]

264. Personal for the Secretary and Norman Davis. My 228, May 7, 11 a. m. Foreign Office informed me today that the British Cabinet Council had only just concluded its deliberations and that in view of the forthcoming Naval Conference which it was hoped might take place early in 1935, it had been decided to ask the American and Japanese Ambassadors in London officially to inquire whether their Governments would be disposed to name representatives to carry on with as little publicity as possible preliminary and exploratory conversations in London. The Foreign Office added that should the Japanese and American Governments accept this suggestion and

³⁶ General Commission of the Disarmament Conference.

agree to London for this purpose the Italian and French Governments would be informed of these proposed conversations for their strictly confidential information. The Foreign Office stated to me, and I understand to the Japanese Ambassador as well, that should Japan and the United States accept this invitation and have representatives in London at the same time the conversations would be bilateral rather than tripartite.

Unofficially the Foreign Office added that they hoped these conversations with the Americans might begin in early June which is the earliest moment the British would be ready and this would yet be a time presumably before the Japanese would have time to complete their London preparations. The Foreign Office understand Mr. Davis would attend the Geneva meeting the end of May and suggested that if it appeared this meeting might drag on, if he could not leave himself, Mr. Davis possibly might like to consider authorizing his technical assistants to initiate preliminary and exploratory bilateral conversation with the British in London pending his arrival.

Today's conversation in no way changes the opinion expressed in my 259, May 17, 5 p. m.³⁸

BINGHAM

500.A15A5/49 : Telegram

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

WASHINGTON, May 18, 1934—7 p. m.

203. Your 264, May 18, 1 p. m. The proposal made to you this morning by the Foreign Office seems entirely in line with the arrangements talked over by Norman Davis and Craigie and referred to in our 168, April 28, 6 p. m. Our instinct is to send an early acceptance and to arrange for Admiral Leigh³⁹ and Commander Wilkinson⁴⁰ to sail as soon as possible nominally for Geneva but later to join Norman Davis in London. The caution, however, which you suggested in your 259, May 17, 5 p. m., and repeated in the last sentence of your 264, leads us before taking any action to ask you to specify more fully what you had in mind. Please answer immediately as time is pressing.

In pursuance of your recommendations Davis has given up all idea of proceeding to Geneva via London and will instead disembark at Cherbourg and proceed via Paris.

HULL

³⁸ *Ante*, p. 65.

³⁹ Richard H. Leigh, Chairman of General Board, Navy Department.

⁴⁰ Theodore S. Wilkinson, Secretary of General Board, Navy Department.

500.A15A5/51 : Telegram

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

LONDON, May 22, 1934—5 p. m.

[Received May 22—1:45 p. m.]

270. I am in full accord with the thought expressed in your 203, May 18, 7 p. m., for an early acceptance of this invitation of the British Government and concur in the suggested arrangements.

At the present moment the British official mind is very much concerned with what Simon stated in his remarks, a portion of which is quoted in my 267, May 19, 1 p. m.,⁴¹ "the limitations under which the United States Government is likely to act." This is not confined to the sphere of disarmament and naval discussions but also, and above all at the present moment, it includes debts.⁴² Since the British Cabinet has this viewpoint, of which Simon's speech is but an isolated instance, I feel initiative for the time being should come from them since, (1) in that case the burden of accomplishment rests primarily on London, and, (2) they invite us with the knowledge of the limitations under which we act therefore they must be prepared to consider proposals to meet this situation.

BINGHAM

500.A15A5/58

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 24, 1934.

During my conversation with the President this morning he said that he wanted Assistant Secretary Roosevelt,⁴³ Admiral Standley,⁴⁴ Pierrepont Moffat⁴⁵ and me to work together on the subject of naval disarmament; he thought that this Government should have some very simple platform on which to stand which would show our desire to cooperate in world naval disarmament; his thought was that we should be willing to reduce our naval force by 25%, provided others did the same, keeping, I believe, the present ratio; he mentioned, I think, a limited period; first by scrapping certain obsolete ships without replacement; second by a willingness to reduce by 25% our total treaty allowance by tonnage and by number. The President felt that this would be the original platform on which we might stand. I

⁴¹ Vol. III, p. 186.⁴² For correspondence relating to intergovernmental debts, see pp. 543 ff.⁴³ Henry L. Roosevelt, Assistant Secretary of the Navy.⁴⁴ William H. Standley, Chief of Naval Operations.⁴⁵ Chief of the Division of Western European Affairs.

pointed out that the Japanese would undoubtedly refuse to go along with us on any such lines. The President replied that the next and final position would be to stand on the present naval ratio as provided for by the terms of the Naval Conference.

WILLIAM PHILLIPS

500.A15A5/59 : Telegram

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

WASHINGTON, May 24, 1934—2 p. m.

201. For Norman Davis from the Secretary. Our acceptance of the British invitation for preliminary naval talks at this juncture was based primarily on a feeling that we were committed to such a procedure. Ever since you left, however, we have been receiving one indication after another of some form of *rapprochement* between Great Britain and Japan which taken in the aggregate become very significant.⁴⁶

1. Sir John Simon in the House of Commons minimized the importance of the recent statement of Japan's policy toward foreign assistance to China.

2. Sir Roger Keyes⁴⁷ was reported on May 18 to have said that Japan is destined to play a great part in the future of the East and will go toward her destiny with unswerving determination. He is further reported to have advised the British Government to come to a good understanding with Japan.

3. The British Naval Attaché in Tokyo⁴⁸ has recently said to several friends at the club that England sees no reason to oppose Japanese naval parity or to thwart Japan's naval ambitions.

4. I have good reason to believe that Sir Frederick Dreyer, in command of the British Asiatic Fleet, stated to the Chief of the Bureau of Asiatic Affairs in Java, subsequent to the recent British Naval Conference in Singapore, that England would not oppose Japanese naval parity and sees no reason why a "crisis" should occur in 1935-36.

5. Sir Robert Clive, the new British Ambassador to Japan, is reported to have said to the press before departing from London that in his opinion the interests of Great Britain and Japan in China are identical.

6. Several days ago the Japanese press was full of vituperative comment on England's proposed system of trade quotas which was held

⁴⁶ The summary which follows was based primarily upon telegram No. 98, May 23, 1934, from the Ambassador in Japan; this telegram was repeated to the Ambassador in Great Britain as telegram No. 213, May 25, 1934; neither printed (793.94/6701).

⁴⁷ Admiral of the Fleet, inactive list; Member of Parliament.

⁴⁸ Captain John Guy Protheroe Vivian.

to be aimed against Japanese interests. This unfavorable comment suddenly ceased and has now taken a distinctly friendly tone.

The foregoing evidences of Anglo-Japanese *rapprochement* leave us in considerable doubt as to whether British policy in respect to the forthcoming naval conversations in particular and to the Far Eastern problem in general have undergone a change in the past few weeks. The inference is at least possible that the British and Japanese are seeking an agreement on policy in China in return for England's support of or acquiescence in Japanese claims to naval parity. I think it of real importance that you have a full and frank discussion with Sir John Simon in Geneva early next week preliminary to the forthcoming naval conversations. I feel it only fair that Simon should realize our inability to gauge the present British approach to this problem and that we in turn should have the benefit of an unequivocal clarification of his views.⁴⁹

HULL

500.A15A5/62 : Telegram

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

WASHINGTON, May 24, 1934—3 p. m.

202. For Norman Davis. Following telegram⁵⁰ sent to Bingham today:

"You may inform the Foreign Office that we will accept their invitation to participate in preliminary and exploratory conversations on naval problems arising from the forthcoming conference in 1935. Our idea is that in order to prevent any feeling that these conversations were in the nature of a 'preliminary conference', they should be carried on in the form at least of normal diplomatic interchanges heading up through the two Embassies and the Foreign Office in London. While we share the idea of the British Government to give as little publicity as possible to the conversations, we question whether they can be kept entirely secret and suggest some form of announcement by the British Government which will refer to the fact that diplomatic conversations will soon be held, but they will only deal with procedural questions and with the technical naval aspects of the problem. Mr. Davis will be prepared to proceed to London some time around mid-June, depending partly on developments in the General Commission at Geneva. Rear Admiral Richard A. [H.] Leigh and Commander T. S. Wilkinson, both of whom are members of the Disarmament Commission, will be available for technical advice.

"Please telegraph (a) if and when Japan accepts British invitation to preliminary conversations; (b) whether it is agreeable that the conversations be held through diplomatic channels; (c) whether the

⁴⁹ See telegram No. 389, May 26, from the Ambassador in France, p. 240; and telegrams Nos. 851 and 863, May 29 and June 2, from Mr. Davis, pp. 241 and 244.

⁵⁰ No. 211, May 24, 3 p. m., to the Ambassador in Great Britain.

British favor our suggestion of a brief announcement of the purposes of these conversations and if so, when the announcement will be made. Please send to Paris for the information of Norman Davis the texts of all pertinent telegrams to and from the Embassy since Friday May 18."

After considerable reflection, I have reached the conclusion that it would be a mistake to commence any talks with the British prior to June 15, the date of the next payment due. Feeling is running high on this subject and might color the approach to the unrelated subject of naval problems. I think it would be best accordingly for you to defer arrival in London until after June 15, which will be rendered easier by the fact that Leigh and Wilkinson cannot sail before June 6. Subject to your confirmation, Field⁵¹ also stands ready to sail on June 6 to meet you in London.

HULL

500.A15A5/60: Telegram

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

PARIS, May 26, 1934—5 p. m.
[Received May 26—10:35 a. m.]

389. From Norman Davis. Your 201, May 24. In view of cumulative indications of a tendency at least for a British *rapprochement* with Japan I entirely concur in your views that it would be well for me to have a thoroughly frank talk with Simon. This will be necessary for our guidance in the naval discussions. I understand he is arriving in Geneva Monday morning and I will see him at the first opportune time. [Davis.]

STRAUS

500.A15A5/67

Memorandum by the Secretary of State

[WASHINGTON,] May 26, 1934.

The Japanese Ambassador⁵² called and inquired as to the significance of the various news despatches back and forth between here and London relating to proposed preliminary conversations relative to the 1935 Naval Conference. He said that he would be much interested to learn what had taken place thus far in the way of understandings or plans or individual statements. I replied that nothing whatever had occurred, except that the British Government sent us an invitation—presumably the same sort of invitation sent to the

⁵¹ Noel H. Field of the Division of Western European Affairs.

⁵² Hiroshi Saito.

Japanese Government—to participate in some preliminary conversations at London at an early date with regard to the forthcoming Naval Conference in 1935; that my Government had accepted the invitation with the suggestion that any proposed conversations had better be conducted through the regular and usual diplomatic channels, and that this view had seemingly been concurred in by the British Government. I said that yesterday the State Department had given out to the press just what had occurred in this connection; that the preliminary discussions were to refer primarily to matters of procedure, but that if it should be deemed desirable also to discuss any of the technical side of existing naval questions, my government would be disposed to consider such step. This, I said, embraced the sum total of what had taken place so far as the United States Government was concerned.

I then inquired of the Ambassador whether his government had any new or additional information with respect to the proposed conversations at London, and he replied in the negative. He agreed that it would not be feasible to have conversations elsewhere, as at Washington, at the same time of the proposed conversations in London.

The Ambassador then inquired whether we had organized a committee of naval or military experts to attend the proposed London conversations. I replied that we had not had a meeting or conference of any kind with any experts here in Washington in connection with these proposed conversations. I added that one or two naval experts, who were connected with the Disarmament Conference proceedings at Geneva and who were expected to be over there, were being kept in mind by my government as suitable experts to drop back by London, if our government should so desire and decide, to furnish their services in any conversations relative to any technical naval phases, in the event conversations on that topic should be decided upon. The Ambassador then said that his government had both military and naval committees of experts in training. He seemed to have in mind the question of whether any other topics, possibly of a political nature, might be brought up for discussion.

C[ORDELL] H[ULL]

500.A15A5/69 : Telegram

The Chairman of the American Delegation to the General Disarmament Conference (Davis) to the Secretary of State

GENEVA, May 29, 1934—11 p. m.
[Received May 29—8:45 p. m.]

851. Your 201, May 24, 2 p. m., to Paris.

1. I have not deemed it advisable as yet to have the conversation with Simon suggested in the final paragraph. I have deferred doing

so because we have been immersed in Disarmament Conference problems.

2. I did take occasion incidentally to tell him that I did not think much of his speech in the House of Commons in which he quoted from my declaration of May 22, 1933,⁵³ as it appeared to be an effort to place upon us the failure of the British Government to go as far as France wants her to go in a disarmament convention. He was visibly embarrassed and insisted that I had misunderstood and that he thought he had rendered full justice to the great value of our contribution and that the purpose he had in mind was primarily to explain to the British public that the imposition of economic sanctions is not such a simple matter. Later in the conversation with regard to the Disarmament Conference as to which he was rather despondent he remarked that he would be reconciled to a failure of the Disarmament Conference and even of the Naval Conference in 1935 and would in fact feel that they had been worthwhile if the result were a naval agreement and a closer cooperation between England and the United States. Although this was not said in a very serious way I could not but feel that it revealed a real desire on his part.

DAVIS

500.A15A5/68 : Telegram

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

LONDON, May 30, 1934—6 p. m.
[Received May 30—3: 30 p. m.]

287. Department's 211, May 24, 3 p. m.⁵⁴ The Japanese Ambassador informed me today he was accepting the British invitation [along?] very much the same lines as our reply.

BINGHAM

500.A15A5/70 : Telegram

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

TOKYO, May 31, 1934—10 a. m.
[Received May 31—2: 30 a. m.]

104. The Minister for Foreign Affairs told me last evening for my personal information that the Japanese Government welcomed the British proposal for bilateral preliminary naval conversations and had

⁵³ For text of declaration, see Department of State, *Press Releases*, May 27, 1933, p. 387.

⁵⁴ See telegram No. 202, May 24, 3 p. m., to the Ambassador in France, p. 239.

instructed Matsudaira on May 29th to accept the invitation on the understanding that the scope of the conversations would be limited to determining the time, place and procedure of the eventual conference, because the Japanese Navy is not yet ready to discuss technical questions. Of [*On?*] the results of the Anglo-Japanese conversations, the Minister said, would depend the time and nature of the conversations to be held between Saito and yourself. Saito now plans to return to Japan on July 3rd in order to report on conditions and opinion in the United States. Hirota hopes to hold similar bilateral conversations with the French and Italians.

I am unaware whether the foregoing has already been communicated to you by Saito.

GREW

500.A15A5/72 : Telegram

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

LONDON, May 31, 1934—5 p. m.

[Received May 31—2:05 p. m.]

292. Foreign Office advised me today in the sense of my 287, May 30, 6 p. m., adding that Matsudaira would act as the representative of the Japanese Government in this matter. In accepting the British proposal the Japanese Ambassador made the general [*following?*] comment in the strictest confidence on behalf of his Government.

“(a) For a number of reasons the Japanese Government desired that the Naval Conference should be held about April of next year.

(b) The Japanese Government had no objection to the opening of the preliminary conversations in London, but considered that the place at which the conference itself should be held should be decided in the preliminary conversations.

(c) It seemed to the Japanese Government proper that, for the present, the following matters should, *inter alia*, be discussed in the preliminary conversations: (1) Agenda of the conference (2) participating powers to the conference (3) date and place of the conference and procedure for the summoning of the conference.

While the Japanese Government agree that the preliminary conversations should be confidential and bilateral in form they understood that the conversations in London would not preclude the Japanese Government from negotiating, if they deemed necessary, with the powers concerned in places other than London.”

Foreign Office concurred in this last paragraph.

Repeated by mail to Geneva for Davis.

BINGHAM

500.A15A5/72 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Bingham)*

WASHINGTON, June 1, 1934—3 p. m.

223. Your 292, May 31, 5 p. m. The Japanese are obviously anxious to engage in preliminary naval conversations simultaneously or in rapid succession in different capitals. The Secretary has tried to discourage this, pointing out to Saito in a conversation on May 26⁵⁵ the disadvantages and opportunities of misunderstanding that would be caused by holding conversations in two places and emphasizing the advisability of concentrating the preliminary conversations in London.⁵⁶

The Japanese attempt to overemphasize the question of time and place of the conference would seem inconsistent with a normal and orderly course of procedure. In our opinion, such purely procedural matters, while a proper subject of discussion, should not be finally determined until the preliminary talks have shown what measure of agreement, if any, exists or appears realizable between the Powers principally concerned on the basic technical naval issues.

We do not, however, wish to make an issue of these two points at the present time though you may use them as guidance in informal talks with the British. We shall probably announce in the course of the next 2 or 3 days the decision to send Davis and Leigh to London for these conversations.

Please repeat to Geneva as No. 419.

PHILLIPS

500.A15A5/75 : Telegram

*The Chairman of the American Delegation (Davis) to the Secretary
of State*GENEVA, June 2, 1934—2 a. m.
[Received June 2—12:44 a. m.]863. My 862, June 2, 1 a. m.⁵⁷

1. In a second talk with Simon this afternoon he said that he hoped I could come to London soon to start the naval conversations and wanted to know when I would be there. I told him we could not well begin before the middle of the month because our naval experts could not sail until June 6th.

⁵⁵ For memorandum of conversation, see p. 240.⁵⁶ This paragraph was repeated to the Ambassador in Japan as telegram No. 84, June 1, 3 p. m.⁵⁷ *Ante*, p. 94.

2. As this seemed an opportune moment I asked if he had any particular ideas in his mind with regard to the proposed conversations. He replied that while he had little to do with the matter himself it was his understanding that since the Japanese experts would not arrive very soon the British and Americans would first clear up all questions between themselves which should not be difficult. They would then be prepared to take the matter up with the Japanese.

3. I then remarked that aside from discussing technical naval questions as between ourselves there remained the question of determining what our attitude should be with regard to an increase in the Japanese ratio. As to this he said that he had recently told Matsudaira frankly that he had been somewhat disturbed about what he had read in the press with regard to Japanese pretensions and claims for an increase in ratio but that he had had no intimations from the Japanese Government that it was making any claims and that he would like to know if the Japanese were making such claims officially as that would be a serious matter. Matsudaira had then cabled home and subsequently reported to him that the Japanese Government had not made any such claims. I told Simon I was glad to know that and that I judged by this that the British Government was still opposed to any increase in the Japanese ratio; which was reassuring because it had been somewhat disturbing to read speeches like that of Admiral Keyes and to learn of statements by certain of the British naval officers advocating a close community of interest between England and Japan in naval matters or the granting of parity to Japan. Simon then said that Admiral Keyes was retired and a member of Parliament; that neither the Government nor the Admiralty had any control over him but that he could not believe that any naval officer on the active list could take such a position because it was positively not the attitude of either the Government or the Admiralty; that Great Britain has more seas to cover than Japan and that parity with Japan would be absurd.

DAVIS

500.A15A5/74 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 2, 1934—3 a. m.

[Received June 1—11 : 30 p. m.]

864. Referring to your 202, May 24, 3 p. m. to Paris, and London Embassy's 292, May 31, 5 p. m., to the Department.

1. I am somewhat concerned about the British proposal that the naval discussions shall be bilateral instead of tripartite and also the Japanese stipulation that the bilateral London conversations shall not

preclude the Japanese from negotiating with the powers concerned in places other than London.

2. As a matter of strategy, it is most important in my opinion that we adhere to the procedure envisaged in my talks in London; namely, that the British and ourselves informally have preliminary talks to agree upon questions relating to our two respective Navies and what we are willing to do with regard to the Japanese claims. Once the Japanese technical advisers arrive, which Simon indicated today he thought would be somewhat delayed, we can have a tripartite meeting which will inaugurate officially the conversation. Otherwise we may be jockeyed into a position where the British will be acting as a mediator between the Japanese and ourselves, interpreting to the Japanese our position and to us the Japanese position, and thereby getting all the benefits of the "honest inaccuracies". For this and other reasons I frankly doubt the advisability of carrying on naval discussions with the Japanese in Washington or Tokyo. I realize, of course, that if such a distinguished visitor as Prince Kanya [*Konoye?*]⁵⁸ should visit Washington that you want to show him every courtesy but I think the serious endeavor must be concentrated in London, otherwise wires will be crossed.

3. I am confirmed in this view because Saito, who called to see me here apparently on a fishing expedition, tried to engage me in conversation on the Navy which I dealt with in a guarded manner. In the course of his talk he said that the Japanese could understand why the British with so much commerce and so many seas to cover were fully entitled to a naval ratio of 5 to 3 with Japan but that they could not understand why the United States needed such predominance. I merely remarked that we felt that in 1922 we had made considerable concessions in limiting ourselves to a 5 to 3 ratio because with the program that was then under way we would have soon had a Navy overwhelmingly greater than Japan and that I hoped that the Japanese would not take an unreasonable position on this matter because if they did we could only construe it as a desire not to have a naval agreement.

4. I think it advisable for Field to sail for London on June 6th.

DAVIS

500.A15A5/81 : Telegram

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

LONDON, June 8, 1934—noon.

[Received June 8—8:20 a. m.]

308. The Japanese Ambassador confirmed to me this morning that although he will be prepared to discuss those subjects outlined by him

⁵⁸ President of the Japanese House of Peers.

and reported in my 292, May 31, 5 p. m., he would not be prepared to begin technical conversations until the Japanese naval experts had reached London, sometime about the middle of July.

Repeated to Davis.

BINGHAM

500.A15A5/83 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 12, 1934—1 p. m.

[Received June 12—12:10 p. m.]

893. For the Secretary and the President.

1. I am becoming concerned about the situation that has been created with regard to the naval conversations in having them head up through the Embassy. I understand the reasons for inaugurating the plan in this fashion but it is becoming increasingly clear to me that in a matter as delicate, difficult and technical as this the danger of crossing wires by having two responsible sources in Europe is so great as to outweigh the considerations which guided you in putting the plan on foot in this manner.

2. There are indications that during the coming weeks I may be concerned from time to time with the broader aspects of the General Disarmament Conference and if the responsibility for the naval phases of disarmament rests upon me then I feel that it must rest upon me alone as it will be very difficult to draw the line with the Embassy as to what appertains to general disarmament and what to naval conversations.

3. Matsudaira is chief of the Japanese Delegation to the Disarmament Conference, I am chief of the American Delegation and MacDonald is head of the British Delegation. It would, therefore, seem much simpler as well as much more palatable to the French if the naval conversations in London were consigned to the hands of the chief delegates to the Disarmament Conference.

4. I would not of course under any circumstances want to go into Bingham's jurisdiction without showing every possible consideration and without cooperating with him most closely. Indeed I should want to seek his cooperation and advice. If, however, the conversations were to head through the Embassy it would raise all sorts of complications and difficulties as to official status and responsibility. I need only mention one difficulty to make my meaning clear and that is the risk of having another spokesman in London during any possible temporary absence on general disarmament work.

5. I realize the delicacy and the possible embarrassment to you but as the task assigned to me is sufficiently difficult under the best of

circumstances I feel that I must ask you to clarify my status and responsibility in such a way that there can be no misunderstanding. After all I think there is a considerable strategic advantage in taking the position that these conversations are a part of the general disarmament problem.

6. For instance, it is conceivable that there may be a conference limited to the three great naval powers but if it goes beyond that it is hardly conceivable that it could be limited to less than ten or twelve powers because France fearing the application of the equality of rights in Germany's case would insist upon bringing in Germany, Russia, Turkey and Sweden.

7. It would not be just to either Bingham or myself to have a divided responsibility in this matter.

DAVIS

500.A15A5/83 : Telegram

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

WASHINGTON, June 13, 1934—noon.

435. The President and I have talked over your 893, June 12, 1 p. m. We fully appreciate the considerations you advance against having the forthcoming naval conversations head up through the Embassy at London. Nevertheless it is our considered judgment that these preliminary naval conversations should not be viewed as a part of the general disarmament negotiations. We feel that their chief chance of success lies in disassociating them from the Disarmament Conference at Geneva. As a corollary to this, we oppose enlarging the conference by the inclusion of other Naval Powers with their attendant problems and would not object if the preliminary conversation were limited to the United States, Great Britain and Japan.

Not only have we laid stress on the informal character of these conversations, but we consider it important not to give the impression that they are in any sense a preliminary conference. I base this in part on my talks with the representatives of the Naval Powers here and in part on the indications we are receiving from Japan of a distinct reluctance to come to grips on technical problems at this point. We foresee little probability of these conversations, either in substance or in time, going beyond the stage of an exploratory sounding out and hence do not feel that this Government would be warranted if only from a psychological point of view, in setting up under present circumstances a separate delegation at London apart from normal diplomatic channels.

If we did not know both Bingham and yourself so well, we should hesitate to ask you to work together with equal responsibility under such an arrangement, but the considerations we have outlined make it logical to head the talks up through the Embassy in such a way that we can profit both by the position of Bingham as Ambassador to Great Britain and of yourself as our primary authority on disarmament.

For your information, Admiral Leigh is bringing the President's instructions⁵⁹ on technical naval matters.

HULL

500.A15A5/85 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 14, 1934—3 p. m.
[Received June 14—12: 35 p. m.]

902. Personal for the Secretary. Your 435 June 13, noon.

1. I understand your reasons for not wanting the preliminary naval conversations viewed as a part of the general disarmament negotiations and readily fall into line with that view. On the other hand, I am satisfied it is advisable to deal with the naval problem in a comprehensive way and that this cannot be done without bringing France and Italy in. For instance, the London Conference⁶⁰ was almost wrecked because our Government proceeding on the theory that France and Italy did not count failed to have any preliminary conversations with them and then found that England could not sign a naval treaty that would not make a provision for dealing with the French and Italian Navies and it was only through a last superhuman effort that France and Italy were induced to participate to a sufficient extent to allow England to sign the treaty.

2. I entirely agree with you that it would complicate the problem considerably if the conference were enlarged to include other naval powers. Certainly it is not necessary or advisable to bring them into the preliminary conversations with the possible exception of France and Italy. The British have already announced their intention of keeping France and Italy informed and they will unquestionably want eventually to bring them into the conversations.

3. I fully concur in the advisability of stressing the informal character of the proposed conversations. Nevertheless, I think it is possible and advisable for the conversations particularly with the British to

⁵⁹ General Board memorandum of June 4, 1934; not found in Department files.

⁶⁰ For correspondence on the London Naval Conference, see *Foreign Relations*, 1930, vol. I, pp. 1 ff.

go beyond the exploratory stage. Notwithstanding the apparent reluctance of the Japanese to come to grips with technical questions I think it is possible and advisable to get them to do so. I suspect that the Japanese strategy in this respect is for trading purposes.

4. In spite of certain evidences to the contrary I am fully satisfied that the sentiment of Great Britain and the majority opinion in the British Government will favor cooperating closely with us and that they would only consider a *rapprochement* with Japan in case they feel that they cannot count on our cooperation sufficiently.

5. I still believe that in case it is not possible to reach an agreement with Japan the British would be in favor of a treaty with us alone which would provide for parity on a sliding scale depending upon what Japan does on the one hand and what the continental European powers do on the other hand.

6. I do not fully share your skepticism as to the possibility of what may be accomplished by the proposed conversations.

7. They are unquestionably necessary at some time and no matter by whom or how they may be conducted it is not possible if they are to succeed to keep them from developing into real negotiations or to maintain for long the fiction that the conversations are casual and unimportant.

8. I will communicate with you further with regard to the relationship between the Embassy and myself.

DAVIS

500.A15A5/95

*Memorandum of Trans-Atlantic Telephone Conversation*⁶¹

[WASHINGTON,] June 14, 1934.

(Conversation already begun) . . .

AMBASSADOR DAVIS: The statement expressed in my cable of day before yesterday⁶² was prompted by my keen interest in this naval question and my desire to do everything possible to make it a success.

SECRETARY HULL: We know how you feel, of course.

AMBASSADOR DAVIS: I do not feel at all that there is any need for those conversations to fail and I do not believe they will unless we so restrict the scope. We are doomed to fail in this by placing too much limitation. Now of course there is no [need?] whatever to try to

⁶¹ Between Norman H. Davis, Chairman of the American delegation to the General Disarmament Conference, in Geneva and President Roosevelt and Secretary of State Hull in Washington, 11:45 a. m.

⁶² Telegram No. 893, June 12, 1 p. m., from the Chairman of the American delegation, p. 247.

write any treaty, but unless we lay the ground for it that will make for a conference later, to call the conference without appropriate preparation we would be doomed to a lamentable failure. I entirely concur in your view, for psychological reasons if for nothing else. [It might not be] advisable to set up a separate delegation in London now with no relation to the Embassy. On the other hand, a considerable amount of work will necessarily be involved in the so-called exploratory conversations. The naval advisers and myself have simply got to have some space in which to work. I have been informed that there is no available space at the Embassy. Therefore it will be necessary to at least have a physical separation. As I also stated in my 893, I not only want to cooperate with Bingham, but our friendship is such that I know we can cooperate satisfactorily.

SECRETARY: Yes, we know that.

AMBASSADOR: It can be distinctly understood that these conversations are to be carried on in connection with the Embassy, but as you know it is absolutely impossible for two people with joint responsibility actually to conduct negotiations. One or the other must take the lead and be primarily responsible.

SECRETARY: Of course we know who would do most of the work in any event.

AMBASSADOR: He is not conversant with naval problems. He would, I expect, as he did when I was there before, expect me to take the lead in carrying on the conversations, but I think you have got to make a choice of either conducting this solely through diplomatic channels or to strike a happy medium here and have it done in connection with the Embassy,—but have it clearly understood that I have got the responsibility for carrying on the conversations. I mean I just did not want any misunderstanding about it.

SECRETARY: Yes.

AMBASSADOR: I do not think it is possible to play down these conversations successfully. I wish it were. But the eyes of the whole world are right now turned on this thing and I do not think it is advisable to confine them to superficial exploration. If you feel that it is of such vital importance that this thing should be played down in every possible way, I am just a little afraid my presence in London would make that a little more difficult.

SECRETARY: Norman, are you ready for me to comment?

AMBASSADOR: Yes.

SECRETARY: What happened was that our Japanese friends were very suspicious and were insisting that they would not discuss any phase of even the technical side of things; that they were not in favor of any preliminary conference, but only informal conversations at London,—and we felt obliged to tell them that we were not organizing any systematic organization of any kind for this purpose and then is

when we made that reference to handling these informal conversations by letting them head up through the Embassy. That is the way it came about. They were extremely suspicious and pressing us to the last degree. Now, with that situation, we felt that we could well get away from it for the time being and that since it really was not under the jurisdiction of either the Embassy or of your delegation that we might at least start out by asking you and Bingham jointly to take care of it, and if it should progress and expand and by degrees take the form of more of a preliminary conference and the Japanese have agreed so far that they would stand for the moment, then we could take up the question of responsibility.

AMBASSADOR: I can clear that pretty quickly with the British, Cordell. I see your point. That is all right. I am perfectly in accord. I just didn't want to have some experience of divided responsibility.

SECRETARY: We appreciate that fully and we know that you will do all the work and that you are equipped, but we got into this situation with the Japanese.

AMBASSADOR: We can work that out but if you and the President, if it is in accord with you, so that there will be no misunderstanding, if you would cable Bingham and say that because of my knowledge you want—that while we are associated together, because of my knowledge of the naval question you actually would expect me to take the lead in carrying on the conversations.

SECRETARY: I think he will recognize that just like he recognized your special qualifications when you were there before.

AMBASSADOR: Yes, that is true, but

SECRETARY: We will be glad to say anything we can without getting into too much trouble with Bingham. I do not suppose we would get into any. We will want to say anything we can to facilitate the matter, and if the proceedings take on the appearance of a preliminary conference or anything resembling it, then we can take up the question of responsibility.

AMBASSADOR: You want this thing to succeed.

SECRETARY: Unquestionably.

AMBASSADOR: I think right now at the very beginning is the time to get it headed down the road you want it to go on, and if I am taking the back seat I will not be worth anything to you.

SECRETARY: We would not have you take the back seat at all. It would be very foolish to do that. We want results and we know your equipment. On the other hand, we cannot tell you all that has been going on among our Japanese friends and how careful we have to be to get out of this embarrassing situation that they forced us into.

AMBASSADOR: My information is that they are afraid we are both going to want to open up that Far Eastern situation with them. They

do not understand that we don't want to do that, and that is what I understand from the British is their understanding of it. Now I think that once we sit down with the British, after two or three conversations, we can bring this right into line without any trouble.

SECRETARY: Yes. Well, I think we can adjust ourselves as we go along over there so as to conform to whatever course the thing takes, and we will be ready here to cooperate with you to that end.

AMBASSADOR: You see, if you go into a place where we have an Ambassador, even if you go there, his rank is something that you cannot disregard, and I think if you would just send a personal cable to Bingham explaining to him that it should be for strategic reasons handled through the Embassy but that in view of my connection with this, my knowledge of it, you would want him to cooperate with me and assume responsibility to a limited degree. A divided responsibility is what is worrying me.

PRESIDENT ROOSEVELT: Norman, this is Franklin. Look, I am on the other phone. This whole thing is largely a question of time-table.

AMBASSADOR: Yes. I want to play your game too.

PRESIDENT: You see, between now and the time the Japs arrive in London on the 15th of July we want to keep, so far as any publicity goes, we want to keep the thing a purely diplomatic matter, and therefore on the surface we want to keep it officially under the Ambassador. There is no reason at all why you cannot act during this preliminary period of informal conversations as informal adviser so far as the public knows, and then after the thing has gone on for two or three weeks it may develop into a more serious conference and in that case, of course, your participation in it will be much more widely known and recognized than it would be during the first two or three weeks. It is only a question of tiding this preliminary question over.

AMBASSADOR: I am not wanting public recognition. I wish it could be done without anybody knowing it. But I just don't think you are going to succeed in playing this thing down as there is too much excitement over it and the preliminary talks with the British are going to be of such importance.

PRESIDENT: You will be in on those as adviser.

AMBASSADOR: One of us has to take the lead.

PRESIDENT: You will be in on those.

AMBASSADOR: If Bingham feels that his job is to take the lead on that, I really think it will be very embarrassing and I think it would cause you trouble. I am willing to play the game where I can.

PRESIDENT: He is not going to do anything except sign the things in the first instance from the public point of view.

AMBASSADOR: Naturally I would expect him to do that. If we sit down one of us has to take the lead in conversations and in negotiations

leading up to this thing, and I thought if Cordell would send him a cable just making that clear to him there would not be any trouble at all about it.

PRESIDENT: We can straighten that out with Bob Bingham easily. I can make it clear to him.

AMBASSADOR: When I was here before that was the way it was worked. [If] done through the Embassy then he would think that I was coming over there to act as his assistant.

PRESIDENT: No, no. We can straighten that out with him all right. I will talk to him. Cordell will send him a wire on that.

AMBASSADOR: I think this thing can be done. You have had a lot of bad news, but frankly I am much more confident than you seem to be over there.

PRESIDENT: I think there is a real possibility.

AMBASSADOR: I think there is a tremendous possibility.

PRESIDENT: At Geneva were they all sore at the end?

AMBASSADOR: No, they got over it. I am to see Barthou⁶³ tomorrow. He is going to London right after the first of July and the Germans now are [coming?] around again today. They are very anxious to do something and wanted to know if they could come to see me in London. I said I would let them know but I said it would have to be done openly. Because they said they had an idea of these fellows going to Berlin tonight to talk it over. [Henderson?] is more happy now, and I think that the situation improves very gradually. Of course it will all be decided in about the next two or three weeks. We can tell much better in three weeks.

PRESIDENT: That is fine. Goodbye.

500.A15A5/88a : Telegram

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

WASHINGTON, June 14, 1934—6 p. m.

239. Norman Davis will be reaching London in a few days for the preliminary naval conversations. Our idea is to play down their importance in the eyes of the public as much as possible at least until the arrival of the Japanese experts in Mid-July. Largely to meet Japanese susceptibilities we desired to head up the conversations through the Embassy so as not to give rise to the impression that they constituted in any sense a preliminary conference or that we are setting up a separate Delegation at London. We hope in this way to profit both by your position as Ambassador to Great Britain and by that of Davis as our primary authority on disarmament. If the President and I did not know both you and Davis so well, we should

⁶³ French Minister for Foreign Affairs.

have hesitated to ask you to work together under such an arrangement, but with your rank and special knowledge of British conditions as an adjunct to Davis' technical preeminence in carrying through the conversations which he arranged for last spring, I am sure that this Government will be in a position to profit. I accordingly count on the whole-hearted cooperation of each of you and appreciate your help.

HULL

500.A15A5/86 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

GENEVA, June 14, 1934—8 p. m.
[Received 8:52 p. m.]

903. For the President and Secretary.

1. As a result of our telephone conversation I understand more clearly what was in your mind and appreciate your reasons for having the conversations ostensibly conducted through the Embassies until the Japanese arrive which will make it possible and expedient to institute the conversations in a more open way and eventually with a broader scope. My opinion is that what will determine the eventual success of the conversations with the Japanese will be the previous ironing out with the British of our differences on technical matters so that we can have a common viewpoint. It is, of course, difficult to tell just how much time will be required for this but perhaps not more than 2 weeks. It therefore seems to me that it would be advisable for me to proceed to London as planned and, after a talk with Leigh, get him started on technical discussions with Admiral Bellairs who, MacDonald told me, would represent the British. I could then absent myself on vacation somewhere near London where Leigh could get in touch with me at any time and more formally take up my job when the Japanese arrive or earlier if developments so warrant.

2. I will have to remain near London to keep in touch with developments on disarmament. The French have also expressed the hope that I will be in London when Barthou makes his visit in the early days of July.

3. Leaving tonight for Paris. Please reply there.

DAVIS

500.A15A5/126

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

No. 838

TOKYO, June 14, 1934.
[Received July 2.]

SIR: As the moment for the preliminary naval conversations in London approaches, there has arisen a reported divergence of views

between the Foreign Office and the Navy Department over the important question of what action Japan should take, if any, in abrogating the Washington Agreement of 1921 [1922].⁶⁴ This problem has been the subject of considerable discussion in the joint conference between the Foreign Office, the Navy Department and the War Department, and the Navy Department is pressing for abrogation at the earliest possible moment, that is on December 31, 1934, in order that Japan may lose no time in seeking liberation from the terms of that agreement. The War Department supports this view. On the other hand the Foreign Office opposes this policy on the ground that it would be undesirable and tactically unwise for Japan to take the initiative in abrogating the Treaty since it will lapse automatically when replaced by a further agreement if the Disarmament Conference in 1935 should prove successful. In the event that the Conference should fail, it is pointed out that Japan can then give notice of abrogation and that the delay of one year would not be of great importance. It is doubtful whether the question will be settled, however, until after the preliminary conversations shall have been concluded or at any rate until there has been an opportunity to obtain the views of Ambassador Saito, following his proposed visit to Tokyo next month.

That the Navy Department appears to be of no mind to alter its policy may be deduced from its reported statement in the press that the Foreign Office views are harmful to the interests of the country because they give the impression that Japan's views in the matter are not unified.

The report that the Anglo-American preliminary conversations may begin before the Anglo-Japanese conversations has given rise to warnings in the press that Japan will oppose any agreement based upon a tacit arrangement previously agreed upon between the United States and Great Britain and has evoked reference to the alleged understanding between Mr. Hoover and Mr. MacDonald⁶⁵ before the London Conference as a result of which Japan felt that her interests had been neglected and her feelings injured. It is stated that a thorough understanding on this point has been reached, however, between the British Foreign Office and Ambassador Matsudaira in London and that the British Government has assured the Japanese Government that the conversations will be made as informal as possible, that confidences exchanged will be strictly honored and that all the conversations will be conducted separately and in accordance with the principles of strict equality. It is understood here that the details of any previous conversations will be made known to Ambassador Matsudaira.

⁶⁴ Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922; for text, see *Foreign Relations*, 1922, vol. I, p. 247.

⁶⁵ For correspondence concerning the visit of the British Prime Minister to the United States, October 4-10, 1929, see *ibid.*, 1929, vol. III, pp. 1 ff.

Of considerable interest also is the fact reported in the *Asahi Shimbun* of June 10 that despite the present political crisis in Japan, due in part to the scandal in which the Finance Ministry is involved, the Navy Department has decided to formulate plans for its 1935-36 budget to meet its own requirements, regardless of what turn the present political situation may take. In the expectation that if the Finance Minister, Mr. Takahashi, is forced to resign his successor will carry out his policies, Admiral Osumi, Minister of the Navy, has already given instructions to each of the Department heads on the preparation of the budget. This is said to be drawn up with a view to demanding a considerable increase in the amount allotted for new construction, far exceeding the current year's expenditures of ¥234,000,000, on the grounds that at the Conference Japan will demand restoration of her independent rights in the question of determining the requirements of her national defense.

The desire of Germany and Soviet Russia to participate in the preliminary naval conversations has also been discussed in the press and it is said that the German Ambassador, Dr. Von Dirksen, has informally approached the Foreign Office in an attempt to secure Japan's support of Germany's wishes. While the Foreign Office has indicated that it will take no formal action on behalf of Germany or Soviet Russia it is the opinion of the press that Japan will maintain a sympathetic attitude toward Germany's desire to participate.

The policy of the United States with regard to the 1935 Conference is interpreted to the Japanese public by the press in the following terms:

1. The *status quo* to be maintained.
2. Maintenance of the present ratios.
3. Opposition to abolition of capital ships.
4. Maintenance of 10,000 ton cruisers.

In addition the United States is reported in the Japanese press to be willing to acquiesce in a proposal to make London the seat of the Conference. As the *Nichi Nichi Shimbun* of June 7 states: "The American policy is very thoughtful and far-seeing."

Respectfully yours,

JOSEPH C. GREW

500.A15A5/89 : Telegram

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

PARIS, June 15, 1934—3 p. m.

[Received June 15—12:47 p. m.]

442. From Norman Davis. As the Embassy in London has probably advised you the British Government desires to begin the naval conversations next Monday and to have the first meeting at 10 Downing Street at 10 o'clock. Atherton informed me of this by telephone

this morning and that the Government had advised the Embassy that MacDonalld, Sir Eyres-Monsell,⁶⁶ Admiral Little and Craigie would represent the British and wished to know what four persons would represent the United States. Atherton therefore asked me who should go besides the Ambassador, Admiral Leigh and myself. I suggested that Atherton himself also go since he will match Craigie. Atherton also told me it was the Ambassador's intention to attend this first meeting and then to drop out of the picture and wanted to know if that would be all right with me. I told him we would discuss that after my arrival in London.

As this meeting which the British are arranging will in spite of everything seem most formal and create considerable interest, I have decided after consultation with Bingham who agrees that it would be well for Pell⁶⁷ to go over Sunday so as to be there and then perhaps return here shortly. Unless you therefore see objection I shall instruct Pell accordingly. Ambassador Straus agrees. I go to London tomorrow. [Davis.]

STRAUS

500.A15A5/86: Telegram

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

WASHINGTON, June 15, 1934—3 p. m.

231. Personal for Norman Davis. Your 903, June 14, 8 p. m., from Geneva. It was always our understanding that the first purpose of the preliminary naval talks was to iron out with the British our differences on technical matters so as to achieve a common viewpoint. Whether this is to be done most effectively through direct naval talks between Leigh and Bellairs, or in the more orthodox manner through joint talks between you and responsible British officials, with the naval officers acting as advisers, is a question we cannot judge here. I doubt if you yourself can make a final decision on this point until after talking the situation over with Leigh on the basis of the President's technical instructions. We give you full latitude as to the tactics you choose to follow, but I want to make it perfectly clear that neither the President nor I wish you to run any risk of losing control of the talks you are guiding and that what we envisaged was a system of informal talks somewhat analogous to that you and Bingham had worked out last spring. I telegraphed Bingham last night explaining that I hoped that with his rank and special knowledge of British conditions as an adjunct to your technical preeminence

⁶⁶ First Lord of the British Admiralty.

⁶⁷ R. T. Pell, press officer of the American delegation; attached to the Embassy in France.

in carrying through the conversations which you arranged for last spring, this Government would be in a position to profit by the suggested arrangement.

To recapitulate: I am sure that Bingham will cheerfully cooperate with you in pursuing the course calculated to be most effective in carrying on these talks and I hope very much that you will not reach a decision as to the details of this course until you have thoroughly studied and sized up the situation after reaching London.

HULL

500.A15A5/89: Telegram

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

WASHINGTON, June 15, 1934—6 p. m.

233. For Norman Davis. Your 442, June 14 [15], 3 p. m. paragraph 2. Approved.

HULL

II. PRELIMINARY NAVAL CONVERSATIONS, FIRST SESSION (ANGLO-AMERICAN), JUNE 18-JULY 19, 1934

500.A15A5/94: Telegram

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

LONDON, June 18, 1934—10 p. m.

[Received June 18—8:20 p. m.]

332. From Norman Davis.⁶⁸ The first naval conversation took place this morning at 10 Downing Street. The Prime Minister,⁶⁹ the First Lord of the Admiralty,⁷⁰ Admiral Little⁷¹ and Craigie⁷² representing the British; Ambassador Bingham, myself, Admiral Leigh⁷³ and Atherton⁷⁴ representing the United States. Previous to this meeting we met in Ambassador Bingham's office and decided that since the conversations were taking place on British initiative we should listen to what the British had to propose before presenting any American considerations and avoid getting into technical discussions until we at least are in agreement on the major issues. The Prime Minister's open-

⁶⁸ Chairman of the American delegation to the General Disarmament Conference, temporarily in London for naval conversations.

⁶⁹ J. Ramsay MacDonald.

⁷⁰ Sir Bolton Meredith Eyres-Monsell.

⁷¹ Charles James Colebrooke Little, Deputy Chief of Naval Staff.

⁷² Robert Leslie Craigie, Counselor in the British Foreign Office.

⁷³ Richard H. Leigh, Chairman of General Board, U. S. Navy Department.

⁷⁴ Ray Atherton, Counselor of Embassy in Great Britain.

ing approach to the question was far more penetrating, frank and sympathetic than we were. He referred to the developments in the Far East and in Europe since the London Naval Conference⁷⁵ which had made the situation more serious and raised problems which had to be taken into consideration now. He stated that although Italy had accepted to take part in these preliminary naval conversations, as yet no reply had been received from the French. Nevertheless, he continued, it was realized that now one or more nations were considering a denunciation of the Washington Treaties. After a somewhat considered exchange of views upon this point the conclusion was reached that the representatives there present would recommend to their respective Governments that it should be our joint policy to preserve the fundamentals of the Washington Treaty⁷⁶ and to discourage any denunciation of it.

2. The Prime Minister then referred to the reported demand of the Japanese for the revision of the 5-5-3 naval ratio. MacDonald said that Matsudaira⁷⁷ had informed the British Government that he had been informed by his Government that this was not an official demand. MacDonald stated in substance that the British Government saw no justification for any increase in the Japanese ratio and wished to know if that was our view. I told him that we not only saw no justification but that we could not consent to it and that I thought it was most important for us to know whether we both were opposed to such an increase. After some discussion it was agreed that we should each recommend to our respective Governments that, should the Japanese seek any modification of the existing ratio, we should as a matter of guide ask Japan to explain in writing the exact reasons for which they sought such a modification, but that our joint policy should be respectively to refuse to accept even a minor modification in the Japanese ratio without previous Anglo-American consultation.

3. The Prime Minister then said that this naval problem involved a discussion of the Eastern situation generally which was a matter of vital importance and would be covered at length in a later conversation. In the meantime he intimated very definitely that the measure on which the two countries could coordinate their policies in this respect would bear decisively on the outlook England would take in the forthcoming naval discussions.

It was agreed that the only statement to be made to the press was a report that the meeting took place at 10 Downing Street, who were present, also that the questions discussed were as to procedure.

⁷⁵ For correspondence on the London Naval Conference, see *Foreign Relations*, 1930, vol. 1, pp. 1 ff.

⁷⁶ Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922; for text, see *ibid.*, 1922, vol. 1, p. 247.

⁷⁷ Tsuneo Matsudaira, Japanese Ambassador in Great Britain.

The last part of the conversations were occupied with those Japanese comments set forth in Embassy's telegram 292, May 31, 5 p. m. As regards (a) MacDonald pointed out the King's 25th anniversary to the throne would occur April next year in London and that if the holding of the Conference were postponed very long after that date it would interfere with the naval estimates to be presented in the budget some time the end of April. Accordingly he was in favor of calling the Naval Conference in January 1935. We explained that this was coincident with the reconvening of Congress and tentatively suggested June 1st. We stated however that we thought it was premature to try to settle upon a place and time for the Conference until we had a clearer idea as to the possibilities of a successful meeting when the Conference was convened. We decided to adjourn this discussion for the present.

As regards (b) we reached no definite decision beyond making it clear that the United States was inclined to favor London.

As regards (c) we were in accord with the Japanese proposal. MacDonald suggested that before our next meeting which is fixed for Wednesday morning it would be advisable for the British to see Matsudaira and also for me likewise to see him. We agreed with MacDonald that we should both state that we had discussed procedural questions but take occasion to state to Matsudaira that we had not discussed political questions other than to ascertain that neither of us has any present intention of raising any political question. [Davis.]

BINGHAM

500.A15A5/99 : Telegram

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

LONDON, June 19, 1934—5 p. m.

[Received June 19—2:05 p. m.]

335. From Norman Davis. We have been impressed by the emphasis placed by the British—in which we all fully concur—upon the necessity of the present naval conversations being kept most secret. To further this end, no notes were taken at yesterday's meeting and none are to be taken in the further discussions for the time being.

In this connection I have been greatly disturbed to learn that the Associated Press through some source in Washington has come into possession of the substance of the June 4 technical program,⁷⁸ including the proposal to abolish sub-categories, but that they are refraining from making use of it for the present. I need hardly emphasize how unfortunate any publicity in this matter would be.

⁷⁸ Not found in Department files.

With reference to the Department's telegram 234, June 9, 4 p. m.,⁷⁹ Bingham and I will forward confidential cables in secret code since we understand copy of all messages is on file in hands of Western Union in London and Western Union officials here are British subjects. [Davis.]

BINGHAM

500.A15A5/100 : Telegram

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

LONDON, June 19, 1934—6 p. m.

[Received 7:35 p. m.]

336. For the Secretary and the President from Norman Davis. From what I have been able to learn since my arrival, and particularly as a result of yesterday's conversation with British, I feel encouraged as does Ambassador Bingham in the possibility of reaching an understanding with the British on the basis of certain common basic objectives, namely, the avoidance of a naval race among the principal naval powers by multilateral agreement if possible, without, however, consenting to an increase in the Japanese ratio, and an understanding, if agreement with Japan on this basis proves impossible, that a race between the British and ourselves should at least be avoided.

While I believe it is as yet too early to enter upon a serious discussion of technical details, I nevertheless desire to make certain at this time that I fully understand your views on the technical problems between the British and ourselves, in order that we may deal with them satisfactorily when they arise.

My understanding of the President's instructions, as outlined in conversations with me before my departure and subsequently with Admiral Leigh, is that we should try to pave the way for the conclusion, at the 1935 Conference, of an agreement among the principal naval powers for a percentage reduction if possible up to 20 per cent, in the total treaty tonnages of all categories (except we should keep the present tonnage in aircraft carriers) without modification of the treaty ratios, or failing such reduction, a prolongation of the Washington and London Treaty limitations for as long a period as possible, say from 10 to 15 years.⁸⁰ Should agreement with the Japanese on such a basis prove impossible we should strive for an understanding with the British for parity on a sliding scale depending on Japanese building on the one hand, and on Continental European building on the other.

⁷⁹ Not printed.

⁸⁰ For message from President Roosevelt to Prime Minister MacDonald along these same lines, see telegram No. 270, June 26, 9 p. m., to the Ambassador in Great Britain, p. 277.

I am restating my understanding of our basic position in view of the written technical program brought over by Admiral Leigh which he informs me was prepared by the Navy and approved in substance by the President (General Board memorandum of June 4⁸¹). Certain of the points of this program seem to be at variance with the objectives I have outlined above, notably the suggestion looking toward the abolition of cruiser sub-categories since they would involve a serious modification in the present treaty. From what Admiral Leigh tells me, however, I take it that this latter is not a mandatory instruction designed to apply to the present treaty tonnages but only to such additional cruiser tonnage as might be agreed to in the event of a British demand for a larger cruiser allowance. On the basis of this interpretation, I foresee no difficulties, since this proposition would arise only in the event that the British take the initiative in asking for an increased cruiser allowance. I understand that the Navy would prefer a sooner or later abolition of the sub-categories but I believe that such a position would be too great a change from the London Treaty⁸² provisions to warrant any hope of successful advocacy thereof.

A similar doubt arises in my mind with respect to the question of the unit tonnage of capital ships. In my talk with Admiral Leigh and Commander Wilkinson⁸³ prior to the confidential preliminary conversations which we had here last spring at MacDonal'd's suggestion, they stated that, while they had not quite completed their studies, they had reached the conclusion that the Navy would be opposed to reducing the caliber of guns on battleships to 12 inches, but would probably be willing to reduce maximum permitted guns on capital ships to 14 inches, and to accomplish some reduction in maximum displacement. In my subsequent talks with the British, I did not indicate what Admiral Leigh had told me other than to say that I was satisfied our Navy would not favor reducing guns below 14 inches. The British, as indicated in my memorandum⁸⁴ already referred to, intimated that they would be willing, in order to reach an understanding with us, to agree to battleships of a maximum tonnage of 30,000 and a maximum caliber of 14 inches. Admiral Leigh tells me that recent studies warrant acceptance if it should prove necessary in negotiations of a 32,300-ton size, which would permit a fully protected ship and would allow 13 vessels within a total tonnage of 420,000, a 20 per cent reduction. While I am opposed to granting of any concessions which would be prejudicial to our interests, I think

⁸¹ Not found in Department files.

⁸² Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *Foreign Relations*, 1930, vol. I, p. 107.

⁸³ Theodore S. Wilkinson, Secretary of General Board, Navy Department.

⁸⁴ For memorandum of conversation between Prime Minister MacDonal'd and Mr. Davis, see p. 225.

it would be a strategic mistake for us to attempt, particularly at the beginning of the conversations, to initiate any suggestions which might have the result of widening rather than narrowing the relatively unimportant gap still existing between ourselves and the British on technical questions. If I am correct in my assumption that the main problem facing us is the question of the Japanese ratio, and if our most fruitful path toward meeting this problem is to search for a common ground with the British, then it would seem that we should avoid as far as possible bringing up new technical problems at least until we have explored the broader issues at stake. Once we have come to an understanding on these latter the possibilities of a mutual give-and-take on technical questions become greatly increased and we will find it easier to obtain concessions from the British on matters of particular concern to us.

I have little doubt but that the foregoing considerations are shared by all of us, both here and in Washington, but for the sake of enabling me to proceed with complete assurance of our common point of view, I should appreciate receiving your confirmation or approval of the delegation's understanding as above outlined. [Davis.]

BINGHAM

500.A15A5/99 : Telegram

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

WASHINGTON, June 19, 1934—7 p. m.

253. [For Davis.] Your 335, June 19, 5 p. m. We fully concur with the emphasis you lay on the necessity of keeping the present naval conversations most secret. Phillips⁸⁵ and Moffat⁸⁶ have talked with Admiral Standley⁸⁷ and have worked out a system which it is believed will prevent any possible leaks.

We are playing down the conversations here telling the press that we anticipate they will be rather drawn out and undramatic. There has been a good deal of publicity from London which we are watching closely. Is it not possible that the correspondents have some of our naval views prepared for the 1932 Geneva Conference⁸⁸ and are endeavoring to smoke out your position by pretending to have information of our present position? At any rate, you can count on the utmost care and cooperation at this end.

HULL

⁸⁵ William Phillips, Under Secretary of State.

⁸⁶ Pierrepont Moffat, Chief of the Division of Western European Affairs.

⁸⁷ William H. Standley, Chief of Naval Operations.

⁸⁸ Conference for the Reduction and Limitation of Armaments; for correspondence, see *Foreign Relations*, 1932, vol. 1, pp. 1 ff.

500.A15A5/101 : Telegram

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

LONDON, June 19, 1934—10 p. m.

[Received June 20—8:06 a. m.]

338. From Norman Davis. In a meeting with Ambassador Matsudaira this morning I told him of yesterday's conversations, as anticipated in the Embassy's telegram Number 332, June 18, 10 p. m. He told me that MacDonald had given him a similar account yesterday afternoon. He said that he was particularly gratified to learn that neither the British nor ourselves desired to bring up political questions and told me frankly and confidentially that they had been afraid we were going to try to raise the question of Manchukuo. He spoke of limitations which his Government had wanted to put upon the conversations but admitted that if we were to prepare properly for a conference it would be necessary to have more fundamental discussions, particularly with regard to technical questions.

I told him that I was sorry at the delay in the arrival of their naval advisers and asked if it were true that they were appointing a lieutenant commander for this purpose. He said that they had appointed him as an assistant Naval Attaché and that he was probably the one in the Navy Department who was conversant with the naval studies, but intimated that he expected the appointment of an officer of higher rank for the conversations.

He mentioned the question of ratio, and I expressed the hope that his Government had not definitely decided to raise such a question as that of a modification. He replied that although there was a strong sentiment in Japan, particularly in the Navy, in favor of an increase in ratio which was based, in part, on a question of national dignity and made it difficult for the Government not to press for it, the Government had not yet made a final decision as to the attitude it would take. While he could not assure me that they would not make the demand, he expressed the personal hope that no difficulty would arise over this. He remarked, however, that although the liberal element is gaining some ground in Japan he still felt that his views were not shared by public opinion.

Matsudaira declared they did not want the conference in Tokyo. He had rather assumed we would want it in Washington. Although there was some objections to London he thought his Government would agree if the rest of us favor it. [Davis.]

BINGHAM

500.A15A5/100 : Telegram

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

WASHINGTON, June 20, 1934—7 p. m.

255. [For Davis.] Your 336, June 19, 6 p. m.

1. Your telegram is most welcome in that it gives an opportunity to dispel at once any possible basis of misunderstanding. What you call the "written technical program" of June 4 was never intended as a program to be advanced by us *in toto*. Parts of it, such as the two points to which you specifically referred, namely the abolition of cruiser sub-categories and the unit tonnage of capital ships, were intended to represent the ultimate limit of concession and not a statement of our first position.

2. With regard to sub-categories, you are right in assuming that if the British do not too insistently demand additional cruiser tonnage, the problem need never arise. The Navy tells us that with the present tonnage in the two cruiser sub-categories built or laid down, there is no need as a practical matter to abolish sub-categories in a new treaty of 10 to 15 years duration unless additional tonnage is agreed to and even then only in respect to that additional tonnage.

3. With regard to the unit tonnage of capital ships, we feel that the initiative for any change should come from the British, and the details of the "technical plan" merely indicate the extent to which we could meet them in an effort to reach a common viewpoint.

4. We entirely concur in your analysis of the President's instructions as outlined in your paragraph 3 and agree with you that we should not take the initiative in offering suggestions of a technical character at least until the general picture is clearer.

5. We have discussed your telegram with Admiral Standley who concurs in the substance of this reply.

HULL

500.A15A5/104 : Telegram

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

LONDON, June 21, 1934—4 p. m.

[Received June 21—11:20 a. m.]

343. From Norman Davis. In our meeting at 10 Downing Street today we reviewed somewhat the ground covered reported in my 332, June 18, 10 p. m., and reached the following tentative proposals for submission to the respective Governments:

(1) That any treaty negotiated in 1935 must run concurrently with the Washington Treaty.

(2) That in the event of failure of general agreement in 1935 the United States and Great Britain, who are in agreement as to the maintenance of parity as between them, will endeavor to conclude a treaty that would prevent a naval race as between us, the level of parity to be determined by world events. It was agreed however that no written record should be made of this.

The Prime Minister said he was sorry to have to say that the situation confronting the British Government which is very different and much more serious than when the London Treaty was signed, necessitating an increase in cruiser tonnage. Aside from the Far East they are particularly concerned over the increase in the French Navy and now over the Italian decision to build two 35,000-ton battleships. We expressed surprise and regret to learn that they are seriously considering an increase over the London Treaty limit and said it would be a great shock to public opinion if the forthcoming Naval Conference were to result in substantial increases.

MacDonald said they were prepared to explain fully and frankly the facts and reasons and believed they could satisfy us as to the need and justification for an increase.

It was agreed that a technical subcommittee would be set up for the purpose of examining the facts after which we would have a full meeting for further discussions. [Davis.]

BINGHAM

500.A15A5/100 : Telegram

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

WASHINGTON, June 21, 1934—6 p. m.

256. [For Davis.] Your 336, June 19, 6 p. m., paragraph 3. The Navy has called our attention to the fact that the wording of your parenthesis reading "except we should keep the present tonnage in aircraft carriers" omits mention of cruisers, which in the tables of percentage reduction accompanying General Board memorandum of June 4 are assimilated to aircraft carriers in this respect.

HULL

500.A15A5/105 : Telegram

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

LONDON, June 22, 1934—noon.

[Received June 22—8:45 a. m.]

344. My telegram No. 343, June 21, 4 p. m. At a meeting of technical experts this morning attended by Atherton, Leigh, Field⁸⁹ and

⁸⁹ Noel H. Field of the Division of Western European Affairs.

Wilkinson, the British elaborated their proposals made yesterday as follows:

Battleships to remain 15 in number, 12-inch guns, maximum displacement 25,000 tons, which they state will provide an 8-gun, 23-knot, maximum protected ship.

Aircraft carrier tonnage to be reduced to 110,000, with maximum displacement 22,000 tons, permitting five such ships (or more of smaller size). Reduction to be accomplished on ultimate replacement of present vessels such as *Lexington* and *Saratoga*. Suggested reduce guns to 4.7 inches.

Cruisers—present treaty allowance of 8-inch cruisers to be retained but no additional, and no replacements to be accomplished during life of treaty. 10,000-ton 6-inch cruisers to be limited in number to 10, 10 and 6 for England, United States, Japan, respectively. Additional cruiser tonnage of 250,000 to be utilized in ships not over 7,000 tons. Total under-age cruiser tonnage 491,800. Also 10 over-age cruisers to be retained and to be replaced successively by other cruisers as they in turn become over-age; thus cruisers becoming over-age are (1) replaced by new cruisers built, (2) not scrapped but retained while still older ships are scrapped.

Destroyers to be reduced to 100,000 tons if submarines are abolished. If submarines are reduced to 40,000 tons, destroyers to remain at 150,000 tons. If submarine allowances are fixed above 40,000 tons, over-age destroyers to a total of 50,000 tons to be retained.

Submarines to be abolished or maximum reduction of tonnage to be sought. Reduction in size to 250 tons desired but not insisted upon. Allowance of submarines to be held to 40,000 tons or below if practicable and to a maximum number of 45. All five powers to have parity in submarines.

For cruisers and destroyers necessary modifications to be made to London Treaty to permit retaining over-age ships and tonnage above noted, instead of scrapping down to treaty limits by 31 December 1936.

Dominion quotas will be discussed later in major conversations rather than by experts. Indications are however that these quotas will be additional to tonnages cited above.

Technical experts agreed to meet again at a date to be mutually fixed.

BINGHAM

500.A15A5/107a : Telegram

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

WASHINGTON, June 22, 1934—4 p. m.

259. The American press has been filled for the last 2 or 3 days with information concerning the preliminary conversations which is ob-

viously inspired from British sources. While to be sure many specific details have not been given, we have learned every day from the press in advance of your telegrams the nature of the discussions together with a full presentation of the British point of view. The general tenor of the stories coming out of London is to the effect that the British are going to enter the new Conference, if held, in the same spirit in which they went to Geneva in 1927⁹⁰ but that this time they think the United States will be with them. I hope you will informally call to the attention of the British that they are in effect fighting their battle for increased tonnage in the press; that thus far in spite of considerable pressure, we have lived up to the spirit of the understanding that there would be a minimum of publicity but that the pressure for authoritative American guidance as to our reaction to the British position is growing in direct proportion to the press despatches coming out of England.

Since dictating the foregoing, the following Associated Press despatch has been published:

“Negotiations between United States and British experts here were stopped temporarily today on receipt of instructions from Washington. The nature of the note received by the American Delegation was not disclosed. It was indicated, however, that as a result of new directions from the United States there will be no more sessions of the Bilateral Conference until Monday.”⁹¹

We are at a loss to understand the basis of this despatch.

HULL

500.A15A5/106: Telegram

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

LONDON, June 22, 1934—7 p. m.

[Received June 22—2: 15 p. m.]

349. From Davis. Embassy's telegram 344, June 22, noon. Bingham and I feel that the program proposed by the British at the meeting of experts yesterday is so unacceptable from our point of view that we should tell the British we think it inadvisable to enter upon technical discussions on such a basis. We will, however, cable later our more considered views as to the course we should pursue. [Davis.]

BINGHAM

⁹⁰ Three-Power Conference for the Limitation of Naval Armament, Geneva, June 20–August 4, 1927; for correspondence, see *Foreign Relations, 1927*, vol. I, pp. 1 ff.

⁹¹ June 25.

500.A15A5/107 : Telegram

*The Ambassador in Japan (Grew) to the Secretary of State*⁹²

TOKYO, June 22, 1934—8 p. m.
 [Received June 22—1:35 p. m.]

132. Captain Shimomura, attaché to naval general staff as head of American section, called today on Naval Attaché⁹³ to obtain passport visa to visit the United States. He plans to sail June 28 in order to have frank talks with naval authorities in Washington and London on the issues likely to come up at the Naval Conference and has asked Naval Attaché to arrange private very confidential interview with Admiral Standley. He requests that his visit abroad be kept confidential as very few Japanese naval officers know of it. In view of the fact that Captain Shimomura is a member of the Naval Committee working with the Foreign Office and the War Department on Japan's policy at the coming Naval Conference, the Naval Attaché considers his remarks in their conversation today as the first authoritative statement we have had with regard to Japan's naval policy. I therefore believe it important at this juncture to cable the following summary:

1. Captain Shimomura stated positively and firmly that no Japanese delegates who signed a treaty agreeing to the present ratio could return to Japan and live and that no government which had so agreed could survive. If the United States insists in the preliminary conversations on maintaining the present ratio it would be no use to hold the conference next year. This has now become a national issue in Japan. If parity with the United States and England is conceded in principle he did not believe that Japan would build up to it. Japan does desire more tonnage in submarines, destroyers and cruisers for adequate national defense. The principle of global tonnage not yet decided but might be acceptable. Abolition of carriers will probably not be asked.

2. Japan does not desire political questions in discussion of the London Treaty as that treaty is purely naval. In the main conference Japan may propose that "Manchukuo be left as it is, unrecognized, the present status to stay". Japan has no ambitions on the Continent of Asia or the Philippines and absolutely supports the open door policy. Would like to have the Nine Power Treaty⁹⁴ revised to leave Manchuria as it is and include the present provisions for equal rights to all in China. Japan will not start a war with Russia but of course will fight if attacked. The same is true of China.

⁹² Repeated to the Ambassador in Great Britain as telegram No. 260, June 22, 6 p. m.

⁹³ Capt. Fred F. Rogers.

⁹⁴ Treaty between the United States, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. 1, p. 276.

3. Japan is chiefly concerned with a naval agreement with the United States at the coming conference and is not so much concerned with England. He explained that "the British Empire is already an old man".

4. No technical naval advisers are being sent to the preliminary conversations in London as Japan does not expect technical subjects to be discussed. No special instructions, at least by official messenger, have been sent to the Japanese Ambassador in London.

5. Japan does not care where the next conference is held.

6. Admiral Osumi, the Minister of the Navy, will be the chief naval delegate next year but this is still strictly confidential.

The Naval Attaché gathered from the conversation that the principle of parity with the United States is all important and believes that if such a concession could be worked out Japan would accept approximately her present tonnage with the right to build whatever types she desires within that tonnage.

Please communicate to office of Naval Intelligence as from the Naval Attaché.

GREW

500.A15A5/108 : Telegram

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

LONDON, June 23, 1934—5 p. m.

[Received June 23—2:30 p. m.]

351. From Davis. Your 259, June 22, 4 p. m. American newspapermen almost without exception believe that the British expected us to come to London with a plan or project which we would immediately table and when we failed to do this they determined to draw us out first by publicity and second by presenting the Admiralty's maximum demands which are well known to newspapermen here. According to this view the British desire to obtain expositions of position successively from us, the Japanese, the French and the Italians in order that they may ascertain the maximum points of agreement and draw compromise terms of reference on which the Conference may be based.

With regard to your last paragraph quoting an Associated Press despatch, the Associated Press office here has repeated to me its text which read "suspended" instead of "stopped" and "pending receipt of" instead of "on receipt of". After the meeting between the technical experts the British press office informed the correspondents that the British naval experts had explained their technical naval position to the Americans and that no time had been fixed for a further meeting.

When newspapermen asked why no time had been set they were informed that presumably the Americans had to get instructions from Washington.

The British Admiralty 2 weeks ago told our newspapermen what in effect was their technical position; consequently when they were later informed that the British had explained their technical position to us, our men obviously made use of the information that had been given them and wrote their despatches accordingly. We are informed, and circumstances bear this out, the Government has ordered the *Daily Telegraph* and the *Morning Post* the big navy papers to publish nothing about these conversations. The *Daily Herald*, an opposition paper, made one attack against the Government yesterday, but has not followed it up with information today. [Davis.]

BINGHAM

500.A15A5/109 : Telegram

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

LONDON, June 25, 1934—noon.
[Received June 25—11:55 a. m.⁹⁶]

352. From Davis. Embassy's 349, June 22, 7 p. m. The position taken by the British last Thursday in submitting their naval program is so completely different from what they indicated it would be in their conversations with Bingham and me last April, and so unacceptable from our point of view as a basis for a treaty, that we have all come to the conclusion after full consideration that we should tell MacDonald frankly that the possibility of agreement on such a basis as that indicated is so remote, that we feel it would serve no useful purpose to continue further with the discussions on such a basis.

The program which they propose involves such a radical change from the London Treaty—which itself was a compromise arrived at to reconcile our divergent points of view—that we judged we should contemplate American public opinion, which strongly favors a further reduction in naval armaments international agreement, would never stand for a treaty providing for a large increase in the London Treaty limitations and that we would be unwilling to negotiate along such lines. Furthermore if we should agree to open the door so wide for the British it would make an agreement with Japan all the more difficult and give Japan an excuse to press for alteration in ratios.

We think that it would be inadvisable now to counter with any technical proposals of our own as the British are eager to have us do, and

⁹⁶ Telegram in two sections.

that we should take the position that, while there are certain technical modifications we would like to have, we would in general desire a renewal of the London Treaty for 10 to 15 years, preferably with such reductions in individual categories as can be agreed upon. Furthermore we should say that while we would not presume to judge whether they actually require the cruiser tonnage indicated we are concerned about whether a fleet such as they envisage would provide a possible basis for a treaty.

MacDonald had indicated at the meeting on Wednesday [*Thursday?*]⁹⁷ that they would explain fully the reasons which had induced them to advance their new program. At the subsequent technical meeting,⁹⁸ however, they failed to present any real arguments justifying their change of front save to refer to the general "political deterioration" which had taken place. Admiral Little frankly said that their present cruiser figures had always been the Admiralty program and that in 1930 they had been persuaded to accept a limit below 70 cruisers as a temporary measure for a briefer treaty period than was envisaged, in view of the large amount of cruiser tonnage which was due to become over age prior to 1936 and the replacement of which it was desirable to spread over a longer period of years.

Craigie who asked to see me yesterday evidently to ascertain my reaction to their proposals was somewhat disconcerted when I told him that I had not yet sufficiently recovered from the shock to discuss it seriously. He then insisted that we must not consider it either as a definite proposal or as their final position. I told him that two alternatives seemed to lie before us: (1) either a treaty providing for reductions or at most the existing maximum tonnages with no change in ratios; or, (2) no treaty at all and no limitations. In the latter event we would have to consider what to do about the Washington Treaty and the limitations provided therein. He said that we must of course work for a treaty.

It is evident that the Admiralty point of view is at present predominant and that it became so far [*as?*] a result of the French note of April 17⁹⁹ terminating diplomatic negotiations on disarmament and the subsequent outburst of Japan with regard to her Far Eastern policy. This confronted the British with two difficult situations with which they did not feel they were in a position to cope if force were required. It is therefore probable that it will take some time for the British to crystallize their future policy which has such a bearing upon the naval question.

⁹⁷ June 21; see telegram No. 343, June 21, 4 p. m., from the Ambassador in Great Britain, p. 266.

⁹⁸ See telegram No. 344, June 22, noon, from the Ambassador in Great Britain, p. 267.

⁹⁹ Great Britain, Cmd. 4559, Miscellaneous No. 5 (1934): *Further Memoranda on Disarmament, February 14 to April 17, 1934*, p. 20.

Craigie told me in the greatest confidence that there are three alternatives to consider. First, a conciliatory policy towards Japan with a view of insuring against Japanese interference with British interests in the Far East on the assumption that this would enable the British to keep down their naval requirements. This he said, however, was held by a small minority, that it was not shared at all by the Admiralty which is opposed to any concessions to Japan and strongly in favor of the most friendly cooperation with the United States, and that he personally was satisfied that such a policy towards Japan was unwise and would not prevail as it would disrupt the British Empire. The second course would be for them to get an increase in their cruiser tonnage that would enable them to cope with Japan alone if necessary. Or, third, in case Japan refuses [to] make an agreement which is satisfactory to both of us for renewal of the treaty, to have an Anglo-American naval agreement for parity the level of which would be determined by events and that we would in case of necessity consult with regard to same. He hoped therefore that we would continue our discussions on the present frank and friendly basis with the Admiralty because he personally was satisfied that with the right spirit we would be able to reconcile our divergent points of view.

This conversation with Craigie confirms our view that the proper strategy for us is to take a strong stand at the outset and thus face the British Government with the danger of an early break-down of the conversations over their demand for a large increase in cruiser tonnage. While it would be unfortunate if this should result in terminating the conversations, it would be even more unfortunate to pursue them indefinitely and ultimately fail to reach a sufficient understanding to insure subsequent agreement at a [later date?] at least between the British and ourselves. On the other hand, this strategy will leave the door open to a possible eventual reconsideration by the British of their program in the face of our unwillingness to bargain over their extreme demands.

Please advise as soon as possible whether you agree. [Davis.]

BINGHAM

500.A15A5/111 : Telegram

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

LONDON, June 25, 1934—6 p. m.

[Received June 25—1 : 42 p. m.]

354. From Norman Davis. After an official luncheon at 10 Downing Street which we all attended MacDonalld engaged me in conversation. He said that they were quite disturbed at the publicity in

the American press about their program of requirements which had been submitted confidentially to us. I told him it was unfortunate, but that our press did not get it from us; that after the meeting of experts last Thursday, the British told the press they had stated their requirements to us and that on being asked by the press when the next meeting would be, they told them no time had been fixed; that the press then asked why and they replied they assumed the Americans wanted time in which to consult Washington, and that naturally it did not require much imagination after that to write the despatches which they did.

I then told him that I was not so concerned about the press despatches as I was about the actual fact of the submission of their proposals, which evidenced such a marked change in their attitude since last April in the talks with Bingham and me; and which had unquestionably been a shock to Washington as it has been to us. He replied that as I must know, the situation in Europe and in the Far East had become more serious since that time, but that it was a mistake to construe their statement of requirements as a proposal which it was not intended to be. I said even so it would not seem to me to furnish a useful basis upon which to pursue discussions and that it would be very unfortunate if we should reach an impasse in the discussions, and that I thought it advisable to have a full meeting to discuss the matter thoroughly before considering the advisability of any further technical discussions. He then said that we simply must not have an impasse; that this was a matter that concerned us almost as much as it did them, and that we simply must reach a common point of view because otherwise we would be playing into the hands of the Japanese.

He said that he was terribly swamped planning to get away at the end of the week for a long vacation, and had to leave in a few minutes to attend Parliament but that we must clear this matter up before he leaves, and that he would have Hankey¹ arrange an early meeting, which the latter agreed to do. [Davis.]

BINGHAM

500.A15A5/113

Memorandum by the Secretary of State

[WASHINGTON,] June 25, 1934.

The Japanese Ambassador² called merely to say goodbye before leaving tomorrow for Japan. He showed no disposition to follow up any further the questions about increases of American tariffs against certain Japanese importations.

¹ Sir Maurice Hankey, Secretary of the British Cabinet.

² Hiroshi Saito.

He did inquire whether I had any special news about the British and American naval conversations in London. I stated that I had nothing new or materially different from what we saw in the press; that speaking in great confidence I was somewhat surprised at the British proposal, and that the United States was only interested in disarmament.

C[ORDELL] H[ULL]

500.A15A5/114 : Telegram

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

LONDON, June 26, 1934—5 p. m.

[Received June 26—1 : 33 p. m.]

360. From Davis. It is becoming increasingly evident that Russia wants to take part in the preliminary naval conversations and that the French will probably propose that an invitation be extended them. Efforts will likewise undoubtedly be made to force us to take a stand with regard to Russian participation.

Kuh of the United Press who arrived yesterday from Moscow and who is very close to Russian officials, has already begun to agitate the question and to attempt to force a statement of our views, claiming that our Embassy in Moscow is encouraging this move. I have declined to see Kuh and have authorized Pell to answer inquiries to the effect that we have come here on invitation from the British, that at the time we were invited we were informed that invitations would be extended to Japan, France and Italy; and that it is not therefore for us to extend invitations to any power or to take a position as to whom invitations will be extended.

I assume from your 435, June 13, noon,³ that you would be opposed to the inclusion of Russia in these conversations were the question to be brought up. All indications point to the fact that the question will not be raised as the British are opposed to the extension of the conversations beyond the five naval powers. [Davis.]

BINGHAM

500.A15A5/111 : Telegram

*The Secretary of State to the Ambassador in Great Britain
(Bingham)*⁴

WASHINGTON, June 26, 1934—8 p. m.

269. [For Davis.] Your 352, June 25, noon, and 354, June 26, 6 p. m. We approve your recommendation in paragraph 8 to take a strong stand with the British delegates from the very outset, and feel

³ *Ante*, p. 248.

⁴ Marginal notation in original: "Approved by the President. Copy initialled by Adm[iral] Standley."

that the arguments you set forth in the first three paragraphs of your telegram are well taken.

For your guidance. Whether or not the British exposition is a statement of position or a proposal, it is wholly unacceptable to the United States even as a basis of discussion. It is obvious that we must still seek either a treaty providing for reductions or at most the existing maximum tonnages with no change in ratios, but we should use every effort for the first. No counter American proposal should be made and no reconciling technical discussions should be entered into.

The British position or proposal regarding a navy for the separate Dominions is wholly unacceptable.

It is difficult to understand the subtle distinction made by MacDonald and Craigie between a "statement of position" and a "proposal" but this may well offer them a golden bridge for retreat and we for our part will facilitate it by indicating to the press, if necessary, that whatever increases the British technical experts may have indicated as their preference the British delegates have not committed themselves in any way, and that the conversations are still in an exploratory stage.

We are just as anxious as MacDonald to reach a common viewpoint but could not justify a radical departure from the principle embodied in the London Treaty.

As the immediate essential in procedure is to avoid any discrepancy in press reaction between London and Washington, please telegraph us at once, and in advance if possible, any explanation or guidance you plan to give to the American press as to our position.

HULL

500.A15A5/111 : Telegram

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

WASHINGTON, June 26, 1934—9 p. m.

270. From the President for Davis.

"Tell the Prime Minister confidentially from me that it is still my thought that the difficult situation of modern civilization throughout the world demands for the social and economic good of human beings a reduction in armaments and not an increase; that I am well aware of the pressure exercised by Navy Departments and Admiralties; that, nevertheless, I hope those in high authority in government will work with me for a new naval treaty calling for a reduction in navies and that to this end I have suggested a renewal of the Washington and London treaties for at least 10 years on a basis of a 20% reduction to be accomplished during that 10 year period.

I am not going into technicalities of tonnage or classes or guns at this time, because these can be solved if the naval nations agree on the big basic principle."

The President says that the Prime Minister may communicate this message to the Cabinet, if he so desires, but he requests that no publicity be given to it at the present stage.

HULL

500.A15A5/114 : Telegram

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

WASHINGTON, June 27, 1934—1 p. m.

271. [For Davis] Your 360, June 26, 5 p. m. We agree with the British that it would be inadvisable to extend either the preliminary conversations or the 1935 Conference beyond the five principal Naval Powers.

HULL

500.A15A5/115 : Telegram

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

PARIS, June 27, 1934—3 p. m.

[Received June 27—11:10 a. m.]

473. Piétri, Minister of Marine, who is accompanying Barthou⁵ to London on July 8, asked me to call on him in order to let me know that he was approaching the naval conversations in London without having authorized any 35,000-ton battleship for France even though Italy had made such authorization. He felt that France had no necessity for a type of this size and said that they felt that they did not necessarily have to consider the sizes of ships used by Great Britain and America. He likewise said that France might be prepared if all went well to be more lenient in respect to limitation by categories than hitherto. He told me that he had pointed out to the British that the possibility of equality of rights might be raised on the subject of naval armaments but he agreed that the principal question to be settled was whether or not the five powers signatories to the existing treaties wished to prolong them in their general outline and he felt that Japan while endeavoring to obtain a change of ratio would be extremely reluctant to give up the advantages gained by the Washington Treaty.

Text of memorandum of conversation⁶ follows by pouch, cipher text mailed to London.

MARRINER

⁵ Jean Louis Barthou, French Minister for Foreign Affairs.

⁶ Not printed.

500.A15A5/116 : Telegram

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

LONDON, June 27, 1934—5 p. m.
[Received June 27—1:46 p. m.]

363. For President and the Secretary from Norman Davis. Your 269 and 270 of June 26th are very helpful. We are having a meeting in MacDonald's office at the House of Commons at 3:30 this afternoon which we will report at once.

In the meantime Bingham and I are impressed by the fact that while the British are showing disturbance over our reaction to their technical proposals they are holding strongly to their position. They intimate that we have misconstrued the spirit and intention which animates them and do not fully appreciate the difficulties they are facing. In substance they tell us that in 1930 England and America faced a single problem, namely, the Japanese; whereas today America still faces only this single problem, England now also faces the acute problem of Europe which is relatively academic to the United States. Although they believe that real understanding between the United States, Great Britain is developing in spite of many differences, which in the long run will grow and improve, they feel that our policy in the Pacific is an uncertain factor, increasingly so on account of our withdrawal from the Philippines, and that, therefore, they must, themselves, be prepared for all eventualities. This opinion is predominant in the Baldwin group which is the dominant factor in British politics. They are thus confronted with the problem of dealing with the Japanese alone, for which they want to be prepared but which they do not wish to tackle until the European situation is eased. While they do not definitely say so they intimate that if they cannot count on our cooperation in the Pacific they must be prepared to deal with it alone but that if we could agree upon a policy of cooperation in the Far East—which they would like very much to do—our differences on technical naval questions would automatically solve themselves. They intimate however that public opinion here would not approve of any understanding with us as to such a policy unless it were embodied in an agreement ratified by the Senate.

I believe they would deplore with the utmost frankness the development of any impression that Anglo-American naval conversations were unsatisfactory. In their view it is not practicable to reach a more definite understanding on technical questions now as they must wait until the more imponderable questions clarify themselves to some extent. Some of these imponderables will doubtless be somewhat clari-

fied by the forthcoming bilateral conversations with the French and Japanese, and other imponderables as well as European and especially the German situation will probably diminish between now and next spring. So that even if conversations should shortly cease temporarily, the British desire that they be adjourned on the understanding that we had examined not only the positions of the two Governments as to the date and place of the conference but the conditions under which the two Governments would be prepared to continue the naval treaties. In this manner we not only do not close the door to further discussions but also remove any impression of tension. The British state frankly that, if we fail to reach an agreement with Japan, they feel that the only wise course would be for the two of us to reach a naval agreement which would then automatically facilitate reconciliation of our views with regard to technical naval programs. They think, however, that it would be inadvisable and premature to consider this until such a contingency arises.

We will agree with the British this afternoon as to the lead to give the press. [Davis.]

BINGHAM

500.A15A5/98: Telegram

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

WASHINGTON, June 27, 1934—7 p. m.

141. Your 142, June 15, 1 p. m.⁷ Norman Davis now at London has informed Department⁸ that the question of Soviet participation in the preliminary naval conversations is being agitated by Kuh of the United Press who has just arrived from Moscow and is endeavoring to force a statement of our views, claiming that the Embassy in Moscow is encouraging this move. Mr. Davis has authorized that inquiries with regard to our attitude be answered to the effect that we have come on invitation from the British, that at the time we were invited we were informed that invitations would be extended to Japan, France and Italy and that it is not therefore for us to extend invitation to any Power or to take a position as to whom invitations will be extended. Mr. Davis states that all indications point to the fact that the question of Soviet participation will not be raised as the British are opposed to the extension beyond the five naval Powers.

The Department has informed Mr. Davis⁹ that we agree with the British that it would be inadvisable to extend either the preliminary

⁷ Not printed.

⁸ Telegram No. 360, June 26, 5 p. m., from the Ambassador in Great Britain, p. 276.

⁹ Telegram No. 271, June 27, 1 p. m., to the Ambassador in Great Britain, p. 278.

naval conversations or the 1935 naval conference beyond the five principal naval Powers.

Department had previously informed Mr. Davis that we were opposed to enlarging the 1935 naval conference by the inclusion of other naval Powers with their attendant naval problems.

HULL

500.A15A5/117 : Telegram

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

LONDON, June 27, 1934—9 p. m.

[Received June 28—1:47 a. m.]

364. From Norman Davis. At the meeting this afternoon Baldwin and Simon¹⁰ were present in addition to MacDonald and the others who have been representing the British in these meetings. MacDonald began by stating that since he is now leaving on his vacation and others will have to take over in his place, he wished to have a further exchange of views. He then recited their difficulties and their attitude which was substantially as outlined in our number 363.¹¹ He said he thought it of the utmost importance to prevent any impression that there is any irreconcilable difference between us because if the other naval powers think that the United States and England are unable to get together it will be impossible to negotiate successfully with them. He said that the British had stated their position in the utmost frankness and told us what they felt their naval requirements to be to enable them to cope with situations which now confront them, and they hoped that in the same spirit and frankness we would give them our figures and indicate how far we would be willing to go to meet them. I then handed to MacDonald the President's message¹² and outlined our views and objections to entering upon technical discussions on the basis of their program which for us does not furnish an acceptable basis for discussion.

MacDonald then asked me to say to the President that he realized the desirability of a further reduction in naval tonnage on which they would like very much to meet us, but that he did hope we would appreciate that they are facing greater difficulties than we are and until the situation is somewhat cleared it would be most difficult for them to agree to such reductions. He said, however, we ought to be able through a full discussion between the naval experts to agree upon substantial reductions in some categories that would more than coun-

¹⁰ Sir John Simon, British Secretary of State for Foreign Affairs.

¹¹ June 27, 5 p. m., p. 279.

¹² See telegram No. 270, June 26, 9 p. m., to the Ambassador in Great Britain, p. 277.

terbalance the increase in cruiser tonnage which they feel is of vital importance to them. He then asked if we would not submit our views on a technical program. We told him that while there are certain modifications we would like in the present treaty, we are willing to take it as it is with a total tonnage reduction of 20 per cent but that if they agree in principle that our primary concern should be a renewal of existing treaties, with such modifications as can be agreed upon that would give a net reduction in total tonnage, then we would be prepared to discuss it along that line. While he insisted that we should not consider their program as a critique proposal, we told him that the distinction he was drawing was too fine to obviate the difficulty which they are raising. We told them that while we sympathize with and appreciate their preoccupations it would be misleading and unfair to them to discuss a possible increase of 60 per cent in cruiser tonnage for we simply would not negotiate a treaty on such conditions. MacDonald then said that he must tell us that he must leave and before saying good-bye he wanted to urge upon us a patient and friendly continuance of effort to find a ground upon which we could meet because of the importance to the peace of the world and ourselves of developing Anglo-American friendship and cooperation. Baldwin then said that if England were to have trouble with Japan now it is simply not in a position to deal successfully with the situation and that is something we must bear in mind in our consideration of this problem. In adjourning the meeting it was agreed we would both tell the press that we had met at the request of the Prime Minister who wished to have a final meeting before his departure, that we had continued our exploratory conversations and that we would have further discussions. But we all agreed that we should give the impression that conversations are progressing normally. A time was not fixed for the next meeting but it was agreed that we would have private discussions and later determine about a further meeting. Baldwin said he thought we ought to have time to digest what we have done today and then meet again and in saying good-bye he told me he would be glad for us to get together in a few days for a further talk. [Davis.]

BINGHAM

500.A15A5/118 : Telegram

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

LONDON, June 28, 1934—5 p. m.

[Received June 28—3 p. m.]

367. For the President and Secretary from Norman Davis. As a result of the meeting with the British yesterday I got the distinct impression, which Ambassador Bingham shares, that they are not pre-

pared now to agree upon a renewal of the London Treaty without important modifications. While insisting that the program submitted to us was not a proposal, and that Anglo-American cooperation was more important than anything else, they did not recede from their position but did urge us to have patience and continue our efforts in a friendly and accommodating spirit to reach a treaty agreement ultimately. My personal opinion is that their strategy is directed in the last analysis towards either having a navy that will enable them independently to take care of themselves in the various eventualities they envisage or to say at a given time that if we can agree upon a common policy in contractual form in the Far East which would give them advance assurance that they would not have to deal with Japan single handed, then they would not need so large a navy.

While the British feel that the possibility of a conflict with us is too remote to be taken into their calculations and while the Admiralty is, I am persuaded, in favor of the closest possible friendship with our Navy and opposed to making concessions to Japan, they are nevertheless concerned over our superiority in large cruisers and likewise over those of the Japanese.

They are also concerned over the fact that the increase in the French naval tonnage has been, since the Washington Treaty only 10,000 tons less than the British.

The preoccupation of the Admiralty is primarily a technical naval one but the preoccupation of the Cabinet over the political situation has won them around to a large extent to the Admiralty point of view. They admitted yesterday, however, that if they could reach an agreement with France it would help them to make some modifications in their program. But Baldwin even then expressed more concern about Japan.

What the British would apparently like very much to do is to see just how close we could get together, primarily in the way of reducing battleship tonnage and caliber of guns and how much of an increase in cruiser tonnage would be allowed. If we are then not too far apart to make ultimate agreement seem impossible they would like to let the situation stand until they can see what they can do with France and then what we can both do with Japan, and failing in that what we could agree upon as between us.

Since the British want a larger naval program they would be embarrassed to have it publicly known that we are proposing a reduction. I am hoping Baldwin will realize that if the United States and England should both propose to Japan a renewal of the London Treaty with such modifications as will result in a net total tonnage reduction, we would be on better ground to refuse a change in ratio, [and?] adopt whatever course may be deemed desirable in case Japan refuses to sign.

As MacDonald is now out of it and Baldwin is taking over my judgment is that before taking any further steps I should have a frank and full private talk with Baldwin which he has told me he would like to have. [Davis.]

BINGHAM

500.A15A5/118 : Telegram

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

WASHINGTON, June 29, 1934—6 p. m.

277. For Norman Davis. We have gone over with the President in considerable detail your recent telegrams, particularly 364 and 367.

Obviously there is no political possibility here of "an agreement in contractual form" to pursue a common policy with Great Britain in the Orient. Whatever the euphemism this would in effect constitute an alliance.

The whole British approach to these conversations both political and technical has been intensely disappointing. We agree that the next step is for you to have a full and frank private talk with Baldwin to bring home to him the fact that our policy as outlined by the President to MacDonald does not represent a bargaining position but a deep conviction that only on the basis of further reduction or at the very least extension of the present treaties for a further term can a new agreement on naval armaments usefully be reached. Within these limits it may be possible for the British to suggest minor readjustments but any increase would be definitely unacceptable. For the moment in order not to complicate your negotiations, we shall withhold a public statement of our position but cannot commit ourselves indefinitely irrespective of developments.

For your information. In the course of the last few days, articles have appeared under London datelines: (a) implying that the American Government had made public confidential British proposals; (b) accusing an unnamed member of the American Delegation of indiscretion, and (c) crediting you with taking the initiative in bringing up the question of the Japanese ratio (see your telegram 332, paragraph 2, June 18, 10 p. m.). We have thus far scrupulously refrained from giving any information to the press here in Washington. I hope you will find ways and means to check the propaganda emanating from London which is putting both this Government and our Delegation in a false position.

HULL

500.A15A5/121 : Telegram

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

Moscow, June 29, 1934—5 p. m.
[Received June 30—4:27 a. m.]

162. Your 141, June 27, 7 p. m. Mr. Frederic Kuh recently visited Moscow and was received twice by me and Mr. Wiley.¹³ Neither of us discussed with him any matter touching in any way on the preliminary naval conversations or on American policy. It is well known that Kuh for years has been in intimate contact with the Soviet Foreign Office and I suspect that the activities in London attributed to him have been at the behest of Litvinov¹⁴ whom he saw on the eve of his departure.

BULLITT

500.A15A5/130 : Telegram

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

LONDON, July 3, 1934—3 p. m.
[Received July 3—2:30 p. m.]

378. From Norman Davis. In the light of our refusal to continue the discussions on the basis of the British proposals, which has caused them considerable concern, and of their unwillingness at least for the time being to recede from their present position, it is evident that they want to avoid a collision with us and hence would like to discontinue temporarily the conversations between us in the hope that we may in time become more inclined to make concessions or that subsequent developments may justify them in receding. They accordingly argue that it would be advisable to drop the Anglo-American conversations until they have carried on bilateral talks with the French and the Japanese and have determined more definitely what positions the other naval powers will put forward. I feel there is danger in accepting this procedure unless we can previously agree upon a common objective, since otherwise we would not be prepared for useful discussions with the Japanese and it would open the way to playing off one power against another.

In compliance with your instruction¹⁵ I shall endeavor to clear up definitely with Baldwin, whom I am seeing at 4 o'clock tomorrow

¹³ John C. Wiley, Counselor of Embassy.

¹⁴ Maxim Litvinov, Soviet Commissar for Foreign Affairs.

¹⁵ See telegram No. 277, June 29, 6 p. m., to the Ambassador in Great Britain, p. 284.

afternoon, first whether they are in favor of a renewal of the London Treaty, with only such modifications downward as can be agreed upon, or second whether they will only agree to a renewal conditional upon important modifications upward. If they agree to the first alternative then I feel that we are justified either in postponing for the time being, if they so desire, an effort to reconcile our differences as to figures or in proceeding with technical discussions. If we could in either event agree with the British upon the issuance of a statement of common objectives it would stop propoganda and injurious publicity and at the same time prepare the way for conversations with the Japanese and French. The kind of statement we have in mind would be along the following lines:

1. The two Governments are in complete accord that the principle of naval parity as between themselves shall be maintained;

2. They agree that the object of a new naval agreement should be to bring about the greatest possible reduction in naval armaments;

3. To be in favor of the maintenance of the Washington Treaties of 1922, which established the bases and principles for the promotion of security and the limitation of naval armaments, together with the complementary London Naval Treaty of 1930, which they are in favor of renewing with only such modifications in detail as circumstances may require.

If the British should not be willing to go this far then it raises a grave question as to whether we should not definitely end the conversations.

Please advise immediately if you have any objections to this procedure. [Davis.]

BINGHAM

500.A15A5/131 : Telegram

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

LONDON, July 3, 1934—5 p. m.

[Received July 3—2:46 p. m.]

377. From Davis. Your 277, June 29, 6 p. m. I fully share your disappointment over the attitude the British have taken and strongly favor standing by our position as outlined in your telegram. I hope it may be possible to get Baldwin to understand and appreciate the soundness of our position and the wisdom of accepting the President's views.

In respect to the British desire for a bilateral contractual agreement with us establishing a common policy in the Orient, I have of course assumed that this would not be acceptable and have accordingly given the British no encouragement whatever.

After my conversation with Baldwin late tomorrow afternoon I shall telegraph you fully. Until receipt of that message and the insight it will give you into the possible future of these conversations I venture to express the hope that the Department will not make any press statement.

BINGHAM

500.A15A5/130 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Bingham)*

WASHINGTON, July 3, 1934—8 p. m.

283. [For Davis.] Your 378, July 3, 3 p. m.

(1) We approve the general approach you outlined for your talk with Baldwin tomorrow as well as the text of the formula you propose.

(2) If the British agree to the general proposition of a renewal of the London Treaty with only such modifications downward as can be agreed upon, then we see no further necessity to pursue detailed technical discussions for the moment.

(3) If, however, the British decline to agree to such a general proposition, we feel that you should still continue the conversations, but in desultory fashion and on broad general principles, at least until the arrival of the Japanese. The acid test of British intentions will then be faced. Prior to that time we should consider premature a termination or even a public suspension of the conversations.

(4) This line of action was approved by the President before his departure in a conference at which representatives of both State and Navy Departments were present.

(5) With reference to your telegram No. 377, we shall, of course, give out no press statement for the time being.

CARR

500.A15A5/133 : Telegram

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

LONDON, July 5, 1934—3 p. m.

[Received July 5—2: 52 p. m.]

385. My 378, July 3, 3 p. m. From Norman Davis. When I called to see Baldwin yesterday afternoon, Simon was also present, which was a surprise to me but which had perhaps been arranged in order that Simon might inform me of what the Japanese Ambassador had just told him to the effect that the Japanese representatives would not arrive until October, at which time they would be prepared to discuss the naval question in all its aspects.

Baldwin began by saying that in view of the Japanese delay, which caused him some concern as he felt we were going to have trouble with Japan, he did not feel that there was any hurry in attempting to reach any definite conclusions as between ourselves except as to broad general principles, and that in any event he would like first to find out what arrangements if any the British can arrive at with France next Monday and Tuesday, not only with regard to the navy, but with regard to Germany and the whole European situation, as this would have a definite bearing on Great Britain's ability to conform more closely to the point of view of the United States. He felt, however, that our conversations to date had been most beneficial in that while they have brought out a difference of view with regard to technical questions, they have helped to bring about a more friendly and frank understanding as to the necessity for us to work in harmony, and that if we can only avoid the mistake of 1927¹⁶ of allowing our technical differences to be aired in the press instead of between ourselves, there will be no difficulties which we will not be able to overcome.

I then reviewed what had happened with regard to publicity and our justifiable complaints on this score. Simon showed real concern over this, insisting that the Foreign Office was in no way to blame and trying also to exculpate the Admiralty, which I am now satisfied has been the cause of the trouble. I believe Baldwin is determined to prevent a recurrence of such incidents in the future. Baldwin said he considered it of the utmost importance that there should be no statements given out by either Government, but that after they have talked with the French he would like for us to have some further conversations. I stated that in view of the postponed arrival of the Japanese I felt it was not necessary or quite right for me to remain here much longer after the departure of the French. He agreed that we should probably then discontinue for the present the conversations but that we should consider giving out a joint statement. Under the circumstances I thought it inopportune to discuss with him the draft statement cabled you in the telegram under reference. Baldwin said that in the meantime and in order to avoid any publicity it would be very easy for us to meet informally at dinner any time.

Simon said that if we could only produce our figures as they had done, we could proceed with the technical discussions. I repeated that if we were to attempt such discussions before we have agreed upon a common objective, we would be floundering in the dark. At this point I placed categorically before Baldwin the two questions outlined in the second paragraph of my cable under reference, but he evaded a definite answer, saying he would like to think that over

¹⁶ For correspondence on the Three-Power Conference for the Limitation of Naval Armament, Geneva, June 20-August 4, 1927, see *Foreign Relations, 1927*, vol. I, pp. 1 ff.

although Simon said that they were of course in favor of a renewal of the treaty, but that they would like to discuss certain technical modifications which would make it more acceptable to themselves. I emphasized that if it should prove impossible to renew the London Treaty it was most important in my opinion that neither England nor the United States should be the cause of the failure, and that we at least ought to be wise enough to let some other power assume that onerous role. Baldwin said that he was impressed by that argument and would like to think it over but that he considered Anglo-American cooperation as more important now than anything else and that in spite of all the perplexing problems that are facing Great Britain now, he was satisfied that with the spirit that now animates us both we would reach a mutually satisfactory meeting of minds.

Throughout the talk Baldwin was exceedingly friendly and impressed me as not being so converted to the Admiralty point of view as MacDonald. [Davis.]

BINGHAM

500.A15A5/133 : Telegram

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

WASHINGTON, July 6, 1934—7 p. m.

287. For Davis. Your 385, July 5, 3 p. m. The delay in arrival of the Japanese representatives puts a different light on the continuance of the preliminary naval conversations. As it is clearly not feasible to maintain the delegation in London for so prolonged a period, it is necessary to modify the instructions contained in paragraph 3 of the Department's 283, July 3, 8 p. m.

As soon as you are able to agree with Baldwin as to a joint statement conceived in general terms and setting forth a common objective, it would seem opportune to suspend the conversations until autumn. It might even prove that such a suspension would enable the British more gracefully to recede from their present position which holds out no hope of ultimate agreement. Before finally approving the text of a joint statement we should of course wish an opportunity to scrutinize it from the political angle.

Both *Times* and *Herald Tribune* this morning carried stories that you would soon be leaving London, while a later press despatch stated that I had sent you instructions to break off the conversations and return home. I gave a categorical denial to this report. Questioned further, I indicated that we are approaching the end of this first phase of our conversations and that in a few days you would probably be able to judge better what to do pending the resumption with other Powers of the preliminary talks.

In view of this publicity and a feeling prevalent here that the conversations may never be resumed, I think it important that you persuade the British, if possible, to make public the plans of the Japanese to have representatives in London during October.

HULL

500.A15A5/136: Telegram

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

LONDON, July 7, 1934—noon.
[Received July 7—8:20 a. m.]

390. In the absence of Norman Davis who has left London for a long week end I venture to express my full personal concurrence with the instructions contained in your 287, July 6, 7 p. m. Even if no entirely mutually satisfactory statement can be conceived with Baldwin I believe the present negotiations should be terminated at as early a moment as we can break off without any open appearance of rupture or disagreement.

BINGHAM

500.A15A5/137: Telegram

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

LONDON, July 10, 1934—2 p. m.
[Received July 10—11:55 a. m.]

395. From Norman Davis. Your 287, July 6, 7 p. m. In view of the delay in the arrival of the Japanese representative which alters the situation considerably I had thought it advisable to discontinue as soon as possible the preliminary talks with the British and accordingly made tentative reservations for the delegation to sail on the *Washington*, July 19th, hoping by that time to reach some more definite understanding with Baldwin with regard to a joint statement. While I am satisfied that the British will welcome a suspension of the conversations with us and that they are desirous of issuing a joint statement the next few days will determine whether they will agree on a statement of common objectives that means very much. I shall of course not consider issuing any statement without previously obtaining your approval.

While the British seemed irritated over the Japanese delay I suspect that upon reflection they will feel that this gives them still more time in which to determine what their policy shall be.

In a talk with Matsudaira yesterday afternoon I told him what Simon had told me about the Japanese plans which he confirmed but

with the explanation that he was authorized and prepared to discuss now questions of procedure as set forth in the Japanese acceptance; that he had explained to his Government it would be futile to have such a limited discussion if there is to be any adequate preparation for the Naval Conference and that apparently the Government had finally accepted his views as they informed him last week—and he so informed the Foreign Office here—that they would have in London in October the necessary naval advisors and that he could then proceed to discuss naval questions fully.

I asked him if his Government intended to make an announcement of this fact. He said they had not said anything about that but if we would like to have them do so he would communicate with his Government and was satisfied there would be no objection. I said I first preferred to talk with Simon as I felt this was rather a matter for the British to decide.

He told me personally and confidentially that the Japanese Foreign Office is endeavoring to get the Admiralty to be more moderate and that in his opinion the chief reason for the delay in entering upon a full discussion of naval questions was to have more time for formulating their policy and mollifying the present irreconcilable attitude. He also told me that the new Prime Minister¹⁷ shares the views of the Foreign Office as to the importance of avoiding an impasse over the naval question and that he hopes the Prime Minister can in time bring the Admiralty around.

I asked Matsudaira about the report that the Japanese were now sending a junior naval officer to London via Washington in connection with the naval conversations. He told me that all he knew was that Captain Iwashita, a former Naval Attaché and now on the Naval Board, was coming to London to attend the annual meeting of the Japanese Naval Attachés. He would probably go by Washington for a few days, spend 2 or 3 days in London, go to Paris and then return to Japan via Siberia. Matsudaira was satisfied the Japanese Government had not yet decided just what position it would take with regard to fundamental naval questions such as ratios and that for the technical discussions in October they would send higher ranking naval officials.

After Barthou leaves I will see Simon and suggest the desirability of making public the plans of the Japanese.

Please advise where the "later press despatch" referred to in second paragraph of your 287 originated as I have been unable to trace any such story originating here. [Davis.]

BINGHAM

¹⁷ Admiral Keisuke Okada.

500.A15A5/138 : Telegram

*The Ambassador in Great Britain (Bingham) to the Secretary of State*LONDON, July 10, 1934—5 p. m.
[Received July 10—1:55 p. m.]

396. Foreign Office informed me today that Anglo-French conversations in London from the British point of view had in the main proceeded very satisfactorily. Naturally no mention was made to me of alleged proposals for cooperation between the French and British general staffs but I was advised that Barthou had discussed the general European situation and particularly outlined his views on an Eastern Locarno.¹⁸

In the naval conversations the technical difference of opinion between the French and British, as in the past, had been found to be very small. The French were very much occupied with the German situation and concurrently with the German-Italian situation, but Piétri¹⁹ had informed the British that France was satisfied with the present ratio of French-German-Italian naval strength. British understand this means inclusion of French over-age ships but will endeavor to explore in conversations tomorrow exactly what the French statement means. Piétri had no definite reactions as to the place and time of the forthcoming Naval Conference. The French would prefer a conference of all naval powers rather than only limited to the five powers of the London Naval Treaty, but Foreign Office may be convinced this objection of Piétri's could be overcome if the scheduled discussions for next year could be referred to as a "meeting" of the five powers of the London Naval Treaty to determine the extent of accord between these naval powers preliminary to any decision as to summoning a larger naval conference. Foreign Office felt that French views were far less pro-Russian than recently.

BINGHAM

500.A15A5/142 : Telegram

*The Ambassador in Great Britain (Bingham) to the Secretary of State*LONDON, July 12, 1934—1 p. m.
[Received July 12—11:25 a. m.]

403. From Davis. Piétri came to see me yesterday evening to tell me of his talks with the British Admiralty.

¹⁸ For correspondence concerning negotiations looking toward an "Eastern Locarno" Pact of Mutual Guarantee, see pp. 489 ff.

¹⁹ François Piétri, French Minister of Marine.

He explained that aside from Germany, France's primary concern at present lay in maintaining in fact their present relative naval superiority over Italy which conforms with their respective needs and said that their position in this respect was somewhat analogous to that of the United States vis-à-vis Japan. France was disturbed by the projected Italian 35,000-ton capital ships, the reasons for the size of which it was unable to comprehend. Piétri felt that if it were possible for the United States, France and Japan to agree upon limitation of unit tonnage somewhere between this figure and the proposed British reduction to 25,000 tons, a great step forward would have been achieved in making possible French adherence to any future convention which he was most anxious to achieve. Following my explanation of the American position, he said that he fully understood that it would be impossible for us to agree upon any substantial reduction in the unit tonnage but that even a minor reduction would have a good effect and aid in a solution.

In so far as agreement with the British at the present time was concerned, Piétri explained that France and England were nearer an accord on the submarine question than ever before due primarily to the fact that France had been able to reconstitute and round out its fleet in part thus making it less dependent upon this particular weapon. While France could not accept the total abolition of submarines it was prepared to agree to some restrictions upon their construction and to reduce the size of future units. He agreed that it might be possible in time gradually to limit construction so as substantially to reduce numbers.

While he explained that there had been no detailed discussion of future building programs he felt that France and England were approaching accord on the principle of limitation by categories as established by part III of the London Treaty, with the reservation that they must further study the British proposal to restrict future construction of cruisers of category A, since France requires cruisers with adequate armament and protection to answer the prospective menace of the *Deutschland* class.

He also explained that while France was not unalterably opposed to a modification in the restrictions imposed upon Germany he felt there were certain objections to envisaging modifications at the present time or to bringing Germany into naval discussions, since this would result in other naval powers immediately putting forward their own claims for consideration and would render infinitely more difficult the present preliminary conversations. He stated that should the German status be modified the Russians would immediately put forward a claim for parity.

He agreed that the 1935 conference should be limited to the five powers, but thought that this might be considered as a preliminary con-

ference and if successful to be followed by a more general meeting that would include smaller naval powers.

Craigie who came to see me yesterday gave substantially the same account of these talks. He also told me that the British Government had requested Italy to hold up the proposed battleship plans but had received no encouragement. [Davis.]

BINGHAM

500.A15A5/144 : Telegram

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

LONDON, July 12, 1934—8 p. m.

[Received July 12—2:53 p. m.]

406. From Davis. The British have been entirely absorbed this week in their conversations with the French. They are, however, now considering the draft of a possible joint statement which they intend shortly to take up with us. I have, therefore, considered it inadvisable to show them as yet the draft²⁰ we had prepared.

I have no knowledge of the actual substance of the British draft but do not anticipate any material recessions at the present time from the basic position they have taken. It is possible that any joint statement acceptable to both parties will have to be couched in such vague terms as to amount to little more than a public indication that there has been no breakdown of the conversations and that they are later to be resumed. Although we shall press for a more substantial declaration, I think it would be a mistake for us to remain in London any longer in the hope of modifying the British attitude. I, therefore, propose to inform them that we intend to sail on the 19th. To leave by that date may entail certain difficulties, particularly because of time required for communicating with you and obtaining your approval to any statement, but the next American steamer does not leave until a week later; moreover, if the British really desire at this time a meeting of minds on a reasonable program we should be able to achieve it by the 19th. Failing this, we shall endeavor to discontinue the conversations until October with a statement in such general terms as can be mutually agreed upon. I am assuming, of course, that in the meantime a statement regarding the date of the conversations with Japan will have been issued which will give added justification for discontinuing our conversations here now.

In this connection the British Foreign Office has agreed to ask Japan for authorization to announce that the Japanese Government is willing to discuss fully technical naval questions but that it will be unable

²⁰ See telegram No. 378, July 3, 3 p. m., from the Ambassador in Great Britain, p. 285.

to do so until October although in the meanwhile the Japanese Ambassador here is prepared to discuss procedural questions.

Please instruct whether you approve of this course. [Davis.]

BINGHAM

500.A15A5/144 : Telegram

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

WASHINGTON, July 13, 1934—5 p. m.

299. For Norman Davis. Your 406, July 12, 8 p. m. The course you propose seems to me the wisest one possible given all the circumstances.

HULL

500.A15A5/147 : Telegram

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

LONDON, July 16, 1934—7 p. m.

[Received July 16—2:05 p. m.]

418. From Norman Davis. The following communiqué is being issued here by the British Government at 10 p. m. London time tonight:

“Discussions have been taking place in London between the Japanese Ambassador and British Ministers on matters of procedure and also between the Japanese Ambassador and representatives of the American Government. It is not anticipated that any talks on other naval questions will take place with the Japanese representatives until about October when the Japanese Government expect to send over technical experts for the purpose.”

As originally drafted and cabled to Tokyo for release by the Japanese Foreign Office the communiqué made no reference to Japanese conversations with us. It was changed at my suggestion and Matsudaira has cabled his Government accordingly. It may however already have been released at Tokyo in its original form. I suggest that you release the text at Washington simultaneously. [Davis.]

BINGHAM

500.A15A5/148 : Telegram

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

LONDON, July 17, 1934—8 p. m.

[Received July 17—3:54 p. m.²¹]

422. From Norman Davis. Subject to your approval Bingham and I have just agreed with Simon on the following joint statement to be issued by us:

²¹ Telegram in two sections.

"(1) In the conversations preparatory to the forthcoming Naval Conference, the representatives of the Governments of the United States and Great Britain have discussed their Governments' views concerning the agenda at the Conference and the time and place at which it should be held, but without reaching any definite conclusions which must naturally await bilateral exchanges of views with the other powers parties to the naval treaties.

(2) The American and British representatives have likewise exchanged views with regard to the technical questions which fall within the framework of these treaties and examined possible ways by which future economies might be effected. No effort has been made to reach agreement on these technical points, which are necessarily matters to be dealt with by the 1935 Conference.

(3) The two Governments are in agreement that parity as between the two Navies, which has been recognized as a basic principle, shall be maintained. They are also in agreement that every endeavor should be made to frame a new treaty to replace and to carry out the purposes of the London Naval Treaty of 1930, which expires on December 31, 1936.

(4) The conversations will be resumed in the autumn."

Paragraph 3 above represents the maximum agreement possible. Reference to the maintenance of the Washington Treaty was omitted at the insistence of the British who felt that specific reference now to its maintenance might be construed by Japan as evidence of the formation of a united front against her and because the 1935 Conference is to deal primarily with the London Treaty. The British also argued that since our understanding with regard to the maintenance of the Washington Treaty and any change in ratio is incorporated in the minutes of our conversations it is unnecessary to include it in a public statement. Inasmuch as the British were reluctant to agree specifically to a renewal of the London Treaty without substantial modifications we thought it better to use the actual wording of article 23 of that treaty,²² which after all covers the objective we have in mind.

We have agreed furthermore, in case you do not approve of paragraph 3 above, for each nation, in that event, to issue as a unilateral communiqué the above statement with paragraph 3 eliminated.

Please advise immediately in order that we can agree upon the time for the issuance of the statement, which time we shall communicate to you as soon as fixed. [Davis.]

BINGHAM

500.A15A5/148 : Telegram

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

WASHINGTON, July 17, 1934—10 p. m.

309. [For Davis.] Your 422 July 17 8 p. m. Our reaction to the text of the joint statement which you propose is that it would serve

²² *Foreign Relations*, 1930, vol. I, pp. 107, 123.

no useful purpose and might even be disadvantageous in that (a) it gives an impression of differences of opinion between the British and ourselves, (b) it might arouse Japanese suspicion of a common front, (c) its omissions are so evident as to cause speculation, and (d) it commits us irrevocably to continuing negotiations irrespective of future developments.

The statement contained in your 418²³ coupled with my remarks in press conference to the effect that the preliminary conversations had not broken down but had merely been suspended and would be resumed when circumstances warranted, probably in the autumn, have definitely allayed public suspicion of pronounced disagreement between the British and ourselves, which I fear that any further communiqué would revive.

Obviously this would hold true whether or not your communiqué is issued unilaterally by either delegation or jointly. I therefore hope that no further public statement will be made either by you or by the British.

HULL

500.A15A5/151 : Telegram

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

LONDON, July 18, 1934—5 p. m.

[Received July 18—12:50 p. m.]

424. From Norman Davis. Your 309, July 17, 10 p. m. We had felt that the issuance of the statement that the Japanese would not arrive for conversations until October altered the situation making it unnecessary and probably inadvisable to issue an Anglo-American statement. Finding that the British were desirous of issuing a joint statement, on which we had worked with them for several days, and being under the impression from your previous cables that you also considered it advisable to give out some sort of joint statement, we submitted to you the compromise which we considered better than we had expected, and at least harmless. Moreover, the compromise draft at least had the advantages of reaffirming parity and of making it more difficult for the British to make propaganda for a substantial increase of the Navy in the face of a public commitment to carry out the purposes of the London Treaty.

In view of the fact, however, that the statement with regard to the Japanese and your press statement in connection therewith have dis-

²³ July 16, 7 p. m., p. 295.

pelled suspicion we agree with you that silence is safer than any joint or public statement.

I have informed the British that in view of the circumstances described, you think it inadvisable to issue any statement now, but unless you wish to have us do so, I prefer not to convey to him your specific criticisms of a statement which Bingham and I had accepted *ad referendum*. [Davis.]

BINGHAM

500.A15A5/151 : Telegram

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

WASHINGTON, July 18, 1934—6 p. m.

310. [For Davis.] I certainly had no intention of suggesting that you convey to the British any of the criticisms of the statement which you and Bingham submitted. These were included merely for your own confidential information to show you the possible effects which we feared from the statement.

I am glad that you agree that silence is safer and that you have so informed the British.

Best wishes for a good journey.

HULL

500.A15A5/152 : Telegram

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

LONDON, July 19, 1934—2 p. m.

[Received July 19—9:50 a. m.]

426. From Norman Davis. The British have accepted gracefully our recommendations against the issuance of any public statement and apparently feel now as you do that the conversations are being discontinued in a satisfactory manner. I learn, however, that the Foreign Office in informing the press that Bingham and I were to see Simon Tuesday afternoon for a farewell visit gave the impression that we would then agree upon a statement. Since this has aroused some expectation I have found it advisable to hold a press conference this afternoon particularly since I have refrained from seeing any of the press while here. I will of course make no formal statement but reiterate substantially what you stated in your press conference as indicated in your 309, July 17, 10 p. m.

BINGHAM

III. PRELIMINARY NAVAL CONVERSATIONS, SECOND SESSION
(GREAT BRITAIN, JAPAN, UNITED STATES), OCTOBER 17-
DECEMBER 19, 1934

500.A15A5/160

*The Ambassador in Great Britain (Bingham) to the Secretary
of State*²⁴

No. 859

LONDON, July 27, 1934.

[Received August 3.]

SIR: I have the honor to enclose copies of a self-explanatory personal note and memorandum dealing with Great Britain's position in the recent naval discussions. I venture to point out that this communication is marked "Secret", and to ask that copies may be made available both to Mr. Norman H. Davis and Admiral Richard H. Leigh.²⁵ A day or so ago, when a member of the Embassy staff was informed that such a memorandum was in the course of preparation, it was stated that it was being prepared under aegis of both the Foreign Office and the Admiralty.

Respectfully yours,

For the Ambassador:

RAY ATHERTON

Counselor of Embassy

[Enclosure]

*The Counselor in the British Foreign Office (Craigie) to the Counselor
of the American Embassy (Atherton)*

SECRET

LONDON, 26 July, 1934.

MY DEAR RAY: On looking through the records of our naval meetings it has occurred to me that a short restatement of the British position and of the reasons for increases in one category might be useful to you. The Prime Minister,²⁶ before he left, stated the British case in broad outline but did not go into detail. At the experts' meeting Admiral Little²⁷ gave a full and clear statement of our requirements but this was done particularly from the technical and naval point of view. The enclosed memorandum is an effort to present the two aspects of the case—political and technical—in one document, and to do this as briefly and concisely as possible.

It is our hope that this document, which I send to you privately and unofficially, may fill a gap in our records.

Yours sincerely,

R. L. CRAIGIE

²⁴ Marginal notation on the original: "Returned from the White House, 9/7/34."

²⁵ Former Chairman of General Board, U. S. Navy Department.

²⁶ J. Ramsay MacDonald.

²⁷ Charles James Colebrooke Little, Deputy Chief of Naval Staff, British Admiralty.

[Subenclosure]

SECRET

Note on Cruiser Tonnage

I. POSSIBLE DECREASE IN TOTAL TONNAGE UNDER METHOD PROPOSED BY GREAT BRITAIN

Put very shortly the American *desiderata* are stated to be (a) a reduction of 20 per cent. on the tonnage levels of existing naval treaties or (b) failing that, the maintenance of existing treaty levels. Similarly, the statement of British requirements put forward in the recent conversations, by reason of the limitations on the unit size of vessels and the abolition of the submarine which it suggests, would, if adopted in its entirety, permit of a decrease of 10 per cent. on the tonnages provided for under existing treaties. Had the British representatives, paying no regard to the requirements of the United States, put forward a statement of the full qualitative reductions which Great Britain is prepared to advocate, they would have been able to propose an ultimate decrease of 22 per cent. on existing treaty tonnages. Any suggestion therefore that the United States stands in general for naval reductions while Great Britain stands in general for naval increases would be incorrect and misleading, particularly when it is remembered that all naval Powers other than the United States are prepared to agree to considerable reductions in the unit size of most categories of ships. Both countries are, in fact, prepared for reductions, but unfortunately only by methods which, for vital strategical reasons, would be unacceptable to the other. It is felt therefore that the only hope of reaching a solution satisfactory to both Powers is to approach this question from a strictly practical point of view, each country recognising the special difficulties and the strategical problems with which the other is faced and attempting to reach an understanding based upon the political situation as it exists to-day. In such circumstances there seems no reason why the resulting treaty should show more than a slight increase in the under-age tonnage for all categories, which would be a small price to pay for the resultant political appeasement and the prevention of unrestricted naval competition. Naval limitation cannot be said to serve its full purpose if it leaves behind it a genuine sense of insecurity on the part of one or other of the signatories of the treaty.

II. RELATIVE SIZES OF BRITISH AND OTHER CRUISERS

It has been suggested that, because in the London Naval Treaty²⁸ Great Britain agreed to the United States having 18 8'' gun cruisers

²⁸ Treaty for Limitation and Reduction of Naval Armament, signed at London, April 22, 1930, *Foreign Relations*, 1930, vol. I, p. 107.

to 15 British 8" gun cruisers (the difference being made good by a larger 6" gun cruiser allowance to Great Britain), Great Britain is prepared to agree in principle to construct cruisers for trade protection purposes of a smaller displacement than those which are being constructed by other Powers. This is quite incorrect. The arrangement referred to affected the British and United States cruiser strengths only and, as has frequently been stated, a settlement of this cruiser difficulty would be simple enough were it one between the two countries only and were it not that the minimum size of cruiser acceptable to the United States regulates automatically the average size of cruiser to be constructed by other Powers. There has never been any question of Great Britain agreeing to construct cruisers which, when placed upon the trade routes in isolated positions would, ship for ship, be outclassed by the cruisers of a potential adversary. Nor is it believed that the United States would wish to urge upon Great Britain the adoption of such a course.

III. WHY CRUISER TONNAGE FIGURES MUST AUTOMATICALLY INCREASE INDEPENDENTLY OF INCREASE IN NUMBER OF BRITISH CRUISERS

If Great Britain was able in the London Naval Treaty to agree to the exceptionally low total cruiser tonnage figure of 339,000 tons this was because :

- (a) the figure was calculated on a basis of 50 cruisers ;
- (b) it was hoped and believed that no other Power would build large 6" gun cruisers of 9,000 or 10,000 tons displacement, and that, in consequence, no such cruisers would be required by Great Britain, which has indeed since 1930 led the way with smaller ships of *Leander* class ;
- (c) the international outlook permitted a steady replacement programme of about 3 ships a year, so that during the period of the treaty the small type of cruisers averaging 4,000 to 5,000 tons and designed for North Sea warfare would still be retained in considerable numbers.

(b) and (c) no longer apply, so that even if the future cruiser figure for Great Britain were to be based on the number of 50 cruisers, it would have to be considerably larger than 339,000 tons. Great Britain cannot be expected to replace her existing small wartime cruisers by ships which will be outclassed from the start by those in other navies, nor is it believed that such a course is seriously suggested by the United States. From this it follows that there must be an automatic increase, without any increase in the number of 50 cruisers, from a tonnage of 339,000 tons to 408,600 tons, which is arrived at as follows:—

15	8" gun cruisers	146,800
10	'M' class 6" gun cruisers	95,000
8	<i>Leanders</i> (7,030 to 7,250 tons)	57,000
12	new 7,000 tons	84,000
4	<i>Arcthusas</i> (5,200 tons)	20,800
1	new 5,000 tons	5,000
<hr/>		
50		408,600 tons.

It will be seen that this figure of 408,600 tons for 50 cruisers is based on the general acceptance of a future limitation of 7,000 tons beyond a specified number of large 6" gun cruisers. If this limitation of 7,000 tons could not be accepted by other Powers, and the limit remained as at present at 10,000 tons, then the automatic increase of the London Naval Treaty figure would bring the British figure up to 438,600 (in a period of 10 years). In estimating the total tonnage increase consequent on the increased number of cruisers that we require, the figure of 408,600 tons—not the London Naval Treaty figure 339,000 tons—should in all fairness be taken as the point of departure.

IV. WHY AN INCREASE IN THE NUMBER OF BRITISH CRUISERS IS NECESSARY

In the London Naval Treaty Great Britain accepted a cruiser tonnage figure based on the tonnage of 50 cruisers for the following reasons:

(a) The Treaty was for 6 years only, and under the international conditions existing at that time there was a reasonable assurance that there would be more than 6 years of peace.

(b) It was accepted, subject to the Powers other than the three signatories to Part III of the London Naval Treaty agreeing to corresponding reductions. This has not occurred; on the contrary the Naval Forces in Europe have greatly increased. If the "escalator" clause has not been invoked, this has not been because the building of other naval Powers did not justify such a step but because it was thought better to await the meeting of the 1935 Conference to explain the grounds on which the cruiser tonnages accepted by Great Britain in 1930 could no longer hold good.

(c) In 1930 we were on the eve of the summoning of a general disarmament conference from which much was hoped.

(d) Owing to the small size and worn out condition of the 14 cruisers that have been, or are being, scrapped since the London Naval Treaty was signed, it would not have been possible to keep these ships as efficient cruisers. Therefore, the number 50 could not in any case have been increased by December 1936 without departing from a steady building programme and providing more new ships.

(e) In the process of the steady reconstruction of the Fleet after the war, a halt had been called in cruiser building for some years in the hope of inducing a corresponding halt in the building of foreign cruisers. Thus the curve indicating the number of British under-age cruisers was at its lowest during the period of the Treaty.

It is unfortunately the case that, since the London Naval Treaty was concluded in 1930, a serious deterioration in the international and political outlook has occurred. Furthermore there are not present to-day any of the other conditions that rendered possible the acceptance in 1930 of a cruiser tonnage figure based on 50 ships. That this figure was an exceptional one was made clear during the 1930 Conference and by the Prime Minister and First Lord of the Admiralty in the House of Commons immediately afterwards. Moreover, an allusion to this fact was contained in Article 23 of the London Naval Treaty which states, with reference to the Naval Conference to be held in 1935, that "none of the provisions of the present Treaty should prejudice the attitude of any of the High Contracting Parties at the Conference agreed to."

25 JULY, 1934.

500.A15A5/200

Memorandum by the Naval Attaché in Japan (Rogers)

Report No. 219

TOKYO, September 7, 1934.

JAPANESE POLICY AT THE NAVAL LIMITATIONS CONFERENCE—LATEST DEVELOPMENTS

Japan's disarmament policy has been decided. The details of this policy, which has been the subject of so much speculation for the last few months, have been submitted informally to the Throne and today (7 September) will be laid before the Cabinet for formal approval. After the Cabinet has given its approval, in view of the important nature of the naval problem the Government will endeavor to secure the approval of the Privy Council.

The details of this much discussed policy are a closely guarded secret, at least as far as the technical details are concerned. The broad points of the basic policy are probably as follows:—

(a) The naval ratio system, that is the assigning of an inferior ratio to any power, must be abolished. The principle of the right to equality in armaments must be recognized.

(b) The Japanese Government will, prior to 31 December 1934, announce its abrogation of the Washington Treaty.³⁰

(c) The new naval agreement must be concluded in a spirit of conciliation. The Japanese Government is willing to enter into a new treaty, provided Japan's just claims are recognized.

(d) While the technical details must be worked out by the powers concerned, Japan favors the global tonnage system of limitation of naval armaments, and will insist on its adoption.

³⁰ Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 247; for correspondence concerning Japan's denunciation of the treaty, see pp. 405 ff.

When this basic policy has been approved, it will be sent out to all naval ships and stations in order that the personnel of the Fleets will know that the Government is supporting the Navy and thus remain quiet.

The technical details of the Japanese proposal will be formally decided on at a meeting of the Supreme War Council to be held in the near future. Based on the above, it will not be necessary for them to be submitted to the Government. In case they are ready in time, the Minister of the Navy ³¹ will give them to Rear Admiral I. Yamamoto to take to London with him. In case they are not complete by the time he leaves for London, they will be sent later. The Naval Attaché has learned nothing which leads him to believe, that in general, the previous reports on the subject of the Japanese plan are not correct.

The decision to abrogate the Washington Treaty comes as another proof that the military still dominate the country, although they have consented to allow the Foreign Minister ³² to determine the most appropriate time for the formal notification to the other signatories. There is no doubt some truth in the rumor that the Foreign Minister was warned that unless he gave his approval to the plan to abrogate the treaty before the end of the year he was in danger of being assassinated by some hot headed naval officer who resented his opposition to the Navy Minister's views.

Note by O. N. I.:

Since above report was written the Japanese basic policy was unanimously approved by the Japanese Cabinet and by the Supreme War Council and Rear Admiral Yamamoto is enroute to London with the plan in his possession.

500.A15A5 Personnel/33

Memorandum by the Chief of the Division of Western European Affairs (Moffat) ³³

[WASHINGTON,] September 11, 1934.

Norman Davis telephoned this morning to say that he had had a talk with the President over the telephone yesterday. The President told him that he wanted him to go to London before the arrival of the Japanese Admiral coming from Tokyo and that it would accordingly probably be necessary for him to sail on October 3. Mr. Davis again pressed on the President his idea that Admiral Standley ³⁴ in

³¹ Admiral Mineo Osumi.

³² Koki Hirota.

³³ Addressed to the Secretary of State and Under Secretary of State.

³⁴ William H. Standley, Chief of Naval Operations.

person should accompany him saying that he thought the question of equivalent ranks between the Japanese and American naval representatives was of scant importance. He claimed that Admiral Standley could learn more in this meeting which would be of help to him in the 1935 Conference than in any other possible way. In fact in many ways Mr. Davis thought this meeting would be fully as important as the 1935 Conference itself. The President said that he was rather impressed with this idea and that it would be a good plan for Admiral Standley to stand by to accompany Mr. Davis if the President decided after further consideration that this was the right move.

Mr. Davis asked if I would go down and call on Admiral Standley and sound him out as to his personal opinions in the matter.³⁵

Mr. Davis then went on and said that he was convinced we could reach a meeting of minds with the British if we would allow them to retain eight over-age cruisers. The President said that this sounded all right. Mr. Davis said that the Navy Department did not agree as we did not have any over-age cruisers to balance these. The President said that this did not sound like an insuperable difficulty but that he would talk it over upon returning to Washington with Mr. Hull, Colonel Roosevelt,³⁶ Mr. Davis and Admiral Standley.

The President then asked Mr. Davis to come to Hyde Park on Friday, the 21st, for dinner after which he would have another long talk with him. Mr. Davis will come to Washington on Monday, September 24th, and remain four days that week.

With regard to the General Disarmament Conference,³⁷ he was not unduly depressed by Germany's failure to join the Eastern Locarno.³⁸ He said that if Germany did not get an increase in armaments before she committed herself to a political *status quo* she would never get it. I replied that I feared her refusal to join an Eastern Locarno would be taken as one more move showing a spirit of aggression and would fortify the determination of France and Britain not to allow any German rearmament. Mr. Davis said that perhaps a Franco-Italian *rapprochement* would give a sufficient feeling of security to France to enable her to be more reasonable but admitted that it was difficult to see a way out of the problem at the moment.

PIERREPONT MOFFAT

³⁵ Marginal notes in original: "Do you approve?" [Moffat.] "Sec[retary] approves & suggests Hornbeck go with you, if you think advisable. H. S. C." [Hugh S. Cumming, Jr., Executive Assistant to the Secretary of State.]

"Telephoned Adm[iral] Standley Sept. 17th. He is away on leave & won't be back before next week. P. M."

³⁶ Henry L. Roosevelt, Assistant Secretary of the Navy.

³⁷ For correspondence relating to the Conference for the Reduction and Limitation of Armaments, see pp. 1 ff.

³⁸ For correspondence concerning negotiation of an "Eastern Locarno" Pact of Mutual Guarantee, see pp. 489 ff.

500.A15A5/184 : Telegram

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

Tokyo, September 11, 1934—noon.

[Received September 11—5:34 a. m.]

200. Yoshida, former Vice Minister of Foreign Affairs and son-in-law of Count Makino, called on me this morning and told me in confidence that Hirota had yesterday authorized him to tell the British Ambassador³⁹ and myself that he hoped we would not be misled by the intransigent tone of the Japanese press or by the unfavorable atmosphere now prevailing in Japan with regard to the coming Naval Conference. Hirota said that he could not tell me this himself because his hands are tied until the Navy Ministry formulates its plans but he wished me to know that the Japanese position in the Conference would not necessarily be so rigid or inflexible as might be assumed from statements appearing in the press.

Yoshida said that 2 weeks ago Hirota had seemed very downhearted and pessimistic concerning the outlook for the Conference but that yesterday he had appeared greatly encouraged as a result of the last meeting of the Cabinet. Yoshida added that Prince Saionji⁴⁰ had selected Admiral Okada as Prime Minister owing to the Genro's desire to make the Naval Conference a success and because Okada had been helpful and ingenious in Tokyo in helping the London Conference through an important crisis. Yoshida believes that the views of Okada and Hirota are much the same and that the Navy Minister himself is not very far apart from them although he has to placate a strong group intransigent Admirals. "But," added Yoshida, "minorities have sometimes won out over majorities." In concluding, Yoshida warned me against too great optimism but at the same time not to judge Japan's final position by the unfavorable atmosphere now prevailing in the press. He advised me to see Hirota in a few days after the press reaction to the recent Cabinet meeting have quieted down.

I shall take leave of Hirota next week before departing on leave of absence on September 19 and shall merely listen to and report any statement that he may make.

Repeated to Peiping by mail.

GREW

³⁹ Sir Robert Henry Clive.

⁴⁰ Kimmochi Saionji, last of the Genro (Japanese "Elder Statesmen").

500.A15A5/184 : Telegram

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

TOKYO, September 13, 1934—noon.
[Received September 13—6:25 a. m.]

201. My 200 September 11, noon. The following text of a letter which Yoshida addressed to me yesterday on Foreign Office stationery is cabled as possibly significant:

"Following to our conversation of yesterday, I should like to add certain remarks which Mr. Hirota said and which I thought better to leave to your direct conversation with him. Our Navy, he said, strongly oppose the ratio system and limitation of shipbuilding on category. At the same time, it has been in a position in which it is forced to accept a fair and adequate disarmament. Difficulties are how to make a formula on the line of the idea.

As I said, one cannot be too optimistic, nor, of [*sic*] too pessimistic. It is extremely unfortunate Tokyo newspapers, magnifying matters, mislead the public to extreme and create a disagreeable atmosphere. I hope our Minister's inspiring efforts and cooperation with him of the foreign representatives, particularly yours, dear Ambassador, will finally bring out a happy result."

The Embassy interpretation of the third sentence in Yoshida's letter, which seems to me significant, is as follows:

The Navy cannot reasonably expect to receive progressive increase in funds for building purposes. The naval appropriations for last year were approximately one-third of the normal national revenues. This year the Navy has asked for over 200,000,000 yen more than last year's naval budget (714,000,000 as against 487,000,000 appropriated last year or almost one-half of the normal revenue of the country). Notwithstanding the unusually large expenditures already, only approximately one-half of the building programs have been completed. For Japan to continue such a large outlay for auxiliary vessels and in addition to embark on a capital ship replacement program not envisaged in the present estimates but which might be necessary after 1936 would apparently be beyond the capacity of the national finances and the naval authorities may, therefore, be forced to compromise, especially if some method can be devised to solve the problem of ratios which has become a national issue of prime importance.

Repeated to Peiping by mail.

GREW

500.A15A5/196a : Telegram

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

WASHINGTON, September 28, 1934—7 p. m.

370. You will recall that in our telegram 211 of May 24, 3 p. m.,⁴¹ we suggested that the preliminary and exploratory naval conversations should be carried on in the form of normal diplomatic interchanges heading up through the Embassies and the Foreign Office in London. Inasmuch as conditions have now changed and the October meeting will be far more in the nature of a preliminary negotiation than a mere exchange of views, it has become necessary to establish a special machinery to deal with the situation. The President has accordingly decided to send a special mission to London for this purpose and has asked Mr. Davis to sail on October 10 which will enable the delegation to be set up approximately October 17. We have not yet determined upon the naval and diplomatic advisers to the delegation but will telegraph you as soon as possible.

HULL

500.A15A5/198a : Telegram

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

WASHINGTON, October 5, 1934—8 p. m.

375. As indicated in previous cable, the President and I felt that there are controlling reasons which necessitate having a special mission, headed by Norman Davis, to carry on the naval negotiations in the new phase in which they are developing and which it may not be possible to head up through the Embassy particularly in negotiations with the Japanese. This is reinforced by our belief that the conversations should be made tripartite as soon as possible in view of the necessity of dealing with basic principles before approaching technical questions. It is our intention, however, to assign Atherton to the Mission as an advisor and as liaison with the Embassy. This has seemed to us the best way to deal with the changed situation caused by the entry of the Japanese into the conversations but if you have any suggestions we will be glad to have them.

The setting up of a special mission raises a question with regard to yourself. Mr. Davis particularly desires to have the benefit of your counsel and cooperation as in the past,—a desire which the President and I fully share. Would you accordingly telegraph us (1) whether you would prefer us to designate you a member of the mission,

⁴¹ See telegram No. 202, May 24, to the Ambassador in France, p. 239.

or (2) whether you would prefer instead to keep in touch with the work taking part of course in any Anglo-American conversations or negotiations and acting in more of a consultative capacity in respect to the general work of the mission. If you have any alternative suggestions to offer, please feel quite free to do so.

HULL

500.A15A5/199 : Telegram

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

LONDON, October 8, 1934—1 p. m.

[Received October 8—10 a. m.]

551. Thank you for your telegram 375, October 5, 8 p. m., and you may be assured of my full cooperation with the special mission under Mr. Davis. Atherton's assignment as a liaison officer with the Embassy will permit me to keep in close touch with the process of the negotiations without my designation as a member of the mission or participation in the actual discussions.

BINGHAM

500.A15A5/207 : Telegram

*The Ambassador in Japan (Grew) to the Secretary of State*⁴²

TOKYO, October 17, 1934—3 p. m.

[Received October 17—10:20 a. m.]

230. Reference my telegram No. 201, September 13, noon.

1. I have just received from an entirely different source information tending to support my interpretation of the third sentence in Yoshida's letter to the effect that budgetary considerations may be the basic factor controlling the policy of the Japanese Government at the London Naval Preliminary Conversations.

2. A highly placed Japanese official recently told one of my colleagues that the hope of escaping the intolerable financial burden which a prolongation of the naval construction programs permitted by existing agreements would impose upon Japan is at the root of the proposals to be made by Japan at London; that this consideration was even greater than the desire to abolish the ratio system which is so repugnant to the Japanese nation.

3. My colleague is informed that Japan intends at London to propose the abolition of the existing agreements and their replacement by a simple agreement fixing a maximum global tonnage for the United

⁴² Repeated as telegram No. 1, October 17, to the Chairman of the American delegation to the Preliminary Naval Conversations.

States, Great Britain and Japan; that if such a proposal is accepted Japan would hope that the United States and Great Britain would conclude a "gentleman's agreement" with Japan not to increase their naval forces beyond reasonable limits necessary for the defense of each. Japan would declare the tonnage which she believes necessary for her own defense and would wish the others to do the same.

4. Failing an agreement of this kind Japan would have no other recourse after denouncing the existing agreements than to seek by other means, such as non-aggression pacts, to discourage if not prevent a naval armament race.

5. In asserting the value of this and other information which has been conveyed to the Embassy through intermediaries and other forms of so called "back stage play" it should be borne in mind that all the evidence from the days of Townsend Harris⁴³ to the present time reveals the fact that these are the accepted methods employed by the Japanese in dealings of every sort, even among themselves, and are not restricted to use only when foreigners are involved. Information such as that contained in this and previous telegrams should not necessarily be discarded because of the method by which it was conveyed. The Japanese Government is a complicated organization which is not subject to control by any one person or single group of persons. All decisions of importance are reached through a series of discussions and compromises among different departments, in which different groups and points of view must be taken into account. The different groups treat with each other through intermediaries and seldom approve directly until the ground has been cleared by informal interchanges of this sort.

6. While men such as Kabayama,⁴⁴ Yoshida, Sugimura⁴⁵ and others speak without authority to commit anyone they are nevertheless in close and constant touch with and even participate in the councils of those who are in fact shaping the country's policies; when they speak they must be considered as accurately reflecting what has actually occurred during the discussions.

7. It is true that during the Manchurian venture in 1931 we were receiving assurances from the civil authorities which were rendered nugatory by the action of the military; the present situation is not however analogous. The military are not operating upon the battlefield but in the arena of diplomacy which by its very nature is more adapted to the employment of methods with which the civil authorities, some of whom represent the less chauvinistic elements, are more

⁴³ First Minister Resident in Japan, 1859-61.

⁴⁴ Count Aisuke Kabayama, member of Japanese House of Peers.

⁴⁵ Yotaro Sugimura, Japanese Ambassador to Italy.

familiar and in which, therefore, they may hope in a measure to succeed.

8. This does not necessarily mean that the liberal elements will have their way at London but they may well exert more influence on the final outcome than would be generally believed from a consideration only of the press and public announcements made by the military during the past 6 months.

9. The foregoing observations are submitted in the hope that they may assist the Department in correctly evaluating the information transmitted in this and previous telegrams.

GREW

500.A15A5/208 : Telegram

The Chairman of the American Delegation to the Preliminary Naval Conversations (Davis) to the Secretary of State

LONDON, October 19, 1934—1 p. m.
[Received October 19—11:40 a. m.]

3. Simon,⁴⁶ whom I saw late yesterday afternoon at his request, told me they do not know to what extent the Japanese are going to propose modifications in existing naval agreements; that we must wait until they show their hand before deciding how to deal with the questions raised; and that he thought we should as agreed last June and July, first listen to what they have to say and ask for full explanations.

He said that Matsudaira had brought Yamamoto⁴⁷ to make a courtesy call but that the Japanese had told him they would not be ready before Monday or Tuesday to begin the talks, but that no definite time as yet been fixed. He assumed the Japanese would no doubt wish to begin conversations with us at about the same time or shortly thereafter.

I told Simon that if the Japanese were going to raise such fundamental issues as a change in the ratio and an alteration in the basis upon which the navies had been reduced and limited, it seemed to me it would be advisable, if not necessary, to have trilateral conversations. Simon replied that it was very possible that it would be better to have joint meetings shortly after the first preliminary talks. I approached it in this way because in a press conference the day before yesterday Yamamoto, on being asked if Japan would agree to tripartite conversations, replied that Japan had been invited to London for bilateral conversations and that if the question arose he would have

⁴⁶ Sir John Simon, British Secretary of State for Foreign Affairs.

⁴⁷ Isoroku Yamamoto, technical adviser to the Japanese delegation.

to get fresh instructions from his Government. Under the circumstances I think it better that the three-cornered talks evolve in a natural way as soon as possible rather than to make an issue of the point. If Japanese think we are trying to force trilateral conversations they will be suspicious and reluctant. Since the British Government invited us for bilateral conversations it would be difficult for them to oppose the Japanese view, if the latter should be unwilling to enter trilateral talks. Simon told me that Matsudaira had called to see him after Yamamoto's announcement⁴⁸ in America of an intention to denounce the Washington treaty and had said that Yamamoto's statement must not be construed too literally; that the Japanese would wish to propose certain modifications but that only in case of a failure to arrive at some agreement would the question of denunciation arise.

DAVIS

500.A15A5/215 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 25, 1934—4 p. m.

[Received October 25—12: 05 p. m.]

9. In company with Atherton I had an hour's talk with MacDonald and Simon this morning. We exchanged views with regard to the Japanese general proposals⁴⁹ which the British apparently find as unacceptable as we do. MacDonald said they could under no conditions accept the Japanese idea of a common maximum limit which would hold the larger navies by the throat while the others increase their strength. Simon said he hoped that when the Japanese find that neither one of us will agree to the fundamental changes which their proposals would involve they might become more reasonable and perhaps be satisfied with a general statement of the equality of sovereign rights, et cetera, in a preamble to a treaty, and then in the body of the treaty, fix the respective relative limits, which would hold approximately to the existing ratios. MacDonald suggested that we allow the Japanese to develop further their ideas and explain more in detail their technical proposals and the reason for their stand on general principles, without coming as yet to grips on actual formal refusal. Simon inquired if after we have each had another meeting with the Japanese we thought it would be advisable to arrange a meeting of the entire British and American delegations, at which we might continue our discussions of last summer. We answered yes.

DAVIS

⁴⁸ *New York Times*, October 11, 1934, p. 1.

⁴⁹ For summary of the proposals, see telegram No. 182, October 25, 7 p. m., to the Ambassador in Japan, p. 314.

500.A15A5/211 : Telegram

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

WASHINGTON, October 25, 1934—6 p. m.

6. For Davis from the Secretary. Your 6, October 24, 7 p.m.⁵⁰ This and the recent public utterances of responsible exponents of Japanese official and unofficial views indicate a rigid and uncompromising attitude on part of Japan. The scope and rigidity of the position which they take suggest that they are preparing the ground for a probable walk-out. Their evident unwillingness to discuss anything except what suits their own national aspirations, without regard to world conditions, implies throwing off all restrictions and abandoning all effort toward real cooperation in the field of international relations and machinery for peace. They offer no justification except the arguments of prestige and manifest destiny for their claim of paramount rights and responsibilities in the Far East and their demand for a change in the naval ratios and agreements entered into toward preservation of peace in the Far East. There is no sufficient reason why all the nations of the world cannot go along on the basis of peace and security agreed upon in the Washington Treaties, treaties for the principles and provisions of which this Government still stands. The Japanese plea of need of self-defense is similar to that which they made when beginning their military occupation of Manchuria and, in 1932, their attack upon the Chinese at Shanghai.⁵¹ There is no reason why the other countries of the world should accept the Japanese view of Japan's rights and requirements or permit themselves to be represented as blocking the legitimate aspirations of the Japanese people. The publicity which they are giving to their line of exposition suggests that, expecting to walk out, they hope to create with the public an impression, which may be developed further at the moment when they so move, that they are forced to that conclusive action by indifference on the part of other countries to Japan's necessities in the field of self-defense.

We will need to combat whatever efforts they may make to shift the responsibility for a break, if and when, from themselves to us and/or the British.

It is believed that the above given line of reasoning should guide us in contacts with the British conferees and with the press. It should not be made the basis of any official statement but might be borne in

⁵⁰ *Foreign Relations, Japan, 1931-1941, vol. I, p. 254*; for summary, see telegram No. 182, October 25, 7 p. m., to the Ambassador in Japan, *infra*.

⁵¹ For correspondence, see *Foreign Relations, 1932, vol. IV, pp. 464 ff.*; see also *Foreign Relations, Japan, 1931-1941, vol. I, pp. 161 ff.*

mind in the course of discussions or conferences where comment is required.

Following from Phillips Publicity here at present satisfactory
from American viewpoint.⁵²

PHILLIPS

500.A15A5/211 : Telegram

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

WASHINGTON, October 25, 1934—7 p. m.

182. The following is a summary of telegram No. 6 of October 24, 7 p. m.,⁵³ from Mr. Davis in London:

The American and Japanese Delegations met on the morning of October 24.

Matsudaira and Yamamoto read statements substance as follows:

Possession of armaments necessary for national safety is the right of all nations. In considering disarmament due regard must be given that right to avoid impairing a sense of national security. Any disarmament agreement must be based on the principle of non-aggression and non-menace. To that end the leading naval Powers should fix a "common upper limit" which may not be exceeded but within which each power may equip itself as it sees fit. The upper limit should be as low as possible and "offensive arms" should be reduced or abolished in favor of "essentially defensive arms".

The Americans raised questions as to the meaning of "common upper limit" and "offensive arms". Yamamoto said the "upper limit" should be the same for all Powers and should be as low as possible. While Japan would not necessarily build up to the maximum it would be free to do so if security demanded. Any agreement not to build to the maximum would be interpreted by the Japanese people as a perpetuation of naval inferiority.

Regarding "offensive weapons", Yamamoto felt it was a question of determining which vessels were peculiarly offensive. They regarded as such, in the order mentioned, aircraft carriers, capital ships, and 8-inch gun cruisers. The Japanese Navy considered submarines as defensive and their offensive character against merchant vessels would be ended by making universal and effective the London Treaty provisions in this respect.

Davis then summarized the American position of favoring continued adherence to the principles and bases on which the Navies had already been limited and reduced, plus a reduction in total treaty tonnages. Matsudaira said his Delegation was instructed to propose a new basis and could not accept a continuance of the present system. Davis in-

⁵² This paragraph appears in ink in Phillips' handwriting.

⁵³ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 254.

quired what had happened to change the relative equality agreed on in 1922. Yamamoto replied that the Washington Treaty established equality of defense for Japanese waters but not for the mid-Pacific. Since 1922 naval construction and technique and aviation had upset the equilibrium in favor of an attacking fleet and the old figures would not satisfy the Japanese people today. Also the inferior ratio caused "a certain country" to look on Japan with contempt, producing complications in the Orient. Matsudaira referred to the troubled political situation in the Far East and the rest of the world, declaring European events psychologically disturbed Japan and increased Japanese public unwillingness to accept present treaty principles.

Davis said that certain phrases used by the Japanese Delegation were susceptible of different meanings and it would be necessary to determine their exact meaning before considering whether the Japanese proposals could serve as a basis for future discussion. He added that it seemed that the Japanese suggestions might involve such fundamental changes as to require reopening all matters on which the existing treaties were based. He doubted the practicability and advisability of this now. The Americans had hoped it would be unnecessary to raise political questions, at least in the preliminary conversations. Matsudaira said that the Japanese proposals did not contemplate a change in existing political agreements or non-fortification provisions in the Pacific. The two Delegations then agreed to discontinue discussions until they had considered what had been said and until a further elucidation, promised by Matsudaira, had been made; also that the conversations were to be confidential.

PHILLIPS

500.A15A5/215 : Telegram

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

WASHINGTON, October 26, 1934—5 p. m.

9. Your 9, October 25, 4 p. m. is distinctly encouraging. As a clear cut understanding between the British and ourselves in opposition to the Japanese demands seems to offer the only visible chance of effecting their modification, we agree with you that a well-staged, full dress meeting between the two delegations should prove of real value. We assume, however, that when you specify in the last sentence your purpose of "continuing the discussions of last summer" you refer to questions of general principle dealt with in the earlier meetings, notably on June 18 and June 21,⁵⁴ and will not allow the discussions

⁵⁴ See telegram No. 332, June 18, 10 p. m., from the Ambassador in Great Britain, p. 259; telegram No. 343, June 21, 4 p. m., from the Ambassador in Great Britain, p. 266.

(at this stage at least) to become deflected to technical problems, where existing differences of opinion might be emphasized anew. This could only confuse the picture and encourage the Japanese in their present demands.

PHILLIPS

500.A15A5/221 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 26, 1934—9 p. m.
[Received October 26—5 : 40 p. m.]

12. 1. Your telegram No. 6, October 25, 6 p. m., is very helpful for my guidance. Unquestionably the rigidity of the Japanese position and the publicity which they are giving to their proposals are diminishing the possibilities of agreement. This is having a marked effect on the British as evidenced by the attitude of MacDonald and Simon reported in my 9, October 25, 4 p. m., and as reflected in today's press. After agreeing that my visit to MacDonald yesterday should be treated as personal the British reported it to the press as formal and official and the *Times* in reporting it makes the suggestion that three-cornered conversations will soon become useful.

2. In reply to a report published here yesterday from Tokyo that Sir Charles Seligman of the British trade mission in Japan had indicated that England might renew the Anglo-Japanese alliance, the principal papers here this morning suggest that utterances of this sort are leading the United States to doubt England's good faith, deny that the Federation of British Industries mission is in any sense official and take the occasion to emphasize a community of views in the naval conversations of England with the United States.

3. I am informed in confidence from the Foreign Office Press Section that the Seligman statement was grasped as an opportunity to dispel any illusions as to an Anglo-Japanese alliance and to affirm a close approximation of British and American naval policies. In this manner a direct attack on the British Industries mission was avoided. Moreover, this was done with a view of conveying the impression of a solidarity of Anglo-American position, without a direct declaration thereof, in order to spare the Japanese feelings.

4. MacDonald told me yesterday that, in view of the Japanese attitude they have decided not to outline to them as fully and frankly as they did to us their own views as to naval requirements.

5. If the Japanese remain irreconcilable and the British hold to the same position as we can do I think it is well to defer for the present preparing the stage for publicity of the President's letter to me⁵⁶ since it might cause a public divergence with the British and would not in any event lose any of its vigor through delay.

DAVIS

500.A15A5/222 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 27, 1934—8 p. m.
[Received October 27—4: 53 p. m.]

14. Your 9, October 26, 5 p. m. I agree entirely with you that the unity of view between the British and ourselves with relation to the Japanese question should not be prejudiced by the injection at this time of a discussion with the British on technical questions on which there are differences. The meeting between the British and ourselves, which is now fixed for 3:30 Monday afternoon, is mainly for a discussion of the issues raised by Japan but is also staged for its possible effect on Japan.

I told MacDonald frankly that we still favored a net reduction in total tonnage and that we would not be willing to agree to an increase in total tonnage. Recognizing, however, the importance of keeping the British in line and at the same time avoiding a dangerous technical discussion I told MacDonald, in agreement with Standley, that if we could agree upon a common position with regards to the issues raised by Japan there was a possibility of reaching an agreement, within the limits imposed upon us, for an increase in cruiser tonnage provided any such increase could be offset by an equal if not greater decrease in other categories.

DAVIS

500.A15A5/224 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 29, 1934—8 p. m.
[Received October 29—5: 30 p. m.]

15. At a further meeting with the Japanese this morning Matsudaira definitely stated that the Japanese would denounce the Washington

⁵⁶ Mr. Davis incorporated President Roosevelt's letter of guidance in his speech before the first plenary session of the London Naval Conference, December 9, 1935; for text of letter, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 232.

Treaty before the end of the year. He also stated that in the Japanese plan France and Italy would be entitled to the same common upper limit as the three principal naval powers although there would be no objection to their making a separate arrangement among themselves for a smaller total.

In discussing the question of whether or not there should be a meeting of the technical experts of the two delegations similar to the one which had taken place between the British and Japanese experts last Friday we made it plain that we were only willing to have the Japanese present to us their views with regard to technical questions on the understanding that neither party would be making any commitment as to principle. Admiral Yamamoto felt that there would be little value in a technical meeting unless the American experts were also prepared to submit the technical details of the American program. He pointed out in this connection that at the meeting with the British experts the latter had submitted the technical details of the British program, a point which the British confirmed this afternoon. I replied that we have no technical details to present, since our program consisted of favoring a percentage reduction within the existing treaty system and that once this general principle were accepted we would be open-minded as to the method of carrying it into effect in the individual categories. We did not come to any definite conclusion on the question of the technical details but decided to take up the matter again at another meeting of the two delegations.

DAVIS

500.A15A5/225 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, October 29, 1934—9 p. m.

[Received 9:20 p. m.]

16. We met today with the British Prime Minister, Sir John Simon, First Lord of the Admiralty,⁵⁷ and First Sea Lord.⁵⁸ MacDonald began by referring to our conversations of last June and July. He mentioned the personal message from President Roosevelt⁵⁹ which he had appreciated and to which he had replied⁶⁰ explaining the reasons that made an increase in cruisers a vital necessity for them. He said that we had agreed to defer further discussions at the time but that

⁵⁷ Sir Bolton Meredith Eyres-Monsell.

⁵⁸ Admiral Sir Ernle Chatfield.

⁵⁹ See telegram No. 270, June 26, 9 p. m., to the Ambassador in Great Britain, p. 277.

⁶⁰ See telegram No. 364, June 27, 9 p. m., from the Ambassador in Great Britain, p. 281.

he wondered if we had any new thoughts on the subject. I reiterated what I had stated to him, as reported in my 14, October 27, 8 p. m., and said it seemed to me that in view of the vital and fundamental issues raised by Japan we would not be facing realities if we were to enter into technical discussions over a treaty that would never be signed unless there is a change in the Japanese attitude. I added that this was particularly true in view of the fact that Hirota had informed the American Ambassador in Tokyo September 18th [17th]⁶¹ that Japan intended to abrogate the Washington Treaty at the end of this year and that this statement had since been confirmed to me in private by Matsudaira and at a meeting with the Japanese this morning when Matsudaira had openly repeated his previous assertion. Simon here interjected that he had reached the conviction that the Japanese intended to abrogate the Washington Treaty.

We then put each other up to date with regard to our discussions with the Japanese. The Prime Minister stated that the British in their several meetings with the Japanese had endeavored to obtain an accurate picture of the Japanese position which he said the British had come to realize was an even more serious problem to Great Britain than to the United States; but that, cost what it may, Great Britain was determined to meet the situation in view of its far-flung responsibilities with a fleet adequate for defense in the Pacific and a fleet for home defense. He had come to the conclusion that either this fleet must be built of sufficient size for the purposes outlined or they must seek a political agreement covering the Pacific which would give them the security that they needed there. He said the Japanese had indicated to the British as they had to us this morning that their common upper limit included Italy and France and anybody else, which the Prime Minister said might one day include Germany and even Russia and create an even more impossible situation, and to which he had told the Japanese they could not agree.

The Prime Minister then explained that he felt we must continue a most sympathetic and patient attitude with the Japanese, that the matter was so profoundly important that we must explore every possible path. The Prime Minister however said that in the event that a three-cornered agreement was impossible he never questioned, and indeed welcomed, parity with the United States, but that that parity must be based upon Great Britain's conception of the risks they had to face and not on an arbitrary figure imposed upon Great Britain by the United States.

I replied that the last thing the United States desired to do was to impose upon any nation and particularly upon Great Britain, a

⁶¹ See telegram No. 204, September 18, noon, from the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 253.

treaty incompatible with her national safety, but that we must both consider, in the event that Japan walked out, how we can both adopt a course which will not invite a naval race with Japan. We must leave on Japan the onus of a race if it should come.

I pointed out, however, that I was somewhat at a loss to know how to continue the conversations with the Japanese particularly in a return courtesy call which the American delegation was paying in the near future. The Prime Minister and Sir John Simon both made the suggestion that I should urge the Japanese to contemplate the situation that would be created if no treaty were reached. They added that if we both continued separately to impress upon the Japanese in all friendship and in patience that we could not contemplate acceptance of fundamental changes in the existing treaties and if they were made really aware of the unfortunate situation that would result for all concerned, including themselves, if the treaty were abrogated, the Japanese would eventually realize that we have a common point of view and this might give some hope of their changing their attitude. It is evident to me that the Japanese delegation had made a point to the British that they had not raised in their discussions with us, namely, that their desire for increased armaments in the Pacific was due to their fear of the American Fleet. The Prime Minister stated that they had proposed to the Japanese that a face-saving device be devised coupled with a limitation as to building programs over a period of years; that this suggestion had not at first been repulsed but that later in the discussions the Japanese had adopted the same rigid attitude that they had taken with us.

At the conclusion of the conversation I again sounded out the British position on tripartite meetings and found an almost unanimous opinion that such an eventuality must be considered when the Japanese position was definitely cleared up but that for the moment nothing would be gained by it particularly as it might be construed as an Anglo-American attempt to coerce Japan.

There is no question in my mind as to the deep concern with which England views the Japanese policy. No solution has been reached in their minds. They desire that there should be further bilateral talks with the Japanese and another meeting between the British and American delegations, possibly the latter part of this week. By that time I hope we will be in a position to go into more positive attitudes.

In order that there should be no misunderstanding I asked the First Sea Lord whether in view of the importance of the Japanese situation he did not think that at present any technical discussion between the Admiralty and Admiral Standley would be unnecessary and inadvisable and he replied emphatically, yes.

MacDonald said that if the Japanese definitely refused to recede from their position, as seemed most probable, it would then be necessary and desirable for us to sit down together and discuss how we should deal with the resultant situation, particularly with regard to our own navies. He thought it, however, inadvisable for the United States and Great Britain to attempt to do this until all hope of a tripartite agreement is exhausted.

DAVIS

500.A15A5/229a : Telegram

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

WASHINGTON, October 31, 1934—5 p. m.

12. (1) The press today devotes considerable space to interview given by Ambassador Saito yesterday on his return from Tokyo. The gist of his remarks was that Japan would be satisfied with achieving naval equality with America and Great Britain over a period of years instead of immediately, but that it must be a real, not a theoretic equality.

(2) Press despatches from England during the past few days have progressively stressed the role of England as mediator between the American and Japanese positions. For instance, Kuhn in *New York Times* today writes "The British standing between the two sides can claim credit for bringing the Japanese and the Americans together again. It is understood that Prime Minister MacDonald suggested a further effort after yesterday's talks had failed. . . .⁶² The prospects of a new naval treaty are remote but if a breakup come[s] the British naturally want as little irritation as possible between the Japanese and the Americans." There have been few indications in the press that Great Britain is as unwilling as we to accept the Japanese demands.

(3) Grew reports from Tokyo⁶³ as follows:

"Since the opening of the naval conversations in London the Japanese press has constantly given the impression that the alleged lack of harmony in the proceedings is caused by American opposition to other points of view. The headlines stress American intransigence and little is published to indicate that any obstacles of importance have arisen beyond American unwillingness to agree to Japan's reasonable proposals. The English are reported to be more willing to consider Japan's claim for parity. It is not clear whether this is due to the character of the news reports sent out from London or whether the Japanese press is acting on hints from the authorities here. In any

⁶² Omission indicated in the original.

⁶³ Telegram No. 239, October 31, 11 a. m.; not printed.

event, it seems likely that in case the meetings prove fruitless or do not end to the satisfaction of Japan, the blame in Japan will be thrown squarely and probably exclusively on the United States."

(4) Yesterday's press despatches from London featured an alleged warning by the American Delegation that if the Japanese scrapped the Washington Treaty, the United States might be forced to fortify its possessions in the Pacific. This was attributed to "reliable American quarters". Other references to future American plans have been attributed to an "American spokesman". We incline to the belief that in any comment or guidance that is given to the press, it would be good tactics not to discuss our future policies in the event of failure, particularly if they could be construed in any way as an implied threat. I fear anything of this sort would be seized upon by the Japanese press and serve further to particularize animosity against the United States.

PHILLIPS

500.A15A5/229 : Telegram

*The Ambassador in Japan (Grew) to the Secretary of State*⁴⁴

TOKYO, November 1, 1934—11 a. m.

[Received November 1—1:52 a. m.]

240. The Naval Attaché⁴⁵ has had a confidential conversation with Captain Shimomura, Chief of the American Section of the Japanese Navy Department here, who said that the Japanese Navy has given up hope of any agreement being reached at London; that everything depends upon the attitude of the United States, and that he knew from his conversations in Washington that the United States would be unwilling to accept the Japanese proposals. Shimomura also stated that Great Britain would follow the lead of the United States which would add to the difficulty. He then asked our Naval Attaché if the United States would be willing to give Japan 90 per cent of our strength, and inquired about the retention by the United States of naval bases in the Philippines after their independence. The Naval Attaché pointed out that in the absence of a treaty capital ships could be replaced when over age, to which Shimomura significantly replied that this would be a difficult question for Japan.

The Naval Attaché considers that it might be inferred from this conversation that Japan may later bring forward compromise proposals, even during the 2 years after notice of abrogation of the Washington Treaty has been given.

⁴⁴ Repeated as telegram No. 14, November 1, to the Chairman of the American delegation.

⁴⁵ Capt. Fred F. Rogers.

I feel strongly that the United States should make no material concessions at the present time.

GREW

500.A15A5/231 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 1, 1934—9 p. m.

[Received November 1—8:20 p. m.]

18. My 17, October 31, 8 p. m.⁶⁶ I initiated the discussion with the Japanese by stating that their explanation indicated that their proposals were based on two reasons: first, that technical improvements have modified relative security established by the Washington and London Treaties; and second, that the present treaties are detrimental to Japan's national prestige in its relations with China.

In regard to the first, I said that we did not feel that there has been any technical improvement which has altered relative security.

As to prestige: since the war the nations of the world have developed the concept of adjustment of problems of international concern through cooperation. We sincerely hoped that Japan would continue to associate itself with this movement, and that it would not revert to the obsolete theory of independent action. To do so might be helpful to Japan in dealing with China, but it would not be helpful to Japan's prestige throughout the world. I said that we recognized that Japan's relations with China presented difficult problems; that we desired to work in the most friendly way with Japan in meeting problems disturbing to the Japanese people; but that the Japanese proposals could not be dealt with intelligently without reopening related political questions. I then asked whether the Japanese had weighed carefully what the effects would be of an abrogation of the Washington Treaty; however, I thought it would be difficult to prove that the security of Japan had in any way been prejudiced by the naval treaties.

Matsudaira explained, to our surprise, that Japan's preoccupation with the problem of prestige has nothing to do with China and that he had no intention of giving such [impression?]. We reminded Matsudaira of Yamamoto's reference to "certain country". Yamamoto nodded assent. Matsudaira proceeded to say that he associated himself completely with the view that the three principal naval powers should work together to promote peace. However, Japan desires to cooperate on an equal footing with the other powers, which the Japa-

⁶⁶ Not printed.

nese people believe it cannot do so long as Japan is bound by an inferior ratio.

Admiral Yamamoto gave an extended explanation of his statement made at a previous meeting, that technical improvements have modified the relative security established by the Washington Treaties. Briefly, his arguments were that tremendous increases in radius of action and of speed of vessels and improvements in naval aviation had operated to give greater advantages to an attacking fleet than to a defending fleet; that the Washington and London Treaties had in each case created dissatisfaction in the Japanese Navy; that Japan had endeavored to make good the deficiency in restricted vessels by constructing vessels in unrestricted categories, thus occasioning similar construction by other nations; and that it was necessary to proceed on the basis of new principles.

Admiral Standley disposed effectively of these arguments by pointing out that the Japanese Navy has kept pace with other powers in the matter of technical improvements and that Japan has more new vessels than has the United States, for the reason that the United States refrained for 10 years from new construction in the hope that the other nations would follow its lead.

I observed that we are unable to appreciate the contention that a smaller navy affects a nation's prestige, and that it would be as logical for us to argue that we were not on an equal footing with Japan because she has an army vastly larger than ours, as for them to argue that they are not on an equal footing with us because we have a larger navy. I jokingly asked if their proposal to bring their navy up to ours included the bringing of their army down to ours. Matsudaira replied that that was another matter.

I concluded the discussion by urging the Japanese delegation to give further consideration to the problems which their proposals would raise. Matsudaira suggested that it would be advisable to proceed slowly, in which thought we concurred.

It was understood that we would meet again but no arrangement was made for the next meeting.

DAVIS

500.A15A5/232 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 2, 1934—7 p. m.
[Received November 2—3 : 59 p. m.]

20. Your No. 12, October 31, 5 p. m. I have carefully avoided saying anything that could be construed as a threat of what we would do in case of abrogation of the Washington Treaty. The intimation that

the United States might fortify its possessions in the Pacific if the Japanese scrapped the treaty was first contained in a Reuter's despatch as coming from Washington official circles.

DAVIS

500.A15A5/236 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 6, 1934—9 p. m.
[Received November 6—5: 15 p. m.]

24. At Simon's request I called this afternoon with Atherton to talk with him and Craigie. Simon said that while he was skeptical of the possibility of reaching an agreement with the Japanese he thought we ought to exhaust every possibility to achieve it. With that in view, he and the Prime Minister were going to have another talk with Matsu-daira and see if the Japanese would be satisfied with a face-saving preamble to a treaty that does not alter the actual status. This preamble would acknowledge inherent equality of sovereign rights, of self-defense, et cetera, but that naval needs are not necessarily equal but depend upon circumstances. The treaty would then establish the respective maximum programs which in practice would work out at the present relative strengths. Simon said that they did not wish to do this without consulting us.

I told Simon that before committing myself it would be necessary to consider very carefully the formula and to consult Washington but that my personal opinion was that if it were purely a face-saving formula which did not alter the actual relative strength or the basis upon which the present naval limitation rests, there would be no inherent objection. I further stated that I thought it most important to avoid any misunderstanding and to make it distinctly clear to the Japanese that if the maintenance of the present status could be made more palatable to them we would be glad to consider a method of doing so but if Japan could not be satisfied short of change in the status which would require a reopening of all the questions involved, there seemed to be no basis for agreement. I told Simon that the proposals of the Japanese indicated that they had adopted a basic change of policy and that therefore I did not believe they would accept a face-saving device. I also reminded him that the experience in trying to find a formula to satisfy Germany's demand for equality of status⁶⁷ had not been very fortunate and that it was essential to avoid a repetition with Japan.

⁶⁷ See *Foreign Relations*, 1932, vol. 1, pp. 416 ff.

Simon said that he entirely agreed and that, while the Japanese would probably not accept it, he thought it well to raise the question to find out definitely where we stand.

DAVIS

500.A15A5/246 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 9, 1934—6 p. m.
[Received November 9—3:31 p. m.]

26. Yesterday Craigie called to inform us about the meeting with the Japanese on the previous day. In substance the British had stated that the idea of a common upper level was unacceptable to them for the reasons that they had already outlined to the Japanese. They desired, however, to give Japan such comfort in regard to prestige as might be practical and to this end had been thinking that a possible solution might be worked out somewhat as follows: There should be a formula recognizing the equality of status of the contracting powers. This formula would add, however, that because of their difference in needs each nation would not consider it necessary to build up to the point to which the other or others might have reached and the fact that they might not have built up was by no means to be considered as a denial of the right of parity. This formula should be followed by a "voluntary" declaration whereby each nation after agreement with the others sets forth its building program which should be a contractual obligation as a part of the treaty.

In order to make it doubly certain that any reference to the building program should be of a contractual nature I recalled to Craigie the fact that in my recent conversation with Simon (see my 24, November 6, 9 p. m.) I had insisted upon the fact that a contractual agreement on building programs was indispensable and that there should be no change in the relative strength if the agreement was to have any value.

In reply to a question as to whether it was true, as reported in the press, that the British had also discussed with the Japanese a rearrangement of categories in order more effectively to hide the ratio, Craigie replied that they had not discussed this.

Craigie explained that Yamamoto had subsequently called on the First Sea Lord. While Craigie had not seen the minutes of the meeting, he understood that Yamamoto has merely desired to clear up certain points of the British suggestion in regard to which he had been in doubt and had given the First Sea Lord to understand that the proposals were unacceptable to the Japanese.

DAVIS

500.A15A5/254a : Telegram

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

WASHINGTON, November 13, 1934—3 p. m.

17. (1) During my absence I have carefully followed all your telegrams and entirely approve your methods of handling a very difficult situation. The following observations may be useful to you as showing the way our minds are running here.

(2) As to immediate tactics. We agree with you that pending the Japanese answer to the British proposals, we should make no move. If the Japanese reject them, it will convince the British public more effectively of Japanese intransigence than if we had in the meanwhile expressed an opinion or shown concern. If, on the other hand, the Japanese accept the British proposals or give an ambiguous reply, we shall still have plenty of time to meet the situation thereby created.

(3) American public opinion has been frankly suspicious, not to say resentful, of the recent British compromise proposals, and the fact that the newspaper accounts attributed without contradiction to "authoritative sources" do not tally with the explanations given you by Craigie, have caused us some worry.

(4) The conversations of the past 3 weeks have convinced us that there is virtually no chance of bridging the definite disagreement between the Japanese on the one hand and ourselves and the British on the other as to the fundamentals of future naval limitation. We have given the Japanese every chance to explain and justify their demands; we have not forced the pace nor have we refused them a chance to "save face". I feel we should continue to emphasize our thesis that maintaining the treaties as a basis for future limitation rests on the equality of self-defense, equality of security, and a united purpose to avoid rivalry in armaments. The Japanese thesis can only be construed as a desire to substitute overwhelming supremacy in the Orient which would open the way to preferential rights and privileges and to a destruction of the delicate balance in Asia, both political and economic, represented by the other basic principles and policies contained in the Washington and other treaties.

(5) If the Japanese position remains unmodified, we feel that the next move is for you to ask the British what they think should be done. You might preface your inquiry with the simple statement that you are willing to stay as long as they may be willing to give you an assurance that in their opinion a useful purpose in the interest of all concerned is to be served by your doing so. In other words, the situation seems to warrant a real effort to compel the British to assume a

responsibility, if they seek to prolong the naval conversations and to keep you in London indefinitely, in connection therewith.

HULL

500.A15A5/253 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 13, 1934—9 p. m.
[Received November 13—6:15 p. m.]

31. In a conversation with Simon today he told me he assumed Craigie had told me about the two inquiries which the British put to the Japanese at their last meeting. I replied that Craigie had merely told us about one inquiry which is reported in my 26, November 9, 6 p. m. Simon then said the second inquiry was a very important one and he wished to tell me about it. He had told Matsudaira that Hirota had on several occasions made reference to the possibility of a pact of non-aggression, and that he would like to know just what Hirota had in mind; that he assumed he did not mean an Anglo-Japanese pact of non-aggression or expect Great Britain to enter into anything of the kind without the United States which she would not do; that he furthermore assumed Hirota would not expect anyone to enter into a pact of non-aggression without knowing definitely whether the policies to be pursued by the respective participants were such as not to provoke aggression; that England, for instance, was vitally interested in the independence of China and in the open door and that he would like to know whether Hirota contemplated full assurance with regard to that in any proposed pact of non-aggression.

Simon said they had not received any answer and he imagined the Japanese would find it difficult to give a satisfactory answer, but that he thought it advisable to let them know what they must expect in anticipation of the possibility of their proposing something of the kind. He also added that notwithstanding rumors to the contrary he could assure me that the British Government had had no negotiations whatever with the Japanese with regard to any political agreement.

DAVIS

500.A15A5/252 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 13, 1934—10 p. m.
[Received 10:20 p. m.]

32. For the President and the Secretary. Although the Japanese proposals were unacceptable to both the British and ourselves, the

British, as I have reported, favored continuing the discussions in the hope of persuading the Japanese to agree to accept a new treaty embodying the essence of the Washington Treaty, with some face-saving formula, or minor changes, which would not substantially alter the relative ratio. The British proposals to the Japanese in this connection were reported in my 26, November 9, 6 p. m., and a reply from Tokyo is daily awaited. It now seems evident that the Japanese will not be satisfied with anything of the kind. Hence, it is probable that within a few days we will have to decide whether the conversations shall be continued, and if so, upon what basis and to what end, or whether to discontinue them for the time being, and if so, how this should be done.

The fundamental situation which confronts both the British and ourselves is that Japan has officially informed us⁶⁸ that she will in any event denounce the Washington Treaty before the end of the year and that she is determined not to continue naval limitation on the present principles. The basis on which the present conversations began thus no longer exists and to attempt to press Japan just now to alter her decision as to ratio would, in my opinion, be unreal and perhaps unwise. It tends to weaken our position vis-à-vis the Japanese by giving the impression that we are afraid to face the situation created by their stand and that we desire by all means to keep the discussions alive. Moreover, it tends to confuse the issues in the public mind and to give free play to the imagination of the press, particularly as to purported Anglo-American differences.

If we continue to hold conversations in the face of the Japanese denunciation of the Washington Treaty it would mean in essence that we concentrate on an attempt to find a new treaty to replace the old. In other words, we would seek to salvage what we could from the wreck of the Washington Treaty in the hope of getting Japan to define and limit her policy in such a way as to avoid a complete break and keep the militarists within reasonable bounds. While I question the wisdom of this course, I may point out that the British, anxious to placate a group here which favors conciliating Japan, now hold a different view.

When I reached London early in October a minority and extreme Tory group here were the only elements of the Cabinet with definite views as to a solution of the problem and they were prepared to propose that, particularly in view of the troubled European situation, an agreement must be concluded with Japan on the best terms possible in order to define and limit her course of action in the Far East during the ensuing years. Such a policy was also supported by commercial elements seeking favorable trade promotion. However, this policy has

⁶⁸ See *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 253 ff.; see also telegram No. 214, September 25, 7 p. m., from the Chargé in Japan, *post*, p. 405.

not gained any fresh adherents and mature considerations have crystallized the judgment of other elements in the Cabinet as well as political and Empire opinion, to maintain that cooperation with the United States even without a treaty must be a basic policy and negotiations with Japan must only be carried to a point where they do not run contrary to complete accord with the United States. This, together with the recent elections which are construed as an overwhelming mandate from the American people to the President, has given renewed faith in the power of an American Government to adopt and pursue a definite policy, all of which has strengthened the hand of the saner element here.

The chief benefit that has come from the conversations has been to crystallize British opinion in our favor. The reaction in the Liberal and Labor section of the press today to the recent despatches from Washington showing suspicion of British activities, and from MacDonald's denial,⁶⁹ is distinctly favorable and helpful. Otherwise, speech last night was most timely and I am satisfied will have a very far-reaching effect. Finally, the adamant stand of the Japanese themselves has discouraged those elements which favor placating the Japanese.

In spite of the present desire of the British to go on with the conversations, there is a possibility that the Japanese reply to the inquiries the British have made in an effort to smoke out the Japanese position, will be unsatisfactory, and that the British will be forced to the conclusion that the conversations cannot be carried on usefully much longer, and that it would be advisable to terminate them for the present either through British initiative, as hosts, or in agreement with us, and possibly the Japanese. A substantial consideration in support of such determination is that Japan may be more inclined to be reasonable if conversations should be resumed some time subsequent to formal denunciation. Thus, Matsudaira told Wilson⁷⁰ yesterday that he and Yamamoto had been discussing whether or not it was wise to continue the conversations or to resume at a later stage. In this connection, Matsudaira indicated to me in a talk some days ago, that once Japan had denounced the treaty it might have a calming effect in Japan and make it possible to meet later under more auspicious conditions.

If the conversations are thus to be ended, it should be done in such a way as not to give cause for recrimination in the press, to avoid the appearance of a complete termination of negotiations and leave the way open for future negotiations.

⁶⁹ London *Times*, November 13, 1934, p. 14.

⁷⁰ Hugh R. Wilson, member of American delegation; Minister to Switzerland.

If, however, events do not develop as we anticipate, and there is no desire on the part of the others to terminate the conversations, then it becomes necessary for us to consider what we shall do under the circumstances.

It would be helpful for me to have your views.

DAVIS

500.A15A5/254 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 14, 1934—2 p. m.
[Received November 14—11:25 a. m.]

34. Supplementing my 31, November 13, 9 p. m., I told Simon I was inclined to believe that if there were to be a pact of non-aggression for the Pacific and the Far East we would come to the conclusion, in examining the matter, that if it were limited to the United States, England and Japan, it would create suspicion and resentment on the part of other powers interested in the Far East and that in my personal opinion if there is to be a proper basis for a pact of non-aggression, all of the signatures to the Nine-Power Treaty²¹ and also Russia should be included. He replied that he had not thought of that but that it was a most interesting and excellent suggestion to which his first impression was favorable. We both agreed that the crux of such a problem would depend upon the extent to which Japan would bind herself not to pursue a policy that would provoke aggression.

DAVIS

500.A15A5/255 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 14, 1934—3 p. m.
[Received November 14—11:45 a. m.]

35. I appreciate your 17, November 13, 3 p. m. which crossed my 32, November 13, 10 p. m., and see that we are thinking along the same lines. I have been taking with the British the exact line suggested by you.

In my talk with Simon yesterday I felt him out as to what their attitude would be in case, as is most probable, the Japanese reply is

²¹ Treaty between the United States, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

unsatisfactory and I indicated some of the dangers and disadvantages with the impending Japanese denunciation, of continuing the conversations after there is no longer hope for a satisfactory comprehensive agreement. He said he was impressed by the reasons advanced and would without committing his Government wish to think it over. He said however that since it had been so difficult to get the Japanese here at all there is a rather strong feeling in British Government circles that if the Japanese once get away they will not come again and that by keeping them here now we may ultimately get something worth while from them or at least ascertain conclusively that the Japanese are unwilling to cooperate along constructive and reasonable lines and thus clarify our own minds as to how to deal with the situation.

DAVIS

500.A15A5/256 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 14, 1934—4 p. m.
[Received November 14—12:55 p. m.]

36. Personal for the President and the Secretary. One of the arguments heard frequently in Parliamentary circles, particularly among a younger Tory group who are really not conversant with the present naval problems and discussions, but have a none too friendly bias towards the United States, is that while they recognize the value of Anglo-American cooperation, every time American press reporters telegraph that the British are not in full support of United States policies, "the string is pulled from Washington" and some member of the British Cabinet gets up and on a public occasion repeats as a fundamental British thesis the desirability of Anglo-American cooperation, to which there is no response from America. I should not refer to this if it were not a trouble of somewhat long standing, more especially since there rarely comes back here from America a statement by a correspondingly high official of the United States Government recognizing the importance of Anglo-American cooperation in seeking world stability.

Any utterance from the President or high Administration official in a public address at this time that might be considered as an indication of the lines upon which the Administration is in favor of cooperation with Great Britain would do a great deal to remove all grievances and to obtain new friends. The recent speech of Smuts ⁷²

⁷² Speech before Royal Institute of International Affairs, November 12, 1934; for text, see *London Times*, November 13, 1934, p. 15.

or the broadcast by Simon ⁷³ to the United States might give an opportunity for some statement if you should think it advisable that something be done along the lines indicated.

DAVIS

500.A15A5/254: Telegram

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

WASHINGTON, November 14, 1934—6 p. m.

20. Your 31, November 13, 9 p. m. and 34, November 14, 2 p. m. While we approve the line taken by you as reported in No. 34, we feel that toward any further discussion of such project, you should adopt an attitude receptive only, with no indication of particular interest in the proposal, but expressing, whenever approached, a view that bilateral pacts of this type with Japan would become obstacles to the principles for which the British and the American Governments stand in regard to situations in the Far East; that any multilateral treaty of this type should include at least the five most concerned powers, among them China; and would probably need to include more; and that any proposal for the conclusion of such a treaty should envisage the inclusion of some kind of definition of aggression and prescription of limitations upon use of force by any power against or on the territory of another.

HULL

500.A15A5/2531

President Roosevelt to the Secretary of State

WASHINGTON, November 14, 1934—6 p. m. ⁷⁴

I have just read Norman Davis' No. 32 of November 13th—10 p. m. It seems that matters may come to a head shortly requiring us to take a position as a result of Japanese intention to denounce the Treaty in December.

I think it might be a good idea to telegraph Davis that in the event the conferences break up he should consider:

(a) Giving out my original letter of instructions to him and Admiral Standley.⁷⁵

(b) Seeking at least a gentleman's agreement from the Japanese and the British that they will lay down no ships over and above the num-

⁷³ Delivered November 11, 1934, for the radio symposium of Carnegie Endowment for International Peace; for summary comment, see *New York Times*, November 12, p. 2.

⁷⁴ Received by the Secretary of State, November 15, 3 p. m.

⁷⁵ For text of letter of guidance dated October 5, 1934, and released at inaugural session of the London Naval Conference, December 9, 1935, see *Foreign Relations*, Japan, 1931-1941, vol. I, p. 282.

bers provided in existing Washington and London Treaties until after the actual expiration date of those treaties.

(c) To obtain from them some kind of definite agreement that after the Washington and London Treaties completely terminate none of the three nations will lay down any ship without formal notice to the other nations—this to apply to any and all vessels of more than five hundred tons and to all submarines of any tonnage.⁷⁶

I am suggesting this with the belief that full publicity of construction will be conducive to some future limitation and also that it will perhaps make unnecessary the expenditures of large sums for Naval Intelligence purposes.

F[RANKLIN] D. R[OSEVELT]

Turn this over to W[illiam] P[hillips]. Don't miss the train!⁷⁷

500.A15A5/287

*Minutes of Meeting Between British and American Delegations in the Prime Minister's Office at the House of Commons on November 14, 1934, 3 p. m.*⁷⁸

Present:

FOR THE UNITED STATES:

Mr. Norman Davis
Admiral Standley
Mr. Atherton
Commander Schuirmann⁷⁹
Mr. Reber⁸⁰
Mr. Field

FOR THE UNITED KINGDOM:

The Prime Minister
(For about an hour)
Sir John Simon
Admiral Chatfield
Mr. Craigie
Sir Warren Fisher⁸¹
Commander Clarke⁸²
Commander Hodson⁸³

The Prime Minister stated that as he was not feeling well as a result of just having a tooth pulled, he would ask Sir John Simon to take charge of the meeting.

⁷⁶ Points (a), (b), and (c) of this memorandum were transmitted to the Chairman of the American delegation as telegram No. 27, November 17, 1934, 8 p. m.

⁷⁷ This notation appears in ink in Roosevelt's handwriting.

⁷⁸ Transmitted to the Department by Noel H. Field, secretary of the American delegation, in his despatch of November 21; received November 28. In his despatch Mr. Field stressed the fact "that no formal record agreed to by the Delegations has been made, but that each Delegation took its own notes. The enclosures were prepared on the basis of the American Delegation's notes and have not been submitted to or approved by the British Delegation."

⁷⁹ Commander Roscoe E. Schuirmann, member of the General Board, U. S. Navy Department.

⁸⁰ Samuel Reber, secretary to the American delegation.

⁸¹ Sir Warren Fisher, Secretary of the British Treasury.

⁸² Commander A. W. Clarke, secretary to the Committee of Imperial Defence.

⁸³ Commander Eric John Hodson, acting secretary to the Committee of Imperial Defence.

SIR JOHN SIMON: We have not seen the American Delegation for a fortnight. I am sure you will understand the reasons. We have had a great deal of work on our hands. Of course we have had informal talks between individual members, and so there has been no real gap. We saw the Japanese Delegation on the 7th and you were told of the sort of inquiry we intended to make of them.⁸⁴ We made an inquiry in the sense indicated. We were very careful not to allow ourselves to be put in the position that we were making a concrete proposal. We merely asked them if they had thought of a definite form in which the treaty could be cast to meet their obligations; we were also careful not to imply that the new form would give Japan the right to do anything she liked without our being concerned. The position we submitted to them was that we, like the United States, could not see our way to approve the common upper limit, but we were anxious to see if there were no way by which to meet them on the question of prestige. It is, as far as the substance is concerned, possible to envisage unilateral declarations, setting out programs which would be negotiated and agreed to by the parties concerned and form a sort of annex to the arrangement. These programs would continue as far as possible the existing ratios. The only answer we got to our inquiry was that these matters would be considered and we presume they are being considered because we have had no answer.

MR. DAVIS: I understand this would not involve a change in the existing relative strengths.

SIR JOHN: Our understanding was that the present status should be maintained in substance.

MR. MACDONALD: You have not seen the Japanese any more?

MR. DAVIS: No, not as a Delegation. I asked Wilson to see Matsudaira in connection with the traffic in arms. They did not discuss the naval matter except that Matsudaira said they had not yet had a reply from Tokyo, and he wanted to know whether I had formed any definite ideas as to a continuance of the conversations.

SIR JOHN: In today's conversations, we must make certain assumptions and try to determine what is likely to be our decision on these assumptions. The first assumption we must make is that Japan may carry out before the end of the year her intention to give notice to denounce the Washington Treaty, which, amongst other things, means that the prospect of continuing the London Treaty might also be vitally affected. Assuming therefore that the Washington Treaty is being denounced, let us also see how it would work out if we assumed that we could get an understanding by which Japan would continue to observe in practice the existing ratios, that is to say if she would be free theo-

⁸⁴ See telegrams Nos. 26 and 31, November 9 and 13, from the Chairman of the American delegation, pp. 326 and 328.

retically to change them but did not in fact do so. In that case the United Kingdom Government would still feel that we should want it possible to have the good will of the United States for certain adjustments which we were telling you about in the summer.⁸⁵ What we would therefore appreciate is to have an indication from you of just what your position would be. In the summer you told us that the United States Government appreciated the reasons for the United Kingdom's needs but that there would be great difficulties, especially in connection with that part of the American Constitution which calls into play the Senate. You have been home in the meantime. You had at an earlier interview said that you thought British needs might be met by getting some compensation elsewhere in the whole range. We should like to know a little more what you have in view. That is on the quantitative side.

The other thing we would very much like to have some information on is regarding the qualitative side. You appreciate how important it is for us to secure an agreement on the qualitative limit even if we should fail to get an agreement on the quantitative limit. What we would like to know is are you able to tell us now anything about the view of your Government on those two important points. It is always possible in this difficulty to state that we might be able to get an agreement on some qualitative matters even though Japan fails to come to an agreement with us both about the quantitative totals.

MR. DAVIS: You are raising two very distinct questions. (1) An agreed naval program between Great Britain and the United States in case there is no agreement with Japan, and (2) the question of what we should do in case we do get an agreement with Japan.

SIR JOHN: I did not really mean to raise the question of Anglo-American agreement on a program without Japan. What I mean is this: If we want to secure from Japan not the continuance of the Washington Treaty but in some other form assurances which satisfied both of us that Japan was not going beyond the existing proportions, would that be sufficient to enable you to help us to an agreement—a general agreement of course—for instance by meeting us on the number of cruisers that we need.

MR. DAVIS: We had thought that if we could not get an agreement to continue the general principles of the existing treaty there would not be any treaty at all. In that case we thought that at least the United States and Great Britain could agree upon the maintenance of the principles of parity and upon a naval program that would meet their requirements, thus avoiding a naval race not only between them-

⁸⁵ See telegrams Nos. 343, 344, 364, 367, and 385, June 21, 22, 27, 28, July 5, and despatch No. 859, July 27, from the Ambassador in Great Britain, pp. 266, 267, 281, 282, 287, and 299.

selves but, if possible, avoiding a naval race in general. But we have really not envisaged such a thing as an agreement with Japan just for qualitative limitation.

As I told you at the last meeting, we had gone over Mr. Craigie's memorandum of last July⁸⁶ and were impressed by some of the arguments for an increase in your tonnage through replacements, which in the course of time would amount to 70,000 additional tons. We had thought it would be just to meet you in this respect provided we could come to a general agreement that did not increase the total treaty tonnage. Admiral Standley was of the opinion that when the time came to do so the two admiralties could sit down and work out a program that would carry this into effect, but the First Sea Lord agreed with us that until we knew just where we were going with the Japanese it would be futile and rather difficult to work out this idea.

SIR JOHN: What you talked about then was on the assumption of the Washington Treaty remaining. What will you do if it does not remain?

MR. DAVIS: If the Washington Treaty does not remain, I feel that as far as our mutual technical problems are concerned, it would be a purely academic question. We might have to act very differently than if we were going to renew the treaty. If we are in agreement that we are going to maintain parity between us, it would seem logical to agree upon naval programs.

MR. MACDONALD: Put parity out of your mind altogether. There is no quarrel about that.

MR. DAVIS: Oh, I know that. I fully appreciate that.

MR. MACDONALD: But this is our position: We gave you a figure in June of I believe 70 cruisers and we told you we were quite willing to compose it in such a way that it would not mean all new ships.⁸⁷ But we want 70. Now our requirements consist of two types of needs: (1) a certain number to cover the surface of the seas and (2) a certain capacity to do those things that they must be able to do to carry out their job. Now if the individual item of the 70 had only to do a sort of police job and the minor work of communications each one of the 70 would only require to be of a certain small tonnage which multiplied by 70 would give a certain total which would enable both of us to say we had reduced the total tonnage. But suppose Japan and you had decided to put a fleet of cruisers with a certain tonnage and gun superiority on the seas, what is the use of our sending forth ships which would be blown out of the seas at once? For the double function we must give the 70 a certain tonnage corresponding to that of others. I

⁸⁶ *Ante*, p. 299.

⁸⁷ See telegrams Nos. 344 and 352, June 22 and 25, from the Ambassador in Great Britain, pp. 267 and 272.

don't see that there is any trouble about your building; we are not interested in your building.

MR. DAVIS: Oh, I know that.

MR. MACDONALD: We are interested in the political situation in the Pacific which imposes certain risks on us that we did not have at the time of the London Treaty and we had hoped would not occur; we hoped that our cooperation with you would prevent it. But it did not work out that way. What I want you to face is this, that we have got a minimum requirement, a minimum requirement of the number of ships and a minimum requirement of capacity to carry out their job. If we can get an agreement to permit us to carry out those requirements, we are in the game.

MR. DAVIS: On the assumption that the two of us will want to do what we can to avoid a competition between us, and since we both accept the principle of parity, we ought to be able to get together on a program that meets our requirements. As far as Great Britain is concerned, the matter is simple. But what I am not so sure about is as to what we can do in the case of Japan if she refuses to come to an agreement. It is not just a naval question, that is mere camouflage. We have set up a collective system for cooperating in the Far East to maintain peace and now what Japan is trying to say is that she won't have anything more to do with that collective system. We simply cannot agree with that.

MR. MACDONALD: I entirely concur. But I would like to get back to the point at which we left last summer. You never quite told us what you thought about our program. The Craigie memorandum was sent you so that you would know exactly where we stood. As long as I am here there has got to be no competition between us and when I am gone I am sure the same position will be taken. We want, if I may use this expression, to use our cooperation to terrorize the rest of the world into giving great moral answers to great moral issues, rather than to use guns. Your President in his message to me⁸⁸ proposed a reduction. That is all very well. I would like to go to half if my risks are reduced to half. We have a sliding scale based on our risks. It would not be much use discussing a limitation which is no good for our purposes. If we get to the real facts that face us in this case, we shall very soon come to an agreement.

MR. DAVIS: At the last meeting we all agreed that it was inadvisable to take up technical discussions because we did not know where we were going. When Mr. Craigie raised the point the other day I again said that we should not go into technical details because we did not know where we are standing with Japan. But if you want

⁸⁸ See telegram No. 270, June 26, 9 p. m., to the Ambassador in Great Britain, p. 277.

to explore what can be done on the assumption that we can get a general treaty which does not increase present totals (we do not think we can get such a treaty now but it is possible we might next year) we feel that our experts could sit down and study the problem. Instead of the First Sea Lord and Admiral Standley sitting down together which is a little too formal, we could have Commander Schuirmann and a corresponding British expert explore the matter. This suggestion was accepted and I understand that such talks began this morning.

MR. MACDONALD: What is in my mind is to make sure at this point that the necessities of Great Britain should be fully appreciated.

MR. DAVIS: We appreciate them thoroughly and we want to do everything to meet you; but we do not want to come to an agreement if we have doubts of getting it adopted. There is a general feeling among the American people in favor of reduction and President Roosevelt thinks it most inadvisable to conclude an agreement for a treaty which would provide for total increases.

SIR JOHN: Did I understand correctly that your view is that if the Washington Treaty were continued, nevertheless you felt there would be great difficulty in making such a change in its present terms as would increase the total treaty tonnage? I gather, first, that there is strong sentiment in favor of reducing naval armaments and, second, that you have your historical difficulty with the Senate.

MR. DAVIS: Well, that is one and the same thing. Our whole theory is that there is a maximum tonnage laid down in the existing treaty and to increase that tonnage would change the whole basis.

SIR JOHN: Now still on the assumption of the continuance of the present treaty, I do think that there should be some way of giving the British what they need within the treaty totals. Merely as a layman I should find it most useful to actually see how this could be worked out. Now on the other assumption of no treaty, I understand that you have not considered a middle position. You have considered what you would do if the treaty continued and if there were no treaty at all, in which latter case the two of us should do all in our power not to engage in a naval race. But is there not a middle ground, namely, that we might secure from Japan such assurances as to what her building program would be as not to involve a fundamental departure from the existing ratios. In that case we want to know what the two of us could agree upon.

MR. ATHERTON: The first and third points raised by Sir John Simon we have answered. As to the second assumption in which Japan, after denouncing the treaty, may or may not agree to make a voluntary statement contractual or otherwise as to future building programs, in

considering that contingency, we do not wish to make any engagement beforehand until Japan defines her position.

MR. DAVIS: At our first meeting with the Prime Minister in the summer we all agreed that we were in favor of maintaining the specific treaty principles. Now you are taking the position that it is all over and that Japan is unwilling to continue the treaty principles. A mere discussion of programs to avoid competition is such a tremendous comedown that it requires considerable thought. If both treaties are gone and there is no new treaty to take their place with Japan, is it advisable to seek an agreement with Japan just so as not to compete? I don't think that is the problem. That is not a realistic approach. It ignores that we are faced with more than a technical issue. It ignores the fundamental question of naval bases. If the Washington Treaty goes, the whole system goes, and I think that is more important than the question of avoiding competition in certain types.

SIR JOHN: But might it not be one of the proposals of the middle course that there should be renewal of the non-fortification question? I quite agree that it would be a comedown. But what we have to consider is what the best thing is that we can do if a renewal of the treaty is impossible. Is the next best thing to have nothing at all?

MR. DAVIS: No; let me make myself a little clearer. We had not envisaged a possibility of a middle course. Instead we desired to find out just what Japan wanted; we have been doing that patiently, hoping Japan might be willing to agree to some basis that would solve the situation. We are still waiting. I have never put up to my Government the question of a very limited program. I have felt this question premature. I don't know what my Government's reactions would be because it raises, as I have said, very fundamental questions. For instance, besides the matter of fortifications, it brings up the whole question of naval predominance in the Pacific. We accepted the Washington Treaty, in return for an agreement by Japan to respect our interests, to observe the open door and to follow a policy of peace. After all this has gone by the board, I gravely question the advisability of going along on such a limited basis.

SIR JOHN: Have you considered on your side whether you would wish to continue the fortification provision in the Washington Treaty? Is it to your interest to let it go?

MR. DAVIS: My position is that if Japan does not make a move that way, we should not. I am all in favor of salvaging what we can out of this, but I just don't feel like making any commitment as to this middle course. It is something that must be explored very carefully.

SIR JOHN: You see, we consider the middle course consists of more than merely qualitative limitation. In my thought it includes three things: (1) Non-fortification; (2) qualitative limitation; (3) pro-

grams as to future construction. I think this would be very much better than nothing.

MR. DAVIS: Would you favor such a compromise even if there is no agreement as to the open door in China and as to what is going to happen out there, which means that you might have to use your navy?

SIR JOHN: Well, what would be the position if there is no agreement?

MR. DAVIS: I realize that, but it is not an easy question. We are in a ridiculous position. Japan has told us both that she is going to denounce the Washington Treaty. That impending denunciation imposes on us the necessity of dealing with a hypothetical question. I personally am beginning to feel that once it is denounced we will be in a much better position. Now we are in the situation that Japan will denounce the Treaty whatever we may do or not do. To negotiate under these circumstances is an inducement for Japan to put up her price; after all we have two years time following denunciation. During that time we may have to negotiate.

MR. MACDONALD: My personal view is that we all together ought to consider what the denunciation really means. It is not a denunciation of the 5.5.3 only, there are a lot of other things.

MR. DAVIS: I quite agree, and that is why we have followed the present course, namely, to be patient and make every effort to try to find a solution; only by continuing in this manner could we really find out what Japan's ultimate position is, and crystallize our own views.

MR. MACDONALD: I doubt if Japan really knows her ultimate position, but we ought to try to get her to determine it and not to wait. Won't it in that case be necessary for us to have, not an agreement, but a kind of understanding as to how our minds are working. If there is going to be any trouble in the Pacific, it is going to involve both of us, that is certain.

MR. DAVIS: No doubt.

MR. MACDONALD: Our eyes are primarily on the Pacific. What we want primarily is that we should both understand what is in our minds, that we are not in for aggression, but for defense, and then quietly continue to bring pressure on Japan as to what she purposes to do, making it plain to them that both of us regard this as a very serious thing. This pressure should be separate, of course, and not give the impression of concerted action. But let us understand each other's minds. You have questions to ask us, for instance, about our seventy cruisers; and we have questions to ask you. I am not in favor of waiting a fortnight and forgetting each other, with Craigie coming around and asking, "Well, what shall we do about the American Delegation". That is no way to proceed. We should get down to seeing each other on a definite basis.

(At this point Mr. MacDonald had to leave for the floor of the House. The formal meeting was suspended for about fifteen minutes while tea was served. During this period, the members of each delegation consulted among each other. Following the tea, Sir John resumed as follows:)

SIR JOHN: I wish I knew what is the proper strategic view as to whether the non-fortification clause is valuable to preserve in both our interests.

MR. DAVIS: I honestly don't know. We have not discussed that in detail at home. It might be a good thing for our navies to talk it over.

SIR JOHN: As long as it lasts, none of us, including Japan, can fortify. If it ends, who would fortify? I am not sure but that the Japanese might not be the first.

ADMIRAL CHATFIELD: There is no doubt that this clause was supposed to be to the advantage of Japan; it was an inducement to the ratio. At that time we were just going to put up some fortifications near their country. Whether that still remains the same is a big question.

SIR JOHN: I don't know. It is a purely strategic conundrum.

MR. DAVIS: I think Japan is proceeding on the theory that if she gets rid of that provision, neither one of us would fortify—neither Hongkong nor the Philippines.

SIR WARREN: The Japanese the other day on this precise point did not at all exclude the possibility of an arrangement to continue the fortifications provision.

SIR JOHN: They rather indicated that this was one of the things that could be saved out of the wreckage.

MR. DAVIS: But that agreement was to make Japan feel secure; the other provisions were to make us feel secure and to assure us that we would not have to use our navies in the Far East.

I have been trying to find out just exactly what you have in mind as to your "middle course" proposal. This is something we have not considered. I have no authority whatever to negotiate on that basis, and don't know what the attitude of the Government might be.

SIR JOHN: The matter we were talking about during tea and which we want to put before you is this: We all want to be very plain with one another, and I am not sure that I, at any rate, have ever conveyed to you the reasons why, in the view of ourselves and our advisers, qualitative limitations have such extreme importance. I will state it very briefly, as though acting as lawyer before a court and then call my principal witness, (turning to Chatfield) and you can cross-examine him. Historically, unrestricted naval races begin because of the complete want of limitation as to sizes. The increased expenditures in our own history arose in that way. The dreadnought, for instance, started an entirely new level which went around the world. Another

example is the eight inch cruiser; I can mention that now, since it is past history. It is evident that the eight inch cruiser has led to increased competition all around. A third example is the *Deutschland* type, which has thrown the French program into confusion. Once somebody chooses to bring out a new type, he is extremely likely either to make the complete program of the other cockeyed or to set a new standard which everybody must follow.

Therefore, if you were to assume that in the Pacific we don't get all the agreements we like, it is going to be very serious for us if there is going to be complete freedom of new types. It may be that Japan would proceed to a new type of vessel which would make us feel that the money we had spent in the past was wasted. That is why we cannot treat the qualitative side as a small matter or as unworthy of bothering about, if we can't get the whole thing. I now ask Admiral Chatfield to supplement my views.

ADMIRAL CHATFIELD: What we feel is that really when you Americans started the Washington Conference, it was not because of a race in numbers, but because of a race in sizes. You had the six inch gun ship which the Japanese were applying to a certain type. Then later came the eight inch ship, etc. At Geneva, one of your delegates, I believe it was Gibson, sponsored the idea of the importance of qualitative limitation.

Suppose we are in for a new race. It is not so much a question of numbers. It is very difficult to upset the fellow ahead of you numerically. Japan would have a hard time increasing her battleship numbers compared to yours. Her ships are old, she has got to start replacing them; she cannot keep up. But suppose she starts to build a very different type of battleship from anything we have, such as a rapid battle cruiser, light in armament, but with a speed of, say, forty knots. It would have repercussions for all of us, perhaps even on the continent. Suppose she does the same thing with cruisers. It would at once start an extremely serious qualitative race.

Therefore, we feel that if we cannot have a complete limitation, it is extremely important to have, at least, a qualitative limitation. It is very easy for a fellow to come out and design a new ship about which others know nothing. There was the French battleship *Dunkerque*. Italy is answering with new 35,000 ton ships.

SIR JOHN: I want you to understand we are not saying all this because we want to get an additional lever for reducing the tonnage of a particular unit. All we want is some kind of limit.

ADMIRAL CHATFIELD: We feel it is better to have any kind of limit than none at all.

MR. DAVIS: What bothers me is that we were only able to get the agreements we did because we were able to obtain a general settlement

of political questions. What I am trying to clear up is whether you think it advisable to have qualitative limitation without any political agreements; because that is what it really gets down to.

SIR JOHN: The more we can have in the way of agreement, the more we will like it. We feel bound to envisage the situation when the choice is between nothing and something, and if that choice were put up to us, we would feel that qualitative limits would be worth something.

MR. DAVIS: Well, I don't say that we cannot consider that at all; but, as I said, it raises very serious questions of a political nature. After all, the navy is an arm of a nation's foreign policy, and we cannot disregard that aspect.

ADMIRAL STANDLEY: There is no disagreement between us as to the seriousness of qualitative competition.

MR. DAVIS: We are ready to go to the limit of our ability to get a comprehensive limitation agreement, but that possibility seems to be disappearing. Don't you see how much easier it is, psychologically, politically and otherwise, to proceed with this question, once denunciation is out of the way; it is too hypothetical now. We did not come here to negotiate an entirely new arrangement. It was in neither of our minds. We wanted to find means of continuing the existing treaties and principles.

SIR JOHN: I should like, if I may be permitted, to go back to a remark of yours, namely, to the effect that the fundamental fact is political. That of course is true, and is the reason why the Foreign Office wants to have a certain Say in this naval matter. But don't let us be under any delusion; the Nine-Power Treaty⁸⁹ is not coming to an end.

MR. DAVIS: What there is left of it.

SIR JOHN: Well, I agree it has been weakened, but it is not terminable. The Four-Power Treaty⁹⁰ is terminable by some notice. We have always assumed that if ever we could get anything agreed with the Japanese, we would include in it a stipulation that, during the period agreed, the parties to the Four-Power Treaty would not give any notice of denunciation; it would amount to renewing the Four-Power Treaty for the period of the naval agreement. The political agreements would thus not be altered. We may not like the political developments, but the relation of the political side to the naval side is that the latter can be terminated and the former cannot.

MR. DAVIS: All right, but assuming that we want to save what we can, the question arises as to the best method. The two of us don't want

⁸⁹ Treaty between the United States, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

⁹⁰ Treaty between the United States, the British Empire, France, and Japan, signed at Washington, December 13, 1921, *ibid.*, p. 33.

any competition, we don't want new types, and we could easily agree on types for the future. But it might be better—I am just thinking aloud—for us to say to the Japanese “This is what the two of us would be willing to do ourselves” rather than to attempt a binding agreement with anybody else. Japan is upsetting the present system because she does not wish to be bound by the restrictions that were imposed. It is a question in my mind whether we might not more effectively get Japan to agree to a limitation as to types by going ahead as between our two countries, and then inviting Japan to come in if she cares to.

SIR JOHN: May I also think aloud? We both feel that very shortly, perhaps within a few days, we may get the notice terminating the treaty. What we ought to consider is how we can best use that situation. Japan will be a little apologetic about the whole thing. After all, we have been very patient. We have made inquiries and had no answer. It strikes me that this would be the moment when we could say to Japan “If that is what you are going to do, may we not ask whether you are not at least willing to sit down and see what we can do in a qualitative way?” People cannot always expect to continue to be asked and to say no, and it will be very difficult for the Japanese to say no again. Of course we do not want to do that, except on the basis of agreement with the United States. You say you have no instructions. Would it not be worthwhile for you to report⁹¹ to your Government that both sides of the table feel that Japan is really going to give us notice; that we feel Japan will be a little apologetic about it; and that it might be a good moment to tackle the Japanese with the general question as to whether they were planning to abandon everything, including qualitative limitation. Then if you get instructions⁹² from your government to do that, we can proceed on that basis. If you don't, we will, I fear, have very much less chance of saving something later.

ADMIRAL CHATFIELD: I should like to bring up another point which has not been mentioned, namely, that each country must notify the other about its plans in accordance with the Washington Treaty. This is a very important provision, since it avoids the necessity of each country having to learn about the other's plans through the press, and having to wonder what kind of ship is in prospect. Don't you feel we ought to keep that provision?

ADMIRAL STANDLEY: I believe it would be a good thing if you could get Japan to accept that.

⁹¹ Telegram No. 37, November 15, 8 a. m., from the Chairman of the American delegation; not printed.

⁹² See telegram No. 25, November 17, 3 p. m., to the Chairman of the American delegation, p. 353.

SIR WARREN: I trust you appreciate, from our point of view, that if we can get a qualitative agreement, it is most important for us that it be general, that we get it in Europe, too.

MR. DAVIS: Of course, that is most important. What I want you to think over is whether it is better to try this idea out now, or to adjourn the conversations until later. At that time the ghost will have been laid that is prancing up and down in front of us all the time. We may have to have a conference in any case within a year of denunciation. I have had intimations from the Japanese that once they are rid of the treaty, it would have a very calming effect on their people. My idea is that we should not show so much concern about this, but all part in a very friendly way, with the understanding that we will think it over and take this matter up again in a few months. I feel that our very eagerness to get Japan into an agreement now will give her the impression that we are unduly anxious, and thus induce her to stiffen her attitude.

SIR JOHN: Of course it is a question of opinion. I appreciate the considerations you have advanced, but I think there are two arguments on the other side. In the first place, once people have had a treaty relation of some kind and get away from it, it is very hard to get them back again. They will say "The other fellow wants me back, and I will increase my price". In the second place, the treaty does not say exactly when the conference is to be called. It will need some preparation. We cannot just say goodbye, and not deal with the problem until the actual conference. Would it not be worthwhile, therefore, for us to begin to prepare for the conference while we are here?

MR. DAVIS: I quite agree as far as our two countries are concerned, but I have grave doubts as to the wisdom of going quite that far with Japan. The primary purpose of Japan now is to pave the way for denunciation in such manner as not to leave any feeling of ill will and suspicion.

I don't know how my government feels, but my personal reaction is that we might face the fact that Japan is definitely going to denounce; that this raises questions for us which we want some time to consider; and that we will meet again, say within ninety days, to prepare for the meeting which must be held within twelve months from the date of denunciation. I have reason to rather believe that the Japanese will find it easier in two, three, or four months from now to meet minds with us than today. They feel very restricted at present, and have no freedom whatsoever under their instructions.

SIR WARREN: At an earlier stage today I gathered that you had in mind that the United States and Great Britain should have talks after the Japanese have left. I should think that would be very risky, by

leaving the impression in the Japanese mind that there is concerted action.

MR. DAVIS: That is a misunderstanding. I quite agree that it would be a very dangerous thing to do that. What I did have in mind was our two navies discussing our respective programs; that even if we should decide to take this "middle course", the best approach would be for our two navies to have a meeting of minds together.

SIR JOHN: I understand your idea to be that there would simply be a pause in which none of us would have a meeting.

MR. DAVIS: Yes. The Japanese and we would go home.

SIR JOHN: But what would Japan do after they go home? They will receive an enthusiastic reception. All the patriots will be saying that now at last they have shown the rest of the world what Japan is after. I doubt whether they will come back again in three months time in a better state of mind.

MR. DAVIS: My experience in business is that the hardest thing on earth is to make a trade with somebody who is not in a mood to trade, and that the best procedure is to drop the discussion for the time being, until he is in a better frame of mind.

SIR WARREN: Are you so certain that the Japanese are not ready to make a trade now?

MR. DAVIS: I should think that we are pretty well agreed on that.

SIR WARREN: But we have not tried the "middle course" yet.

MR. DAVIS: That means scrapping the entire basis of the Washington Treaties.

SIR WARREN: Sir John's idea is that of trying to see whether we can't get them to come along more or less on the same program, which would in effect maintain the ratios, the non-fortification agreement and qualitative limitation.

ADMIRAL CHATFIELD: If we allow an interval to elapse, they will fill the time with propaganda and may be in a more difficult frame of mind later on.

MR. DAVIS: Might we not submit to the Japanese the question of whether they would prefer to discuss now the preparations for the conference under the Washington Treaty, or whether they would rather defer it until a time to be agreed upon?

ADMIRAL CHATFIELD: Supposing the Japanese choose the former?

MR. DAVIS: Well, suppose we do go on, is the Admiralty and the Government ready to proceed with those discussions and really get down to serious negotiations on the subject?

(Admiral Chatfield indicated that the Admiralty is ready. Sir John was not so definite about the Foreign Office.)

SIR JOHN: There are two questions we would like to know:

1. How much importance does the American Government attach to obtaining a qualitative agreement if the bigger object fails?

MR. DAVIS: We really do not think it so important for us as you do.

SIR JOHN: Second, if qualitative limitation is worthwhile, when is the moment to obtain it? This second point is a question of tactics, and there are arguments on both sides.

MR. DAVIS: The situation is so different from anything we envisaged when we left that I simply cannot give a definite answer at present.

To clear up an earlier point, I should like to say that if we are to renew the present treaties, we cannot agree to an increase in total tonnage. Do you think it would be possible to arrange that and meet your needs?

ADMIRAL CHATFIELD: I do not think it is impossible, but whether our different interests can be reconciled, I don't know.

MR. DAVIS: I think there is no real conflict of interests. We both want to see the other strong.

Now, if both Washington and London Treaties are overboard, I don't know how the President would feel about a new agreement for an actual increase.

SIR JOHN: May I try to sum up as briefly as possible the points that have been brought out this afternoon? It is my impression that, assuming the Washington Treaty is to be continued, there would be difficulties in getting an increased total allowance because it would involve difficulties in your Senate—

MR. DAVIS: Not that alone. The President has a very definite conviction that it would be unwise and most unfortunate to increase tonnage totals in view of general sentiment at home and the effect throughout the world.

SIR JOHN: You point out in contrast to this that if the treaties go, your powers in that particular might be affected. I am very much encouraged by what you have said about the possibility of exploring the idea of compensations to take care of our needs, and I would like these explorations to proceed.

Now, as to the "middle course", let it be understood that we are not advocating it in preference to the treaties. We are merely facing the probability that the treaties will not continue, and we think we ought to consider what to do in that case. We think, under such circumstances, the "middle course" would be far better than nothing at all. This "middle course" I think might perhaps be formulated as follows:

If unfortunately we cannot get agreement to the extent which we would like, is it not still possible to try to get agreement which would include some or perhaps all of these points:

1. An agreement on programs, if possible;
2. An agreement which would preserve out of the wreck non-fortification of bases;
3. An agreement which would preserve qualitative limitation;
4. An agreement which would preserve the provision for notification to be given of the laying down of new ships.

We have explained to you why we think this is worth while pursuing. There remain the questions:

1. How important to you the "middle course" would be; and
2. If we both agree as to its desirability, when is the best time to try to get it.

ADMIRAL CHATFIELD: The French and Italians are waiting to hear what we are doing. When they learn of the denunciation, they will ask us what we are going to do about it. We shall have to have conversations with them. If we don't continue our talks, we shall be in a difficult situation with them.

MR. DAVIS: The two real questions which we have to decide are:

1. Shall we give primary importance to even a restricted naval agreement dealing primarily with categories; or
2. Shall we make a still more determined effort to preserve, in so far as possible, the real fundamentals on which everything has been built.

In other words, do you give primary importance to reaching an agreement with Japan on any terms you can get, or to cooperating with a view to preserving the principles and policies on which naval limitation has been based up to now, including an agreement with France and Italy and everybody else, and thus try to continue in effect the naval treaties.

SIR JOHN: I think that the feeling of my colleagues and myself is that we want to use every method that is open to us and to you to secure that there will not be unrestricted competition by Japan. It is very important to us that at all costs this competition shall not happen—it is more important for us than for you; it is our great concern. Therefore we must do everything we can to prevent this competition. We must first do all we can to preserve the treaties; if we can't do that—subject of course to the maintenance of friendly relations with the United States, which remains our primary object—to keep Japan within limits which will hold her to the closest possible bounds.

MR. DAVIS: Suppose England and the United States should say "We don't want to forego the benefits of these treaties, and we shall continue under them, whether you do or not;" it might make it easier for Japan. That could not be construed as anything against Japan, because we

would merely be agreeing to maintain the *status quo* except as a counter move against a withdrawal by Japan, which would of course be implied. It seems rather important to me that you should try to keep France and Italy tied under the Washington Treaty.

SIR WARREN: Of course we are also concerned about France and Italy. But might it not make Japan feel that she was being formally ostracized?

MR. DAVIS: It is the feeling of some people who know Japan better than I that if we could avoid doing anything that would arouse Japan's suspicion, she might in time come around.

(At this point Sir John indicated that the Prime Minister desired the office for another purpose, and the meeting broke up.)

N[OEL] H. F[IELD]

500.A15A5/252 : Telegram

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

WASHINGTON, November 15, 1934—6 p. m.

22. Your 32, November 13, 10 p. m., paragraph 6. In any procedure that may be eventually discussed with you as to terminating the present conversations, we feel that while it is important on the one hand to preserve the form at least of a mere suspension of conversations, it is equally important on the other hand not to bind ourselves to a resumption at a definite date irrespective of future developments. This might be accomplished by a formula to the effect that if at a later date any one of the three Powers should feel that it had new proposals to offer which stood a chance of acceptance, it should at once convoke a meeting of the other Powers to continue the discussions. This procedure, if adopted, would modify by implication the existing obligation of all contracting parties, under the treaties, to hold a conference regardless of circumstances. It would place the responsibility for convoking a conference upon whatever Power felt that a conference, considering proposals which that Power had to offer, stood a chance of acceptance. At the same time in case Matsudaira's prediction should be realized that once Japan had denounced the treaty it might have a calming effect in Japan, it might enable us to meet later under more auspicious conditions. For the moment, however, we feel that any initiative regarding a next move or the suspension of negotiations should be left to the British or Japanese.

HULL

500.A15A5/266 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 16, 1934—9 p. m.

[Received November 16—7:35 p. m.]

41. After reflection and discussions among ourselves and with some of the British with regard to the questions raised in the last meeting with the British (reported in my 37, November 15, 8 a. m.⁹³) I wish to submit the following observations and conclusions.

A. The British now agree with us that since Japan has repeatedly informed us of her unalterable decision to denounce the Washington Treaty, it would be unrealistic from now on to continue the negotiations without accepting at face value the Japanese decision and proceeding on the basis of such denunciation.

B. That group within the British Cabinet who are particularly fearful of the European situation, from which Great Britain cannot detach herself, and who feel that it is of vital importance in some form to bind and limit Japan by agreement, are at present largely controlling the course of negotiations. The predominant opinion even in that group, however, is that in any such agreement with Japan it is vitally important that the United States should be a party. The British are thus anxious that we should go along with them in the discussion of such a program but, if not, that we should at least agree for them to explore all possibilities, keeping us informed of every move. It is for that reason that they frankly outlined the so called "middle course".

We have thus reached a situation where I feel that we need your instructions on certain definite questions.

(1) Can we agree to go along with the British in discussing with the Japanese some such "middle course" proposal as was outlined to us at our last meeting?

(2) If the answer is in the affirmative what are the conditions we must insist upon, particularly with respect to qualitative limitation, without any quantitative limitation?

(3) If we cannot cooperate along the lines of a "middle course", how shall we proceed, bearing in mind that denunciation will otherwise make it difficult to avoid a new conference, under article XXIII of the Washington Treaty?

I personally think that the wisest course would be for us to go along with the British as under (1) above, with proper precautions and safeguards. Thus, the British take the primary responsibility and we safeguard our position by preventing them from acting as mediator and later proposing something that would be embarrassing to us.

⁹³Not printed; it summarized minutes of meeting between British and American delegations on November 14; for text of minutes, see p. 334.

In keeping this on the British doorstep we may avoid a possible responsibility that might otherwise devolve upon us under article XXIII of the Washington Treaty. We should furthermore bear in mind that, in the event of a conference to be called as a result of a denunciation of the Washington Treaty, presumably preliminary conversations would be necessary, in which case we could not well avoid such discussions.

If you decide that we shall acquiesce in the middle course proposed by the British as a basis of further discussion, I suggest for your consideration the following:

1. If there is to be included in the "middle course" a statement of the respective building programs either to be embodied in a treaty or by unilateral undertaking, these programs should maintain the present ratios and failing that, any statement of building programs should be eliminated altogether, and it should be understood that we are free as to quantitative construction within such qualitative limitations as may be agreed upon.

2. If it should be deemed advisable to maintain the present provisions for non-fortification of bases in the Far East, we might, in agreement with the British (as Simon has suggested to me) make it a condition that there be an additional provision granting the right of full and free inspection.

Since the present naval treaties are based on political agreements as to certain principles and policies, we might reserve the right in connection with any new naval treaty to reexamine any question, political or otherwise, which would be involved in or affected by such a treaty.

The impending Japanese denunciation of the Washington Treaty of course adds considerably to the complications of the situation. It is difficult to accept it as a *fait accompli*, and difficult to ignore it. It would in a way simplify the problem if the Japanese should go ahead and give notification of denunciation but, if we are to continue to negotiate before they denounce it is important to have a clear understanding as to the bases of the negotiations and that we are not negotiating a modification of that treaty.

I had been inclined to favor an early adjournment if it could be done without our taking the responsibility for it, thinking perhaps that we could meet under better auspices after denunciation. However, I am now more inclined to think it wiser to permit the negotiations to continue under British initiative and responsibility (particularly since the British favor it and the Japanese are apparently willing to go ahead) in the hope that we may be able to clear up the matter one way or another.

If we are to participate even indirectly in negotiations for an entirely new agreement it would seem important, for political reasons,

to avoid the impression that we are considering modifications in the present agreement and thus making concessions to Japan. It should be made publicly known that the Japanese have announced to the British Government and ourselves their definite intention to denounce the Washington Treaty and their determination not to continue bound by the ratios and principles embodied in both the Washington and London Treaties, and that this decision is reluctantly accepted as final. Also that the Japanese have presented certain proposals predicated upon the abandonment of the principles embodied in the present system of naval limitation and intended to form the basis of a new treaty of limitation; that these proposals the British and ourselves have been unable to accept and that we have accordingly decided to explore the possibilities of an entirely new agreement.

It might be well to consider whether it would be advisable for the British and ourselves, and perhaps the Japanese, to agree upon a public statement setting forth these facts.

DAVIS

500.A15A5/266 : Telegram

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

WASHINGTON, November 17, 1934—3 p. m.

25. Your 41, November 16, 9 p. m., and all previous. The following may help in showing you the way our minds have been running here.

A review of the conversations to date convinces us that a definite and obvious common alignment of British and American viewpoints as a symbol of coincidence of view between them on the subject of naval limitation—which is the subject for consideration in these conversations—and of future cooperation between them offers greater promise of eventual success than any current search for a formula to salvage portions of the existing naval treaties. A termination of the present conversations on the clear cut basis of a Japanese denunciation of the treaty and their insistence that they are not able to agree to a prolongation of the present system of limitations embodied in the treaties, and effected without a counterbalancing gain to them in the form of new commitments either by the British or by us or by both, would contribute toward convincing the Japanese leaders and people that their militarists who had dictated the policy of denunciation of the Washington Treaty had had their way in that particular but had failed to achieve in the place of the treaty any diplomatic gain. It would also give new evidence that Japan's official views and course of action are out of line with the views and objectives of the

two most powerful of the great Powers, among and with whom they aspire to be ranked and associated. If this were followed by prompt concrete indication of the definite intent to build to full treaty strength by the United States and Great Britain, we feel that the moment might arrive soon when Japanese apprehensions would lead them to take a new initiative by themselves proposing further consideration of naval disarmament, in which event the advantage in the ensuing conversations would lie with the Governments which really desire disarmament. Matsudaira's statement to you of recent date⁹⁴ seems to be in line with this conjecture and to give support to our estimate of possible developments after the termination of the present conversations.

A continuation on the part of the British to endeavor to play the role of middle man will only result in increasing suspicion and resentment here. If it should further lead to any bilateral agreement or compromise agreement which would encourage the Japanese to believe that they had driven an effective wedge between the British and the United States, it would make them more self-confident than ever and would probably encourage them to embark upon new courses of aggression in the Far East which if pursued would be as menacing to British interests as to American and would make more complicated and dangerous the whole situation in the Far East.

The course thus seems clear for us to expend our best efforts to bring about an early open and conclusive indication of alignment between the British and ourselves. The making of any new tripartite agreement at this time, on the heels of or coincident with Japanese denunciation of the treaty and destruction of commitment to the present ratios—for which we and the British have stood—would have the same effect but in greater degree.

We believe that the present conversations should not be permitted to develop into a negotiation.

We do not accept the view that termination of these conversations now or before December first need result in necessity for us to call a conference. See for information and guidance our 22, November 15, 6 p. m.

Please expound, as on your own responsibility and avoiding anything suggestive of a desire on our part to bring the conversations abruptly to an end, the above line of thought.

More definite instruction as to our position in the light of your 41, November 16, 9 p. m., will be sent you as soon as possible.

HULL

⁹⁴ See telegram No. 32, November 13, 10 p. m., from the Chairman of the American delegation, p. 328.

500.A15A5/266 : Telegram

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

WASHINGTON, November 17, 1934—4 p. m.

26. Further comments on your 41. If we understand you rightly, the substance of your recommendation is that rather than assume responsibility for permitting the conversations to be terminated, we should be willing to enter at this stage upon what amounts to the negotiation of a new treaty to replace the Washington and London Treaties. In other words, adoption thereof would mean that we accepted at this stage the Japanese contention that the ratios and principles embodied in the existing treaties should be scrapped and that merely for the sake of "keeping the Japanese bound by an agreement" we would undertake to explore the possibilities of new agreement based on other principles. We do not feel that this is within the scope of the present conversations nor do we feel that its probable naval or political consequences would ease the situation in the Far East. We are convinced that the best chance of ultimately negotiating a successful agreement would lie in letting the Japanese return home emptyhanded, without any new naval agreement or any political agreement. Any Anglo-Japanese agreement no matter how negative in form, would be used by the Japanese all over China⁹⁵ as an indication of the resumption of an Anglo-Japanese partnership.

Press indications lead us to the belief that the Japanese delegation is going to reject the British proposal for face-saving device without the granting of actual parity. This would presumably dispose of the "middle course" plan, of which that is an essential feature, and by the Japanese themselves.

You will note that we have expressed our objection to this middle course on the broader grounds of political strategy and feel that you should lose no occasion to drive the points outlined home to the British. From a more technical point of view, we believe that a treaty which did not contain a statement of building programs in contractual form maintaining present ratios would not be acceptable to this country, and a treaty on naval building containing qualitative but not quantitative restrictions would seem an evasion of the essence of naval limitation.

HULL

⁹⁵ Telegram No. 29, November 19, to the Chairman of the American delegation corrected "China" to read "Far East".

500.A15A5/269 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 21, 1934—1 p. m.

[Received 2:40 p. m.⁹⁶]

44. I feel as you do that Anglo-American cooperation in dealing with the present and future situation that confronts us is of primary importance and holds greater promise of eventual success than searching for a formula to salvage portions of the existing treaties. The situation we faced here, however, was such as to make it difficult and inadvisable to try to force the British to make a quick decision on all the questions involved.

As indicated in my 32, November 13, 10 p. m., I felt, for the same reasons as advanced by you it would be advisable to terminate the conversations now on the basis of Japan's announced determination to denounce the Washington Treaty. In conversations with Simon, as well as in the meeting with the British on Wednesday, I in considerable detail substantially [stated?] the views set forth in your 25, November 17, 3 p. m. I interpreted your 22, November 15, however, as an expression of your desire that we avoid taking any definite initiative as to termination, but rather go along with the British as long as they wish the conversations to continue, without, of course, committing ourselves as to substance, endeavoring to secure at the same time a formula which would modify the existing obligation to hold a conference regardless of circumstances. In view of your 22, and as a result of our meeting with the British on the 14th,⁹⁷ I come to similar conclusions.

In the first place, I am inclined to think the British strongly advocated further exploration now with Japan, in order to test Japan's real position and intentions, and thus to determine our own course. In the second place, there were increasing indications that Japan would ultimately turn down the British suggestions and thus assume the onus for ending that particular phase of the conversations. In the third place, I felt that following the Japanese rejection, the British would more clearly recognize the impossibility of coming to satisfactory terms with Japan in her present frame of mind, and would thus more readily be prepared to take a common stand with us and to assume the initiative in terminating the talks. Since we cannot entirely dictate the terms of Anglo-American cooperation but must work them out in cooperation with the British, and since there are increasing evidences that the British are becoming more suspicious

⁹⁶ Telegram in three sections.

⁹⁷ For minutes by the American delegation of this meeting, see p. 334.

of and irritated by the Japanese, I thought it unwise to precipitate the issue and thus play into the hands of the group here that has favored concessions to Japan. Finally, there was the possibility that Japan might in the meantime formally denounce the Washington Treaty, which would force the issue and make it easier to place the responsibility for termination where it belongs. The opinion expressed in my 41, November 16, 9 p. m., was therefore with a view of acquiescing in further efforts in the hope that the British and we would ultimately reach the same conclusion as to the necessity of taking a common and more determined stand.

The British say there is still considerable friendly sentiment here for Japan on account of the former alliance and that therefore public opinion would more strongly favor a definite stand against Japan after the failure of every reasonable effort to reach agreement had proved Japan's unwillingness to cooperate on an acceptable basis. Furthermore, the Cabinet must satisfy those members who are most apprehensive of an alignment between Germany and Japan that every effort consistent with the safety of the Empire has been made to retain Japanese good will. As an indication that the British Government is inclining to our point of view and preparing public opinion for it the trend of the British press has been towards building up a case against Japan and the tone of the entire press today is distinctly anti-Japanese.

Another argument advanced by the British for continuing the conversations beyond the date of denunciation is that Japan at the moment of taking such a drastic step will be in an apologetic frame of mind and find it difficult to be intransigent on other issues.

I do not believe the British have any intention of playing the role of mediator or of making any separate agreement whatever with Japan. In fact the British and ourselves seem to be in agreement now as to principles and objectives. Our chief remaining difference is over the time and method of approach. Whereas we favor discontinuing the conversations, sending the Japanese home free but empty handed and avoiding any impression of a surrender to Japan, the British wish to keep the talks alive hoping either to tie the British up even in a limited way but without giving Japan any increase in ratio, or failing that, to convince the British public that every reasonable effort towards agreement has been tried and has failed owing to Japanese intransigence.

Moreover in the British concept the exploration of the "middle course" does not mean that we accept the Japanese contention that the present ratios and principles embodied in existing treaties should be scrapped. The Japanese denunciation which must be taken for granted and as the starting point for discussions of the "middle course" itself scraps ratios as a treaty principle, and the British believe that the only practical way left to safeguard present ratios in fact, after

the treaties are scrapped by Japan, is for us to be free to build in any ratio we desire, keeping Japan bound at least by qualitative restriction.

Since receipt of your telegrams numbers 25, November 16 [17], 3 p. m., 26, November 16 [17], 4 p. m., 27, November 16 [17], 8 p. m.⁹⁸ the British have I understand received the reply of the Japanese to the British suggestions. The information obtained from press circles but which has not been officially confirmed is that the Japanese have answered the British inquiries in the negative, and will refuse qualitative limitation unless we agree to quantitative equality. Therefore, unless I receive from you specific direction to the contrary I shall refrain from stressing those features of our position which have not yet been accepted by the British until we are informed of the character of the Japanese reply and of the British reaction thereto.

In an informal frank talk with Baldwin yesterday afternoon he told me that while he was unable to commit himself without conferring with his colleagues with whom he had not talked for several days on this subject, he was strongly impressed by the point of view advanced by me as to the advisability of taking a common definite stand now against the Japanese and letting them go home and think it over. As he expressed it, when your cook gives notice of quitting the best thing is to let her quit.

To sum up, while I cannot predict what turn events may take, there is every evidence that the trend now is distinctly favorable to our thesis and that, if we are patient and careful for a short while longer the situation may definitely crystallize to our satisfaction.⁹⁹

DAVIS

500.A15A5/272 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 21, 1934—9 p. m.
[Received November 21—5:25 p. m.]

47. I have obtained confidentially through a reliable source the following information which, however, I have not as yet been able officially to confirm.

Neville Chamberlain, head of the group which has been in favor of a conciliatory policy towards Japan, has come to the conclusion that Great Britain should make no agreement with Japan to which the United States is not a party, that Anglo-American cooperation is a

⁹⁸ Telegram No. 27 not printed

⁹⁹ Telegram No. 31, November 21, 6 p. m., to the Chairman of the American delegation stated: "Our first reaction to your No. 44, November 21, 1 p. m. is one of distinct encouragement." (500.A15A5/269)

vital necessity to world peace and stability, that the Japanese are bluffing and that if and when it is necessary to call that bluff the United States and England should unhesitatingly do so together. Also, that Chamberlain, Simon and others, believe that one of the chief purposes of the Japanese in denouncing the Washington Treaty is to get free from the restrictions on non-fortification in certain areas. This view, however, is contradicted by recent indications from press and other sources that the Japanese are desirous of retaining the non-fortification provision of the Washington Treaty.

One thing which the British are having to take into consideration is that Australia, who now has a favorable arrangement with Japan for the disposal of her wool surplus, is anxious to avoid anything which would upset this arrangement. On the other hand, I am informed that in a secret meeting of the High Commissioners of Australia,¹ Canada,² and New Zealand³ with Simon, attended by Smuts⁴ a week ago, the unanimous opinion was that cooperation with the United States as Smuts had advocated in his recent speech must be the cardinal policy of the British Empire.

DAVIS

500.A15A5/274: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 21, 1934—10 p. m.
[Received November 21—6:30 p. m.]

48. Your 27, November 17, 8 p. m.,⁵ asking for comments on the suggestions indicated therein, is answered in general in my other cables today. To be more specific however, (a) the announced decision⁶ of Japan to terminate the Washington Treaty and refusal to continue naval limitation on the present basis alters considerably the problem that confronts us. I accordingly feel that we should defer a decision with regard to giving out the President's letter of instructions to me at least until we know more definitely the extent and way in which the British and ourselves can go along together, particularly since the letter was, as I understand, drafted mainly with a view to making publicly clear our position in the case of failure to reach an agreement

¹ Stanley Melbourne Bruce.

² George Howard Ferguson.

³ Sir James Parr.

⁴ General Jan Christian Smuts, Minister of Justice, Union of South Africa.

⁵ Not printed; for contents, see communication of November 14 from President Roosevelt to the Secretary of State, p. 333.

⁶ See telegram No. 15, October 29, 8 p. m., from the Chairman of the American delegation, p. 317.

with both the British and Japanese for a renewal of the treaties. If the British and ourselves agree upon a common stand against the position taken by Japan, publication now would be displeasing to the British and might be construed as showing a difference between us with regard to the British demand for an increase in cruisers.

(b) The purpose and full meaning of the suggestion in your paragraph (b) is not clear to us. Unless you are referring to exempt ships, we can only understand the suggestion to mean in effect that we attempt to obtain a gentleman's agreement to abide by a treaty agreement, since the Washington and London Treaties both regulate the laying down of additional vessels between now and December 31, 1936. Until the situation is more clarified it does not seem advisable to raise the question of ships which may be laid down during the life of the existing treaties.

(c) The British will undoubtedly favor an agreement for publicity in respect of all naval construction, and this in our opinion would be most desirable even if we can get nothing more.

(d) Referring to your 22, November 15, 6 p. m. For our guidance I would appreciate it if you would explain more fully how you think we can escape the commitment to meet in conference within one year of denunciation of the Washington Treaty without a formal agreement between all of the parties to that treaty, including France and Italy, since it would involve in effect a modification of the treaty.

DAVIS

500.A15A5/274 : Telegram

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

WASHINGTON, November 22, 1934—5 p. m.

32. Your 48, November 21, 10 p. m. Our view with regard to the Conference in 1935 is about as follows:

While there are two treaty commitments to meet in conference in 1935 found respectively in the Treaty of Washington (provided Japan has previously denounced the Treaty) and in the Treaty of London, there are no treaty provisions covering the manner in which the conference shall be called. There is no obligation that we can see for us to convene the conference just because we were hosts in Washington in 1922 any more than there is an obligation for the British to convene the conference because they were hosts in London in 1930. Should any one of the signatory powers convene a conference, we would naturally be committed to attend. If any signatory power fails to convene a conference it cannot reproach any of the others for not carrying out the treaty undertaking.

HULL

500.A15A5/284

*Record of Teletype Conversation*⁷

DAVIS: AS I am seeing the Prime Minister and Simon tomorrow morning I would like to know if you are cabling me any further views or instructions on the basis of my 44, and if not do you approve of my proceeding on the line indicated therein?

SECRETARY: Yes, we feel you are on the right track, particularly if developments lead you to feel that matters are working out as you indicated you anticipated.

DAVIS: The conversation will probably take the following turn; the British will inform us of the reply of the Japanese yesterday, which I understand was inconclusive, but keeps the door open for further conversations. They will then no doubt wish to know if we are willing to have the British explore the possibilities of agreement on the middle course. My idea would be to inform them of your attitude and instructions as outlined in your 26 of November 17, and then give as my personal views the general line of thought in your 25 of November 17. If after this the British are still insistent on continuing the conversations what position shall I take?

DAVIS: I may say that Admiral Standley and I feel that with the Washington and London Treaties terminated, a multi-lateral qualitative agreement including Japan would have a greater tendency towards preserving the principle of disarmament than would be the case were there no agreement whatever. At the same time, our power to preserve the present ratios by necessary building would not be in the least jeopardized. Our guess is that Japan will probably refuse qualitative limitation alone, on the ground that it would be more advantageous to Great Britain and the United States than to herself. If, however, it becomes necessary for us to take a definite position, my judgment would be that we should consent to a further exploration of the "middle course" only on two essential conditions: first, an assurance that my interpretation of the British policy, as set forth in my 44, is essentially correct, and that they will not agree to any alteration of ratio or make any agreement with Japan not acceptable to us. Second, that if we are to pursue the conversations further, the first phase should be definitely closed on the basis of the expressed determination on the part of Japan to denounce the Washington Treaty and to refuse to continue bound by the present ratios. In this case, a public statement should be issued, in order to avoid the erroneous impression that we are in any way making concessions in principle to Japan. I do not know whether the British would agree to such a statement but shall I raise the issue with them tomor-

⁷ Between the Secretary of State in Washington and Norman H. Davis in London, November 22, 1934, 2: 10 p. m.-2: 55 p. m. (via direct London circuit).

row morning? If they refuse, you should consider making a unilateral statement. While the British may come to see as we do the advisability of our making no agreement with Japan until after denunciation, I fear they will not be willing to take the responsibility of closing the conversations as long as Japan wishes to continue. At any rate, bear in mind that Matsudaira will remain here. I foresee that in order to work for such an outcome of the present conversations as indicated in the Department's most recent instructions, I may have to remain here until well into the New Year. If at any time you wish to avoid such a possibility, the only feasible reason to withdraw—without an agreement and without the appearance of a break—would be to return home for Christmas Holidays, over which period the British have already intimated they wish to have a break. The Krock article⁸ attacking Simon has had a very unfortunate reaction here. Unless some effective way can be found to show that it does not represent official views, and in fact that it is regretted in official quarters that any attack should be made on the Foreign Minister of a friendly power with whom we are in most important negotiations, it will have a very harmful effect on these negotiations. It is reported that Matsudaira called on the French Ambassador⁹ this morning and after an hour and a half conversation with him he went immediately to the Foreign Office and talked with Craigie for two hours. French Ambassador sent me word just now Matsudaira had called on him this morning evidently personally perturbed over Japan being the sole nation to denounce the Washington Treaty and asking the French Ambassador in a rather round about fashion what he believed was the attitude of the French and Italian Governments on this question—Matsudaira further went on to inquire what reply might be expected if the Japanese raised the question in Paris.¹⁰ French Ambassador gave little comfort and said in his viewpoint the French Government could not disassociate this question from the General Disarmament question and gave Matsudaira to understand in his personal opinion the French Government would not lend an ear to any such *démarche* from Japan. Japanese press are trying to give publicity to Matsudaira's activities with the French today especially I understand with the American and French agencies.

SECRETARY: Norman, we can't think through so many considerations in these surroundings. Send through all your message and we shall telegraph you an answer that you will have in the morning. My first

⁸ Arthur Krock, Washington correspondent for the *New York Times*; *New York Times*, November 21, 1934, p. 18.

⁹ André Charles Corbin.

¹⁰ See telegram No. 267, December 3, 1 p. m., from the Ambassador in Japan, p. 406; and memorandum of December 3 by the Chief of the Division of Western European Affairs, p. 406.

impression is two-fold: One, that you don't need to commit yourself tomorrow morning and two, that to commence negotiating a qualitative treaty with the Japanese immediately after her denunciation of Washington Treaty would be in essence a concession both in principle and in fact.

I have already sent you a telegram on the Krock incident. Phillips and I both spoke to Lindsay¹¹ this morning expressing regret and explaining that it did not represent my views. I asked him to cable his Government accordingly.

DAVIS: To further clarify your enquiry I would say—if at any time the situation does not develop whereby Japan calls off negotiations and the British want to continue and you wish to pull out but avoid a break—the only feasible reason et cetera.

SECRETARY: Yes, many thanks and good luck.

DAVIS: I am still inclined to believe the situation is most likely to work out as indicated in my 44, but it may take time. Best wishes to you, Cordell and to all.

500.A15A5/276: Telegram

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

WASHINGTON, November 22, 1934—6 p. m.

33. Your 50, November 22, 2 p. m.¹² I deplore as much as you do the publication of the Krock article. This morning Phillips spoke to Lindsay and told him how much we regretted any such publicity, particularly when tinged with a personal attack on a foreign statesman and expressed the hope that it would not adversely affect the negotiations in London, which seemed to be moving steadily towards a better understanding between the British and Americans. Lindsay implied that the less emphasis given the article the better and that he hoped it would be buried and soon forgotten. Later I spoke to Lindsay myself and asked him to cable a message, telling him of my personal feelings of disappointment at this type of article. I told him that I was really encouraged by the way our two delegations were now pulling together and that neither the portrayed impatience of high officials here at the progress of the conversations nor the implied criticisms of Sir John Simon's rôle represented my views.

You may make such discreet use of this telegram as you think would be helpful.

HULL

¹¹ Sir Ronald Lindsay, British Ambassador to the United States.

¹² Not printed.

500.A15A5/280a : Telegram

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

WASHINGTON, November 22, 1934—8 p. m.

34. With reference to our teletype conversation today. We remain of the opinion that the most potentially advantageous course would be that the Japanese, it being their intention to denounce the treaty, be given no encouragement to expect any concessions or the conclusion of any new treaty in substitution therefor and, through abstention on the part of the British and ourselves from further appearance of solicitude in that connection, be compelled to make the denunciation on their own sole responsibility and at a moment of their choosing between now and the end of December.

We believe that, insofar as the situation in Japan and in the Far East in general are concerned, as distinguished from considerations of British internal politics, the tactics of exploring possibilities with regard to substitutes, etc., has been and would be, if continued, of more disadvantage than advantage. This is true also of the situation in this country.

A clean break, brought about by denunciation by Japan, would properly and should in fact bring about the end of the first phase. The idea of proceeding immediately with what would in fact be new conversations toward a new objective would signify that the fundamental demand of the Japanese in the present conversations, namely, that the existing ratios be given up, has been conceded. Immediate entrance upon new conversations or negotiations would have a very bad psychological effect and establish a bad precedent. The Japanese would have been accorded a substantial gain and there would be given no chance for the development which we envisage as likely within a reasonably short time, namely, an approach by the Japanese on their own initiative asking for further discussion of naval limitations, whereby there would be created a setting for such discussions favorable to the viewpoint that naval limitation is desirable. If our expectation of such a development should, as time goes on, be disappointed, there nevertheless is a period of two years during which it will be possible to make revision of estimates and plans, before the present obligations of the parties to the treaties terminate.

We therefore do not believe that further exploration of the "middle course" by the British would be of any practical value unless it is envisaged and be carried out by them solely for purposes of filling in time until the Japanese assume the responsibility of breaking off the

first phase by denouncing the Washington Treaty; and even in that connection we conceive it to be hazardous, because it encourages the Japanese to believe that the British and perhaps the American Governments are unduly perturbed in the presence of Japan's strength and apparent determination; also, it would continue to provide opportunity and possible material for propaganda and suspicion.

I feel that you therefore should try to talk the British out of their idea of further exploring a middle course, avoiding, of course, trying to exercise on our behalf any veto power, but refraining from giving assent; drawing the British out by compelling them to repeat and to extend the scope of their arguments in support of such procedure; asking them to specify as far as possible what useful purpose they expect that procedure to serve and to what ends they expect it to lead; seeking repetition of their affirmations that they will make no agreements to which we are not party or do not assent. You could, if necessary, prolong a discussion of that type over several days, thereby delaying procedure by them in that direction and adding to the uneasiness and embarrassment in which the Japanese find themselves.

We do not see how the present conversations could be turned into or be immediately followed by negotiations without its becoming thereby a fact that the British and the American Governments had *ipso facto* made concessions both in principle and in fact while the Japanese not only had made no concessions but had made definite gains both in appearance and in fact.

Personal for Davis. Some of the tone of the foregoing may seem to you somewhat blunt because of its hurried preparation. You are doing splendidly.

HULL

500.A15A5/313

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

No. 108

THE HAGUE, November 22, 1934.

[Received December 5.]

SIR: I have the honor to report that great interest continues to be shown, as reflected by the press and by the comments of Government officials, in the naval conversations at London. Next to the three Powers taking part in the conversations, Holland is perhaps the most closely concerned. The Minister for Foreign Affairs,¹³ in the

¹³ J. R. Slotemaker de Bruine.

speech he made recently during the budget debate (see despatch No. 102, of November 15, 1934¹⁴), denied that there were conversations taking place between Netherlands and British naval authorities at the moment. He did not deny that conversations on naval questions have taken place in the past and are taking place at present between British and Netherlands authorities in the Far East.

In several recent despatches mention has been made of opinions expressed by various Government officials, including Premier Colijn, concerning the Japanese question. Their extraordinary frankness in denouncing Japan reflects the feeling of the country and its fears for the safety of its colonial possessions. The commercial tactics of the Japanese, followed by their high-handed methods in the Commercial Conference now being held at Batavia, have not lessened these fears. Briefly analyzed, prevailing Dutch opinion is that only through a combination of circumstances can the Japanese be kept from eventually taking full possession of their vast colonial empire. They are well aware of the strategical importance of the East Indies Islands, lying as they do between Singapore and Australia at the crossroads of the Pacific and Indian Ocean. They sense that the present commercial invasion of Java and Sumatra by the Japanese is only a preliminary movement, to be followed later by racial subversive activities and eventual annexation. This does not mean that they consider their island as immediate objectives, for, as Premier Colijn pointed out to Mr. Emmet,¹⁵ Japanese policy is at present directed northward.

Holland, however, places its hopes for the future in the maintenance of British and American prestige in the Far East. This is not openly admitted. On the contrary, a very self-reliant, even combative, attitude is noticeable. As soon as the Japanese commercial delegates, who are by no means anxious to leave, can be gotten away from Batavia, some fifty quota restrictions will be put into effect against Japanese goods entering the East Indies. The Government's determination to put a curb on the economic penetration of Japanese cheap goods has not been in any way modified. Fear of military aggression does not perhaps exist for the moment and naval authorities have recently expressed the opinion that if Great Britain and America maintain themselves in their present position, Japan would not dare to send against the Netherlands East Indies more than a small part of her fleet, with which detached unit they might themselves succeed in coping.

However, keen interest in the London conversations is due to the apparently recognized fact that Holland's future in the Far East

¹⁴ Not printed.

¹⁵ Grenville T. Emmet, American Minister to the Netherlands.

depends in the last analysis on Great Britain and in a somewhat lesser degree on ourselves, and it need hardly be added that no sympathy for the Japanese contentions can be detected.

The confidential statements of Premier Colijn and Jonkheer Bee-laerts, Vice President of the Council of State, to the effect that they consider Japan a menace, to be dealt with as such, are reflected in the press, where the question has been discussed with somewhat less restraint than usual. I quote herewith in part from a recent editorial appearing in the *Nieuwe Rotterdamse Courant* (Liberal), of Rotterdam, which advocates an Anglo-American understanding and emphasizes the American angle:

"The Americans are absolutely right in their attitude of having nothing to do with Japanese parity proposals, however unreasonable their own claim to parity with England. The rationing in the Washington Treaty was based not only on the actual size of the then existing ships of the line but also very definitely on the ability of the nations involved to exceed each other in shipbuilding. America did not threaten at that time, if the 5 : 5 : 3 ratio were rejected, to make use of its great fleet in destroying smaller navies but it did threaten to build and further to augment the existing great difference.

"That form of being right is perhaps not sympathetic. But the attitude of the Americans as regards the Japanese is morally much stronger when it is considered that for Japan's smaller ratio America paid well. It said to Japan: 'We shall give you greater security for your weaker navy'. That is why it renounced, almost irrevocably, the construction of its naval bases in the Far East. Japan profited immediately from this offer and wishes again to profit today, but to withdraw payment for the original concession.

"The Japanese wish to effect a non-aggression treaty with America bears a curious political character. Such treaties differ considerably, all depending on the nations which conclude them. In case Japan should attack Russia and destroy it as a possible ally of America, the Americans would, if they signed a non-aggression treaty, be unable to intervene. A treaty of non-aggression would in no way weaken Japan's position but would materially weaken America's, the latter having nothing up its sleeve either in the form of alliances or as a member of the League of Nations. Japan's calculations are clever, but much too transparent.

"In reality negotiations have so far accomplished one thing, namely, to make Washington more distrustful of Japan. Lord Lothian, the prudent and wise English Liberal, has called attention to the hopelessness of the negotiations. He says he knows of but one means to checkmate the military party in Japan and compel a change of tactics, namely, cooperation between America and England. He is right, for the Japanese are fond of making endless efforts as long as the others show patience."

Respectfully yours,

WARDEN MCK. WILSON

500.A15A5/307

*Memorandum of Conversation in the Prime Minister's Office at the House of Commons on November 23, 1934*¹⁶

Present:

FOR THE UNITED STATES:

Mr. Davis

Mr. Atherton

Mr. Field

FOR GREAT BRITAIN:

The Prime Minister

Sir John Simon

Mr. Craigie

At the beginning of the meeting, Mr. Davis showed Sir John a copy of Secretary Hull's telegram¹⁷ relating to the Krock incident and Sir John expressed his appreciation of the action taken.

Sir John thereupon gave a résumé of the recent conversations with the Japanese. He assured Mr. Davis that the British had made no concession beyond the point indicated at the previous meeting¹⁸ between the American and British Delegations. Matsudaira had expressed himself as appreciative of American and British efforts to find a way of accommodation. He had repeated, however, that Japan would have to denounce the Treaty at the end of the year but that she was still anxious to find a way of agreeing with the United States and Great Britain. Japan would not be satisfied with shadow without substance and still desired a common upper limit, although Matsudaira was satisfied that if some arrangement on that basis could be made, Japan would never build up to that limit. It would make a tremendous difference in Japan if the principle of parity had been once agreed to. Matsudaira had gone on to say that his government understood that the British envisaged the fixation of building programs on a contractual basis and he did not think his government could accept that. He had not made any statement as to whether Japan might agree to a declaration of programs without a contractual promise.

Sir John said he had asked Matsudaira about certain wider matters he had discussed in the last Anglo-American conversations. He had pointed out that what Japan was proposing was much broader than a mere change in the naval treaty; it was a question of putting an end to the whole system on which Pacific peace had been built up. For instance, there was the non-fortification provision. Matsudaira replied that he thought Japan would favor a continuance of that sort of clause, whereupon Simon had asked whether that was an official

¹⁶ Transmitted to the Department by Mr. Field, secretary of the American delegation, in his despatch of November 27; received December 5. Apparently these are minutes written by Mr. Field, not agreed minutes with the British.

¹⁷ No. 33, November 22, 6 p. m., p. 363.

¹⁸ November 14, 1934; for minutes of meeting, see p. 334.

statement of the Japanese Government. Matsudaira had replied that it was not official but that he was quite certain this would be the Japanese position. Simon requested him to confirm this, which he agreed to do.

Simon then had asked Matsudaira about the clause relating to notification of construction. Matsudaira had stated that he had no knowledge of this technical point and that the matter should be discussed with Yamamoto.¹⁹

With respect to the Four Power Treaty, Matsudaira had said that Japan would be prepared to "continue" this treaty. He had intimated that he was giving this as a direct message from Hirota.²⁰ Simon had pointed out that this was not a full answer to his inquiry since what he was driving at was not merely a continuance of the Four Power Treaty but a definite agreement not to denounce it during the duration of a new naval treaty. Matsudaira had answered that he interpreted the message as covering that. Simon had referred to the Netherlands and Matsudaira had said he thought this would include the Netherlands. (Simon here explained to Mr. Davis that he had in mind the Dutch East Indies although he had not specifically mentioned them to Matsudaira).

Simon said that Matsudaira had expressed himself as unfavorable to qualitative limitation alone and had declared that it would be very difficult for Japan to agree to qualitative without quantitative limitation as Japan might have to keep her liberty with respect to types of ships.

Simon stated that in a very personal and confidential talk with Matsudaira, the latter had inquired in effect whether, since it was now quite apparent that the Washington Treaty would be denounced before the end of the year, it was really necessary that Japan should denounce it single-handed. Simon had taken that to mean that the Japanese Government, realizing that its announced action was incurring hostile comment outside of Japan, had instructed Matsudaira to find out whether the British would join in denunciation. In reply Simon had pointed out that there was nothing in the treaty which required a notice of termination before the end of the year; the treaty merely provided that that was the earliest date. If an agreement were reached among all of us as to a new treaty, then we would of course put this new agreement in the place of the old treaty. Japan had voluntarily and arbitrarily announced its decision to end the treaty and the British Government could not join in any such action which it felt was premature.

¹⁹ Member of the Japanese delegation.

²⁰ Japanese Prime Minister.

At the conclusion of Simon's exposition, Mr. Davis stated that he had desired this meeting with the British with a view to setting forth frankly what he had cabled Washington as to the British position and what Washington's reaction was. He wanted to do this in order that there should be complete certainty on both sides of the table that he had correctly interpreted to Washington what the British position was in order that there might be no misunderstanding. Mr. Davis said that after having cabled a summary of what had transpired during the meeting on November 14, he had received certain comments from Washington indicating that it would be inadvisable to negotiate a substitute treaty while the hammer of denunciation was hanging over the heads of the British and American Governments. Washington felt that if we were ready quietly to continue negotiations as though nothing had happened, it would be interpreted in Japan as a tacit acquiescence on our part to Japan's upsetting the whole basis of naval limitation. The treaty would not expire until two years after denunciation. If the Japanese were permitted to go home with anything at all in their hands, no matter how insignificant, the militarists would consider that they had rid themselves of something they did not like and had won a diplomatic victory at the same time. On the other hand, if we should let the Japanese denounce and then let them go home empty-handed, we might meet later on a different basis. Washington felt strongly that it was more important to preserve Anglo-American cooperation than to try to find a formula to satisfy Japan. It would have a very good effect if both countries were to show Japan how seriously they considered her determination to denounce the Treaty and to make it plain that neither of us could negotiate with them on that basis. While Washington's reaction to the idea of a qualitative limitation alone was that it would be a negation of the whole principle of naval limitation, that was not the main point. The essential thing was to let the Japanese go home with nothing in their pockets. Mr. Davis remarked that, even if the United States were willing to consider qualitative limitation, they did not think this was the time to do so.

Mr. Davis then summarized his telegram No. 44 of November 21, setting forth the British position in greater detail, and concluded by outlining the pertinent portions of the reply he had received that night (No. 34 of Nov. 22).

Sir John thanked Mr. Davis for having put the British position to Washington with such complete fairness and MacDonald and Craigie indicated that they considered that the British case had been presented with complete accuracy.

Mr. Davis said that Washington was bothered by the reaction in certain American newspapers, which were implying that the Delegation was staying around in London making concessions to the Japa-

nese and that Great Britain was trying to act as mediator. The British problem, Mr. Davis continued, was the opposite: The British Government had to convince its people that it was giving Japan every reasonable chance to come to an understanding. MacDonald indicated assent. He took occasion at this point to inform the American Delegation that his morning mail had included the largest correspondence he had ever had from the United States, based on his speech at the Lord Mayor's banquet, which apparently had made a very favorable impression in America.

MacDonald and Simon here had to go to the floor of the House for a brief period. During this interruption Craigie expounded the following views: He thought we should place ourselves in the position of the moderate man in Japan who was anxious to have an agreement. His argument with his opponents would probably be that if Japan went to the absolute extreme of cutting herself completely adrift, it would inevitably drive the United States and Great Britain together and Japan would derive no good from this in the long run. It would greatly assist this moderate element, Craigie felt, if that element could point out that at present there was no evidence of a common front against Japan. We could thus strengthen the hand of the moderates in Japan by avoiding all appearance of a common front. The same argument, Craigie continued, was valid in the case of British opinion. There was a strong element in England which feared trouble with Japan and it was most important not to give them the chance to claim that a break had been brought about not through Japanese but through British and American intransigence. Craigie felt that the wisest policy for the United States and Great Britain at the moment would be to give Japan enough rope.

Craigie informed Mr. Davis that he had learned from the French naval attaché that the French Government would be favorable to a continuance of qualitative limitation.

Mr. Davis said that he felt that it would have a very good effect in Japan if our two countries could just get one idea across, namely, that the United States and England felt the issue to be much greater than a mere technical question and that they were most eager not to destroy any part of the world's peace machinery and to avoid any action that would have a disturbing influence in an already disturbed world; that on the contrary they were engaged in a concerted effort to preserve peace rather than any common front and that they wanted all the other powers to join with them in this effort. If we could get rid of the constant suspicions of supposed differences between us, Mr. Davis thought the whole problem would clarify itself.

After MacDonald's and Simon's return to the meeting, Mr. Davis stated that it was now apparent that our two governments were substantially in agreement as to principle and objective; the only real

difference was as to methods, namely, as to whether it would be better to go on now or to close the conversations. He wondered whether it would not be the perfectly logical thing for both of us to say to the Japanese that their apparently irrevocable decision to denounce was a very serious thing, since it amounted to destroying the collective system we had set up for promoting peace and cooperation in the Far East in accordance with certain definite principles and policies; that such a grave step required careful thought on the part of the United States and Great Britain, since they were anxious not to lose the ground which had been gained; that it would therefore be wisest to end the conversations for the time being and to resume them some time in the future, when we have all had an opportunity to consider the situation. Mr. Davis suggested that we might even consider issuing a statement which would appeal to the moral sense of the world, and could not possibly be taken amiss by the military party in Japan while aiding the moderate element. He pointed out that the Washington Treaty system was a collective peace system for the Far East as was the League for Europe and the world and that Japan's action was analogous to an attempt to scrap the League covenant. Mr. Davis jokingly added that Japan had already plucked several feathers from the Washington bird, to which MacDonald replied that in fact the fowl was already in the pot.

MacDonald also said that had Japan announced that she could not renew the London Treaty, it would not have been anything like so serious as her decision to abrogate the Washington Treaty.

Simon agreed that the difference between us was purely a question of method. He said Mr. Davis had very justly appreciated the difficulty with public opinion in England. The British Government wanted to be quite sure that when all was said and done it would not be told that it was responsible for bringing the house down on top of it.

Mr. Davis said that he was profoundly convinced that the only hope of avoiding ultimate grief in the Far East was for the United States and England to go step in step. He was informed that the Japanese were increasingly disturbed. He had learned confidentially that Matsudaira had been to see the French to find out about the chance of France and Italy joining in denunciation, and that the French reaction had been unfavorable. Simon apparently had not heard about this.

MacDonald stated he did not agree with the American view as to the effect of termination on the military mind in Japan. The Japanese, he thought, did not require concessions; they merely wanted a demonstration that Yamamoto had stood his ground against the other powers up to the very end. MacDonald agreed that if Japan refused to budge at all, it was naturally better to end the conversations, after making it perfectly clear that it was Japan's determination to denounce which made it impossible to continue the naval conversations now.

MacDonald felt, however, that matters had not yet reached that point, and that the British had not yet finished their case. He wanted to get a straight answer from Japan as to what they meant by denouncing the Washington Treaty, and how they envisaged future relations in the Pacific. Indeed, they ought to get a definite written statement from Japan as to her intentions. If the deadlock with Japan remained, we would still have to consider what to do about next year's conference. Even if Japan were out of action, there would still be much to consider between the British and the American delegations. He sincerely hoped that we would not leave before the work was finished.

Mr. Davis assured him that he had no intention of abruptly walking out of the conversations. He fully appreciated the difficulty of the situation. There was still a strong pro-Japanese sentiment in Great Britain which felt that without a definite guarantee from the United States, which was unobtainable, Great Britain had better avoid a break with Japan at all costs and seek some sort of agreement with Japan. Mr. Davis thought that was shortsighted and if put into practice would inevitably lead to trouble in the future. Then there was the Australian problem. Her trade with Japan was better than ever before, and Australia naturally did not want to do anything to jeopardize it. Mr. Davis frankly thought, however, that Great Britain needed American cooperation more than the United States needed that of Great Britain, but the United States could not afford to have anything happen to Great Britain any more than Great Britain could afford to have anything happen to the United States. MacDonald agreed, adding that Great Britain was in the front firing line, and would have to bear the brunt of the first attack, not only in the Pacific, but in European waters. They could not give up anything that would prevent their getting through the first barrier. He hoped that if the Washington Treaty system were scrapped and the two nations were faced with a dangerous situation in the Far East, we would be more generous to England in the matter of tonnage. Mr. Davis replied that the United States was in a very reasonable frame of mind.

Simon said that neither the Prime Minister nor he would ever do anything to harm Anglo-American cooperation, and MacDonald added, "I don't believe that any of you who have had contact with us through the years have any shadow of a doubt about our desire to keep Anglo-American relations of the most cordial and affectionate character".

Mr. Davis said he would stake his whole reputation and future on the definite assumption that neither MacDonald, Baldwin nor Simon would want, or be unwise enough, to do anything that would alienate the United States. But it was essential that there should be no mental

reservations about Anglo-American cooperation. They replied that Mr. Davis was safe in such an assumption and agreed with him.

Simon said their position at the moment was that Matsudaira was waiting for a reply from his Government as to three or four points about which the British had inquired. It was not practicable to end the talks now. Some time must be given to think things over. Mr. Davis said he believed Yamamoto had come with very definite and limited instructions and could make no real concessions now. Matsudaira had intimated definitely that this was the case and that after denunciation we could meet under better auspices. Mr. Davis suggested the desirability of our following this up a little more with Matsudaira; it would have to be done very delicately, since Matsudaira was in a difficult position. Mr. Davis did not think the Japanese would accept qualitative limitation alone. He again emphasized that we did not wish to terminate the conversations abruptly. It was necessary to find out definitely what Japan had in mind and what they proposed to do after denunciation. He thought we should impress upon the Japanese the seriousness of the situation they were creating. Mr. MacDonald declared that the British Government had already begun to emphasize the seriousness of the situation in talking with the Japanese and Simon said that that was the object of his statement in the House on the preceding day. Mr. Davis said he thought that statement was excellent.

Mr. Davis then pointed out that the Christmas holidays were not very far off. Simon said the British would be very preoccupied by the India debate, which would become critical the following Wednesday. Then there was the Royal Wedding,²² which also took much time. Simon therefore hoped that Mr. Davis would hold his hand a little. He also wondered whether Mr. Davis might not make a short statement to the press, approving what he had said in the House of Commons, and, after some discussion, it was agreed that Mr. Davis would mention the matter in his press conference in the afternoon.

500.A15A5/286 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 27, 1934—8 p. m.
[Received November 27—4:05 p. m.]

53. During the week end I had a long talk with Matsudaira which culminated in an official visit he paid me yesterday in which he definitely informed me his instructions are to keep the conversations

²² The Duke of Kent married Princess Marina of Greece, November 29, 1934.

going and to prevent an actual break down. Matsudaira himself obviously hopes that we may yet reach agreement or at least the possible basis of some later agreement, for as he pointed out, since the treaties do not terminate for 2 years we can at least lay the foundation now on which a later agreement might be reached. Matsudaira insisted that while Japan demanded the legal right to naval parity his personal view was that they had neither the desire nor the ability to engage in a naval race or to attempt to build up to the American and British levels. I said that since the Japanese denunciation of the Washington Treaty would raise most difficult and serious questions I was inclined to believe it would be better to adjourn for a while and give time to think it all over. He replied "let us keep on for at least a while for I am still hopeful that we can find a mutually satisfactory solution, or the basis for it."

DAVIS

500.A15A5/289 : Telegram

The Secretary of State to the Chairman of the American Delegation
(Davis)

WASHINGTON, November 28, 1934—6 p. m.

39. Front page article in New York *Herald Tribune* from London reads as follows:

"While the Japanese were continuing to drag out naval talks with the British today, the American delegation was taking up consideration of a declaration which is expected to be made by the United States when Tokyo denounces the Washington limitation treaty . . .²³ The American declaration although it probably will be officially addressed to the signatories of the treaty will in reality be meant for the ears of all countries and according to information tonight is regarded to be an indictment of Japan's destruction of the peace fabric of the Pacific."

The article continues that while we would prefer a joint declaration or identic declarations by the other signatories of the Washington Treaty, "it is considered highly probable at the moment that unless the other signatories would put out a plain-spoken pronouncement the United States will issue an independent declaration."

I regret this type of publicity. I feel that what is needed at present is not talk of indictment or threats but such guidance to the press and public as is suggested in my 37,²⁴ showing our position as an upholder of the theory of equality of security.

²³ Omission indicated in the original.

²⁴ November 26, 7 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 266.

Senator Nye's recent public espousal of the thesis that Japan is right in demanding equality of naval armament may tend toward crystallizing a considerable section of pacifist sentiment throughout the country. This sentiment is vocal only in reference to the 5-5-3 slogan and of course does not appreciate the larger issues involved. We realize, of course, that it is exceedingly difficult adequately to set forth our position in such terms as would convince these pacifist elements without impugning Japanese actions and motives in terms which would not ease the situation. Nevertheless, the fundamental issues at stake have been obscured during the talks of the last 6 weeks and the unceasing efforts of Japanese propagandists have made some headway, which may be one reason for Matsudaira's desire to keep the conversations going and to prevent an actual breakdown with a clean break.

I suggest therefore that, with these considerations in mind, you give renewed guidance to the press of our position stressing that we as well as the Japanese favor reduction in tonnage, that equality of armaments between two countries, even of the same size, does not necessarily mean equality of security, that the equality of armaments or parity proposition can be so presented as to establish a *reductio ad absurdum*, et cetera. We think such guidance would be more effective as coming from London than from Washington and as a development of a thesis by the correspondents themselves, perhaps in the form of a review of the American position to date.

HULL

500.A15A5/290 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, November 30, 1934—8 a. m.
[Received November 30—6:44 a. m.]

54. Your 39, November 28, 6 p. m. I greatly deplore the type of publicity exhibited in the *Herald Tribune* article and in fact we denied through the American agencies Wednesday, when they drew reports of this article to our attention, that we were preparing an indictment of Japan.

For your information the *Herald Tribune* bureau here on Tuesday informed Pell ²⁵ that they had a strong tip from English sources that our delegation was preparing a statement which would be issued when Tokyo had denounced the Washington Treaty and that it was probably

²⁵ R. T. Pell, press officer of the American delegation; attached to the Embassy in France.

to be of such an outspoken nature that the British would not be able to identify themselves with it. Pell replied that naturally we were all thinking along the lines of what might be done after the denunciation of the Treaty but that we had no declaration of outspoken criticism of the Japanese in mind.

The *Tribune* then said that the authority for their story was such that they could not afford to ignore it but promised to modify their report.

As a matter of fact we have been emphasizing to our press the fundamental difference between equality in armaments and equality in security as suggested in your 37, November 26, 7 p. m.²⁶ They have used it somewhat but the point has now been reached where mere background talks do not give sufficient basis for cabled news reports. I have therefore come to the conclusion that the only way to get this thesis restated and fully explained to the public is for me to make a formal statement.

Up to the present I have refrained from saying anything for quotation, but in view of the reasons indicated by you, and the fact that Yamamoto has repeatedly given out formal statements of the Japanese position, and Simon in a recent speech in the House of Commons expressed the British attitude on certain aspects of the question, may I not prepare and submit to you a statement which if approved, I might release. The American correspondents in London are giving a luncheon to us on Thursday December 6th and this may furnish an appropriate platform.

DAVIS

500.A15A5/293 : Telegram

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

WASHINGTON, December 1, 1934—6 p. m.

43. Your 55, November 30, 9 p. m.²⁷ The press here is giving considerable space to so-called new Japanese proposals.

Inasmuch as the Japanese are making these so-called new proposals to the British and as these proposals as indicated would not be acceptable to us and, according to every indication given you to date by the British delegates, should not be acceptable to the British, would it not be advisable for you to suggest to the British that they dispose adversely of these proposals without permitting to develop a situation where it might be made to appear that, the British having shown them-

²⁶ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 266.

²⁷ *Ibid.*, p. 267; see also telegram No. 58, December 1, 1934, from the Chairman of the American delegation, *ibid.*, p. 267.

selves inclined to make a compromise, we alone are non-receptive and bear the onus of opposition.

We feel that at this stage all questions of tactics and of impressions given the public are becoming increasingly important.

HULL

500.A15A5/301a : Telegram

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

WASHINGTON, December 3, 1934—2 p. m.

44. In view of the indication by Matsudaira of desire to keep the conversations going, of British suggestion of a recess, of evidence that the Japanese attribute to us responsibility for breakdown, and of our view that when the Japanese make their declaration in notification of termination of the treaty, there should be a clean break, we feel it desirable that (a) giving no indication of any desire to hasten the date of the Japanese notification, you (b) take the position that whenever notification is given on or before December 31st, you will expect adjournment rather than a recess of the conversations.

HULL

500.A15A5/297 : Telegram

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

LONDON, December 3, 1934—6 p. m.
[Received December 3—3 : 32 p. m.]

60. Your 37, November 26, 7 p. m.,²⁸ with which we fully concur, is apparently based on the assumption or condition that the British will take with us the position that Japanese denunciation ends the present phase of the conversations and that the British will therefore agree to terminate them at that time, possibly by means of a joint statement with us. The British have not yet definitely stated whether or not they will be prepared to do this, but I still hope they will do so and I am strongly urging this upon them. It is, however, possible that the British, as hosts, may feel that they cannot dismiss the Japanese, even after denunciation so long as the Japanese wish to continue the conversations on the basis of the various British questions and suggestions. We must therefore decide what course to follow in this.

²⁸ *Foreign Relations, Japan, 1931-1941, vol. I, p. 266.*

I agree with you that the first phase of the conversations should be terminated immediately upon denunciation. However, before finally deciding to do so by unilateral action—assuming that we cannot get the British to take the initiative—or to take joint action with us, we should, I think, carefully consider whether or not such a step on our part would lend itself to the appearance that the United States was running out not only on the Japanese but also on the British. The Japanese of course would utilize this situation by attempting to place the onus for breaking up the conversations on us, and those elements in Great Britain which are favorable to a compromise with Japan might be strengthened.

Another fact to be considered is that under both the Washington and London Treaties we are obliged to attend a naval conference next year, whether or not we assume the responsibility of calling it under article 23 of the Washington Treaty, unless the five naval powers agree in advance formally to abrogate these clauses in both treaties. Such an agreement, I fear may be difficult to obtain at the present.

If we cannot induce the British to terminate the conversations immediately upon denunciation, would you be in favor of our reaching, if possible, a compromise with the British to declare a recess for a certain period on the ground that Japan's action had so radically changed the basis upon which the British and we had entered the present conversations that it was necessary for the two Governments to have time to reconsider when [*what?*] their position should be in the light of the new situation.

This procedure would leave the initiative for further conversations definitely with the British and, in case such conversations did not give promise for the successful holding of a conference under either naval treaty, would be a means of arriving at an agreement not to hold such a conference.

I should appreciate receiving your views with regard to (1) whether, failing agreement to terminate the conversations upon denunciation, we should attempt to seek an agreement for adjournment for a stated period and (2) whether, if the British insist on a continuance of the present conversations, we should withdraw unilaterally, at the same time possibly stating our willingness to return after a lapse of time or on the contrary, agree to remain here for the time being and if so, subject to what conditions.

Since we are meeting with the British tomorrow at 4 o'clock to discuss future procedure following denunciation, please send us your instructions at once.

DAVIS

500.A15A5/298 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 3, 1934—8 p. m.

[Received December 3—3 : 35 p. m.]

61. Supplementing my 60, December 3, 6 p. m., my impression from conversations with Matsudaira last week²⁹ and today, is that the Japanese do not expect and possibly may prefer not really to try to reach an agreement now; that the Japanese Foreign Office feels that they cannot at present get the Navy to make the concessions necessary for an agreement and that it would be better to agree upon a *modus vivendi* for the 2 years before termination, such as not taking any steps to alter the situation, and also, if possible, upon a tentative basis upon which later to resume the conversations and perhaps hold a conference.

DAVIS

500.A15A5/298 : Telegram

The Secretary of State to the Chairman of the American Delegation (Davis)

WASHINGTON, December 3, 1934—8 p. m.

46. Your 60 December 3, 6:00 p. m. and 61 December 3, 8:00 p. m. were already partially answered by our 44, December 3, 2:00 p. m., particularly when taken in conjunction with our 34, November 22, 8:00 p. m.

We feel that the time has come when you should inform the British, and in your discretion the Japanese, that whenever Japanese notification of denunciation is given on or before December 31 you will expect adjournment. Advance notice of this type will put the onus for break up on the Japanese and not on ourselves for declining to continue the conversations further. You should then bring forward for consideration the suggestion made in the Department's 22, November 15, 6:00 p. m. to the effect that if at a later date any one of the three Powers should feel that it had new proposals to offer which stood a chance of acceptance, it should convoke a meeting of the three Powers to continue the discussions. If no Power feels able to assume the responsibility of calling the 1935 meeting, the Conference, naturally, will not be held, whether or not there has been a

²⁹ For report upon conversations of November 30, 1934, between Mr. Davis and the Japanese delegate, see telegram No. 55, November 30, 9 p. m., from the Chairman of the American delegation, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 267; see also telegram No. 53, November 27, 8 p. m., from the Chairman of the American delegation, *ante*, p. 374.

formal abrogation of the Treaty clauses. Should such a Conference be convened next year we are, of course, obligated to attend, but we do not wish at present (a) to fix a date for the 1935 Conference or (b) to adjourn the present conversations for a stated period or (c) to remain on after the Japanese denunciation.

We feel certain that you will have no trouble in convincing the British, on lines indicated in the Department's telegram 34 and with references to public opinion in each of the three countries, that the continuance of the present conversations would be exceedingly bad tactics and would represent a procedure in which we believe that neither Government could afford to participate.

HULL

500.A15A5/337

*Memorandum of Conversation Between the American and British Delegations at the House of Commons on December 4, 1934, at 4 p. m.*³⁰

PRESENT FOR THE U. S.
 Mr. Davis
 Admiral Standley
 Mr. Atherton
 Mr. Dooman^{30a}
 Commander Schuirmann
 Mr. Field

PRESENT FOR GREAT BRITAIN
 The Prime Minister
 Sir John Simon
 Sir Bolton Eyres Monsell
 Admiral Chatfield
 Admiral Little
 Mr. Craigie
 Sir Warren Fisher
 Commander Hodsoll

MR. DAVIS: I asked for the meeting today because of the pending denunciation of the Washington Treaty by Japan, which, according to our latest information, may be moved up, instead of waiting until the end of the month. That will so completely change the situation that we feel we ought to have a meeting to discuss procedure after official notice has been given. While we have been in agreement with you as to objectives and principles, there has been a difference as to methods and tactics. We have been quite willing for you to go along with the conversations as long as you think it advisable and as long as the Japanese show a desire to continue them; but denunciation would so change the situation from what it was when we met that our Government feels that if and when Japan does denounce, it would cause a clean break, and so change the situation as to make it inadvisable, if not impossible,

³⁰ Transmitted to the Department by Mr. Field, secretary of the American delegation, in his despatch of December 7; received December 17. Apparently these are minutes written by Mr. Field, not agreed minutes with the British.

^{30a} Eugene H. Dooman of the Division of Far Eastern Affairs.

to continue further with the conversations. If you think that anything can be accomplished now, and that the Japanese representatives are in a position to accommodate themselves to a settlement, the only thing I can suggest is for you to try to persuade the Japanese to postpone their denunciation.

MR. CRAIGIE: You understand that the date has been advanced.

MR. DAVIS: Mr. Dooman was told yesterday by Mr. Kato that it would probably be on the 12th.

MR. CRAIGIE: Our present information is that the proceedings before the Council will take a fortnight.

SIR BOLTON: Do you think denunciation would make a great difference in the United States?

MR. DAVIS: Why, I think it would make a very great difference. We came here to discuss a renewal of the London Treaty. It is true we had advance notice that Japan intended to denounce, and when we learned later, here, that it was an irrevocable decision, we realized that this would very seriously complicate the situation. We were none the less ready for you in the meantime to go ahead and try out a face saving formula, providing it meant no fundamental change in the Washington Treaty. You remember that after the last full meeting³¹ you felt this formula would not be acceptable, and you stated that you were in favor of a further effort, which you called the middle course. I explained I had no authority to discuss the middle course, and you asked me to submit it to Washington, which I did. Then in the meeting with the Prime Minister and Sir John Simon, the other day,³² I explained that my government felt that irrespective of any intrinsic merits the middle course might have, it would be very bad tactics to go ahead, in the face of denunciation, and that it would be best to have a clean break and take up the question at a later date. Now, if the Japanese want to go on with the talks, the only way is for them to postpone denunciation.

SIR JOHN: I think we must take it that it is not only the fixed, but the declared, intention of Japan to give notice before the end of the current year. It does not look as though they could be persuaded not to do that. But I had never heard that they were going to advance the date.

MR. DAVIS: If the Japanese had said "We feel that we need certain modifications, failing which we would have to denounce", it would have been much easier; but they have held denunciation as a hammer over our head, without even sitting down and talking it over with both of us beforehand; they have decided arbitrarily to destroy the peace structure and collective system set up in the Far East. If we imme-

³¹ November 14, 1934; for minutes of this meeting, see p. 334.

³² November 23, 1934; see p. 368.

diately proceed now to negotiate, after formal notice of denunciation, there is no escape from the conclusion that the United States and Great Britain are giving tacit approval to denunciation, or are at least recognizing its justification.

At the first meeting last summer, the Prime Minister brought up as his first point that the cardinal policy of both governments should be the maintenance of the Washington Treaty and the discouragement of denunciation in every possible way.³³

MR. MACDONALD: Yes, but apparently we have failed. I have been reading the extracts of the Japanese press, and there is no indication that the Japanese are aware of the situation they have gotten themselves into. It is most difficult. Have you been thinking about the problem, Simon?

SIR JOHN: I quite see that if the Japanese give notice before the end of the year it does raise a serious question. However, I have not felt myself that we were in a position of weakness because of the pending denunciation. We have known that it was coming for a long time, in fact we got the first hint from the United States. It is not exactly a new fact. I feel strongly that if we once let those people go, we shall not be better off, to say the least.

MR. DAVIS: I am not asking you to send them away. If they don't want to terminate the conversations, it is up to them. I think you have rendered a service in your efforts during these conversations; you have clarified in their minds what you consider are the wider issues involved; you have brought up the question of the integrity of China; we have nothing but praise for your efforts. On the other hand, I don't see how either one of us can construe denunciation as anything other than a determination on the part of Japan to end the talks. It is Japan's act which ends them. I don't see how you, as hosts, having asked the two of us for conversations on a specific basis, can come to any other conclusion than that since one of the parties you invited has acted in such manner as to break up the conversations, there is nothing to do but adjourn.

SIR BOLTON: If they went away, Mr. Davis, how would you resume again?

MR. DAVIS: That is something we would have to consider. One thing might be for us to adjourn with no agreement as to when to meet again, but with an understanding that any time one of the Powers has a proposal and thinks he might do something, or that Japan shows a desire to get together, there would be another meeting.

MR. MACDONALD: One thing I can't make up my mind to face is this: Suppose these talks break up as a result of denunciation, don't

³³ See telegram No. 332, June 18, 10 p. m., from the Ambassador in Great Britain, p. 259.

think for a moment that as long as I am Prime Minister I will ask the Japanese to come again; we would at once give them the opportunity to say "Cock-a-doodle-doo! They are asking us to come again!" Any resumption would have to be on Japan's invitation.

MR. DAVIS: I feel that under the circumstances I am prepared myself to tell the Japanese that, while we are not taking a direct part in your efforts to find some basis of understanding with them, we are quite willing to have these talks continue as long as the Japanese want them to, but that this can only take place if denunciation is delayed, since denunciation would automatically constitute termination.

SIR JOHN: That would be helpful, as I shall see Matsudaira also.

MR. MACDONALD: I would like to ask Admiral Standley, have you done your best to get Yamamoto to be reasonable and see the awful situation in which he is putting his country? My first impression of Yamamoto was that he was perfectly hopeless to deal with; that he had been fortified by those extraordinary demonstrations upon his departure from Japan, when he was the good, patriotic seaman, and when it was a question of suicide if he did not go along with the extremists. I have come to modify that conclusion, and to believe that he actually does want an agreement, but that having done his duty to bluff both of us, and having found it was no good hoping to change our views, he may be in a mood where we may now be able to get something out of him. But there is this, Admiral: He has a great affection for the seamen—he likes private conversation only with a fellow seaman—and I am wondering if he has made any attempt with you?

ADMIRAL STANDLEY: Yes I have had very interesting conversations with him, in fact he won my money at bridge once or twice. I found him very human; but he is not entirely free. He is bound by what his navy is willing to do. I have very recently had a conversation with him of his own seeking, in which he spoke very frankly and indicated that they are anxious to have some sort of understanding, but are absolutely committed to denunciation.

(Admiral Standley here briefly outlined his impressions of Yamamoto's present views, but requested that no notes be taken, in view of the very personal nature of the talk.)

MR. MACDONALD: My predominant aim is to keep the peace of the world. War is like seasickness; once begun it never ends. If you once break peace under present day conditions, you are no longer dealing with three or four Powers which can control the forces of destruction which have been let loose; on the contrary, there are now so many states involved that there is no man on earth who can control the situation. There are two very horrible things we face, one, denunciation of the Washington Treaty—I can't conceive of anything worse, and I want to control it and its results if I can; and, two, if we break down here, neither of us can say to Japan within the next six or seven

years "I would like to have a conference with you"; our pride will prevent us from doing that. Just look at the gap which would be left in the Pacific peace structure. I share with you the horror of the consequences of denunciation, but I don't want to let matters slip and slip until both of us have to bring our navies into the Pacific. I think, in fact, our navy would be there before yours.

MR. DAVIS: I feel about denunciation as you do. It seemed to me as I stated at our last meeting that neither one of us had impressed upon Japan sufficiently what a terrible thing she was proposing to do. I thought that instead of discussing technical questions for which they were destroying the basis, it would be better for us to concentrate on an appeal to Japan not to destroy that basis; it seemed to me that the moral pressure of our two great nations might have an effect. There are no two countries in the world that have a greater desire and interest in promoting peace than the United States and Great Britain. If Matsudaira and Yamamoto could do what they felt was in the interest of their own country, the situation would probably be changed, and we might have an agreement. But it is a question whether you are going to have peace more easily by trying to make a settlement with people who are hamstrung, or by saying to them "You go home now and let us try again later".

MR. MACDONALD: We cannot negotiate an agreement now, I see that. But what I would like to do is to come to an understanding before they go home—not an agreement—as to a basis for a new agreement at a conference.

SIR JOHN: In a way, I think it is a more terrible problem for us than for the United States. In any case, it is very serious for both of us. To my way of thinking, it is a question of the choice of risks. We are not being taken by surprise. Denunciation is a very grave step, and we have already emphasized that to the Japanese. But notice of denunciation is not the same as actual termination. Mr. Davis is impressed with the idea that we are actually encouraging these people if we are willing to confer with them when they are so determined to denounce. I quite see that risk. But is not the other risk greater? The worst thing of everything would be to make further conversations impossible. Then the door would be shut and could never be reopened. What would be the reaction in the press of the world—I won't even guarantee the reaction in our own press—if we let this thing break up? One of our difficulties is that we have a free press just as you do, which we cannot control. Japan's extremists, I fear, would control her press and there would be bonfires on the return of the Japanese Delegation. I don't like facing the second risk until we are quite certain that all other possibilities are exhausted.

MR. MACDONALD: That is generally my feeling also.

MR. DAVIS: We have been trying for six weeks, and have made very real and determined efforts, to find something to save the situation, but I don't think you have any hope yourself that you can do it now, have you?

SIR BOLTON: I have a feeling that the Japanese, although they have quite decided to denounce, feel that they have got nothing out of it, because neither of us has agreed to the common upper limit. I am not at all sure that they are very happy about it. I feel that Yamamoto is far more anxious to come to an accommodation if he possibly can.

MR. MACDONALD: I have very little hope, but if you ask me have I no hope, I should say "Oh, no, that is not the situation; I don't think it is quite hopeless yet". I can't help feeling that there is something in Yamamoto that we have not yet found out.

MR. DAVIS: I feel, if Yamamoto had the authority, or the influence, we could get further, but that he would not have been picked by the navy to come here if they had not considered him as their man. But the impact of our two Powers standing together has made a tremendous impression on him, and if he can go back now, under that influence, he can do more to bring his people around than he could ever do by cable.

But this matter of denunciation is a pretty good test for Japan, if she really does want to continue. Matsudaira had told you, and has told me, that they want to continue. Now, if you told them, and we told them, that we would be glad to do that, if they did nothing to put an end to the talks, but that if they did denounce, it would actually mean termination,—it would put it squarely up to them to end the conversations or to keep them going. It would be more effective, in talking to them, if you were to emphasize this as the British view, rather than to tell them that it is only the American position. Even if the Japanese decision for ultimate denunciation is irrevocable, I do not see that there is any reason to denounce while the conversations are in progress.

MR. MACDONALD: For two years after denunciation you will still have a chance for a settlement.

MR. DAVIS: Certainly. I want you to understand I do feel there is a lot in your point that no one would want to take the responsibility for reconvening; but we could say that we would be glad to meet again when Japan asks for a meeting.

SIR BOLTON: We are bound to meet within a year, under the Washington Treaty.

ADMIRAL STANDLEY: The same thing holds in connection with the London Treaty.

MR. DAVIS: Well, we don't have to meet if we all agree not to meet.

SIR JOHN: It does not follow, because a man gives notice to terminate a lease that he intends to cease being a tenant. It merely means

that he wants to discuss new terms. That is a recognized practice among business men. Notice of denunciation is merely notice that the Japanese want to discuss a revision and want to create a more fluid situation for such discussion. I cannot but feel that it is rather foolish to consider such notice as the end of the world.

MR. DAVIS: Oh, I don't say that at all. We cannot and do not want to force Japan into an agreement. But if she really wants an agreement, and has the power to reach an agreement along lines which would be essential for both of us, then she surely has the power to move a little more rapidly in the present conversations and at the same time postpone a little the date of denunciation. That would be the acid test.

MR. MACDONALD: The Japanese Government is a combination of navy and army; the civilian element is kicking against it, but is still in a minority. Now, the estimate of Matsudaira is "I can do nothing for two years; I think what Japan is going to do is bad, but I do not think it will be violent; the dominant opinion may take two years to calm down and to abdicate, and after that we can reach a settlement". Well, whatever the truth of that may be it would be awfully foolish of us to refuse ourselves the opportunity of keeping in touch with this interesting and very virile little people. I think it might not be very difficult to get the Japanese Delegation to agree to some sort of a recommendation to their government which would enable them to go home, but you have to take care that it is not something which is going to make flags fly. If we can get them to recommend something which is good in its general tendency, we should take the opportunity.

MR. DAVIS: Just in the last day or two I have received the impression that the Japanese are laboring under the idea that perhaps they had better accelerate their denunciation, since it might make their negotiations easier later on. If so, I think it would be helpful to let them know that it would not.

SIR JOHN: We have no doubt whatsoever that denunciation would make things more difficult. I feel we have not quite tried out all possibilities on the Japanese. I would like to try out the idea with them, Mr. Prime Minister.

MR. MACDONALD: Before breaking off I would like to be able to tell the King that we have left the Japanese under no misapprehensions and that we have tried every possible way to bring them around. But I don't feel I could say that if we were to break right now.

MR. DAVIS: If they would postpone denunciation until the end of the year, that would give us three weeks, and we could do a lot in that time. I feel, in view of Matsudaira's statements that they wish to continue, that I probably should say to him, "Well, you told me you wanted to continue; on the other hand, Kato told Dooman you were going to advance denunciation; I should point out to you that that

would change the whole thing and we would consider denunciation as termination".³⁴

MR. MACDONALD: I should certainly aid and abet you in saying these last words, but we do not want to speak for you. It would not be fair to either of us.

SIR JOHN: There is this distinction: The earliest effective date is the 31st. Notice today won't have the effect of bringing the treaty to an end any earlier. They lost nothing by postponement; except for domestic considerations there is no point in premature denunciation.

MR. DAVIS: I have heard the opinion expressed that denunciation was not so much based on Japan's desire to get a modification as in order to force both of us to sit down and discuss the political situation.

MR. MACDONALD: Oh, if that is the case, they are miscalculating.

SIR JOHN: It is fair to remember that the Japanese have always insisted that they don't want to confuse political and naval issues.

MR. DOOMAN: They now have a tendency to admit that the ratio question is a political question.

MR. MACDONALD: Yes; it is like the man who says "I love you dearly, but I hope you won't mind if I chop off your head". Well, we have to go to another meeting now. I understand, then, that you will see Matsudaira, and we will see him, and then we will see each other again. By the way, when are you taking passage?

MR. DAVIS: I have not taken it.

MR. MACDONALD: We thought you were going back for Christmas.

MR. DAVIS: Well, we hoped to, but if the conversations are to go on, then we will have to stay.

500.A15A5/317: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 7, 1934—4 p. m.

[Received 4: 15 p. m.]

67. For the President and Secretary. Analyzing your instructions we understand our position, in effect, to be that (1) no compromise agreement is possible before denunciation and that the Japanese must go home empty handed; (2) we will not agree to proceed immediately after denunciation in any effort to find a basis for future agreement lest it be inferred that we are accepting the Japanese contention that the present system must radically be altered; and (3) we will not agree now to reconvene in the future unless some country is willing later on

³⁴ Mr. Davis took this course of action in his talk with the Japanese delegate on December 5, 1934; see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 268.

to assume the responsibility of making new proposals and on their basis to call another meeting.

While our delegation is unanimously of opinion that Japan should be given nothing to ease the consequences of denunciation, that denunciation should terminate the first phase of the conversations, and that the second phase should not be started immediately thereafter, we all seriously doubt the wisdom of further insisting upon the procedure outlined in Department's 22, November 15, 6 p. m. regarding a future meeting. It is, in our opinion, most important that we do nothing to make it appear that we do not want an agreement of any kind and are even unwilling to pave the way now or in the future for a settlement consistent with the fundamentals of our position.

The British fully recognize the logic of the attitude taken by the American Government with regard to the termination of the present phase of the conversations, but our reluctance to agree now to a resumption at a fixed date has troubled them and aroused certain misgivings as to our desire to achieve an agreement. In view of their repeated assurances of desire to cooperate with us and their understanding with us that they would not propose any agreement to Japan unacceptable to us, the British feel that we should be willing to have them at least explore further the basis upon which we may agree to reconvene after the denunciation with some hope of reaching a subsequent agreement. They evidently would now prefer the present conversations to end without attempting to attach guilt to any individual party and by fixing a date for the resumption of the conversations make it possible for the Japanese on their return home to make clear to Tokyo, on the basis of their London experience, what faces Japan if she continues to insist on a policy of absolute isolation, thus paving the way for their return to the conversations at the date determined in a different frame of mind.

There is therefore reason to believe that the British may propose to adjourn the present conversations on the eve of Japanese denunciation and simultaneously suggest a fixed date for 1935 preparatory naval conversations, thereby avoiding the onus of a complete failure of the conversations which they have initiated, and particularly a blow up upon Japanese denunciation. This they also contend is the only way to avoid the question of responsibility for calling a new meeting which no power would wish to assume, and to diminish the risk of no conference and no future naval agreement; which public opinion here increasingly demands.

The British are in the complicated position that they cannot get the kind of agreement with us that they would like and they cannot afford to make an agreement with Japan without us. They, therefore, have every reason of cooperating with us without any commitment on

our part or of taking an independent course and thus endeavor to retain the friendship of both Japan and the United States. I am satisfied that they prefer, and that it is in their interest to cooperate with us even without a commitment, and that they will do so, unless we impose conditions of cooperation which will make it too politically difficult for them to accept, because the second alternative is uncertain and precarious.

There are increasing evidences that Yamamoto as well as Matsudaira is now [convinced] that Japan is making a seriously false move but they are helpless at this time to rectify the Japanese position to any appreciable extent. Their efforts therefore will be directed towards securing agreement to an adjournment on such conditions as may permit the Japanese Government later to modify its position. Furthermore if the Japanese are wise, they won't, if they can help it, get caught in the position of having their denunciation terminate the conversations and thus will favor an adjournment for a fixed period just before denunciation. Moreover Yamamoto announced yesterday that "abrogation does not constitute a reason for my giving up my work here".

Accordingly if and when the British are willing to continue the initiative and accept the major responsibility of making a proposal for preparatory naval conversations in 1935, I suggest it will be virtually impossible for us to avoid acceptance and therefore urge that I be authorized to reply immediately to the British that the United States Government agrees to such conversations, provided they are preparatory conversations called under the provisions of the Washington Treaty and/or the London Treaty and are not in fact a continuance of the present discussions. Concurrently I urge that I be authorized immediately upon acceptance of the British proposal on such a basis to inform the press simultaneously with the Department.

DAVIS

500.A15A5/3274

President Roosevelt to the Secretary of State

WASHINGTON, December 7, 1934.

After reading the papers of the past three days, I am inclined to think that it would be well to tell Davis, confidentially, something to this effect:

"Now that the effect of denunciation by the Japanese has been made clear to Matsudaira by both the British and ourselves, we think you should do nothing further before December thirty-first, as a result

of which the Japanese could use that as a reason or a partial reason for denunciation. In other words, we are in an excellent position at the present time. Even if it involves keeping the conversations going until December thirty-first, it is worthwhile to do it in order that the whole onus of denunciation can be placed on the Japanese without giving them any excuses."

What do you think.

F[RANKLIN] D. R[OOSEVELT]

500.A15A5/317 : Telegram

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

WASHINGTON, December 8, 1934—3 p. m.

49. Your 67, December 7, 4 p. m. The trouble with committing ourselves in advance to a resumption of naval conversations at a fixed date is (1) that it ignores Japan's act of rejecting the principles on which the Treaty of 1922 was based, and (2) that it makes a conference obligatory irrespective of future developments or of the prospects of success. To hold an unsuccessful conference does more damage to international goodwill, than to forego a conference. Thus there is no doubt but that American-Japanese relations have deteriorated during the prolonged discussion this autumn; even Anglo-American relations were subjected to a strain, which has now been fortunately dispelled, as a result of the suspicions aroused in this country by Britain's desire to play the role of intermediary.

Cooperation with the British is something we earnestly desire, but to be successful it requires some "give" and "take" on each side. I doubt, for instance, whether the British appreciate that we have for more than a month acceded to their wish to continue the conversations while they explored every possibility of reaching a compromise with the Japanese in the face of their announced determination to denounce the Treaty, and that we have in deference to their desire to play the role of mediator borne alone the responsibility in the public view for standing firm on the principle of existing ratios, a principle which is as vital to the British as to us. We understand perfectly well that the British are confronted with difficulties; but we also have difficulties. There is obviously a difference in conception of the tactics which may to greatest advantage be pursued to meet the situation. The British seem bent upon temporizing and avoiding a clarification of the real issue. We feel that much of the present difficulty in the Far Eastern situation is directly attributable to the fact that there has been in the

past too much temporizing and too little facing of the real implications and consequences of Japan's intransigence. We regard that course as bad tactics, especially at present, and not conducive to attaining the objective of ultimately bringing about adoption by the Japanese of a conciliatory attitude which might make an agreement possible. We feel that it would be a great mistake to give the impression of yielding to the Japanese conception that the present situation can be basically altered and yet thereafter everybody proceed with negotiations on a new basis as though there had been no fundamental change. Your speech yesterday³⁵ made it altogether clear that we stand for maintenance of the basic principle of equality of security, and the editorial reaction throughout this country has indicated abundant approval of our position.

The procedure which you now suggest seems inconsistent with that position. We therefore ask you to make another earnest and thoroughgoing effort to persuade the British to accept the formula suggested in our 22.³⁶ If you do not succeed in this, then, as a last resort, we could agree to the following procedure. We could accept a British proposal to adjourn the conversations before Japanese denunciation on the understanding that we would all three meet in conference together with the French and Italians upon the call of the British at such time as they felt that the prospects of success warranted holding a conference, not however until after the Jubilee Celebration next spring. This would (1) give some time for the Japanese to show by action rather than words whether they are intent on pursuing a policy of dictation in the Far East or are anxious to continue to seek through cooperative effort to maintain both political stability and the principles of naval limitation; (2) give the British time to pursue through diplomatic channels their explorations as to a possible ground for future agreement "consistent with the fundamentals of our position"; (3) meet their political preoccupations of retaining the initiative while they believe that there is a possibility of success; and (4) avoid further "preparatory conversations" which have all the liabilities of a conference without the possibility of capitalizing in treaty form any meeting of minds that might be achieved. We have little faith in the reality of such a solution but in deference to your views could to that extent subordinate our judgment as to the soundest course to pursue.

The President approves foregoing.

HULL

³⁵ December 6, 1934, before the Association of American Correspondents in London; for text, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 269.

³⁶ November 15, 6 p. m., p. 350.

500.A15A5/322: Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 11, 1934—2 p. m.
[Received December 11—12: 25 p. m.]

68. The following summary of an informal conversation during the week-end between Atherton and a British official is sent for your information:

It was restated that the British are not working to the end that the present conventions [*conversations?*] with the Japanese will result in any final settlement before the denunciation. The purpose of these discussions is rather to indicate to Matsudaira and Yamamoto (who have stated their conviction that after denunciation Tokyo will be more pliable in regard to naval programs), what conditions Japan must be prepared to meet in order to negotiate a new agreement with England and the United States and furthermore to emphasize the points of agreement and disagreement. The British have evidently accepted Matsudaira's statement that any contractual naval program on the present basis is politically impossible in Japan and are therefore discussing along the line of unilateral declarations of building programs 1937-1942 which in general would maintain the ratios of the present treaties. These declarations would contain clauses that no change in the program be undertaken without prior notice and would be an annex to an eventual new treaty which would also embrace such portions of the existing treaties as the interested parties, in agreement, decided to retain.

It was stated that the British are already discussing with Yamamoto their 1937-1942 building programs and British civil officials claim they are encouraged by the reaction of Matsudaira and Yamamoto and more especially by their opinion that this program is not irreconcilable with Yamamoto's figures for Japan and does not constitute an insurmountable barrier which would cause Japan to refuse further conversations in 1935. In other words, the British hope by these building program conversations to make available to Yamamoto and Matsudaira for future use such an indication of British and presumably American general naval policy as will reassure Japan that it is not based on aggression in the Far East; and that this will give Yamamoto a means of returning home and persuading Japan to negotiate a new treaty along the lines of some face-saving formula and unilateral declarations, to be annexed to a treaty, of building programs which would practically maintain intact the present naval ratios.

With this background Atherton was informed that we will be asked to discuss its 1937-1942 naval program with the British at a very early date. Atherton's informant indicated that we are already in possession of the main outlines of the British program for this period and that they are accordingly anxious for information from us. They would like to know in particular at this time how great are the bases for controversy, if indeed there are any, which exist as between the American and English programs respectively for this period, as apart from the Japanese angle.

DAVIS

500.A15A5/322 : Telegram

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

WASHINGTON, December 12, 1934—1 p. m.

50. Your 68, December 11, 2 p. m.

(1) Accepting at its face value the information given Atherton by his informant, it would seem as though we were shortly to be confronted with a new and radical change in British tactics.

(2) Is not the clue to this change to be found in Selden's dispatch in this morning's *New York Times*?³⁷

"There is one more maneuver the British may try, temporarily to break the deadlock in such a way that it will not seem to be a deadlock. That would be to present another proposal that would require so much consideration that the Americans and Japanese would be justified in asking a long recess, which would enable them to go home. The trouble with that is that the Japanese do not yet want to leave London. Neither can anybody concerned imagine what sort of proposal Britain could produce that would meet the approval of both Japanese and Americans or conform to Britain's own desire to maintain the Washington treaty. But the British are fertile in suggestions."

(3) As phrased by Atherton's informant, it would seem that the plan now being discussed between the British and the Japanese for a "face saving formula" is not consistent with the assurances given you by Simon and Craigie and reported in your telegrams 24 and 26³⁸ to the effect that an agreement on building programs to be acceptable must be contractual in form.

(4) We are not prepared at the present time to discuss our 1937-1942 naval program as our needs being relative we should first have to know the Japanese program.

³⁷ Charles A. Selden, London correspondent for the *New York Times*; this dispatch appears in the *New York Times* of December 11, 1934, p. 12.

³⁸ No. 24, November 6, 9 p. m., p. 325; No. 26, November 9, 6 p. m., p. 326.

(5) We attach particular importance to your avoiding any discussion at the present time of technical differences of opinion between the British and ourselves. This would introduce a new element into the conversations just before Japanese denunciation and would obscure the fact that Japan was on the point of rejecting the very principles on which the treaty of 1922 was based.

PHILLIPS

500.A15A5/324 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 12, 1934—10 p. m.

[Received December 12—8:05 p. m.]

70. For the President and the Secretary. MacDonald and Simon being still immersed in the debate on the India matter, Craigie came to see me today at Simon's request, to inform me of the status of the British conversations with the Japanese. He confirmed the informal information previously reported in my 68, December 11, 2 p. m. The only additional point brought out was that the treaty would include a stipulation to the effect that no alteration would be made in the annexed building programs without previous consultation and 12 months notice. He emphasized again that there was no question of arriving at any agreement now, but merely an effort to explore a possible basis for a future meeting or conference in 1935.

He added that while the discussions were in effect on the basis of no actual change from the present principles—except as to form—it was not possible for the Japanese openly to admit that.

Craigie informed me that the Japanese, who have now reported to their Government and asked for authority to pursue the conversations further along the above lines, will probably not get a reply for several days. The British are endeavoring to take advantage of the apparently more conciliatory attitude on the part of the Japanese and thus to consolidate the gains and yet not go contrary to the American point of view which, in compliance with your instructions, I set forth in the meeting with the British on December 4th³⁹ and subsequently.

If Matsudaira's instructions are favorable, the British will then desire to discuss the matter more fully with us and, if agreeable to us, arrange for informal discussions between Admirals Standley, Chatfield, and Yamamoto.

In order to meet our views and at the same time not to miss any opportunity afforded by the apparently more reasonable attitude of the

³⁹ See p. 381.

Japanese Delegation, the British, according to Craigie, have been considering two alternative courses:

The first is that the conversations might be formally adjourned on Friday the 14th in order that we might sail on the 15th, such adjournment being explained on the grounds of permitting a cessation of work for the holidays. When I asked whether this would mean that the Japanese would also go home, Craigie said he thought they might not have received the Japanese reply by then, and that Yamamoto might thus have to remain for a week or two longer for informal conversations, in case the Japanese are still showing a disposition to recede from their previous position. I restated our view that as a matter of tactics as well as principle, denunciation should definitely terminate the present conversations, both formally and informally and that for Yamamoto to remain here in conversations after we had left and after denunciation, would arouse suspicion and put a strain on Anglo-American understanding. Therefore, the Japanese should either hasten their decisions or postpone denunciation.

This brought Craigie to the alternative suggestion of their pressing the Japanese Government to postpone denunciation until the 30th, and of formally adjourning the conversations on the 20th, as the Prime Minister and Sir John are leaving for the holidays on the 21st. This would give us several more days in which to wind up our work, and in which the Japanese could communicate further, if necessary, with Tokyo. Informal conversations could thus be continued thereafter until we sail on the 29th, or until Japanese denunciation, if such denunciation should precede our departure. Matsudaira has indicated to the British that he does not in any case see how denunciation could come before the 23rd or 24th as the Privy Council does not meet until the 20th.

I emphasized to Craigie that when we adjourn, no date should in our opinion be fixed for any future meetings, but that it might be agreed that the British having initiated the present conversations should continue their efforts through diplomatic channels, and if as a result of this they should feel that there was a sufficient basis of accord to promise success, they might arrange for a full five power conference. Craigie said he thought the British would agree to this, except that there was a question whether further preparatory conversations would not, in any event, have to take place within 3 or 4 months. I told him that we would certainly not be willing to get into any more bilateral conversations, and that we thought it better to meet again only in full conference, in case of any meeting at all.

I am convinced from what Craigie told me that in their conversations with the Japanese the British have been holding to the position we have taken of not agreeing to any change of substance in the present basis and principles of limitation. They have, so Craigie informed me, impressed upon the Japanese that there is no real difference between the United States and England and that while there exists as yet no common front such a front might develop if the Japanese

remain unreasonable, which he felt had greatly influenced them to take a more conciliatory attitude. Craigie added that upon denunciation the British planned to send a very vigorous note to the Japanese Government which would be published and which would state in substance that the British regarded Japan's action as a very serious matter.

Craigie requested that what he had told me should be treated in the strictest confidence and communicated only to you.

DAVIS

500.A15A5/329 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 13, 1934—6 p. m.

[Received December 13—3:49 p. m.]

71. In a conversation with MacDonald alone this morning I set forth and urged, as strongly as I could, the arguments and point of view set forth in your various instructions, and particularly the first part of your No. 49, December 8, 2 [3] p. m. While this was to a large extent a repetition of what I had previously said to him, I think it made some impression, although I cannot say it convinced him. He repeated that they had no intention of giving the Japanese anything to take home other than an understanding of what they would have to do later if they wished to get an agreement, and that would certainly not be a victory for the Militarists. He said they had made known to the Japanese very definitely that they would not consider any alteration in substance of the present treaties; and that if they were not prepared to recede from their position, there was nothing further to discuss. The Japanese then, without agreeing definitely to recede, said they would be glad to explore the possibilities of agreement on that basis. Having once agreed to accept as the basis of discussion what was stipulated by the British they must in MacDonald's opinion either recede completely from their original position or break off the conversations themselves and take the onus.

I told him I thought they were running the risk of getting themselves in a jam by not taking the position with us that termination of the Washington Treaty must necessarily terminate the conversations; and that they should inform the Japanese that for reasons which are obvious, the conversations cannot continue after denunciation and that, if they wish to avoid terminating the conversations, they must get through before denunciation.

MacDonald said he did not think there was much more to do with the Japanese as soon as they get the reply that is awaited and that it

should be perfectly possible to get through before denunciation so that we could all go home. I told him the Japanese reply would either be delayed or so inconclusive as to require further communication with Tokyo and that I suspected their purpose was to keep the matter open until after denunciation in such a way that the British would feel they must continue, which, in my opinion, was the crux of the problem and one of vital importance. He seemed somewhat disconcerted and said they were not apt to be so easily fooled and should be able to finish before denunciation but that he would talk this over and have Craigie see me.

DAVIS

500.A15A5/324 : Telegram

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

WASHINGTON, December 13, 1934—6 p. m.

52. Your 70, December 12, 10 p. m. I feel that the points which you made in connection with Craigie's observations were extremely well put.

PHILLIPS

500.A15A5/330 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 13, 1934—7 p. m.

[Received December 13—3:49 p. m.]

72. Your 50, December 12, 1 p. m. I think my 70, December 12, 10 p. m. will have answered paragraphs 1 and 2.

As regards paragraph 3 I pointed out to Craigie that the formula they were discussing was not consistent with our previous understanding that any building programs to be acceptable should be contractual. He said that was partially true but insisted that they were achieving the same results in practice through a contractual undertaking for previous consultation and for 12 months' notice, a provision which would constitute a satisfactory substitute for the present escalator clause. At any rate he said we were not being asked to agree to this now, that it would be a question for future consideration, although so far as the British were concerned, they felt there were certain advantages in such a proposal quite aside from attempting to find a face saving formula.

As regards your fourth paragraph I told Craigie I did not know whether we would feel justified in discussing our 1937-1942 naval

program and that we would certainly not be willing to present it even tentatively until we knew the character of the Japanese program. He replied that he would not expect us to do so.

As to your paragraph 5 I fully agree with you as to the inadvisability of introducing any new element into the conversations at the present time such as entering upon a discussion of the technical differences of opinion between the British and ourselves.

This morning's *Times* in an obviously inspired article on the future of the naval talks contains the following passage.

"The American delegation consider that the Washington Treaty gave all its signatories equality of security. Great Britain agrees with this view but would like if possible to meet in some way the Japanese objection to being classified in a lower category . . ." ⁴⁰

DAVIS

500.A15A5/333 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 15, 1934—8 a. m.

[Received 9 a. m.]

74. 1. Craigie called this afternoon and informed me the British Government was in favor of adjourning the conversations on the 19th or 20th; that they are very anxious to do so on a good note, and accordingly favor a tripartite meeting, to which the Japanese are agreeable. Their idea is that the three-cornered meeting would be a happy ending to this phase of the conversations, with no serious discussion, and that a communiqué would be issued, to be agreed upon beforehand but which he suggested should be roughly something to the following effect:

"The naval conversations, which have been proceeding since October 23rd have been agreed by all parties to have served a useful purpose, every aspect of the naval problem having been discussed frankly, fully and amicably. It has never been the intention of these preliminary conversations, which do not include representatives of all the Powers which took part in the conversations held in 1930, to reach any hard and fast agreement. Now that the views and positions of the respective delegations have been made known, it is considered highly desirable that the representatives should resume personal contact with their Governments in order to fully examine and analyze the results so far achieved, and accordingly it has been agreed to adjourn the conversations. It is nevertheless understood that for the remaining days before the American and Japanese representatives leave London, the purely informal talks which have been taking place

⁴⁰ Omission indicated in the original.

during recent weeks may if deemed advisable be continued while they are still available.

After adjournment the British Government will keep in close touch with the Governments of the United States and Japan, and will summon a future meeting at such time as they think opportune. They will also have an opportunity for further consultation with the Governments of the Dominions and with the Governments of the other countries who are parties to the Washington and London Naval Treaties."

2. I did not commit myself with regard to the proposed procedure. I think however that there is some advantage in a three-cornered meeting and it would be difficult for us to refuse it. Without having fully considered as yet the substance of the proposed communiqué, I see certain advantages in a statement along these lines, except that it would seem advisable to delete any reference to informal talks after denunciation; at least I think it should be understood that there must be no informal talks here after denunciation. While no reference to denunciation can be included in the communiqué it should at least be understood between us that there shall be neither formal nor informal talks following denunciation, but that there may be informal talks to tie up odds and ends between adjournment and denunciation.

3. In the course of the conversation with Craigie I restated our position with regard to a termination of the conversations and the calling of a future conference. He replied that the British must insist on calling it an adjournment rather than a definite termination but said that if we would meet them in this one respect they would meet us in agreeing not to fix a date for any further meeting or conference (although they would much prefer a fixed date) with the understanding however that if the British are to assume the responsibility for calling a final conference, they must reserve the right to invite the five Powers to preliminary conversations preparatory to such a conference. They would also meet us in not asking us to commit ourselves now to attend such preliminary conversations. Craigie said that although it is distinctly understood that there is to be no departure in principle from the present basis, stress is being laid, in the talks with the Japanese upon the fact that the present relative positions shall be maintained through the respective naval programs; he added that it was vitally important because of the delicate position of the Japanese delegates that there be no indication that the Japanese Government is expected to recede from its position.

4. Craigie also informed me that the British Government yesterday instructed its Ambassador in Tokyo to deliver a memorandum to the Japanese Government stating in effect that the British Government has learned with regret that it is the intention of the Japanese Government to denounce the Washington Treaty which in the opinion of the British Government, is most unfortunate, in that this has provided a

stable and fair basis for naval limitation, and in that it has not been possible position [*sic*] to reach any other basis for naval limitation to take its place. Also the British Government is now making earnest efforts to seek some basis for future agreement that would avoid the harmful consequences of a naval race and the reopening of many serious questions, and finally the hope is expressed that the Japanese Government will at least see fit to delay denunciation until the end of this year, in order that the present conversations may be carried on as long as is possible and useful.

DAVIS

500.A15A5/333 : Telegram

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

WASHINGTON, December 15, 1934—6 p. m.

55. Your 74, December 15, 8 a. m. Subject to advance agreement on a satisfactory communiqué, we are prepared to accede to the British idea of putting an end to the present conversations on the 19th or 20th in a tripartite meeting. This will be sufficiently close to Japanese denunciation to make the connection between the two events clear in the public mind without the need of its being openly stressed. Meeting the British on this basis should make it easier for them to meet our preoccupations with regard to the contents of the communiqué.

In considering the draft you submitted, (1) we agree with you that it is essential to delete any reference to informal talks after adjournment, and believe that a gentleman's understanding should be reached that there would be no talks following denunciation; (2) we feel that the last two sentences keep alive and emphasize the feeling that the British wish to continue their role of brokerage. These might well be rephrased along the following lines: "After adjournment the Governments concerned in the London conversations will keep in close touch with each other and with the other governments which are parties to the Washington and London naval Treaties. The British Government will summon a conference at such time as it thinks opportune."

As to the actual wording of this and other parts of the communiqué I wish to give you a free hand, subject of course to my final approval, asking you to bear in mind however the following objectives: (1) we shall not cavil at the phraseology used as to whether the conversations are to be adjourned or terminated provided the sense of communiqué makes it clear that any future discussions are not a mere resumption

of the conversations to date; (2) we are still unable to see any advantage in further preliminary conversations preparatory to a conference. In the public eye the distinction between conversations and a conference is slight; if agreement can be reached in one, it can be reached in the other; and if the prospects of success justify calling an international gathering to discuss naval problems through other than diplomatic channels, they justify the calling of the full conference. (See paragraph 1, our 49 December 8, 3 p. m.)

HULL

500.A15A5/375

*Memorandum of a Meeting in the Prime Minister's Office at the House of Commons, December 19, 1934, at 4 p. m.*⁴¹

Present:

FOR THE UNITED STATES:
 Mr. Norman Davis,
 Admiral Standley,
 Mr. Ray Atherton,
 Mr. Dooman,
 Commander Schuirmann,
 Lt.-Commander Duncan,
 Mr. Field,
 Mr. Reber.

FOR JAPAN:
 Mr. Matsudaira,
 Vice-Admiral Yamamoto,
 Mr. S. Kato,
 Captain Iwashita,
 Mr. Mizota.

FOR THE UNITED KINGDOM:
 The Prime Minister,
 The Secretary of State for Foreign Affairs,
 The First Lord of the Admiralty,
 Admiral Sir Ernle Chatfield,
 Sir Warren Fisher,
 Vice-Admiral Little,
 Mr. Craigie.

The Prime Minister opened the meeting by referring to the proposed communiqué, copies of which had been circulated before the meeting began, and summarised it to the effect that our conversations were to be suspended for the time being, and that when the conversations were resumed, the invitation would come from the Government of the United Kingdom. The Prime Minister then asked Mr. Matsudaira and Mr. Davis whether they gave their approval to the text of the communiqué,⁴² which they did.

⁴¹ Transmitted to the Department by Mr. Field, secretary of the American delegation, without covering despatch; received January 16, 1935. Apparently these are minutes written by Mr. Field, not agreed minutes with the British.

⁴² *Foreign Relations, Japan, 1931-1941*, vol. I, p. 272.

There followed a discussion as to the time and method of release of the communiqué, so as to insure that it would be published in the United Kingdom only in the morning newspapers, while permitting the afternoon and evening press in the United States to carry it.

The Prime Minister then spoke approximately as follows :

"It only remains for me, as representing the host country, to wish you a very happy Christmas and very prosperous new year. My American friends will have to spend both away from home, I am afraid. Will you tell your respective wives and children that we British are solely responsible. We so sympathize with you that we will gladly issue a certificate to that effect to those of you who desire one with which to face criticism by your families when you get home.

May I just say before we part that I am very seriously impressed by the importance of the work we have begun. I don't know when I have been working with friends on international issues when what we did would have more influence for good or evil in the world, and I want to assure you that the British Empire is going to do all it can to insure the continuance of a permanent peace. We cannot yield on any essentials; don't assume that it is only a matter of pressure or time; that is not the case. We must look out for our self defense. What we would like our negotiations to be, especially when they are resumed, is that we should work as friends to find a way which will be consistent with the honor and security of all. I am perfectly certain that we will all come back in the frame of mind to achieve peace and cooperation in the Pacific. Whatever the name may be, cooperation and collective security can be made effective if we make up our minds to it. This is only a temporary suspension. Will both of you remain in touch with us and we will keep in touch with you. Let us make up our minds that there will be no hidden corners between us."

Mr. Matsudaira then said :

"I entirely agree with what the Prime Minister has said. As far as the Japanese Delegation is concerned, we are quite willing to cooperate in the future to find the basis for our next conference. I hope the time will come as soon as possible when we can resume the conversations."

Mr. Davis spoke as follows :

"We appreciate very much the spirit of the Prime Minister's remarks. We feel as he does that there is nothing more vitally important to peace and progress than that these three great powers should work together in a friendly way, and if we once are in agreement to cooperate in promoting peace and collective security, we will thereby greatly facilitate an agreement on naval questions. I wish also to thank our hosts for all of their genuine and useful effort to help prepare the ground on which we may usefully meet again."

The meeting thereupon adjourned.

N[OEL] H. F[IELD]

500.A15A5/353 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 28, 1934—10 p. m.

[Received December 28—8:15 p. m.]

87. 1. Admiral Standley had the following conversation with Yamamoto who called on him early this afternoon:

(a) Yamamoto said that the Japanese Government had instructed its delegation here to notify the British that Japan could not accept the British suggestion as to building programs and that it must not vary essentially from the principles which were put forward by Japan at the opening of the present conversations. He also said that his Government favored a reduction in the building programs rather than an increase.

Yamamoto said that he felt no useful purpose could be served by continuing the conversations further at this time and that he had requested instructions to return home and thought he might leave London on or about January 15th.

(b) Yamamoto then asked Admiral Standley how the United States would respond to a proposal to postpone for a period which he did not specify the replacement of capital ships, coupled with a satisfactory understanding in regard to destroyers and submarines. Admiral Standley replied that he could not express an opinion now but that if Japan made such a proposal he was certain that the United States would give it careful thought.

(c) He then asked Admiral Standley's opinion on the question of reduction in number of battleships, to which Admiral Standley replied that we had proposed practically a 20 percent reduction in all categories and that this would mean 12 battleships for the United States which was a reduction in numbers but that this proposition was opposed by the British.

We believe that Yamamoto probably sounded out Standley on his own initiative with a view to the possibility of formulating a plan for presentation by the Japanese Government to extend limitation in certain naval categories for a further period of time.

2. Later in the afternoon Craigie called to inform me of the talk he and Admiral Chatfield had had today with the Japanese. He confirmed substantially what Yamamoto had said to Standley. He said, however, that when they pressed the Japanese for a definite answer as to whether or not the Japanese Government had rejected the British suggestions they replied that they had neither rejected nor accepted them but would like to discuss reductions. The British told the Japanese categorically that they must reject the Japanese proposal for a common upper limit, that, while they were willing to discuss building programs which for a period of 6 years would maintain the present relative strength, they could not make the reductions

which the Japanese would like, and that the Japanese must consider seriously the political situation that would result from a failure to get agreement. Matsudaira and Yamamoto both said that they realized the seriousness of this and thought it advisable that Yamamoto return home to talk the situation over with their Government. They were still of the opinion that an agreement could be worked out in accordance with the British suggestions. The British concurred in the advisability of Yamamoto going but Craigie told me the Japanese expressed some doubt as to whether their Government would authorize it. Craigie said they are still confident the Japanese will ultimately come around but that it is necessary to exercise patience.

DAVIS

IV. DENUNCIATION BY JAPAN OF THE WASHINGTON NAVAL TREATY OF 1922⁴³

500.A4B/560 : Telegram

The Chargé in Japan (Neville) to the Secretary of State

TOKYO, September 25, 1934—7 p. m.

[Received September 25—12: 10 p. m.]

214. 1. The Minister for Foreign Affairs⁴⁴ told me today, elaborating upon his recent conversation with the Ambassador⁴⁵ which was reported in the Embassy's telegram 204, September 18, noon,⁴⁶ that his feeling was that the Washington Treaty of 1922 should be allowed to expire in 1936 and that the Japanese hoped an understanding could be brought about which would prevent an armament race as Japan had no intention whatever of building a navy equal to that of Great Britain or the United States.

2. He hoped that some limitation could be placed upon the size of future vessels, perhaps by replacing those capital ships authorized by the 1922 treaty as they became obsolete by smaller ships or in some other way, and that if possible an understanding might be reached that the total tonnage existing on January 1, 1937, be not increased by any power. If such an understanding could be reached he hoped that it would then be possible gradually to reduce naval armament to a purely defensive point; that is, that no nation should maintain a greater strength than that actually sufficient to prevent successful attacks upon the sea coast.

⁴³ Treaty for the Limitation of Naval Armament, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 247; for correspondence relating to the negotiation of the treaty, see *ibid.*, pp. 53 ff.

⁴⁴ Koki Hirota.

⁴⁵ Joseph C. Grew.

⁴⁶ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 253.

3. I shall continue to pay close attention to and report by telegraph such further remarks as the Minister for Foreign Affairs may make on this subject.

NEVILLE

500.A4B/572 : Telegram

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

TOKYO, December 3, 1934—1 p. m.

[Received December 3—6:05 a. m.]

267. My French colleague⁴⁸ has shown me his exchange of telegrams with his Government concerning Japan's proposed denunciation of the Washington Naval Treaty. On November 27 Hirota informed Pila of Japan's intention to give notice of termination of the treaty and of the Japanese desire to see the treaty replaced with an "equitable and just" agreement limiting global tonnage on a purely defensive basis. He inquired as to the attitude of France in this respect. A similar inquiry was made of the Italian Embassy.

The French Government replied on November 29 that while certain elements of the Japanese thesis accorded with the French point of view and while France would have been glad to join in a common denunciation of the treaty, the French Government nevertheless could not comply with the Japanese "request" to join in a denunciation by only two or three of the signatories. Pila conveyed this information on December 1st to Hirota who stated that he had had no intention of seeking to drive a wedge between the signatories and that his *démarche* had been purely an inquiry, not a request.

I understand that the reply from Rome has not yet been received in Tokyo.

GREW

500.A4B/609

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

[WASHINGTON,] December 3, 1934.

The French Ambassador⁴⁹ called this morning to tell us confidentially the tenor of the French reply⁵⁰ to the Japanese inquiry as to whether France would join Japan in denouncing the Washington Treaty.

⁴⁸ Fernand Pila, French Ambassador to Japan.

⁴⁹ André de Laboulaye.

⁵⁰ See telegram No. 267, December 3, from the Ambassador in Japan, *supra*.

The French note, as he explained it to me, pointed out that no one ignored the fact that France did not believe in the ratio system and that in 1930 she had refused to apply it to auxiliary types of vessels by signing the London Treaty;⁵¹ further, certain of the new methods in the limitation of naval strength advocated by Japan (presumably global tonnage and qualitative limitation) met the preoccupation of the French Navy over the re-armament of Germany.

Had the French been requested to join with all other signatories to the Washington Treaty in agreeing to let the Treaty lapse at the end of 1936, the French Government would have expressed its willingness. The Japanese proposal, however, limited its action by asking for denunciation by certain signatories only. If the French Government agreed to this, without having had an opportunity to explain its thesis *in toto*, it might be felt that it had accepted the Japanese position, many portions of which were of interest to Japan alone. In the circumstances, the French Government feeling that action on its part in denouncing the Washington Treaty would give rise to misunderstanding must decline the Japanese proposal.

Mr. Laboulaye said that the French Ambassador in Japan had been instructed orally to express the hope that the coming conference would at least succeed in bringing about qualitative limitation, even if it were not possible to agree upon quantitative.

Mr. Laboulaye was instructed to add for our benefit that whereas naval rearmament in Germany had raised new questions as to the basis on which the Washington Naval Treaty had been negotiated, none the less the French Government had wished to refrain from making any gesture which would have diminished the chances of success in the preliminary talks in London however slight they might be.

The Ambassador asked me to add that he would have conveyed the foregoing to you personally if he had not desired to spare your voice. He also requested that we consider his step as strictly confidential and that no mention be made to the press.

PIERREPONT MOFFAT

500.A4B/576 : Telegram

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

TOKYO, December 5, 1934—noon.

[Received December 4—11:30 p. m.]

269. Reference my telegram No. 267, December 3, 1 p. m., first paragraph, last sentence. My Italian colleague⁵² informs me that

⁵¹ Treaty for the Limitation and Reduction of Naval Armament, signed at London, April 22, 1930; for text, see *Foreign Relations*, 1930, vol. 1, p. 107. For correspondence covering Anglo-French controversy over fleet figures, see *ibid.*, pp. 29, 62-63, 75-79, 84, 103-106.

⁵² Giacinto Auriti.

acting under instructions from Rome he informed the Japanese Government yesterday afternoon very briefly that Italy did not care to join in denunciation of the treaty but that it was ready to participate in any conference to be held under the terms of article 23 after denunciation by Japan.

GREW

500.A4B/595

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

No. 1087

TOKYO, December 13, 1934.

[Received December 28.]

SIR: With reference to the naval conversations now being held at London, I have the honor to report that as time wears on and the deadlock which has been reached there shows no sign of being broken down, public opinion in this country is rapidly hardening into a superficially calm but tenacious determination to stand its ground before the world and to achieve its paramount object, whatever the cost may be. That object is to free Japan from the position of naval inferiority to which she has bound herself by treaty. She is becoming more and more determined that the world shall accept her thesis of the right to equality in armament. National honor and prestige are at stake and it is increasingly apparent that these factors outweigh all other considerations. The prospect of a race in naval armaments, of increased political isolation, the dangers which would follow upon the abolition of the Pacific non-fortification clauses, budgetary considerations, all are counted in the cost but apparently fail to influence her. In analyzing this national state of mind it is well to recall that Japan has suffered partial isolation and has borne the brunt of adverse public opinion throughout the world since the Manchurian venture in 1931,⁵³ and especially since her notice last year⁵⁴ of intention to withdraw from the League of Nations. Doubtless at that time she suffered some apprehension as to the possible results of her actions but today, having taken the plunge, she has learned that the consequences were not so great as she had feared. In fact she has come to feel a certain contempt for world public opinion and is now becoming more and more convinced that her future success lies along the path of unilateral action. Comparison of the state of mind existing here at present with that which existed in Germany in 1914 is trite but nevertheless striking.

⁵³ See *Foreign Relations*, 1931, vol. III, pp. 1 ff.

⁵⁴ Dated March 27, 1933; for text, see League of Nations, *Official Journal*, May 1933, p. 657.

Of interest in connection with the foregoing observations will be found the interpellations and replies which took place, according to Press reports, during a meeting day before yesterday between members of the Cabinet and the Privy Council to consider the Government's proposal to abrogate the Washington Treaty. Members of the Privy Council asked whether, as a result of abrogation, Japan's international position would not become more isolated and with serious consequences? The Cabinet members replied: "Internationally Japan's position will be more isolated than at present but no anxiety should be entertained on that account. At the time Japan decided to withdraw from the League of Nations a section of our public feared that Japan would suffer an economic blockade; but no such thing has happened. The same will be true of abrogation of the Washington Pact . . ." ⁵⁵ In reply to a question as to whether a naval construction race would not follow abrogation the Cabinet replied: "A naval construction race will start more or less but we are confident that we need not be afraid of it. In the intervening two years after abrogation we shall build within the expenditures allowed on the basis of the treaty stipulations and thereafter build those categories of vessels most suited to our requirements . . ." ⁵⁵ No anxiety need be entertained by Japan in other respects either, for instance, in matters pertaining to shipbuilding efficiency or increasing naval personnel . . ." ⁵⁵ Japan has no intention of inviting a building race but if such a race should start we need not be afraid for the foregoing reasons. And at the same time we are confident that we need not entertain undue anxiety about financial needs." With regard to the abolition of the Pacific non-fortification clauses, the Cabinet replied that the Government was fully prepared to cope with such a case.

Public opinion remained unruffled also by the negative responses with which were met the Government's overtures to France and Italy to join with Japan in denouncing the 1922 Treaty*, and the final steps are now being taken for submission of the Government's measure for abrogation to the plenary session of the Privy Council to be held on December 19. At present it is being predicted that formal notice will be cabled to Ambassador Saito for transmission to the American Government on the following day.

Japan is not, however, so completely indifferent to world public opinion that she is not seeking to throw the blame elsewhere for the breakdown in the preliminary conversations which seems likely to occur.† The statement made by Mr. Norman Davis in London on

⁵⁵ Omission indicated in original despatch.

* Embassy's telegrams Nos. 267 and 269, of December 3, 1 p. m. and December 5, noon. [Footnote in the original.]

† Embassy's telegram No. 263, November 29, 2 p. m. [Footnote in the original; telegram not printed.]

December 6, last,⁵⁶ evoked widespread interest in the Japanese press and was the signal for much comment along such lines.

The point in Mr. Davis's statement that "the fundamental issue is whether the system of equilibrium worked out at Washington (in 1922) is to be continued or upset" received the most attention in editorial comment here and the substance of the replies is a general admission that while the issue is correctly stated it is precisely the one upon which Japan and the United States differ completely. The Japanese deny that the system of equilibrium which was acceptable in 1922 is acceptable today. They maintain that it has outgrown its usefulness because of changes in the international situation as well as in the technique of naval construction and that it was in anticipation of this very fact that the abrogation clause was included in the treaty itself. The *Asahi* of December 9 expresses surprise that there is a body of opinion in the United States which holds that Japan, because of its determination to terminate the treaty, is bent on disturbing the peace. "There must be no doubt," continues the paper, "that Japan intends to supplant the Washington Treaty with a new agreement on a more reasonable basis. In this connection there is nothing to be afraid of in a non-treaty situation. Whether there are treaties or not does not matter. The important thing is that any treaty be equitable and satisfactory to all the parties thereto. Inequitable treaties, no matter how plentiful, would not help the cause of peace."

The Osaka *Asahi* of December 11 sees no hope of reaching an agreement because Mr. Davis' principles "are absolutely alien to Japan's fundamental naval disarmament policy." The argument is developed by stating that American trade and naval policies are inseparable; that the United States is the greatest commercial nation in the world and that to reduce its naval strength to the level of Japan would bring about a reduction in its commercial and economic interests. "But", says the *Asahi*, "Japan does not link its navy with commerce. What it wants is to have sufficient naval strength to guarantee peace in the Far East. This is what we mean when we say we want security. We believe that to attain this the 5-5-3 ratio must be abandoned."

And, finally, the *Nichi-Nichi* of December 9 remarks that as long as the United States maintains its present stand there will be a fundamental difference of opinions between Japan and America. "If the London talks are halted, however, there is no reason to saddle Japan with the responsibility. Mr. Davis would like to throw the blame on this country, but he cannot do so with justification."

From a careful review of what has occurred up to the present in connection with the preliminary steps taken in the direction of the Disarmament Conference of 1935 it is difficult to escape the conclusion

⁵⁶ For text, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 269.

that the only result has been increased friction, irritation, mutual distrust and suspicion and that far from clearing the atmosphere the London conversations have only served to obscure the future. There have been indications that the desirability of postponement of the 1935 Conference has been discussed. The dangers with which such conference may be fraught cannot be overlooked in view of the highly charged atmosphere of international relations due to other causes, such as the Saar Plebiscite, the expiration of the punitive clauses of the Treaty of Versailles,⁵⁷ and the local European political issues. It seems improbable, however, that these considerations would have much influence on Japanese action.

Respectfully yours,

JOSEPH C. GREW

500.A4B/589 : Telegram

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

PARIS, December 22, 1934—11 a. m.
[Received December 22—9: 15 a. m.]

951. The information which appeared yesterday on a ticker at the Bourse indicating that France might on its own denounce the Washington Naval Treaty independently of the action of Japan was entirely without foundation. It arose from fact that Foreign Minister Laval and Minister of Marine Piétri were heard by the Foreign Affairs and Naval Committees of the Chamber of Deputies and explained the situation which would be created by Japan's denunciation which would give France a free hand in the matter of naval building and ratios. It is expected that France will as soon as notified of the denunciation, present a note setting forth its views on ratio limitation particularly with regard to Italy. Laval confirmed this last evening in a conversation with Marriner.

It was learned indirectly that impression had been given American correspondents that France was happy that Japan had pulled its chestnuts out of the fire.

STRAUS

500.A4B/592a : Telegram

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

WASHINGTON, December 26, 1934—5 p. m.

61. For Davis. I am cabling herewith a draft statement which I am considering making shortly after receiving the Japanese denun-

⁵⁷ *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3329.

ciation of the Washington Treaty which it now appears will probably not take place before Saturday.⁵⁸ I should appreciate your frank comments and any suggestions for improvement. I have endeavored to keep the text in line with your speech of December 6⁵⁹ and to maintain a tone that is firm but entirely nonprovocative:

“The American Government has just received the Japanese Government’s notice of intention to terminate the Washington Naval Treaty. We, of course, realize that any nation has the right not to renew a treaty; also that any movement toward disarmament to be successful must rest on agreements voluntarily entered into. Japan’s decision is none the less a source of genuine regret to us, believing as we do that the existing treaties have safeguarded the rights and promoted the collective interests of all of the signatories. Coupled with other recent events that decision has raised in clear relief the question whether a movement of international cooperation and disarmament can rest on the principle of equality of armament rather than on the principle of equality of security.

Each nation naturally desires,—and we stand unalterably for that view,—to be on a basis of absolute equality with other nations in the matter of national security. Experience teaches that conditions of peace or measures of disarmament can not be promoted by the doctrine that all nations, regardless of their varying and different defensive needs, shall have equality of armaments. What has been achieved up to the present time toward insuring conditions of peace has been based on a community of objective, a community of conception of the general interest and a community of effort. The treaties thus far concluded have involved no invasion of the sovereign rights of the participating governments and they have provided, with all proper respect for such sovereign rights, that the armaments of the participating nations be established by voluntary undertaking on a proportionate basis.

Notice by one power of intention to terminate the Washington Naval Treaty does not mean that that Treaty ceases to be in effect as of the date of notification: the provisions of that Treaty remain in force until the end of 1936. There consequently remains a period of 2 years within which the interested nations may consider the situation that would be created by the abandonment of the naval treaties; and the American Government is ready to enter upon negotiations whenever it appears that there is prospect of arrival at a mutually satisfactory conclusion which would give further effect to the desire of the American Government and the American people—and, it is believed, that of the other Governments and peoples concerned—that the nations of the world shall not be burdened by avoidable or extravagant expenditures on armament.

The question presented, when the Washington Treaties were negotiated and which prompted each delegation to the signing and each country to the ratifying of those treaties, was that of promoting peace through disarmament. The objectives then and there envisaged are

⁵⁸ December 29.

⁵⁹ Delivered at a luncheon given by the Association of American Correspondents in London to members of the American delegation in the preliminary naval conversations; for text, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 269.

still fundamental among the objectives of the foreign policy of the United States. To this high purpose the people of this country, in a spirit of sincere friendship toward all other peoples, will continue unswervingly to devote their own efforts, and earnestly invoke like efforts on the part of others.[""]

HULL

500.A4B/594 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 27, 1934—10 p. m.
[Received December 27—5:45 p. m.]

85. Your 61, December 26, 5 p. m. I like very much your draft of possible statement but fear that in spite of your effort to make it entirely non-provocative it may have that effect if given out as a formal statement. I have particularly in mind the fourth sentence beginning "Coupled with", with which, however, I entirely agree. Even my speech, from which any statement of a provocative character had been eliminated, was construed as a warning to Japan. As you can say more in a note without being provocative that [*than?*] you can in a public declaration, I suggest that, since you will have to reply to the Japanese notice of denunciation, the proposed statement be put in the form of a note to the Japanese Government and that it be made public.

I have one further suggestion to make. This is with regard to the first sentence in the last paragraph beginning "The question presented" and ending with "was that of promoting peace through disarmament": to this sentence I would add "and cooperative effort along certain defined lines", otherwise it might be construed as contradictory to my statement which laid stress on the fact that disarmament was made possible by concomitant agreements that established an equilibrium of economic and political rights. The fact is a new naval agreement with Japan will depend largely on whether the Japanese policy in the Far East is to be one of cooperation or of aggression.

DAVIS

500.A4B/596 : Telegram

The Chairman of the American Delegation (Davis) to the Secretary of State

LONDON, December 28, 1934—9 p. m.
[Received December 28—8 p. m.]

86. After further consideration of your 61, December 26, 5 p. m., I have modified the views expressed in my 85, December 27, 10 p. m. for the following reasons:

1. The reply which would be made to the Japanese note of denunciation would depend largely upon the character of the Japanese note, which probably will be such as to preclude the use of the substantive portion of the draft statement as our reply.

2. I think it inadvisable to issue such a statement immediately upon the receipt of notice of denunciation because this in itself would be regarded as more or less provocative.

3. If the Japanese note of denunciation is brief and formal, it seems to me that it should be answered by an equally brief and formal note of acknowledgment, with arrangement, perhaps for the immediate publication of the texts of the two notes.

4. Instead, therefore, of incorporating the draft statement in a note, or of issuing it immediately upon denunciation I would recommend that you wait a few days and in a press conference at the beginning of the new year:

(a) Review the naval conversations of 1934 taking occasion to state that the American attitude and policy have been fully set forth in those conversations, and more specifically in my speech of December 6th. You might express regret over the Japanese decision to withdraw from the existing treaties, but state that in your opinion the conversations, and American participation therein, have served a useful purpose through a frank exchange of views and the preparation of the ground upon which it is hoped it may be possible later on to negotiate a new agreement embodying the essential principles upon which the present naval limitation rests. You might also stress the fact that the anticipated denunciation of the Washington Treaty had necessarily changed the scope of the conversations from what was originally intended and had influenced the three powers concerned in reaching the unanimous decision that it would be advisable to discontinue the conversations, as indicated in the communiqué that was issued.⁶⁰

(b) You might then give out at such a press conference all or such portions of your statement as you see fit. I would, however, particularly emphasize the fact that the naval treaties remain in force until the end of 1936 and express the hope that the signatories will find it entirely consistent with their national policies to conclude during the remaining life of the treaties a mutually satisfactory agreement which would preserve the principles that have proved to be mutually beneficial during the past 13 years, and I would certainly include the last paragraph of your draft with the change I have already suggested.

⁶⁰ Issued on December 19, 1934, upon adjournment of preliminary naval conversations between American, British, and Japanese delegations; for text, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 272.

We are all of the opinion here that notwithstanding our deploring Japanese denunciation, once that is an accomplished fact, we should not jeopardize the future by tying a can on Japan for doing something she has a legal right to do. The illegal thing she did was to violate the Nine Power Treaty,⁶¹ but we are not dealing with that aspect of the Pacific problem now. I suggest you read this in the light of my No. 87, December 28, 10 p. m.⁶²

DAVIS

500.A4B/596 : Telegram

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

WASHINGTON, December 29, 1934—11 a. m.

62. Your 86, December 29, 10 a. m. Thank you for your suggestions. I am afraid that it will not be possible to withhold a statement as Saito^{62a} in delivering the formal notice of denunciation⁶³ is giving out a 1200 word statement⁶⁴ of the Japanese position. For domestic reasons, we cannot allow the press to carry only the Japanese point of view without a re-statement of our own position. I do not share your fears that the mere issuance of a statement would be regarded as more or less provocative given the fact that it would parallel and follow a public Japanese statement.

HULL

500.A4B/602

*Memorandum by the Secretary of State*⁶⁵

[WASHINGTON,] December 29, 1934.

The Ambassador of Japan, accompanied by his Counselor of Embassy, came in, and, without any preliminaries, the Ambassador handed to me the following note, signed by himself, the effect of which is to give notice to the Government of the United States by the Japanese Government that Japan denounces the Washington Treaty,

⁶¹ Treaty between the United States, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands, and Portugal, signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

⁶² *Ante*, p. 404.

^{62a} Hiroshi Saito, Japanese Ambassador in the United States.

⁶³ See *infra*.

⁶⁴ *Post*, p. 417.

⁶⁵ Transmitted to the Embassies in France, Great Britain, Italy, Japan; and the Legation in China, January 14, 1935, as enclosures to despatches Nos. 703, 673, 340, 666, and 1567.

thereby terminating the same on January 1st, 1937, which note is as follows:

"No. 250

Japanese Embassy
Washington, December 29, 1934

Sir: I have the honor, under instructions from my Government, to communicate to you the following:—

In accordance with Article XXIII of the Treaty concerning the Limitation of Naval Armament, signed at Washington on the 6th February, 1922, the Government of Japan hereby give notice to the Government of the United States of America of their intention to terminate the said Treaty, which will accordingly cease to be in force after the 31st December, 1936.

Accept, Sir, the renewed assurances of my highest consideration.
(Signed) Hiroshi Saito

The Honorable Cordell Hull
Secretary of State,
Washington."

I replied orally⁶⁶ as follows:

"Very well, Sir. I shall proceed in accordance with the terms of the Washington Treaty in a suitable way to include the other Governments signatory to the Washington Treaty, namely, Great Britain, France and Italy, in the notice⁶⁷ which your Government has this day given to the United States."

The Ambassador then handed to me in writing a *Note Verbale*, under telegraphic instructions from Minister Hirota, for my information, which note is as follows:

"Japanese Embassy
Washington

December 29, 1934

Note Verbale

I have been telegraphically instructed by Mr. Hirota to say to you, on the occasion of handing you the written notice of the intention of the Japanese Government to terminate the Washington Naval Treaty of 1922, in the following sense with suitable amplifications:—

As has already been made known to the American Delegation in London, the basic policy of the Japanese Government in the present disarmament negotiations consists in the discontinuance of the ratio system and the total abolition or the utmost limitation of aggressive war vessels. From that point of view, the Japanese Government considers it inadmissible to have the Treaty continue in force.

The Japanese Government entertains the desire that the preliminary negotiations shall be conducted in the friendliest spirit possible

⁶⁶ Formal reply by the Secretary of State is printed in *Foreign Relations, Japan, 1931-1941*, vol. I, p. 275.

⁶⁷ Transmitted by circular telegram of December 29, 1934, 4 p. m., to the Embassies in France, Great Britain, and Italy; and by notes of December 31, 1934, to the British, French, and Italian Ambassadors, and the Canadian and South African Ministers; communications not printed.

and, to that end, wished that all Powers concerned would conjointly make the notification of treaty termination. The proposal has not been accepted by any of the Powers, and the Japanese Government has been constrained to act singly in giving notice in accordance with the provisions of Article 23 of the Treaty itself.

It is, however, a matter of course that the Japanese Government has no intention whatever to proceed to naval aggrandisement or to disturb international peace. It will continue in its sincere endeavors to strengthen the relationships of peace and amity among all Powers, by participating as heretofore in the friendly negotiations with the other Powers concerned in which it will strive for the conclusion with them of a new agreement, just, fair and adequate in conception and consonant with the spirit of disarmament, to replace the Washington Treaty."

The Ambassador added that Japan's Foreign Minister, through careful handling of the delicate situation (or words to that effect) had felt that not he but his subordinate, the Foreign Office spokesman,⁸⁸ should give out this statement of reasons for the denunciation of the Washington Treaty, which statement is as follows:

"To be released at noon, Saturday, December 29, 1934.

Statement of the Foreign Office Spokesman Concerning the
Notice of the Washington Treaty of Naval Limitation.

In the recent preliminary conversations the Japanese Government have been exerting, in cooperation with the other Powers concerned, their most sincere efforts towards the achievement of a new agreement which will secure Japan's national defence and which will bring about a substantial measure of disarmament, eliminating all possibilities of aggression from among the great naval Powers while lightening as far as possible the tax burden of the peoples. The Japanese Government, after careful consideration from this viewpoint, are convinced that the cause of disarmament can best be served and the security of the Powers permanently assured by concluding an equitable agreement founded upon the following principles which have been submitted to the other Powers: ⁸⁹

1. In view of the present state of extraordinary development in warship, aircraft, and other weapons of war, the existing naval treaties which recognize inequality of armaments among the Powers can no longer afford security of national defence to Japan. For this reason, the new treaty should rest not upon a ratio principle, but on the formula of an agreed upper limit for the armaments to be retained by each Power.

2. (a) In consonance with the spirit of disarmament, the said common upper limit should be fixed as low as possible.

(b) In order to render it difficult for any Power to attack another but easy to defend itself, the offensive arms should be totally abolished or drastically reduced, and the defensive arms adequately provided.

In the light of these basic principles, it is impossible for the Japanese Government to acquiesce in the continuation for a further term of the

⁸⁸ Eiji Amai.

⁸⁹ See telegram No. 182, October 25, 7 p. m., to the Ambassador in Japan, p. 314.

Washington Treaty of naval limitation, which not only permits the retention of the offensive arms, but admits disparity in naval strength through the adoption of a ratio system. Moreover, the allocation of an inferior ratio, so detrimental to our national prestige, is bound to remain a source of permanent and profound discontent to our people. Consequently, our Government have long felt it incumbent upon them to give notice of their intention to terminate the said treaty at the end of the year 1936, namely, upon the expiration of the stipulated term of its life. Of this intention the British and American Governments were early given a fairly clear intimation. The Japanese Government, however, anxious to conduct the negotiations as amicably and effectively as possible, considered it preferable to make a joint notification of termination in concert with the Powers concerned and invited all of them to give such joint notice.

It was only when those Powers failed to accept the invitation that our Government decided to act alone and give notice to the Government of the United States of their intention to terminate the Washington Treaty in conformity with the stipulation under Article 23. Each Contracting Power has, of course, a full legal right to give such notice which is explicitly provided for in that instrument.

The present step taken by the Japanese Government is only a logical outcome of our fundamental policy which aims at the conclusion of another pact to supersede the Washington Treaty. Our Government desire fervently to arrive at an agreement which is just and fair for all the parties concerned and entirely in accord with the spirit of disarmament. They are prepared, despite the termination of the Washington Treaty, to pursue with undiminished zeal friendly negotiations with the other Powers.

So far from entertaining the slightest wish to enlarge her armaments, Japan endeavours to promote the cause of peace by establishing the principle of non-menace and non-aggression through the suppression or drastic reduction of the offensive weapons of war. It is their firm belief that when the other Powers, appreciating the essential fairness of Japan's claims, consent to make a sweeping reduction in fighting strength along the lines proposed by our Government, then a full measure of security will be afforded to the Powers through the elimination of any possible menace from one another, and an enduring peace established upon a solid basis."

The Ambassador then handed to me a proposed release of his own, covering the same subject matter as that of the Tokyo release. He undertook to explain that members of the press had been so persistent in their requests of him for a statement that this statement was the result:—

"For release, Noon Saturday, December 29, 1934.

Statement of the Japanese Ambassador, Mr. Hiroshi Saito.

Although the Japanese Government has given notice, according to the terms of the Washington Naval Treaty, of its intention to terminate the agreement, it has done so with the sincere hope to have a substitute accord that will embody the proposals we have made.

One feature of these proposals has been given, in my opinion, undue emphasis by critics. That is the claim for equality. We have also proposed a radical reduction in naval armament capable of

aggression. We are proposing the total abolition of the big and expensive warships covered by the Washington Treaty, i. e. capital ships and aircraft carriers. We are ready to go down to as far as the half of our present naval strength. But too little has been said of this.

On both material and moral grounds we earnestly desire a substantial reduction that will free the nations of anxiety regarding the possibilities of war. We want the others to be free of any anxiety regarding us, and we want to be free of any regarding them.

It is to be noted that our claim for equality or parity is a necessary prerequisite to such real reduction in the navies. Furthermore, our proposal is not to have our navy the equal of that of the United States or Great Britain suddenly overnight. Japan wishes that a common maximum limit for navies will be agreed upon, and each Power to retain the right to build up to it as the necessity of the situation dictates.

The maintenance of excessive armaments is not only a heavy burden on all the peoples who support them but has the unfortunate effect of creating suspicions of purpose and giving rise from time to time to alarms. There is enough difficult work for each of the three great naval powers to do in its own country and its own proper sphere of the world without contemplating the possibility of war with either of the others and preparing for so remote an eventuality. Accord among them, therefore, ought to be attainable on a reasonable basis and happily there is plenty of time for an accord to be reached before our notification becomes effective two years hence.

But even if no accord can be reached I am not at all anxious over the consequences. The peoples concerned are all intelligent and their governments are rational. No one wishes to engage in damaging naval building competition. There has never been a serious armed conflict between the United States and any of the Far Eastern nations, and, as your Secretary of State and our Foreign Minister have agreed, there is no problem between the United States and Japan that cannot be settled by diplomatic means.⁷⁰ Having no conflict of interest that is not overwhelmingly outweighed by our mutually beneficial relations there is no logical reason for us to compete in armaments. Therefore, as I see it, an end of suspicions and a development of accord is the part of wisdom as well as the duty of our nations.

It is gratifying and heartening to note that the governments of this country and Japan are now endeavoring to stop jingoism in both countries from making irresponsible and inflammatory utterances. It is time for all of us to ponder the situation seriously. Bearing in mind the friendship and statesmanship which have successfully solved many questions between our two countries in the past and the good sense and sportsmanship of the two peoples, I am always hopeful and optimistic."

I thanked the Ambassador for his courtesy in handing me these news releases and acquainting me with them at this stage.

Thus ended the conversation save for some few Holiday comments back and forth.

C[ORDELL] H[ULL]

⁷⁰ For exchange of informal notes on February 21 and March 3, 1934, see Department of State, *Press Releases*, March 24, 1934, pp. 160-162.

500.A4B/620

Press Release Issued by the Department of State, December 29, 1934

STATEMENT OF THE SECRETARY OF STATE, MR. CORDELL HULL, RELATIVE
TO THE JAPANESE GOVERNMENT'S NOTICE OF INTENTION TO TERMINATE
THE WASHINGTON NAVAL TREATY

The American Government has today received the Japanese Government's notice of intention to terminate the Washington Naval Treaty. We, of course, realize that any nation has the right not to renew a treaty; also that any movement toward disarmament to be successful must rest on agreements voluntarily entered into. This notification is none the less a source of genuine regret to us, believing as we do that the existing treaties have safeguarded the rights and promoted the collective interests of all of the signatories.

The recent conversations at London which have been carried on in a spirit of friendship and goodwill have revolved around the question whether a movement of international cooperation and disarmament can rest on the principle of equality of armament rather than on the principle of equality of security. Each nation naturally desires,—and we stand unalterably for that view,—to be on a basis of absolute equality with other nations in the matter of national security. Experience teaches that conditions of peace or measures of disarmament cannot be promoted by the doctrine that all nations, regardless of their varying and different defensive needs, shall have equality of armaments. What has been achieved up to the present time toward insuring conditions of peace has been based on a community of objective, a community of conception of the general interest, and a community of effort. The treaties thus far concluded have involved no invasion of the sovereign rights of the participating governments and they have provided, with all proper respect for such sovereign rights, that the armaments of the participating nations be established by voluntary undertaking on a proportionate basis.

Notice of intention to terminate the Washington Naval Treaty does not mean that that Treaty ceases to be in effect as of the date of notification: the provisions of that Treaty remain in force until the end of 1936. There consequently remains a period of two years within which the interested nations may consider the situation that would be created by the abandonment of the naval treaties; and the American Government is ready to enter upon negotiations whenever it appears that there is prospect of arrival at a mutually satisfactory conclusion which would give further effect to the desire of the American Government and the American people—and, it is believed, that of the other Governments and peoples concerned—that the nations of the world shall not be burdened by avoidable or extravagant expenditures on armament.

The question presented, when the Washington Treaties were negotiated and which prompted each delegation to the signing and each country to the ratifying of those treaties, was that of promoting peace through disarmament and cooperative effort along certain defined lines. The objectives then and there envisaged are still fundamental among the objectives of the foreign policy of the United States. To this high purpose the people of this country, in a spirit of sincere friendship toward all other peoples, will continue unswervingly to devote their own efforts, and earnestly invoke like efforts on the part of others.

500.A4B/601 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, December 31, 1934—5 p. m.

[Received December 31—1 : 40 p. m.]

638. Department's circular of December 29, 4 p. m.⁷¹ When I delivered text of Japanese note to the Foreign Office this morning I was informed that Matsudaira on December 29 had given them informally a copy of the note to the United States Government and likewise informally a copy of a *note verbale* said to have been delivered to the Department by the Japanese Ambassador at Washington at the same time as the note, the *note verbale* being an exposé of motives and declaration of good intentions for the future.

The Foreign Office state that the British Government are considering whether to reply to the Japanese in order to place on the record an expression of regret at the action taken. If they should decide to make this reply, the British Government would desire to refer to the *note verbale* delivered to the United States Government on December 29, and to be able to do this the Foreign Office would appreciate it if the Department could give a copy to the British Ambassador. The Foreign Office would likewise appreciate being informed whether the United States Government intend to reply to the Japanese note.

ATHERTON

500.A4B/618

*The French Ambassador (Laboulaye) to the Secretary of State*⁷²

[Translation]

WASHINGTON, 2 January, 1935.

MR. SECRETARY OF STATE: As a result of the communication on December 30 last, by the Chargé d'Affaires of the United States in

⁷¹ Not printed; see footnote 67, p. 416.

⁷² Copies transmitted to President Roosevelt, to the Secretary of the Navy, to the Embassies in France, Germany, Great Britain, Italy, Japan, and to the American delegation to the General Disarmament Conference.

Paris ⁷³ to the Minister of Foreign Affairs of the Republic, of a copy of the letter in which the Ambassador of Japan gave notice in Washington of the denunciation by his Government of the Naval Treaty, my Government has instructed me to transmit to Your Excellency the following communication :

"On December 30, 1934, the Chargé d'Affaires of the United States, acting under instructions from his Government, was good enough to communicate to the Minister of Foreign Affairs a copy of the letter by which, on December 29, the Ambassador of Japan in Washington announced the intention of his Government to terminate on December 31, 1936, the Naval Treaty signed at Washington on February 6, 1922.

Mr. Laval has taken cognizance of this communication. At the same time he has noted that an authenticated copy of the Japanese note will later be sent to him through the Embassy of the United States.

At the time of the deposit of the instruments of ratification of the Washington Treaty on August 17, 1923, France made the following declaration :

"The French Government considers and always has considered that the ratios of total tonnage in capital ships and aircraft carriers allowed to the several Contracting Powers do not represent the respective importance of the maritime interests of those Powers and cannot be extended to the categories of vessels other than those for which they were expressly stipulated."⁷⁴

Moreover, the French Parliament, in considering the Treaty with a view to its ratification, clearly indicated its intention that this instrument should come to an end on December 31, 1936.⁷⁵

Finally, during this past year experience has again shown to what difficulties the system of quantitative limitation adopted in 1922 has given rise.

The French Government would not have been able in any case to agree to its continuation.

In addition, since 1922, the situation has developed in such a way that, in a settlement of naval questions it would be necessary to take into account the position and the interests of certain Navies which were not represented at the Washington Conference no less than the present position of Powers the naval programs of which had been regulated by previous treaties.

Therefore, the French Government, which does not wish to give up the hope that an international arrangement will be made to take the place, after December 31, of the Treaty which has just been denounced, considers that the necessary understanding to this effect should not be limited to the Five Powers which, under the terms of Article 23, are under an obligation to meet in conference during the year 1935.

Regarding the solution which it contemplates the Government of the French Republic reserves the right to make known its views in more detail at the opportune moment.

On the present occasion it wishes to emphasize that, under penalty of preparing the way for an armaments race detrimental to the interests of all the Powers, it will be necessary that the new convention

⁷³ J. Theodore Marriner.

⁷⁴ 43 Stat. 1685.

⁷⁵ See *Journal Officiel de la République Française*, Débats Parlementaires (Chambre des Députés), July 7, 1923, pp. 3228 ff.

maintain the principle of qualitative limitations which it would willingly see more strict than those at present in force."

Kindly accept [etc.]

ANDRÉ DE LABOULAYE

500.A4B/601 : Telegram

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

WASHINGTON, January 3, 1935—5 p. m.

2. Your 638, December 31, 5 p. m. When Saito called on me on December 29, he gave me copies of four documents: (1) the note of denunciation, (2) a *note verbale* containing instructions from Hirota as to what Saito should say to me "with suitable amplifications"; (3) advance copy of an explanatory press handout by the Japanese Foreign Office spokesman, and (4) advance copy of an explanatory press handout by Saito himself. Saito further informed me that issuance of the Tokyo press statement by Amau and not by Hirota himself was planned with careful forethought; and he gave no indication whatsoever of intention that we circulate the *note verbale*. Since the receipt of your telegram, however, we have inquired of Saito whether it was the intention of Hirota that the text of the *note verbale* be communicated by us to the other signatory Powers. Saito replied that Hirota had given him no instructions to ask us to communicate this material; that Hirota had not even intended that he give it to us in writing; that it was something that he was to say to us; that it was not intended in any way to be a part of the communication giving notice of denunciation but that if we wished to communicate it to the other Powers, there would be no objection. In the circumstances, I should be glad to show the British Government the text which I assume is identical with that given the Foreign Office by Matsudaira but I would not feel warranted in authorizing reference to it in any communication by a third Government as a communication received through me.

By way of reply to the notification, we have contented ourselves with (1) a simple acknowledgment, text of which has been made public, of the formal note of notification of termination, in which after an introductory paragraph I say "In accordance with the pertinent provision of Article 23 of the Treaty, I am today transmitting to the other Powers a certified copy of this notification and am informing them of the date on which it has been received," and (2) a press statement by me. These have undoubtedly been carried in the London press but, if you request, copies will be sent to you or Lindsay.⁷⁶ We do not contemplate any further reply to the Japanese.

HULL

⁷⁶ Sir Ronald Lindsay, British Ambassador in the United States.

500.A15A5/380

*Memorandum by the Chairman of the American Delegation (Davis)
of a Conversation With the French Ambassador (Laboulaye)*⁷⁷

[WASHINGTON,] January 9, 1935.

At the afternoon tea of Mrs. Hull, Mr. de Laboulaye called me aside to inquire about the naval situation. He said that he had read in the press of an interview ⁷⁸ I had given which indicated a somewhat different point of view from that which Secretary Hull had expressed to him previously. I told him that in the first place the account of the interview, particularly that in the Hearst press, was quite inaccurate and that there was no difference between Secretary Hull's point of view and my own with regard to this matter. He said he did not understand whether or not we had agreed to grant to Japan the right of equal armaments with an agreement not to exercise it. I told him that both the British and ourselves had rejected that proposal on the part of the Japanese and as I had stated fully in the speech which I made in London on December 6, our view was that a naval agreement should be based on equal security and that the British proposal which was still under consideration was that we should in effect maintain the present relative positions finding another method for doing so rather than that in the existing treaties. He wished to know just what the British proposal was. I replied that in effect it was to maintain the present provisions of the treaty fixing the type of vessels that could be constructed but not fixing the amount of tonnage of the respective categories; that the question of tonnage would be taken care of through unilateral declarations of building programs for the next six years which would be attached to the treaty but with a provision in the body of the treaty that the programs should not be altered without consultation and twelve months previous notice. He then said that this would seem to furnish a good basis for agreement between France and Italy and that this was in effect the same position France had taken with regard to Italy. I told him that I understood in fact that the statement of the American position, which I had made in a speech in London on December 6, explaining the difference between equality of armaments and equality in security had been most favorably received in France. I then told him I had therefore been most surprised at the note which the French Government had just sent with regard to the Japanese denunciation of the Washington Naval Treaty as I could not understand just what it meant and why it was sent at all. He

⁷⁷ Copies transmitted to the French Ambassador and to the Ambassador in France.

⁷⁸ *New York Times*, January 7, 1935, p. 11.

said that he assumed his Government was looking ahead to a future naval agreement and that they wanted to be in a strategic position to uphold their point of view when the time comes. I told him that in my opinion it implied that while France had not been willing to denounce this treaty herself, she was delighted that it had been denounced by Japan. I remarked that since France has vital interests in the Far East, I wondered to what country or countries she was looking to protect her interests there. Was it to be by independent French action, or through Japan, or through cooperation with the other interested Powers? I told him that the crux of the problem in the Far East was whether or not Japan was going to cooperate with other interested Powers in accordance with existing agreements in order to promote peace and so forth and that in some respects the problem was similar to that in Europe with regard to Germany. He said that there was a considerable similarity. He said that he would communicate further with his Government and attempt to clarify the issue to them.

NORMAN H. DAVIS

500.A4B/625

Memorandum by the Under Secretary of State (Phillips) of a Conversation With the French Ambassador (Laboulaye)

[WASHINGTON,] January 11, 1935.

The French Ambassador referred to his recent conversation with Mr. Norman Davis and expressed his appreciation of the Department's courtesy in sending him Mr. Davis' memorandum of the conversation. It was fairly evident that the written memorandum had cleared up in the Ambassador's mind the points concerning which he had been doubtful.

I told the Ambassador that I would avail myself of the occasion to express my sincere regret that the French Government had seen fit to communicate to us their note with respect to denunciation of the Washington Treaty. I reminded him that the Washington Treaty was based on a political arrangement and also on a naval armament ratio; that the French Government had been enjoying for a period of many years peace and tranquillity in the Pacific because of the Washington Treaty and that it was surprising and disappointing to us to receive this note expressing a desire to overturn an arrangement which had been so eminently satisfactory in maintaining peaceful conditions in that part of the world.

Mr. de Laboulaye replied that, while the United States had Japan to consider, France had Germany to consider and that it was the fear

of German naval expansion which had made it necessary for the French Government to take a position of complete freedom of action; following our idea of equality of security, it was necessary for France, in view of the important development of the German navy, to improve its naval defenses. The Ambassador repeated that the situation in the Pacific was not in the minds of the French Government when they addressed us the note in question. Mr. de Laboulaye added that the reference to the other powers in any future naval conference probably referred to Russia. It was his personal opinion that, in view of the fact that Russia had so little naval armament, his Government would not insist upon the inclusion of Russia in the conference.

At the conclusion of the conversation I expressed once more my regret that the French note had been sent to us and that it had been sent to us just at a moment to convey the impression, certainly to the Japanese, that the French and Japanese Governments were acting almost simultaneously in their denunciation of the Treaty.

WILLIAM PHILLIPS

500.A4B/618

The Secretary of State to the French Ambassador (Laboulaye)

WASHINGTON, January 12, 1935.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of January 2, 1935, in which you quote a communication received from your Government with respect to the notification by Japan of intention to terminate the Washington Naval Treaty. The statement that the French Government would not have been able in any case to agree to a continuance (*réconduction*) of the present Treaty is a source of surprise and disappointment. For its part, this Government has indicated regret at the prospective termination of the Treaty, and has fully set forth its views in the statement which I made on the occasion of Japanese notification on December 29, last, as well as in Mr. Davis' speech in London on December 6, copies of which I take pleasure in attaching.

I should be glad, however, to have you thank the Minister of Foreign Affairs for his courtesy in frankly informing me of the French Government's views, of which I have taken careful note.

Accept [etc.]

CORDELL HULL

REPRESENTATIONS BY CERTAIN FOREIGN GOVERNMENTS REGARDING SENATE COMMITTEE INVESTIGATING MUNITIONS INDUSTRY

811.113 Senate Investigation/10 : Circular telegram

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

WASHINGTON, May 18, 1934—8 p. m.

The President today sent a message to the Senate¹ in support of its action² in appointing a committee to investigate the problems incident to the private manufacture of arms and munitions of war and the international traffic therein. He offered the fullest cooperation of the Executive Departments of the Government in furnishing the committee with any desired information in their possession and "their views on the adequacy or inadequacy of existing legislation and of the treaties to which the United States is a party for the regulation and control of the manufacture of and traffic in arms."

The President stated that the evil of the uncontrolled private manufacture of and traffic in arms and munitions could not be dealt with by isolated action of any one country and that it was recognized as a field in which international action is necessary. He urged ratification of the 1925 Arms Traffic Convention³ as a concrete indication of the American people's willingness to contribute toward the suppression of abuses which might have disastrous results for the entire world if permitted to continue unchecked.

The concluding paragraph of the President's message reads as follows:

"It is my earnest hope that the representatives of the nations who will reassemble at Geneva on May 29⁴ will be able to agree upon a Convention containing provisions for the supervision and control of the traffic in arms much more far-reaching than those which were embodied in the Convention of 1925. Some suitable international organization must and will take such action. The peoples of many countries are being taxed to the point of poverty and starvation in order to enable governments to engage in a mad race in armament which, if

¹ *Congressional Record*, vol. 78, pt. 8, p. 9095.

² Pursuant to Senate Resolution 206, 73d Cong., 2d sess.; see *ibid.*, pt. 6, p. 6485.

³ For text, see *Foreign Relations*, 1925, vol. I, p. 61; for correspondence concerning ratification by the United States, see *post*, pp. 449 ff.

⁴ Meeting of the General Commission of the General Disarmament Conference; see pp. 63 ff.

permitted to continue, may well result in war. This grave menace to the peace of the world is due in no small measure to the uncontrolled activities of the manufacturers and merchants of engines of destruction, and it must be met by the concerted action of the peoples of all nations."

Repeat to Paris, Berlin and Rome. A separate telegram is being sent Geneva.⁵

HULL

811.113 Senate Investigation/34

*The Argentine Ambassador (Espil) to the Secretary of State*⁶

[Translation]

WASHINGTON, September 7, 1934.

MR. SECRETARY: The Committee of the United States Senate which is investigating at this time the sale of arms occupied itself at its meeting of the 5th day of the current month with examining, among other subjects, the activities of the Electric Boat Company in its endeavors, which failed to obtain in 1927 certain contracts for the construction of submarines for the Argentine Navy.⁷

My country's Government and public opinion are following with full sympathy this salutary investigation, the results of which, it is to be hoped, will have great importance in the solution of the armaments problem.

For that very reason, it is deplorable that under cover of this investigation insinuations are ventured upon which are injurious to the good name of officials of a foreign country, when the said insinuations are not founded on even the most remote appearance of truth.

In saying this, I am referring to certain expressions of Senator Bone, one of the members of the Investigating Committee who, in the course of the hearing of the 5th instant, as it appears from the pertinent part of the stenographic report, which I am sending herewith, gratuitously and with evident levity, made some affirmations derogatory to the good name of one of the most highly esteemed chiefs of the Argentine Navy, namely, Admiral Ismael Galindez, who, in 1927, was Chairman of our Naval Commission in Europe.⁸

Such affirmations could be treated with contempt, if they came from the ill-humor of one of the witnesses, whose hopes were deceived by

⁵ Telegram No. 155, May 18, 7 p.m., to the American delegate to the General Disarmament Conference; not printed.

⁶ The reply of September 15, 1934, by the Secretary of State was similar in substance to that transmitted to the Mexican Ambassador on September 17, 1934, p. 436.

⁷ See *Foreign Relations, 1927*, vol. I, pp. 424 ff.

⁸ See *Munitions Industry: Hearings before the Special Committee Investigating the Munitions Industry*, 73d Cong., 2d sess., on S. Res. 206 (Washington, Government Printing Office, 1934), pt. 1, pp. 189-191.

the attitude of the incorruptible official, but they cannot be treated with silence, however unfounded they be, when made by one of the Senators on the Investigating Committee.

I thus feel, Mr. Secretary, that it is my duty to express, in the name of my Government, the most formal protest against the insinuations made by Senator Bone against an honorable and highly esteemed officer of the Argentine Navy.

I avail myself [etc.]

FELIPE A. ESPIL

811.113 Senate Investigation/18: Telegram

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

LONDON, September 10, 1934—7 p. m.

[Received September 10—3:30 p. m.]

513. In the absence of the Ambassador in Belfast, Johnson⁹ called on the Acting Secretary of State this afternoon by request. Sir Robert Vansittart referred to investigation of the munitions industry now being carried on by a committee of the United States Senate, and to a communication from an unknown source in Warsaw reported to have been admitted before the committee as evidence, in which it was alleged that the King of Great Britain had brought pressure to bear upon the Polish Ambassador in London¹⁰ in order to secure a contract for munitions for a British firm. The Acting Secretary said that he would confine his remarks "to terms of strict courtesy" but that he was under instructions to express the astonishment of his Government that such an irresponsible accusation should have been seriously taken and admitted as evidence and apparently given credence by members of so high a body as the United States Senate. He said further that the matter had aroused the deepest indignation and resentment here, and that "it would not soon be forgotten"; that some people might consider such an incident of no importance and as one to be brushed aside, but that such would not be the case in this instance.

The Acting Secretary also expressed resentment that no spontaneous expression of regret had been forthcoming from the United States Government and intimated that such an expression might reasonably have been expected. According to Sir Robert Vansittart, the whole incident showed the most complete ignorance on the part of all concerned of the way things were done in London and of the ordinary working of the British Government. He was particularly indignant that a report from what he termed "an irresponsible armament tout in Warsaw" should have been given any serious consideration whatever.

⁹ Herschel V. Johnson, First Secretary of Embassy.

¹⁰ Constantin Skirmunt; see *Munitions Industry*, pt. 2, pp. 495-496.

He requested that the substance of his statement be telegraphed to the Department.

BINGHAM

811.113 Senate Investigation/23

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] September 11, 1934.

The British Ambassador¹¹ called today and we discussed the action of the Nye Committee in giving publicity to rumors involving the heads of states and, in particular, the King of England. I gave Sir Ronald a picture of the Secretary's activities of today, explained that he had spent over two hours with the members of the Committee in an effort to point out to them the embarrassment involved of giving publicity to mere rumors involving the heads of other states and important officials of foreign governments. I read him the letter^{11a} which Senator Nye had written to the Secretary after this conference, which I explained would be made public later in the afternoon, together with a statement by the Secretary which was now being drafted.

I gathered the impression that Sir Ronald had not been instructed to take up the matter with us and, when I told him that Sir Robert Vansittart had expressed himself somewhat strongly on the subject to a member of the American Embassy,¹² Sir Ronald expressed some surprise. He himself approached the subject laconically and said that he was glad to note in the press that the King would not dignify the statement by any denial.

I promised Sir Ronald that I would send him later in the afternoon a copy of the two press releases¹³ which the Department was about to make public.

WILLIAM PHILLIPS

811.113 Senate Investigation/37

*The Turkish Ambassador (Munir) to the Secretary of State*¹⁴

The Turkish Ambassador presents his compliments to the Honorable Secretary of State and has the honor to inform him that some

¹¹ Sir Ronald Lindsay.

^{11a} *Post*, p. 437.

¹² See telegram No. 513, September 10, from the Ambassador in Great Britain, *supra*.

¹³ For texts of documents, see note of September 17 to the Mexican Ambassador, p. 436.

¹⁴ Except for a statement that copies of committee hearings would be shortly available from the U. S. Government Printing Office, the reply of September 17 to this note corresponded to that sent the Mexican Ambassador on September 17.

allegations made regarding certain Turkish personalities in the course of the inquiry carried on by the Senate Munitions Investigating Committee, and reflected in different versions in the American press, have called the especial attention of the Turkish Government.

The Government of the Republic desiring to be fully informed about the matter as far as Turkey is concerned, Munir Bey requests the Honorable Secretary of State to be good enough to obtain for the intention [*attention*] of the Turkish Government from the Committee in question the full copies of the documents as well as the oral declarations containing the said allegations.

M. M[UNIR]

WASHINGTON, September 11, 1934.

811.113 Senate Investigation/22 : Telegram

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

RIO DE JANEIRO, September 12, 1934—10 p.m.
[Received September 13—12:18 a.m.]

215. Foreign Office has in strict confidence made available two telegrams from Chargé d'Affaires in Washington¹⁵ concerning present Senate investigation of arms traffic. On September 11th Chargé d'Affaires sent second telegram stating that during a conversation with Assistant Secretary Welles in regard to the Chaco¹⁶ the Chargé d'Affaires had brought up the question of the Senate investigation stating that he was greatly surprised by the allusions of graft paid to Brazilian officials and said "absolutely on his own" that Brazil had not protested "due to its respect for American institutions." He added that the Argentine and Chilean representatives had protested against statements made in connection with their nationals. He asked if he might address an official note to the Department repeating what he had already stated although no definite decision has been taken. It is my opinion that the Brazilian Government will not instruct the Embassy to present a note on this subject. The official who showed me this correspondence is anxious to minimize its importance suggesting privately that it would perhaps be helpful if Mr. Welles were to address a confidential telegram to me alluding to his conversation with the Chargé d'Affaires and in some way minimize the importance of the allusions to Brazilian authorities in such a manner that I can show it to the Foreign Office.

GIBSON

¹⁵ C. de Freitas-Valle.

¹⁶ For correspondence, see vol. iv, pp. 32 ff.

811.113 Senate Investigation/22: Telegram

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

[Extract]

WASHINGTON, September 13, 1934—3 p. m.

123. Your 215, September 12, 10 p. m. In a recent conversation, the Brazilian Chargé d'Affaires referred to the hearings now in progress before the Senate Munitions Investigation Committee and stated that he was astonished by statements made by some of the witnesses alleging that bribes had been paid or were intended to be paid to officials of the Brazilian Government. The Chargé d'Affaires emphasized that his remarks were not made by instruction of his Government.

I brought to his attention a letter¹⁷ addressed on September 11th to the Secretary of State by Senator Nye, Chairman of the Committee, which letter was made public on that date and which reads as follows:

Please communicate the above to the Minister for Foreign Affairs and state that this Government deeply appreciates the friendly disposition shown by the Brazilian Government in this matter.

Should you deem it desirable, in the event that the documents above quoted have not been published in Brazilian press, it might be well to arrange for their publication in any way in which you may consider appropriate.

HULL

811.113 Senate Investigation/32

The Peruvian Ambassador (Freyre) to the Secretary of State

WASHINGTON, September 13, 1934.

YOUR EXCELLENCY: Press Agencies, reporting the hearings held by a Committee of the United States Senate on the sale of armaments effected by American manufacturers to foreign countries, have transmitted, and the Lima newspapers have published, a statement attributed to Mr. C. W. Webster, representative of the Curtiss Wright Corporation, to the effect that the Peruvian Government had lately purchased from other firms airplanes at a price high above the price quoted by his own firm, and that, in order to carry through this questionable transaction, person or persons not mentioned, presumably of Peruvian nationality, had received large commissions.¹⁸

My Government is anxious to obtain more explicit information with regard to the person or persons who are supposed to have received these

¹⁷ *Post*, p. 437.¹⁸ See *Munitions Industry*, pt. 4, pp. 711-712.

commissions. If such practices are to be eradicated, it is essential that proper sanctions should be applied to those who may be guilty, and this my Government firmly intends to do; but no sanction can be applied until some definite person or persons may be brought to court. Moreover, since wide publicity has been given to so serious a charge, it is only fair to dispel suspicions and place the blame squarely upon those who should bear it.

The Embassy has therefore been instructed not to spare any effort in endeavouring to obtain an explicit statement as to the name of the person or persons who are supposed to have collected the commissions Mr. Webster is quoted to mention.

In pursuance of these instructions, I venture to request Your Excellency's kind official assistance,¹⁹ so that my Government may be furnished with the evidence required and thereby enabled to co-operate in correcting an evil, that should not further be countenanced.

I have [etc.]

M[ANUEL] DE FREYRE Y S[ANTANDER]

811.113 Senate Investigation/28 : Telegram

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

RIO DE JANEIRO, September 14, 1934—5 p.m.

[Received 5:30 p.m.]

222. Department's telegram No. 123, September 13, 3 p.m. shown to Secretary General of Foreign Office²⁰ in absence of Minister. He greatly appreciated your message and said that the Brazilian Government would not take official notice of the matter. I have at his request furnished him with the texts you gave me, but he feels it is better not to give them publicity unless there are unexpected developments.

GIBSON

811.113 Senate Investigation/27

The Mexican Ambassador (González Roa) to the Secretary of State

[Translation]

WASHINGTON, September 14, 1934.

MR. SECRETARY: At some of the hearings which are taking place because of the investigation which a Special Committee of the Senate is carrying out on the armaments industry, I have noticed that statements offensive to my country in general have been made, and the

¹⁹ Under cover of a note of October 8, the Secretary of State sent to the Peruvian Ambassador a complete set of uncorrected galley proof of the hearings without appendices of documents referred to.

²⁰ Felix de Barros Cavalcanti de Lacerda.

President of the Republic,²¹ whose high office merits the greatest respect, has been mentioned.

The cordial sentiments of sincere friendship which Your Excellency's Government feels for my country are well known, but I cannot fail to protest that the name of the Official who represents the personality of the nation should be cited without justification.

Once more do I have the pleasure [etc.] FERNANDO GONZÁLEZ ROA

811.113 Senate Investigation/31 : Telegram

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

RIO DE JANEIRO, September 15, 1934—3 p. m.
[Received September 15—2: 55 p.m.]

223. My 222, September 14, 5 p. m. Ministry of Foreign Affairs has sought to moderate press comment in regard to present Senate investigation of arms traffic and has succeeded in having some news despatches withheld through voluntary action of the press. However, there is definite resentment at the publication of names in connection with accusations of corruption which have not been substantiated.

Minister of War²² has considered it necessary to reply to press inquiries with formal statement that he can guarantee there have been no irregularities since he has been in office but that he proposes to make careful examination into what has happened before.

It is clear from statements made by various officials that from now on Americans seeking to make sales of armaments or other materials to the Brazilian Government will work at a disadvantage inasmuch as officials feel that merely by dealing with American commercial representatives they will be laying themselves open to the possibility of having their integrity brought in question by the Senate.

Perhaps if the Committee realized the harm that is being done to legitimate American business interests it would find it possible to evolve some other method of conducting the investigation up to the point where improper practices are established. GIBSON

811.113 Senate Investigation/72

The Ambassador in Chile (Sevier) to the Secretary of State

No. 193 SANTIAGO, September 15, 1934.
[Received September 24.]

SIR: I have the honor to refer to my despatch No. 188 of September 12, 1934,²³ concerning the resentment which has developed in Govern-

²¹ Gen. Abelardo Rodriguez.

²² Gen. Pedro Aurelio de Góes Monteiro.

²³ Not printed.

ment circles with regard to the aspersions apparently cast on Chilean officials by the Senate Committee investigating the sale of war materials. In confirmation of my subsequent telegrams No. 85 of September 13th²⁴ and No. 87 of September 14th,²⁴ I now have to inform the Department that although the reaction in the Chilean press and in Government circles was at first rather temperate toward the statements in the investigation, subsequent developments and particularly the unfortunate fact that apparently unfounded inferences of improper conduct concerning Chilean officials are being allowed to remain in the record without correction has not only seemingly irretrievably lost the immediate sale of American aviation equipment amounting to \$300,000 and presumably lost to American firms the possibility of securing the balance of the \$3,000,000 air development program, but is arousing general resentment toward the United States as well. There is no incident in Chilean-American relations which has arisen during the last few years likely to cause more ill-feeling in Chile and to undo the very fine atmosphere created as a result of our efforts in the Montevideo Conference.²⁵

In connection with the developments which have taken place since this Embassy's telegraphic reports, there is enclosed a copy of a letter²⁴ addressed to the Minister of National Defense²⁶ by Mr. J. Van Wagner, the Manager of the airplane factory in Chile maintained by the Curtiss-Wright Export Corporation. It will be noted that this letter attempts to undo some of the bad feeling by stating that Commander Arredondo has taken no part in business dealings with the Curtiss factory and to show that the relations of Commander Arredondo and the Curtiss-Wright Corporation have been in every way proper and perfectly normal. The second enclosure²⁵ consists of a statement of Arturo Merino Benitez, former chief of the Chilean air corps, in which he takes exception to the inferences being made in the Senate investigation and outlines the general procedure for the purchase of air equipment which took place during his tenure of office. His letter, it will be noticed, closes with a warm endorsement of the integrity of the Chilean air force and a strong protest against the statements which have appeared in the investigation. As of additional interest there is enclosed a copy of cablegram²⁴ sent by Commander Aracena in answer to the request of an American firm (apparently Curtiss) that bids on air equipment be kept open until October; a copy of a cable²⁴ sent by Mr. Webster, the agent for South America for the Curtiss Company, to Commander Aracena; and a letter²⁴ addressed to the newspaper *El Mercurio* by Commander Arredondo.

²⁴ Not printed.

²⁵ See *Foreign Relations*, 1933, vol. iv, pp. 1 ff.

²⁶ Emilio Bello Codecido.

As may be surmised not only is the investigation building up general resentment in Chile toward America but it is playing directly into the hands of our foreign competitors who are virtually being handed as a gift a handsome piece of business. It must be remembered that prior to these developments there was little doubt that American firms would secure the business. The Embassy is reliably informed in fact that representatives of foreign governments and foreign aviation equipment companies are literally cackling at the discomfiture of their American rivals. In this connection it is significant to note that Captain H. A. Brown, who is a retired British officer of the British air service is in Santiago at the present time to demonstrate the qualities of the Avro training planes. The French also are keeping in Santiago for the time being Captain Defourneaux of the French air service.

Respectfully yours,

For the Ambassador:
ROBERT M. SCOTTEN
Counselor of Embassy

811.113 Senate Investigation/27

The Secretary of State to the Mexican Ambassador (González Roa)

WASHINGTON, September 17, 1934.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of September 14, 1934, and I note with deep regret that Your Excellency considers certain statements made in the course of recent hearings of the Special Committee of the Senate Investigating the Munitions Industry to be offensive to your country and, in particular, to the highly esteemed President of the Republic.²⁷

Although the Executive Branch of this Government has no control over a Legislative investigation of the traffic in munitions, it is my understanding that in the course of its hearings the Committee desires to avoid in every possible way the giving of offense to any Government²⁸ or to its officials.

I enclose a copy of a letter of September 11, 1934, which I have received from Senator Gerald P. Nye, Chairman of the Committee, and which has been given to the press in order to clear up any false impressions which may have been created as a result of references to officials of foreign governments in the course of the hearings. Simultaneously with the publication of Senator Nye's letter, I issued a statement on this subject for the press, of which I enclose a copy.²⁹

²⁷ Gen. Lazaro Cárdenas.

²⁸ Representations were made by seven foreign Governments; all but those of Chile and Venezuela are herein printed.

²⁹ The texts of these two documents were also sent to the Governments of Argentina, Bolivia, Brazil, Chile, Colombia, Great Britain, Paraguay, Peru, Turkey, and Venezuela.

Again assuring you of my profound regret that through misapprehension inferences offensive to Mexico or to the President of the United Mexican States may have been drawn from statements made in the course of the hearings of the Committee, I avail myself [etc.]

CORDELL HULL

[Enclosure 1] ^{20a}

The Chairman of the Special Committee Investigating the Munitions Industry (Nye) to the Secretary of State

WASHINGTON, September 11, 1934.

MY DEAR MR. SECRETARY: Reports have reached the Committee showing a misconception as to the nature of some of the allegations which have been introduced into the record of the Special Committee Investigating the Munitions Industry as exhibits. We have been endeavoring to find the truth in a mass of documents found in the files of Munitions manufacturers. The placing of such material in the record from foreign agents of American companies does not necessarily imply the substantiation of the statements found in these agent's documents. There has been mention of highly placed personages in foreign countries. The Committee deeply regrets that a false impression may have been created, and that statements made by manufacturer's agents abroad, although believed by them, may be unfounded as far as those high personages are concerned, and the Committee regrets that the opinions of these agents seem to have been construed as necessarily reflecting the opinion of the Committee.

Very sincerely yours,

GERALD P. NYE

[Enclosure 2] ^{20a}

*Statement by the Secretary of State Issued to the Press on
September 11, 1934*

I spent an hour or two to-day in conference with the Senate Munitions Investigation Committee, during which a number of phases of the work in hand were discussed in a cooperative spirit.

The letter handed to me by Chairman Nye of the Committee well illustrates both the righteous nature of the investigation of the munitions situation, and some of the manifold difficulties that must be dealt with by the Committee. The Committee is consistently pursuing its single objective of exposing vast and unimagined abuses in the munition trade, with a view to remedial action, either by legislation or otherwise.

^{20a} Filed separately under 811.113 Senate Investigation/23.

Naturally, it was not in the mind of the Committee nor of any official of the American Government to give the slightest offense to any other Government or its officials.

811.113 Senate Investigation/55

Memorandum by the Assistant Secretary of State (Welles)

[WASHINGTON,] September 17, 1934.

The Argentine Ambassador called this morning at the Department of State and said, by instruction of his Government, that the Argentine Government would greatly appreciate having for its confidential information the text of certain telegrams which had been referred to in the hearings before the Special Committee of the Senate,³⁰ which had not been made public, but which it was understood from press reports dealt with transactions between certain American munitions manufacturers and officials of the Argentine Government and which, allegedly, involved the son of a former President of the Argentine Republic. The Ambassador stated that his Government desired the text of these telegrams solely for its own confidential information and not for publication.

The Ambassador added that he appreciated greatly, and he was sure that his Government appreciated, the courteous attitude shown by the Special Committee of the Senate in not permitting the text of these messages to be published, but that the Argentine Government believed the information contained in these messages might be of value to it in the investigation which the Argentine Government was now carrying on as the result of certain charges made in the course of the hearings here.

811.113 Senate Investigation/39

Memorandum by the Secretary of State

[WASHINGTON,] September 18, 1934.

The Chinese Minister³¹ called and handed me an *aide-mémoire*, of which the attached is a copy.³² He is requesting the Department to furnish the names of the General and other officials of China referred to in the munitions investigation of the Senate Committee but not expressly named.

³⁰ On September 27, copies of the telegrams were transmitted by the Secretary of State to the Argentine Ambassador.

³¹ Sao-Ke Alfred Sze.

³² Not printed.

I told the Minister that at first impression I would be disposed to transmit his request to Senator Nye with the statement that I knew of no objection to furnishing the information requested provided it was kept confidential by the Chinese officials and the Chinese Government. I stated that this would give his Government full information on which to base any sort of investigation it might desire to prosecute. I added that should the Chinese Government publish these names as the ones referred to in the investigation of the Munitions Committee here, it would be the same thing as the Munitions Committee itself making them public except that it would be done indirectly.

The Minister replied that he would welcome this latter course.

I suggested to him that I would think the matter over a little further and reserve the right to modify my attitude if any unexpected facts or developments not within my mind at present should arise.

C[ORDELL] H[ULL]

811.113 Senate Investigation/61

The Chinese Legation to the Department of State

AIDE-MÉMOIRE

In connection with the hearings before the Special Committee of the United States Senate investigating the munitions industry it is reported in the press that Senator Nye said in an interview that he had evidence indicating that the \$10,000,000 wheat loan made to China last year had been used to buy arms rather than to feed hungry Chinese.

The National Government has cabled to the Legation an emphatic denial of the truth of this statement and requests that it be furnished with such evidence as the Senator is reported to have in his possession.

WASHINGTON, September 18, 1934.

811.113 Senate Investigation/51b: Telegram

The Secretary of State to the Ambassador in Argentina (Weddell)

WASHINGTON, September 19, 1934—8 p. m.

112. From newspaper reports received yesterday through the Associated Press and United Press, it appears that Dr. Saavedra Lamas³³ informed the press in Buenos Aires that the Argentine Government intended presenting through the Argentine Ambassador

³³ Argentine Minister for Foreign Affairs.

here an official note declaring the United States Government responsible for damages occasioned high officials of the Argentine Government as the result of testimony given by certain witnesses before the Special Committee of the Senate Investigating Munitions. From the press reports it is not clear whether the Argentine Government intends that the Argentine officials who are alleged to have been injured by such testimony bring suit in the United States Courts against the witnesses in question or whether the Argentine Government desires to present a diplomatic claim. The Argentine Ambassador has confidentially informed the Department that the note of presentation has not yet been received by him.

If such a note is in fact presented, the effect upon public opinion in this country would be prejudicial and would presumably arouse in Argentina animosity against the United States. For that reason, you are instructed to discuss the matter informally and in the most friendly spirit with Dr. Saavedra Lamas. You should point out to him that the Special Committee of the Senate is carrying out official duties delegated to it by the United States Senate and that remarks made by United States Senators in the course of the hearings are in the same status as remarks made on the floor of the Senate and are consequently privileged. Furthermore, witnesses before the Committee are required under the laws of the United States to testify and to produce documents called for by the Committee. Consequently, their testimony as testimony before courts of law is privileged and no suits could be successfully brought in the courts against these witnesses for statements made by them regarding Argentine officials unless it could be proved that they were guilty of perjury. Finally, as stated in my note to the Argentine Ambassador³⁴ written in reply to his note of protest against the reference made in the hearings to Admiral Galindez, the Executive branch of this Government, including, of course, the Department of State, has no jurisdiction over the Legislative branch of the Government and is consequently free from all responsibility for actions of the United States Senate or any of its members. In view of these facts, there is no ground for a diplomatic protest or claim against the United States Government and there would appear to be very remote possibility of any suit being successfully brought in a United States Court against any of the witnesses appearing before the Committee on the ground that the testimony they had given had damaged the character of officials of a friendly government. If the note referred to in the press reports is presented by the Argentine Ambassador to the Department of State, the above facts will be set forth in my reply.

³⁴ Dated September 15, not printed; it was similar in substance to that transmitted to the Mexican Ambassador on September 17, p. 436.

You should emphasize, as I have stated publicly, and as has Senator Nye in a letter to me which has been made public, that neither the members of the Special Committee nor any official of this Government, have any desire to reflect upon the officials of any friendly Government and that I trust Dr. Saavedra Lamas has been incorrectly quoted by the press and that he has not in mind the presentation of a note to this Government which could accomplish no useful purpose and which might momentarily impair the particularly friendly feelings held for the Argentine Government and people by popular opinion in the U. S.

HULL

724.3415/4161

The Peruvian Ambassador (Freyre) to the Secretary of State

WASHINGTON, September 19, 1934.

YOUR EXCELLENCY: My Government have learnt with pained surprise that statements have been made before the Committee of the United States Senate, now investigating the sale abroad of armament by American manufacturers, to the effect that the Peruvian Government had acquired armament for the purpose of transferring it subsequently to the Government of Bolivia.

My Government instruct me categorically to declare that they have not sold or transferred armament to any country or individual. My Government deplore that suspicions and distrust should thus be allowed to spread, by means of baseless charges, thereby producing a situation liable to cause serious trouble among the countries of our Continent. Statements such as these, being contrary to fact, cannot be passed unchallenged, lest a doubt should subsist as to their accuracy.

I have therefore been ordered to enter a formal protest, as I hereby have the honour to do, against the charge to which I refer, namely that my Government had purchased armament for the purpose of delivering it later to the Government of Bolivia.

I have [etc.]

M[ANUEL] DE FREYRE Y S[ANTANDER]

811.113 Senate Investigation/52: Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, September 20, 1934—6 p.m.

[Received 11 p.m.]

163. Department's 112, September 19, 8 p. m. Local newspapers of September 18 carried text of a lengthy instruction addressed to [by?] the Minister for Foreign Affairs to the Argentine Ambassador

in Washington directing him to present a diplomatic claim against our Government for moral damages to certain Argentine officials. (Full text by next air mail.) Presumably the newspaper reports of this publication inspired Department's telegram under acknowledgment.

I called on the Minister for Foreign Affairs this afternoon and discussed with him the contents of the Department's message. Doctor Lamas was markedly cordial, repeatedly expressing his admiration and friendship for the United States and for you. He said he felt that the general aims of the Senate investigation were based on the highest motives and would undoubtedly be productive of beneficial results, adding that his special complaint was against making public the names of Argentine officials.

Declared that his purpose in instructing his Ambassador as above was to lay a juridical base for use of, and for, the future with the United States or any other country adding that he thought Espil was presenting a note to the Department today. The Minister for Foreign Affairs told me further that he was publishing tomorrow morning the Department's reply³⁵ to Espil's note concerning Admiral Galindez, that it was necessary to placate public opinion here, and that unless something cropped up in the way of a local press campaign, or a disagreeable attitude on the part of the Argentine Congress, and provided nothing disturbing came out in the subsequent sessions of the United States Senate Committee's investigations that the matter would end.

On leaving the Minister he said "in short we will not give your Government any difficulty."

WEDDELL

811.113 Senate Investigation/59

Memorandum by the Secretary of State of a Conversation With the German Ambassador (Luther)

[WASHINGTON,] September 20, 1934.

After talking with me on another subject, the German Ambassador in a tone of entire formality made reference to the proceedings of the Senate Munitions Investigation as they related to the sale of armaments by American nationals to agencies in Germany. The Ambassador mildly brought this up and made feeble denial, intimating that they were purchases for purely commercial purposes.

I stated to him, without in any way passing on or referring to the merits of the matter, that I had said all I felt disposed to say to the

³⁵ Not printed.

Senate Munitions Investigating Committee about the question of bringing out the full facts at all material to the objects and purposes of the investigation and the extent to which they might consider making public data of a purely hearsay nature which seriously reflected on the integrity of other governments or their chief officials. I added that there was nothing more I felt disposed to say.

He replied that he had hoped I might say something that would show a little more consideration for the German Government in the circumstances than mere silence on my part. This closed the reference to this phase of our conversation.

C[ORDELL] H[ULL]

811.113 Senate Investigation/60: Telegram

The Ambassador in Argentina (Weddell) to the Secretary of State

BUENOS AIRES, September 22, 1934—1 p.m.

[Received September 23—10:30 a.m.]

166. Further supplementing my 163, September 20, 6 p.m., the Minister for Foreign Affairs today told me that he considered the matter as now ended; that within a fortnight local public opinion would have cooled down and the matter be forgotten.

WEDELL

811.113 Senate Investigation/66a: Telegram

The Secretary of State to the Ambassador in Argentina (Weddell)

WASHINGTON, September 22, 1934—2 p. m.

113. The Argentine Ambassador called this morning at the Department to communicate the contents of a cabled instruction he had just received from Dr. Saavedra Lamas. The Ambassador was instructed to express the personal regard of Dr. Saavedra Lamas for the Secretary of State of the United States, as well as the high respect of his Government for the policy of the Government of the United States; that the purpose of the proposed Argentine note ³⁶ was not to make a claim against the Government of the United States but merely to support and amplify the former note of protest ³⁷ addressed to the Department by the Argentine Ambassador; that the Argentine Government felt itself satisfied with the reply sent by me to the Argentine Ambassador in answer to his former note; that without stating so publicly,

³⁶ See telegram No. 112, September 19, to the Ambassador in Argentina, p. 439; and telegram No. 163, September 20, from the Ambassador in Argentina, p. 441.

³⁷ *Ante*, p. 428.

the Argentine Government now considered the matter closed; and finally, that the Argentine Government fully appreciated the high motive and purpose of the Senate investigation.

I understand, consequently, that the proposed second note of protest will not now be delivered.

As soon as you have an opportunity, but without referring to the specific details of the Ambassador's communication as above related, please express to Dr. Saavedra Lamas my appreciation of his message, which has given me great satisfaction.

HULL

811.113 Senate Investigation/107

The Minister in Ecuador (Dawson) to the Secretary of State

No. 1551

QUITO, September 24, 1934.

[Received October 4.]

SIR: The Ecuadoran press has devoted considerable space to reports of the activities of the special committee of the United States Senate investigating the operations of the munitions industry, and the disclosures dealing with Latin-American countries have, of course, been followed with great interest by the Ecuadoran public.

Thus far there has been surprisingly little editorial comment in the local press. In the only editorial of any interest which has come to my attention, *El Comercio* of Quito, while deploring the conditions revealed and the manner in which Latin-America has been exploited by munitions makers, refers to the investigation itself as a generous and purifying measure which indicates a "change of norms in the moral relations of peoples" and restores confidence in the United States.

A principal reason for the absence of more general editorial comment is no doubt the circumstance that up to the present Ecuador has figured in reports of the investigation only in connection with the alleged sale to the Ecuadoran Government of tear-gas bombs by an American missionary, Mr. Paul Young, said to be the brother of the president of the Federal Laboratories Company. In publishing the report, the press has, of course, stressed the rather anomalous activities of Mr. Young. Strangely enough, the conservative *Debate* has made no attempt to exploit the incident for a broadside against Protestant missionaries. It may be assumed, however, that it has made due note of the report for future reference.

Respectfully yours,

WILLIAM DAWSON

811.113 Senate Investigation/69: Telegram

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

PEIPING, September 25, 1934—3 p. m.
 [Received September 25—11:25 a. m.]

429. The following telegram has been received from Gauss³⁸ at Nanking.

“September 24, noon. The Political Vice Minister for Foreign Affairs³⁹ sent for me this morning to say that General Chiang Kai Shek has urged the Foreign Office to press its request already made through the Chinese Minister at Washington⁴⁰ for disclosure to Chinese Government of names of Chinese officials and Military officers who received commissions in arms transactions.”

JOHNSON

811.113 Senate Investigation/69: Telegram

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

WASHINGTON, September 25, 1934—6 p. m.

308. Your 429, September 25, 3 p. m. Please instruct Nanking to inform Political Vice Minister for Foreign Affairs that Chinese Minister here has repeatedly asked for this information, and that Department promptly took appropriate steps to procure the information for confidential communication through the Minister to the Ministry of Foreign Affairs. Peck⁴¹ should add that the Senate Committee concerned is handling a huge amount of material and some delay is unavoidable.

HULL

811.113 Senate Investigation/75: Telegram

The Chargé in Colombia (Washington) to the Secretary of State

BOGOTÁ, September 25, 1934—6 p. m.
 [Received September 26—8 p. m.]

77. With reference to my despatch 335, September 12th,⁴² Colombian Minister for Foreign Affairs⁴³ informs me his Government would greatly appreciate it if the two letters from Commander Strong to

³⁸ Clarence E. Gauss, Counselor of Legation in China.

³⁹ Hsu Mo.

⁴⁰ See memorandum by the Secretary of State, September 18, p. 438.

⁴¹ Counselor of Legation in China; Consul General at Nanking.

⁴² Not printed.

⁴³ R. Urdaneta Arbeláez.

the Colombian Consul General in New York disclosing certain defense plans of Colombia should be eliminated from the published report of the Senate Munitions Investigating Committee. As the Senate investigations have otherwise been received most favorably in Colombia it is believed that the suppression of the two letters would have a very desirable effect upon the Colombian Government.

WASHINGTON

811.113 Senate Investigation/77

The Peruvian Ambassador (Freyre) to the Secretary of State

WASHINGTON, September 25, 1934.

[Received September 27.]

YOUR EXCELLENCY: My Government have probed the facts connected with the statements,⁴⁴ to which I had the honour to refer in a previous note,⁴⁵ made by Mr. C. W. Webster before the United States Senate munitions Committee.

The following conclusions have been reached.

1. Commander Romano⁴⁶ positively declares that at no time did he discuss with Mr. Webster the supposed commission paid for the purchase of British airplanes, nor did he disclose the contract under which this transaction was executed.
2. The British airplanes were purchased at a price lower than the one quoted for the Falcon airplanes of Curtiss Wright Company.
3. No comparative study was, or could have been made, between the performance of the British airplanes and that of the Falcon airplanes, since the latter arrived to Peru only recently.

In view of these conclusions, squarely contradicting the statements attributed to Mr. Webster, and taking into account that no justification has been offered to substantiate these statements, my Government feel compelled to protest against the charges therein contained. At a public hearing of a Committee of the United States Senate, allegations have been made and placed on record that cast a serious slur upon the conduct and good name of Peruvian officials. The high character of the body before which these allegations were made, the fact that the allegations were placed on record, the grave charges they imply and the wide publicity given them are factors that cannot be ignored. Nor can one dismiss these charges as non-important, because they lack official recognition.

⁴⁴ *Munitions Industry*, pt. 4, pp. 711-712.

⁴⁵ *Ante*, p. 441.

⁴⁶ Peruvian Naval Air Corps Officer.

In compliance, therefore, with instructions received from my Government, I have the honour herewith to enter a formal protest against the afore-mentioned allegations attributed to Mr. C. W. Webster, on the ground that they are injurious and unfounded.

I have [etc.]

M. DE FREYRE Y S[ANTANDER]

811.113 Senate Investigation/75: Telegram

The Secretary of State to the Chargé in Colombia (Washington)

WASHINGTON, September 27, 1934—5 p. m.

59. Your 77, September 25, 6 p. m. You may say to the Minister for Foreign Affairs that at the request of the Colombian Chargé d'Affaires in Washington, the Secretary of State requested the Chairman of the Special Committee of the Senate to withhold from publication the Colombian defense plans. Senator Nye at once acceded to this request, which he considered entirely reasonable and the Department is informed that when the testimony is made public, all that portion of the hearings referring to the defense plans will be omitted.

HULL

811.113 Senate Investigation/110

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

No. 438

RIO DE JANEIRO, September 28, 1934.

[Received October 6.]

SIR: I have the honor to enclose herewith a translation⁴⁷ of a motion presented in the Brazilian Chamber of Deputies on September 25, 1934, signed by Deputy Acyr de Medeiros and other class deputies, concerning the armament inquiry in the United States Senate, in its relation to the purchase of Brazilian supplies in the United States.

The local press has brought pressure to bear on the Minister of War⁴⁸ in connection with this matter, and he has ordered that an inquiry be conducted in his Ministry. It is believed that this matter will not assume sensational proportions and that interest will probably die as soon as the Senate Investigation is terminated. Nevertheless it is believed that Brazilian military circles will be extremely careful about their future dealings with American manufacturers, and that consequently normal business that would ordinarily be given to American firms will go to their European competitors.

⁴⁷ Not printed.

⁴⁸ Gen. Pedro Aurelio de Góes Monteiro.

In this connection it is gratifying to note that the Brazilian Foreign Office had exerted a moderating influence on the press in dealing with the Senate inquiry and that editorial comment here has for the most part been temperate in character. The Ministry has acted in several instances to persuade the press to forego publication of despatches of a sensational character.

Respectfully yours,

HUGH GIBSON

811.113 Senate Investigation/81

The Secretary of State to the Chinese Minister (Sze)

The Secretary of State presents his compliments to the Honorable the Chinese Minister and, referring to the Department's memorandum of September 22, 1934,^{48a} stating that a copy of the Chinese Minister's *aide-mémoire* of September 18⁴⁹ in regard to the wheat credit extended to China last year had been transmitted to the Chairman of the Special Committee of the Senate Investigating the Munitions Industry, informs the Minister that the Chairman of that Committee has written the Department under date September 27⁵⁰ stating that such information as the Committee has on this subject has not yet been thoroughly investigated; that that investigation is now under way; that there have been newspaper articles upon the subject which have incorrectly quoted a member of the Committee; and that the Committee does not believe that the charges made in this connection will be substantiated.

WASHINGTON, October 3, 1934.

^{48a} Not printed.

⁴⁹ *Ante*, p. 439.

⁵⁰ Letter not printed.

ADVICE AND CONSENT BY THE UNITED STATES SENATE
TO RATIFICATION OF THE ARMS TRAFFIC CONVEN-
TION OF JUNE 17, 1925, WITH RESERVATION IN REGARD
TO THE PERSIAN GULF FAVORED BY THE PERSIAN
MINISTER ¹

500.A14/632a

*The Secretary of State to the Chairman of the Senate Committee on
Foreign Relations (Pittman)*

WASHINGTON, April 12, 1934.

MY DEAR SENATOR PITTMAN: It is my understanding that the Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva, June 17, 1925,² and transmitted by President Coolidge to the Senate for its advice and consent to ratification on January 11, 1926, is still before the Committee on Foreign Relations. I should greatly appreciate it if you could take such steps as you may deem appropriate to secure favorable action on this Convention by the Committee and by the Senate.

Since this Convention was transmitted to the Senate, the Department has, on several occasions, urged that it be given favorable consideration, and President Hoover, in a message of January 10, 1933,³ recommended that the Senate give its advice and consent to its ratification. The President is entirely in accord with the views of his two immediate predecessors in regard to the advisability of the ratification of this Convention by this Government.

Enlightened public opinion throughout the world has, for many years, urged the adoption on the international plane of measures of supervision and control of the international traffic in arms. A Convention to this end was signed by the representatives of twenty-eight governments, including our own, at St. Germain-en-Laye and Paris on September 10, 1919.⁴ This Convention was in several respects unsatisfactory to this Government, and it was never submitted to the Senate. As long as the United States, which is one of the principal arms manufacturing powers, refused to ratify the Convention of St. Germain, the other powers naturally refused to subject themselves to

¹ For correspondence relating to participation by the United States in the Conference for the Supervision of the International Traffic in Arms, Geneva, May 4–June 17, 1925, see *Foreign Relations*, 1925, vol. I, pp. 26 ff.

² *Ibid.*, p. 61.

³ *Congressional Record*, vol. 76, pt. 2, p. 1448.

⁴ *Foreign Relations*, 1920, vol. I, p. 180.

limitations which would have resulted, not in the control of the arms traffic, but in its transfer to those countries which were not parties to the Convention. Other governments, realizing the necessity for some measure of supervision and control of the international traffic in arms, urged us on several occasions to state our objections to the Convention of St. Germain in order that a new Convention might be drawn up from which these objections would be eliminated. As a result of this attitude on the part of other governments, meetings, at which this Government was represented, were held in Geneva in 1924,⁵ and these meetings resulted in the drafting of a new Convention, which contained none of the features of the Convention of St. Germain to which this Government had made objection. The Arms Traffic Convention of 1925 is, in all essentials, based upon this Draft Convention. The whole history of the Convention is, therefore, such as to constitute for this Government a moral obligation to ratify it.

The important provisions of the Convention are those limiting the export of arms to those intended for the direct supply of the government of the importing state, or with the consent of such government for the supply of a public authority subordinate to it, and those setting up a machinery of licenses or export declarations for all arms exported or imported and for full publicity in regard to the international traffic in arms. These measures would go far to curb the abuses of the international traffic in arms. The Convention has already been ratified by a number of the signatories. Some of these ratifications are, however, conditional upon ratification by other specified powers, including, among those which have not ratified, the United States. We have reason to believe that ratification by this Government would probably result, within a brief interval, in the other ratifications necessary to put the Convention into effect. The ratification of this Convention is an important contribution which the American Government and people can make at this time to the cause of world peace; its remaining unratified cannot fail to produce, with justification, the impression that we are indifferent to the important problems with which the Convention deals.

Sincerely yours,

CORDELL HULL

500.A14/633a : Telegram

The Secretary of State to the American Delegate to the General Disarmament Conference (Wilson)

WASHINGTON, May 1, 1934—6 p. m.

144. The Senate Committee on Foreign Relations today recommended unanimously that the Senate give its advice and consent to

⁵ Meetings of the League of Nations Temporary Mixed Commission for the Reduction of Armaments; see *Foreign Relations, 1924*, vol. 1, pp. 17 ff.

the ratification of the Arms Traffic Convention of 1925. They added the reservation that the ratification should not become effective until the Treaty was ratified by 13 specified powers, among which are the principal arms producing nations.

HULL

500.A14/639

Memorandum by the Secretary of State

[WASHINGTON,] May 14, 1934.

The Persian Minister⁶ called and entered a protest against ratification by the Senate of the so-called Small Arms Convention agreed to at Geneva in 1925. The Minister rested his objection upon the ground that the Persian Gulf was made a prohibitory or neutral zone, as though it did not belong to Persia, with the result that the British, for example, were insisting upon the privilege of halting vessels in the Persian Gulf and examining them for arms, and otherwise interfering with the integrity and rights of the Gulf of Persia. He added that last October a committee of the League of Nations had decided that this provision in the small arms treaty was unfair to Persia and should not be retained. In reply, I stated that I had some weeks ago sent a letter to the Senate urging ratification of this treaty as it was; that I was not especially familiar with the clauses in the treaty to which his government now objected; that it was unfortunate his government had not made complaint at an earlier stage; but that I would be glad to examine the entire record in the matter and do whatever seemed to be fair and feasible in the circumstances.

C[ORDELL] H[ULL]

500.A14/636

The Secretary of State to the Persian Minister (Djalal)

WASHINGTON, May 16, 1934.

MY DEAR MR. MINISTER: I have carefully considered the questions, in regard to the Arms Traffic Convention of 1925, which you raised in your conversation with me on May 11 [14?], and I take pleasure in setting forth the position of this Government in regard to that Convention. I venture to hope that this explanation of our position will remove any doubts, which your Government may have, that ratification by this Government would delay or hamper the revision of the Convention which the Persian Government desires.

⁶ Ghaffar Khan Djalal.

You will remember that the revision of the Convention has recently been discussed at Geneva, with a view to incorporating in or appending to the proposed General Disarmament Convention provisions for the purpose of establishing some measure of international control of the international traffic in arms. The representatives of this Government were active in the discussions, in regard to this matter, which took place in the Disarmament Conference Committee for the Regulation of the Trade in and Private and State Manufacture of Arms and Implements of War, during 1932 and 1933. The various statements which the Persian Delegates made during those discussions were sympathetically noted by this Government. On January 28, 1933, we informed our Delegation at Geneva⁸ that your Legation had expressed apprehension lest the Message of President Hoover of January 10, recommending that the Senate give its advice and consent to the ratification of the Arms Traffic Convention of 1925, might be construed as indicating this Government's approval and support of those portions of Chapter III of that Convention to which your Government objects. We added that this construction was unwarranted and instructed the Delegation that it should not oppose the acceptance of the modifications proposed by the Persian Delegation.

You realize, I am sure, how earnest have been the efforts of this Government to aid in the negotiation of a General Disarmament Convention. We must, however, face the fact that recent developments in various parts of the world have made the negotiation of such a Convention increasingly difficult. We shall continue to put forth our efforts at Geneva and to assist in every possible way in the negotiation of a Convention which will, we hope, embody a revision of the Arms Traffic Convention of 1925. Nevertheless, in view of the tremendous difficulties now facing the General Disarmament Conference and in view of the possibility that it may fail to conclude a Convention, this Government feels that it is advisable that the Arms Traffic Convention of 1925 be ratified, not because it considers that Convention to be without defects, but because, in default of any other Convention, it will serve to provide some measure of international control of the traffic in arms. We are convinced that supervision and control of this traffic is eminently desirable, and we feel that we must seize upon this occasion to assure, if possible, international action to this end.

The Arms Traffic Convention is now before the Senate. The President has urged that the Senate give its advice and consent to ratification. The Senate has not as yet acted upon this recommendation. It is probable that if the Convention is eventually ratified by this Government, our ratification will be accompanied by a reservation, sub-

⁸Telegram No. 284; not printed.

jecting its coming into force in respect to the United States to its ratification by other specified powers. Ratification by this Government would imply no change in our position, as explained to your Legation in January, 1933, and would not result in any diminution of our efforts at Geneva.

I am [etc.]

CORDELL HULL

500.A14/641

The Persian Minister (Djalal) to the Secretary of State

WASHINGTON, May 16, 1934.

YOUR EXCELLENCY: With reference to my meeting with Your Excellency on Monday morning⁹ regarding Article 3¹⁰ of the Convention of 1925 relating to trade in arms and ammunition, I herewith have the honor to enclose a memorandum showing the just objection of the Persian Government and the gross injustice done to Persian national right and integrity for Your Excellency's perusal.

I hope that Your Excellency will do justice in the matter as you always have done in dealing with all small nations, of which your work at the Pan-American Conference at Montevideo¹¹ was a shining example.

In addition, I enclose the list¹² of modifications proposed by the Persian Government which have been accepted by the League of Nations and the Committee on Disarmaments.

Sincerely yours,

G. DJALAL

[Enclosure]

MEMORANDUM

Article 3 of the 1923 [1925] Convention for the Suppression of International Trade in Arms and Ammunitions, which includes the Persian Gulf in the special zones and gives the right to other powers of control and search of boats in the Persian Gulf is designated to bring a taint to Persian integrity and to violate Persian national rights; with the consequent result of the violation of the principles on which the League of Nations is based, that is, equality of all members in all international laws. The very fact that wholly and partially the African States such as Egypt, Libya, Tunis, Algeria, Ethiopia,

⁹ May 14; see memorandum by the Secretary of State, p. 451.

¹⁰ Here and throughout the enclosed memorandum, Chapter III entitled "Special Zones" is meant.

¹¹ For correspondence concerning American participation, see *Foreign Relations*, 1933, vol. iv, pp. 1 ff.

¹² Not printed.

etc., which have neither army nor navy, are exempted from the special zones and the Persian Gulf included brings to glaring light the motive as above-mentioned with which the interested parties have framed Article 3, to curb Persia in her direct commercial communication with the continent.

The Persian Government which has disarmed all the tribes in Persia for the maintaining of internal peace and order and would not allow a single shotgun to enter Persia is not likely to slacken its vigilance in the preventing of the smuggling of arms and ammunition through its sea and territory into Persia or to the Arab tribes along the southern coast of the Persian Gulf. Such being the case, Persia is more interested in the suppression of trade in arms and ammunition in the Persian Gulf than any other nation. As an instance I may mention one or two cases of the arrest two years ago by Persian Custom Houses at ports on the Persian Gulf of foreign boats carrying arms and ammunition to certain tribes on the southern coast of the Persian Gulf. Nobody can dispute the Persian Government's power of control when nine armed ships of the most modern type with trained officers and sailors are maintaining perfect and strict order all over the Persian Gulf.

The very fact that the League of Nations has recognised the justice of the claims of the Persian Government and its objection to Article 3 of the Convention and referred the Persian claims to the Disarmament Committee, which in turn has admitted their justice and voted for the revision of Article 3 of the Convention (as recorded on page 5 of the Committee's report of 1933) leaves no doubt as to the gross injustice in including the Persian Gulf in the special zones. Such being the case, ratification of such a treaty by the United States Senate and Government, which have won the confidence and admiration of the world by their strict justice and disinterestedness, which characterizes their dealings in all international affairs, as well as their support of small nations, will shock the confidence not only of Persia but of all the nations which have voted against Article 3 of the Convention.

Persia asks for nothing but justice and the freedom of the only sea by which she has access to other continents to continue her peaceful commercial relations. The Government of the United States can justly postpone a little longer, pending the revision of Article 3, without incurring injustice by ratifying a treaty, the gross injustice of which is already admitted by the League and the Committee on Disarmament.

At the seventh meeting of the League of Nations, held October 18, 1932, Chairman M. de Scavemius stated as follows: In regard to the Persian request that the Committee should pronounce on the desirability of modifying the 1925 Convention, it should be noted that the

Convention [*Committee?*] had already received several requests for the amendment of the Convention and that consequently the Persian delegates' request had been met; and after a long discussion the Chairman said that, after consulting the meeting on this point, he noted that the Committee accepted the principle of recommending the revision of the 1925 Convention.

500.A14/641

The Secretary of State to the Persian Minister (Djalal)

WASHINGTON, May 19, 1934.

MY DEAR MR. MINISTER: I am in receipt of your note of May 16, 1934, together with its enclosures, in regard to the Arms Traffic Convention of 1925. Due note has been taken of the objections of your Government to that Convention, which are set forth in the memorandum which you enclose. You have undoubtedly now received my note of the same date in which I explained the position of this Government in regard to the Convention and to the objections of your Government to certain provisions thereof. I hope that this note has removed any misconception which your Government may have placed upon the desire of this Government to secure some measure of international supervision and control of the international traffic in arms through the ratification of this Convention.

I am [etc.]

CORDELL HULL

500.A14/659

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 25, 1934.

The Persian Minister called again in connection with the Arms Traffic Convention now before the Senate. He insisted that it would be illegal for this Government to ratify the Convention in its original form because Article 3 had already been revised by agreement among the powers; he said that he had already discussed the matter with Senator King and, I believe, with some other Senator and that it would be a simple matter to attach a clause to the treaty as follows: "Subject to the revision voted by the League Committee on Disarmament with reference to Article 3." Not knowing precisely the subject matter of Article 3 and especially of the so-called League action in its connection, I said nothing more than that I would look into the matter though I was very doubtful that there was anything which we could properly do in the circumstances.

WILLIAM PHILLIPS

500.A14/655

The Persian Minister (Djalal) to the Secretary of State

WASHINGTON, May 26, 1934.

YOUR EXCELLENCY: Having been the victim of an accident and having been helplessly confined to my room since the twelfth instant, I take this opportunity to acknowledge Your Excellency's communication of May 19, 1934, and have the honor to state that I have telegraphed the content of the above-mentioned communication as well as Your Excellency's sincere sympathies and good-will to my Government, which will no doubt communicate their reply. As soon as I have received it, I shall inform Your Excellency.

Meantime, your desire to render all possible help and justice to the Persian Government with reference to Article 3 [*Chapter III*] of the Convention of 1925 encourages me to submit to Your Excellency my Government's view as plainly as possible.

The Persian Government's expectation of the United States, which has neither political nor naval interest in the matter, and in doing justice toward small nations has gone so far as to renounce its own treaty rights over certain countries, is to show the Persian Government full justice in this case and render them active support, but not as in the present manner; that is, to take active part in ratifying a Convention prejudicial to Persian national rights and the law of Nations and assure future passive support to Persia by a promise that their representatives in Geneva will not oppose any revision that may be put forward with reference to Article 3. Not only is such passive support short of the Persian Government's expectation of full and active justice, but, as the Convention is drawn up by the members of the League, and the League itself, having admitted the objection of the Persian Government, has decided on the revision of Article 3; such being the case, the ratification by the American Government (which is not a member of the League) before the revision of Article 3 not only gives the impression of an unfriendly action but the legality of such ratification is open to question.

Therefore, if the Government of the United States feels compelled to hurry up the case, they can achieve their end by taking a more just and lawful course; that is, by ratifying it subject to the revision decided by the League.

With one short message from Your Excellency to the Foreign Committee that condition can easily be added to the ratification, and the Persian Government will be among those small nations who have already experienced the thrill of active justice on the part of your Government through Your Excellency's decision.

Very sincerely yours,

G. DJALAL

500.A14/659

*The Under Secretary of State (Phillips) to the Persian Minister
(Djalal)*

WASHINGTON, May 29, 1934.

MY DEAR MR. MINISTER: Since our conversation on May 25, 1934, I have made a careful study of the questions which you raised in regard to the Arms Traffic Convention of 1925, and I have considered with attention the restatement of the position of your Government contained in your note of May 26. An examination of the records of the Department has failed to reveal that either the League of Nations or the General Disarmament Conference has arrived at any decision in regard to a revision of Chapter III of the Convention. The Report on Progress of Work of November 12, 1932, of the Committee for the Regulation of the Trade in and Private and State Manufacture of Arms and Implements of War of the Disarmament Conference refers to the declaration of the Persian Delegation, in regard to the Convention, and states that if this objection is to be met, it will be necessary to amend certain provisions thereof. The Report continues "The Committee, recognizing the Persian Government's difficulty, stated that it was prepared to take the Persian proposal into consideration when the Convention comes to be examined with a view to its revision."¹³ This Government is entirely in accord with the position of the Committee in regard to this matter, and, in any discussions of the revision of the Convention, our Delegation at Geneva will consider with the utmost sympathy the objections of your Government to Chapter III of the Convention.

You will have noted the final paragraph of the President's Message to the Senate of May 18,¹⁴ in which he said: "It is my earnest hope that the representatives of the nations who will reassemble at Geneva on May 29 will be able to agree upon a Convention containing provisions for the supervision and control of the traffic in arms much more far-reaching than those which were embodied in the Convention of 1925." You will have noted also that Mr. Norman Davis, in his speech before the General Commission of the Disarmament Conference on May 29¹⁵ stated that this Government was ready to join in measures for suppressing the evils arising from the private manufacture of and the international traffic in arms and that it "is prepared to negotiate in connection with disarmament a treaty that would deal drastically with this problem."

¹³ League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. II, p. 433.

¹⁴ *Congressional Record*, vol. 78, pt. 8, p. 9095.

¹⁵ *Ante*, p. 79.

The treaty which we have in mind would consist in part of a revision of the Arms Traffic Convention of 1925, and we hope that in carrying out that revision, a solution will be found which will be entirely acceptable to your Government.

I am [etc.]

WILLIAM PHILLIPS

500.A14/660

The Under Secretary of State (Phillips) to the Persian Minister (Djalal)

WASHINGTON, June 4, 1934.

MY DEAR MR. MINISTER: I acknowledge the receipt of your note of May 28, 1934,¹⁸ with further reference to the objections of your Government to the Arms Traffic Convention of 1925.

In reply, I invite your attention to my note of May 29, 1934, in which I restated in some detail the position of this Government.

The type of reservation which you suggest would not be possible under our constitutional procedure. The action most appropriate in the circumstances would, therefore, appear to be ratification of the Convention by this Government coupled with continued efforts at Geneva to secure its revision.

I am [etc.]

WILLIAM PHILLIPS

500.A14/661

The Persian Minister (Djalal) to the Under Secretary of State (Phillips)

WASHINGTON, June 5, 1934.

MY DEAR MR. PHILLIPS: I have the honor to acknowledge the receipt of your letter of May 29, 1934, as well as your letter of June 4, 1934, and to say that I communicated by telegram the content of your first note explaining your Government's point of view about the Convention of 1925 and your ultimate decision to change it by a more impartial and just Convention. I have also communicated the purport of your last note explaining that the reservation which my Government desires would not be possible under constitutional procedure and that the action most appropriate in the circumstances would, therefore, appear to be ratification of the Convention by this Government coupled with continued efforts at Geneva to secure its revision.

I avail myself [etc.]

G. DJALAL

¹⁸ Not printed.

500.A14/661

*The Secretary of State to the Chairman of the American Delegation
to the General Disarmament Conference (Davis)*

WASHINGTON, June 14, 1934.

SIR: I refer to my instruction of June 5, 1934,¹⁷ and enclose, for your personal and confidential information, a copy of a note of June 5, 1934, from the Persian Minister in this capital,¹⁸ in regard to the Arms Traffic Convention of 1925.

Your attention is invited to the fact that the "ultimate decision" ascribed by the Minister to this Government is not entirely in accord with the statements made in the notes which he acknowledges. Should any statement of the Persian Delegate in Geneva, in regard to the position of this Government in this matter, represent inaccurately our position in such a manner as to cause possible embarrassment, you are authorized to use the statements made in our notes of May 16, May 19, May 29 and June 4, 1934, to the Persian Minister in such a manner as your discretion may dictate.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

500.A14/670a

*The Secretary of State to the Chairman of the Senate Committee on
Foreign Relations (Pittman)*

WASHINGTON, June 15, 1934.

MY DEAR SENATOR PITTMAN: I was greatly disappointed to learn this morning that the Senate had accepted Senator King's reservation¹⁹ to the Arms Traffic Convention of 1925. After our telephone conversation on Wednesday, I had hoped that you might find it possible to bring about the defeat of that reservation.

This reservation is, I feel sure, based upon a misconception of the terms of the Convention and upon a lack of knowledge of the geographical and political situation in the region of the Persian Gulf. It is highly objectionable in substance in that it would appear to recognize alleged Persian rights, which neither this Government nor any of the European Governments would be prepared to recognize. The Persian Gulf is approximately 500 miles long, with an average width of 200 miles. The Straits of Hormuz at the entrance are over 50 miles wide. The Gulf is in no sense an inland body of water; it is a large and important arm of the Sea, of which the shores are shared

¹⁷ *Ante*, p. 102.

¹⁸ *Supra*.

¹⁹ See telegram No. 162, June 20, 7 p. m., to the Chairman of the American delegation, p. 461.

by eight powers. Persia has no rights beyond the three mile limit which are not shared by all the other powers on the globe. There seems to be a vague idea in some quarters that the Persian Gulf belongs to Persia because of its name. On this theory Mexico would exercise sovereign rights over the Gulf of Mexico, Japan over the Sea of Japan, India over the Indian Ocean, et cetera, et cetera. There is nothing in the Convention which grants any special privileges in the matter of search to any of the Signatory Powers and Persia could share those privileges by ratifying the Convention. Territorial waters are specifically excluded from the zone in which the right of search may be exercised.

Apart from its specific substance, the reservation is objectionable in that such a reservation by this Government would postpone indefinitely the coming into effect of the Convention, as we could never conceivably obtain consent to this reservation on the part of other signatory powers. The putting into effect of this Convention is an essential item in the announced foreign policy of the President and an item in which he has expressed particular interest.

I should greatly appreciate it if you could find it possible to bring about a reconsideration of this reservation and the ratification of the Convention without it. In compliance with my instructions, Mr. Joseph C. Green of the Division of Western European Affairs, has already spoken to you in regard to this reservation and I have directed him to hold himself entirely at your disposition should you wish any further information concerning it or concerning the position of the Department in regard to it.

As Senator Robinson of Arkansas has spoken to me about this reservation, I am writing him also in regard to it.

Sincerely yours,

CORDELL HULL

500.A14/674

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] June 18, 1934.

I telephoned Senator Robinson this morning to inquire whether anything could be done to eliminate the reservation to the resolution by which the Senate gave its advice and consent to ratification of the Convention for the Supervision of International Trade in Arms, Ammunition and Implements of War, which was proposed by Senator King and agreed to by the Senate.

The Senator told me that he had been prepared to resist Senator King's reservation, but that unfortunately at the time of consideration he had been called to the White House by the President; he expressed the opinion that nothing could now be done about it inasmuch as Senator Pittman was "violently opposed" to any re-consideration and as

Senator King had stated that he would keep the Senate in session all summer if any attempt were made to have his reservation withdrawn. Under these circumstances, I agree with the Senator that it did not seem as if anything could be done.

WILLIAM PHILLIPS

500.A14/670

*Memorandum by Mr. Joseph C. Green of the Division of Western European Affairs*²⁰

[WASHINGTON,] June 19, 1934.

In accordance with precedent, the procedure in connection with the ratification of the Arms Traffic Convention of 1925 would be as follows:

The Senate's resolution giving advice and consent with reservations to ratification certified by the Secretary of the Senate, and the original certified copy of the Convention have been received in the Department. No action can be taken by the President until the ratification with reservations has been drawn up in the Department and submitted to him for signature. When the President has signed, the ratification with reservations will be sent to our Embassy in Paris for transmission to the French Government, which is the depository of the ratifications. The French Government will thereupon circularize the other signatory Powers, informing them of the ratification by this Government and of the text of the reservations. The League of Nations will publish the fact of ratification and the text of the reservations. This Government's ratification with reservations would not be valid until it has been specifically accepted by the other parties to the Convention.

There is no way by which the President could ratify the Convention without the reservations and without transmitting them to the French Government for circulation.

This memorandum has been concurred in by Le—Mr. Hackworth; TD—Mr. Barnes; NE—Mr. Murray; and WE—Mr. Moffat.

JOSEPH C. GREEN

500.A14/670c: Telegram

The Secretary of State to the Chairman of the American Delegation (Davis)

WASHINGTON, June 20, 1934—7 p. m.

162. Our 429, June 7, 7 p. m.²¹ The Senate on June 15 gave its advice and consent to ratification but added the following reservation:

²⁰ Noted by the Secretary and Under Secretary of State.

²¹ *Ante*, p. 111.

“ . . . subject to the reservation that the said convention shall not come into force so far as the United States is concerned until it shall have come into force in respect to Belgium, the British Empire, Czechoslovakia, France, Germany, Italy, Japan, Sweden, and the Union of Soviet Socialistic Republics, and with the further understanding that such adherence to this treaty shall not be construed as denying any right of sovereignty which the Kingdom of Persia may have in and to the Persian Gulf or to the waters thereof.”

The portion of this reservation which pertains to the Persian Gulf was unsuccessfully opposed by the Department.

The Department will telegraph when the President ratifies.

HULL

500.A14/671 : Telegram

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

GENEVA, June 21, 1934—1 p. m.
[Received June 21—9: 25 a. m.]

910. Your 162, June 20, 7 p. m. I share the concern of the Department in respect of that portion of the reservation which pertains to the Persian Gulf.

Negotiations are advancing with some measure of success in respect to manufacture of and trade in arms.²² The British delegation though somewhat reluctant is acquiescing in the program which we are sponsoring. Attaching as they do high importance to the special provisions of the Treaty of 1925 the Senate's reservation may make them still more reluctant to acquiesce in provisions in the Disarmament Convention for a comprehensive control in respect to the production of and trade in armaments which may involve amendments to the 1925 Convention.

I recognize the value [in?] its external effect of our ratification of the 1925 Convention but the reservation respecting the Persian Gulf raises so many difficulties both immediately and in respect to international law that I hope the President will consider whether in view of all the circumstances he should permit it to become law.

Repeated to London for Davis.

WILSON

²² For correspondence covering this phase of the General Disarmament Conference, see pp. 120 ff.

500.A14/671 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, June 22, 1934—4 p. m.

438. Your 910, June 21, 1 p. m. I have not as yet recommended to the President that he ratify the Convention, and no action will be taken until we are in receipt of further information in regard to the probable attitude of other parties to the Convention toward that portion of the reservation which pertains to the Persian Gulf. Please ascertain discreetly from persons in Geneva, whose opinion may be of value, the probable effect of ratification with this reservation (*a*) upon the time at which the Convention could become effective and (*b*) upon the negotiations now proceeding with a view to the inclusion in the General Disarmament Convention of provisions pertaining to the international traffic in arms.

You may point out that the reservation literally interpreted has little if any significance. It does not ascribe to Persia any rights which she does not already possess. You may also point out that ratification with this reservation would not imply any intention on the part of this Government either the Senate or the President to interfere with the *status quo* in the Persian Gulf or to take any part whatever in any disputes which have arisen or may arise in respect to rights to territory in that part of the world.

Telegraph fully.

HULL

500.A14/675 : Telegram

The American Delegate (Wilson) to the Secretary of State

GENEVA, June 23, 1934—2 p. m.
[Received June 23—10:15 a.m.]

912. Your 438, June 22, 4 p. m.

(1) On receipt of your telegram I discussed this matter very informally with Malkin.²³ He disclaimed any deep knowledge of the subject but stated that for many years the British had exercised certain rights of visit and search in the Persian Gulf presumably on the basis of agreements anterior to 1925; that he could see no legal effect in the Senate's reservation. He added that he thought the only effect of the reservation would be political in that it would make the Persians even more difficult than they are at present and would stiffen their attitude by the knowledge that their cause had found support in the United States.

²³ Sir H. W. Malkin, Legal Adviser to the British Foreign Office.

(2) I question whether I can pursue this matter further here to a useful purpose and without running the risk of publicity on the question. I venture to suggest that the British Government could be more adequately sounded on the matter through our Embassy at London.

(3) Further, the treaty of 1925 provides that the French Government is the depositary of ratification therefore presumably it would be for the French Government to decide whether the reservation by the Senate would make it necessary to circulate the powers which have already ratified the treaty asking them whether they accepted the Senate's reservation. In the possibility that you may desire to consult the Embassies in Paris and London I am sending copies of the pertinent telegrams to them.

(4) I venture further to state that my reading of the reservation shows ambiguity in the use of the phrase "such adherence". In accordance with the phraseology this might be interpreted as meaning that we would not accept the treaty unless the States named accepted our "understanding" respecting the Persian Gulf.

(5) Concerning point (b) first paragraph your 438 at this moment I cannot amplify what I reported in my 910. However, the problem of gun running in the Persian Gulf is so important to the Indian Government that any act having even indirect effect upon it must give serious concern to the British Government. I will of course report any further developments.

WILSON

500.A14/675 : Telegram

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

WASHINGTON, June 25, 1934—6 p. m.

251. No. 912, June 23, 2 p. m., from Amdelgat, Geneva, to the Department, and previous telegrams in regard to the Senate's reservation included in the resolution giving advice and consent to the ratification of the Arms Traffic Convention of 1925.

Please discuss this matter fully and confidentially with the Foreign Office with a view to ascertaining the reaction of the French Government to possible ratification by this Government, with the reservation. You may point out that the reservation literally interpreted has little if any significance. It does not ascribe to Persia any rights which she does not already possess. You may also point out that ratification with this reservation would not imply any intention on the part of either the President or the Senate to interfere with the *status quo* in the Persian Gulf or to take any part whatever in any disputes which have arisen or may arise in respect to rights to territory in that part of the world.

Would the French Government consider it necessary to obtain the acceptance of this reservation by the other contracting parties?

Repeat *mutatis mutandis*—except the final paragraph—to London as No. 267.

HULL

500.A14/675 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, June 25, 1934—6 p. m.

439. Your 912, June 23, 2 p. m. The Department is instructing the Ambassadors in London and Paris to sound out the Governments to which they are accredited.

The Department does not attach any special significance to the phrase "such adherence". It is believed that that phrase was erroneously used where "such ratification" was intended and that it refers to ratification by this Government.

HULL

701.9111/412

Memorandum by the Secretary of State

[WASHINGTON,] June 26, 1934.

The Persian Minister called at my invitation. I inquired of him how long he had been in the Diplomatic Service, and he replied for thirty-five years. I then stated that what I was about to say to him was not in any sense a reference to, much less a criticism of, any members of either House of Congress; that I myself had served with them for twenty-four years and on account of long association, and friendship, and understanding no differences could arise between us; and that in fact, as stated, these of my remarks did not directly or indirectly have any members of Congress in contemplation.

I then addressed the Minister and stated that under the laws of the United States, the foreign affairs of my Government were conducted primarily through the State Department, and that it was inexcusable on his part to go over the heads of the State and the entire Executive Department and go to members of the Senate and present his views and the views of his Government in regard to a proposed reservation by the Senate to a pending treaty, about to be voted upon, without the knowledge of the State Department and without any opportunity on the part of the State Department to give to the Senators, thus approached, such comment and views upon and in reply to the representations thus made by the Persian Minister to the Senators.

I added that the Minister of course knew that no government could conduct its foreign affairs in this sort of fashion, and that any repetition of such practice by the Minister and his Government would necessarily be treated much more seriously than in the present instance.

The Minister did not deny that he had conferred with and presented data in support of his contention to Senators without the State Department having any chance to know what he was thus presenting or to comment upon it. His chief plea was that other governments permitted any and all kinds of conferences with members of the parliamentary branch of government and representations in the most *ex parte* manner to them touching the contentions of a foreign government about a given question pending. I of course replied that it was unnecessary to go into the merits of the practices of other governments in any sense; that the law was very definite as to the method of conducting the foreign affairs of my Government.

I concluded with the statement that my remarks to the Minister had nothing to do with the merits of the Small Arms Treaty pending in the Senate, nor to the Reservation presumably in behalf of the Persian Government that was attached to the Treaty before its ratification; but that I was simply making it clear to the Minister that it was not possible for this Government at least to conduct its foreign affairs in the manner undertaken by the Minister and his Government in connection with the recent consideration of the Small Arms Treaty instead of first by the Executive Branch of the United States Government and then by the United States Senate.

C[ORDELL] H[ULL]

701.9111/412

The Secretary of State to the Minister in Persia (Hornibrook)

No. 22

WASHINGTON, June 28, 1934.

SIR: I am enclosing herewith a copy of a memorandum²⁴ of a conversation which I had with the Persian Minister on June 26, 1934, the contents of which are self-explanatory.

Upon receipt of this instruction I desire you to seek an interview with the Foreign Minister and, stating that you are acting under instructions from your Government, read aloud to him the text of my memorandum. You should, however, refrain from leaving with the Foreign Minister any copy of this memorandum or any *aide-mémoire* on the subject.

I should be glad to have you report by mail any comment which the Foreign Minister may make in this connection.

Very truly yours,

CORDELL HULL

²⁴ *Supra.*

500.A14/680 : Telegram

*The Ambassador in Great Britain (Bingham) to the Secretary of State*²⁵LONDON, July 7, 1934—1 p. m.
[Received July 7—8:30 a. m.]

391. Department's 267, June 25, 6 p. m.²⁶ Matter has been discussed with Foreign Office. They agree readily that reservation has no substantial significance but fear that its effect on intensely nationalist Persian Government will be to encourage them in allegedly preposterous claims to islands on Arabian coast of the Gulf, and render more difficult proper policing of its waters. They will instruct British Embassy at Washington to approach the Department informally with a view of ascertaining background and reasons for adoption of reservation. Officials of the Foreign Office with whom the matter was discussed did not appear to be greatly disturbed as to any general effect the reservation might have upon the enforcement of the convention nor did they think it had any technical significance which will require its acceptance by the other contracting parties. They seemed genuinely to feel however that Great Britain's difficulties in dealing with the Persian Government would be greatly enhanced. They also appear unable to understand why the United States Senate felt it necessary to adopt the reservation as the convention impinges in no way on the sovereignty of Persia in her own territorial waters.

BINGHAM

500.A14/684

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*²⁷

[WASHINGTON,] July 12, 1934.

Mr. F. D. G. Osborne, Counselor of the British Embassy, called by appointment on me this morning to say that he had been instructed by his Government to make informal inquiry as to the background and reasons for the reservation regarding the Persian Gulf which was added by the Senate in giving its advice and consent to the Arms Traffic Convention of 1925.

²⁶ Telegram No. 292, July 10, 2 p. m., to the Ambassador in Great Britain, contained the following instruction: "Your No. 391, July 7, 1 p. m. Repeat to AmEmbassy, Paris and to American delegation, Geneva. Hull."

²⁸ See last paragraph of telegram No. 251, June 25, 6 p. m., to the Ambassador in France, p. 464.

²⁷ Copies sent to the Embassies in France and Great Britain and to the American delegation to the General Disarmament Conference, Geneva.

Mr. Osborne stated that the British Foreign Office, and in particular Mr. Oliphant, Assistant Under Secretary of State who handles Persian Affairs, appeared very much upset over the Senate's reservation and feared that this development would complicate Anglo-Persian relations and render the Persians even more intractable than they are at the present time.

I repeated to Mr. Osborne what we have already stated to the British Government, namely that the reservation literally interpreted has little if any significance; that it does not ascribe to Persia any rights which she does not already possess; and that ratification with this reservation would not imply any intention on the part of either the President or the Senate to interfere with the *status quo* in the Persian Gulf or take any part whatever in any disputes which might have arisen or may arise with respect to rights to territory in that part of the world. I also informed Mr. Osborne that the Department was not advised of the possibility of this reservation being passed by the Senate until very shortly before it was done and that the Department had endeavored to prevent it; that, furthermore, the Senate reservation was adopted, without discussion and with no apparent concern as to its significance, if any, during the last moments of a crowded session. Mr. Osborne replied that he was glad to know this since his Government seemed to believe that the Senate had sat all day in solemn session discussing Persian affairs and after mature consideration had decided to intervene in that part of the world. He said he felt sure he could dispel any misunderstanding which his Government might have on that score.

Mr. Osborne also seemed unaware of the fact that the Convention had not yet been ratified by the President and seemed relieved to learn of the fact.

I took the occasion during my conversation with Mr. Osborne to inquire as to the accuracy of the statement made to Mr. Phillips by the Persian Minister to the effect that "it was usual for a foreign diplomatic representative to discuss matters which had been submitted to the Foreign Office with members of Parliament and to endeavor to solicit their interest and support; that frequently cases arose when the Foreign Office was unresponsive to a foreign representative's request and that approach was therefore made in the ordinary routine to members of Parliament." Mr. Osborne replied that no such procedure was in practice in Great Britain and that the Foreign Office would most certainly object if any foreign representative attempted to negotiate over its head with members of Parliament. He added that no member of Parliament would, of course, ever take action on behalf of a foreign representative in London without first gaining the approval of the Foreign Office.

WALLACE MURRAY

500.A14/685 : Telegram

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

PARIS, July 20, 1934—10 a. m.
[Received July 20—7:42 a. m.]

539. Department's 293, July 18, 6 p. m.²⁸ I saw Massigli²⁹ yesterday afternoon who said that with respect to first part of the reservation France had no objection either as to matter or form. As to the second part concerning the Persian Gulf although they felt that the matter was irrelevant they had no objection to its basic meaning but on legal grounds felt that it would be necessary for France as the depositary of the ratifications of the treaty to obtain the consent of all the other parties to the treaty to this reservation. He likewise feared that the just consideration of special reservations of this kind might induce a great variety of reservations on the part of other powers.

He was sorry that Barthou's³⁰ absence in England and subsequently in the south of France had delayed this informal answer.

Copies to London and Geneva.

MARRINER

500.A14/690

Memorandum by the Secretary of State

[WASHINGTON,] August 9, 1934.

The Persian Minister called and stated that he had received a communication from his government about the Senate reservation to the Small Arms Treaty referring to the jurisdiction over the Persian Gulf as it affects Persia and England. This was presumably inspired by the transmission to the American Minister to Persia of a copy of my reprimand³¹ of the Persian Minister in Washington on account of his going over the head of the State Department and endeavoring to secure a Senate reservation [by personal contact with Senators King and Pittman, particularly the former.]³² The Minister said that his Government regretted the incident and at the same time it was obliged to feel appreciative of what had been done by the Senate with respect to the adoption of the reservation, to the effect that the ratification of the Small Arms Treaty should not be construed as affecting any rights

²⁸ Not printed.

²⁹ Assistant Director of Political Affairs, French Foreign Office.

³⁰ French Minister for Foreign Affairs.

³¹ See memorandum by the Secretary of State, June 26, p. 465.

³² Marginal note in the original to bracketed clause: "omitted in copy of memo[ram] sent to Leg[at]io[n] at Teheran."

that Persia might have in and to the waters of the Persian Gulf, etc. He said that his government desired very earnestly to urge that the President ratify this Treaty with the Senate reservation intact. This he repeated many times, stating in each instance that this Treaty without reservations would unquestionably infringe upon the rights of Persia in the Persian Gulf; that it was not possible to ratify the Treaty without a reservation without at the same time dealing with the jurisdiction of Persia over the Gulf and settling the matter on its merits against Persia.

I replied that I would first repeat my condemnation and that of my Government of the tactics of the Minister in going over the head of the State Department as aforesaid; that such action was unjustifiable, and, from my viewpoint, inexcusable; that it only confuses the situation, especially in this instance, without getting any results, to say nothing of the bad taste on the part of the Minister in pursuing such tactics.

I then stated that the different notes I sent the Minister and his government fully explained the attitude of the United States Government then and now; that our paramount purpose was to promote small arms reduction by cooperating in the ratification of the Treaty of 1925; that it was not our purpose to take any part between his government and any other government with respect to individual controversies; that we proposed to ratify the Small Arms Treaty without reservation, and, as my different notes assured the Minister and the Persian Government, if, by any possibility or any particular construction, any error or mistake should reveal itself, my government would be ready in a separate meeting or conference or proceeding to take any and all steps necessary to do justice in the matter. I added that this was still the attitude of my government. I stated that the President would naturally go over the entire record in determining whether he would or would not ratify the Treaty with the Senate amendment; and that it would then remain to be seen whether, in the event the Treaty should be passed on to the French Government as the depository, other governments would be circularized and what would be their action.

The Minister of course insisted that the Treaty should be killed, for the reason that it undertakes to settle in England's favor by implication at least more or less of the claims of Persia to jurisdiction over the Persian Gulf and its islands.

I again repeated to him the position of this government and declined to indicate to him that I would recommend to the President anything in the least different from the position the State Department has occupied in this matter from the beginning.

C[ORDELL] H[ULL]

500.A14/694

The Persian Minister (Djalal) to the Secretary of State

WASHINGTON, August 11, 1934.

YOUR EXCELLENCY: In order to prepare a memorandum to serve as a reference for Your Excellency, I venture to put on record the principal points in the conversation which I had the honor of having with you last Thursday.³³

Your Excellency maintained that the object in ratifying the Convention of Geneva of 1925 without any reservation was, "to maintain the neutrality of the American Government in a dispute between the Persian Government and that of England, and afterwards, to proceed with drafting another convention with reference to the arms traffic, favorable to Persia; and that in case of making a reservation in favor of Persia, in order to maintain our neutrality we had to make the reservation in favor of England as well." Whereupon I pointed out that England does not have, and never has had, any coastal territory on any side of the Persian Gulf to give her a single claim of sovereign rights in the Persian Gulf.

For imperialistic motives she thrust herself in the Persian Gulf at the time when Persia was weak, forcing and inducing by all possible means, certain sheikhs along the Southern coast of the Gulf, and in the islands in the Gulf, to enter into treaty relations with her to the detriment of the sovereign rights of Persia. On the other hand, the territory all along the Northern coast, together with numerous islands scattered throughout the Gulf, is Persian territory. Therefore, to give England any sovereign right, much less to put her on an equal footing with Persia, is wholly unjustifiable and incomprehensible; and to ratify a treaty which is purposely designed to encroach on Persian sovereign rights in the Persian Gulf, will show inexcusable partiality to the imperialistic motives of England.

Furthermore, to put the Persian Gulf (more than half of its coast constituting Persian territory; with numerous islands scattered all over the Gulf, all properly organized, with customs houses established in all ports; with regular naval communication; and a navy of the most modern type to control the Gulf waters) on the same footing with the Red Sea (both coasts of which are inhabited by a semi-savage people, without proper authority, navy, or even customs houses) by placing it in a special zone, is not only a gross injustice but insulting to the Persian people and Government.

Such a crafty convention is made purposely, no doubt, to give England her desired ends. Knowing that the Persian Government would never submit to such a humiliation by signing the Convention

³³ See memorandum by the Secretary of State, August 9, *supra*.

in which the Persian Gulf is placed in a prohibited zone, and there being no other signatory power which may have an interest in the Persian Gulf or have a navy to control the arms traffic, this function and duty will automatically fall to the British Government, who will alone control the Persian Gulf under the pretension of having the mandate of all the Governments. Such humiliation has even been spared to the African states such as Egypt, Libya, Algeria, Ethiopia, etc., which are exempted from the prohibited zone in the Geneva Convention.

A few weeks ago, when, under your suggestion, I discussed with Mr. Green the unjustifiability of putting the Persian Gulf in the prohibited zone, the latter remarked that it was necessitated and justified by the fact that the Southern coast is inhabited by semi-savage Arabs. Whereupon I observed, "Then why are the African coast and port of Alexandria not included in the zone?" Mr. Green replied that the Egyptian people are all civilized. When I proved to him that the scale of civilization of the Egyptian tribes, is lower than that of the inhabitants of the Southern coast of the Persian Gulf, Mr. Green observed that since the waters of the Alexandria port were under British control, there was no necessity for such a step. Thereupon I retorted, "Now we have touched the point! Wherever it is under British control, no matter how savage may be the inhabitants, it should be exempted from the prohibited zone; but wherever it is not already controlled by England, in order to place it under her domination, it should be included in the prohibited zone."

As I mentioned to you, in spite of the fact that Persia has in her possession all possible means of controlling the Gulf, Persia is ready to cooperate with England in controlling the arms traffic in the Gulf, on the condition that the Persian Gulf be removed from the prohibited zone.

The latest report from our representative at the League of Nations³⁴ is to the effect that the League of Nations Committee,³⁵ including the American representative,³⁶ voted for the revision of the Geneva [Convention]. They also made certain alterations in the Convention which were approved by the American representative on the Committee. One of the alterations was with reference to the prohibited zone, the Committee proposing that it should be confined to the Red Sea and the Gulf of Aden, and that the Persian Gulf and the Gulf of Oman be exempted from the prohibited zone. They proposed

³⁴ Colonel Ali Khan Riazi.

³⁵ Presumably the Committee for the Regulation of the Trade in and Private and State Manufacture of Arms and Implements of War, General Disarmament Conference. For minutes of meeting, July 2, see League of Nations, Conference for the Reduction and Limitation of Armaments, *Conference Documents*, vol. III, pp. 896-901.

³⁶ Hugh R. Wilson.

further that control of arms traffic in the Persian Gulf should be left to an arrangement or agreement between Persia and England.

That is the decision of the League of Nations Committee in which your representative has participated, and which he has approved.

Such being the case, as I have mentioned above, I am sure Your Excellency will agree that the ratification of the Geneva Convention without reservation not only will be interpreted as support of English imperialistic motives and aggression in Persian waters and territory, but will also strengthen the validity of the Geneva Convention in the eyes of the world. And England, finding her position so strengthened, will refuse to replace that convention by the one which you have in mind.

I and my Government are sure that such is not the intention of the American Government, especially under the Presidency of Mr. Roosevelt, who has done and is doing a great work for the freedom of all nations. The President's action in renouncing the American treaty rights in Cuba,³⁷ Haiti,³⁸ and other South American countries, and giving them complete freedom and satisfaction, are shining examples of that fact.

In the course of the conversation Your Excellency also mentioned that as some other Governments have ratified the Convention without reservation, making a reservation on the part of the United States would be an exception to the rule. As I remarked verbally, those who ratified the Convention without reservation did so without knowing the real facts and without realizing the injustice which they were doing to Persian national rights. When they heard the complaint and explanation of the Persian representative in the League of Nations, they gave their approval and consent to the revision of the Convention.

But the case is quite different with your Government. Your Government is aware of the Persian complaints and the injustice that is designed in drafting the Convention against Persian Sovereign rights; and your representative in the Committee of the League of Nations has agreed and approved, as I mentioned above, the recommendation of the Committee for a revision, and exclusion of the Persian Gulf and that of Oman, from the prohibited zone.

Therefore, to ratify the Convention without reservation will give the impression to the whole world, not only of deliberate action on the part of your Government against neutrality, but of deliberate backing of the Imperialistic designs and motives of the English Government.

³⁷ For text of treaty, see vol. v, section under Cuba entitled "Treaty of Relations Between the United States and Cuba, Signed May 29, 1934."

³⁸ For correspondence concerning the Agreement of August 7, 1933, see *Foreign Relations*, 1933, vol. v, pp. 691 ff.

I sincerely hope that Your Excellency will, as you promised, explain all these facts to His Excellency Mr. Roosevelt, and prove to him that the only just course lies in signing the ratification with the reservation already passed in the Senate, with unanimity, which demonstrated to the world the sense of justice of the American people.

Availing myself [etc.]

GHAFFAR DJALAL

500.A14/675 : Telegram

The Secretary of State to the American Delegate (Wilson)

WASHINGTON, August 14, 1934—6 p. m.

444. Your 912, June 23, 2 p. m. A note of August 11 from the Persian Minister reads in part as follows:

“The latest report from our representative at the League of Nations is to the effect that the League of Nations Committee, including the American representative, voted for the revision of the Geneva [Convention]. They also made certain alterations in the Convention which were approved by the American representative on the Committee. One of the alterations was with reference to the prohibited zone, the Committee proposing that it should be confined to the Red Sea and the Gulf of Aden, and that the Persian Gulf and Gulf of Oman be exempted from the prohibited zone. They proposed further that control of arms traffic in the Persian Gulf should be left to an arrangement or agreement between Persia and England.

That is the decision of the League of Nations Committee in which your representative has participated, and which he has approved.”

What justification is there for any of these statements? Please telegraph fully referring to Conference Documents when possible.

HULL

500.A14/705

The Minister in Persia (Hornibrook) to the Secretary of State

No. 179

TEHERAN, August 15, 1934.

[Received September 20.]

SIR: I have the honor to report that on August 13th, Mirza Mohsen Khan Rais, Chief of the Treaty Division of the Foreign Office, called at the Legation by appointment and announced that he had been authorized by the Minister for Foreign Affairs to discuss the Persian position in regard to the Arms Traffic Convention of 1925.

Mr. Rais stated that when the Convention was signed in 1925 the Persian Delegate to the League³⁹ had not only protested against the formulation of the Convention in the terms then adopted, but had confirmed such protest by leaving the session of the League at which

³⁹ Prince Arfa, Mirza Riza Khan; see League of Nations, *Records of the Sixth Assembly: Plenary Meetings, Text of the Debates*, pp. 55-56.

the same was considered. "Persia", said Mr. Rais, "had never recognized the Convention; had never signed it, and never would sign it in its present form or permit the same to be applied in the Persian Gulf in so far as concerned the provisions making Persian vessels subject to search." He added that Persia was much interested in the objects sought to be attained by the Convention and was thoroughly in sympathy with its expressed purpose to restrain the traffic in arms with the Persian tribes. He further pointed out that Great Britain was also obviously interested in the traffic in arms in the Gulf on account of the desire of the latter to prevent the introduction of arms to the disaffected elements in India. He also made the significant observation that the many reservations attached to the Convention by the nations which have ratified the same have so emasculated the Convention that it will never have any force or effect.

Mr. Rais then asserted that when the Persian Minister interceded with "friends of Persia" in the United States, including Senator William H. King of Utah, it was done to safeguard Persia's interests in the Gulf through the reservation which was passed by the United States Senate. He added that the Persian Foreign Office had recently been informed by the Persian Minister in Washington that the latter had been given to understand that President Roosevelt has expressed himself as dissatisfied with the form in which the reservation had been passed by the Senate because of the fact that it took cognizance of the rights of only one nation in the Persian Gulf. The Persian Minister also advised the Foreign Office that his informant gave him to understand that such an expression of opinion from the President was not to be interpreted as indicating that the President raised any question as to the rights of Persia in that sector.

Mr. Rais then expressed his gratification because of the moral support given to Persia as a result of the action taken by the United States Senate in adopting the reservation and made the rather amazing request on behalf of the Minister for Foreign Affairs that I cable the Department expressing the very great importance which Persia attaches to the maintenance of the *status quo* in respect to the Convention and of the hope entertained by his country that the American Government would lend the same moral support to Persia's rights in the Gulf which had already been accorded by the United States Senate.

In reply to my suggestion that a matter of this character could be presented with more clarity in a regular despatch than by cable, Mr. Rais asserted that as the President would return shortly from his vacation, it was the intention of the Persian Minister to take the matter up with the Secretary of State immediately after the date of his return and therefore he very much desired that I should cable the views of the Foreign Office on this subject to the Department. Several times this request was repeated during the course of the interview

but I declined to accede to the same on the ground that these views could perhaps best be presented by the Persian Minister in Washington and that I had heretofore been specifically instructed by the Department to refrain from using the cable in reporting matters in connection with the Senate reservation to the Arms Traffic Convention.

The purpose of the interview was manifestly predicated on the idea of convincing me as to the legality of the Persian claims in the Gulf, explaining their reasons for opposition to the Arms Traffic Convention of 1925, justifying to some extent at least the inexcusable conduct of Djalal in pressing these claims before members of the Senate, and, if possible, to obtain from the Legation a friendly cable to the Department which might tend to minimize the Djalal incident and perhaps even enlist the support of the Department behind the claims of Persia in the Gulf. In other words, to nominate the American Minister to Persia as Assistant Persian Minister to Washington with instructions to draw upon the United States Government for all cable charges.

Frequent references by him to my own friendship for Persia and the major role which Senator King played in obtaining the reservation, together with what was tantamount to a request that I personally intercede in the matter, leaves no room for doubt in my mind as to the purpose which prompted Mr. Rais to visit the Chancery.

In reply to the veiled defense of the acts of the Persian Minister to Washington in connection with the passage of the Senate reservation, and in the absence of any specific and satisfactory explanation for his pernicious political activity, I informed Mr. Rais that the Djalal incident had quite naturally left rather an unfortunate impression with the Department; that the criticism of the latter's action was not based upon any question of sovereignty over the Persian Gulf, but solely upon one of the propriety of approaching members of the United States Senate on this subject; that while I would personally be only too glad to be of service in clearing up any misunderstanding between my own Government and Persia, that the questions raised in the present interview must of necessity be handled in Washington. I therefore promised to send to the Department by the next regular pouch a full and complete report of the views which he had expressed on behalf of the Foreign Office.

Respectfully yours,

WM. H. HORNIBROOK

500.A14/693a

The Secretary of State to President Roosevelt

WASHINGTON, August 15, 1934.

MY DEAR MR. PRESIDENT: In advising and consenting on June 15 to the ratification of the Arms Traffic Convention of 1925 the Senate adopted the following reservation:

“Resolved that such adherence to this Treaty shall not be construed to deny any right or sovereignty which the Kingdom of Persia may have in or to the Persian Gulf or the waters thereof.”

This action was taken at the instance of the Persian Minister in Washington who, despite the fact that he had been fully advised on several occasions that such a reservation was unacceptable, conferred with one or more members of the Senate and induced the passage of the reservation over the objections of the Department.

When the American Delegation at the Arms Conference at Geneva was informed of the adoption of the reservation, Mr. Wilson immediately telegraphed ⁴⁰ that in his opinion the reservation raised so many difficulties, both in respect to the negotiations at Geneva and in respect to international law, that he hoped you would consider whether the convention should be ratified. Upon being requested to submit his further views, Mr. Wilson reported ⁴¹ that authorities whom he had consulted in Geneva had expressed the opinion that the reservation would make the Persians even more difficult to deal with than they were at present. He also suggested the desirability of consulting the French and British Governments with respect to their attitude toward the reservation.

After consultation with the Foreign Office, the Embassy at London telegraphed ⁴² that although the British authorities felt that the reservation had no substantial significance they feared it would encourage the Persian Government in its allegedly preposterous claim to certain islands in the Persian Gulf and would render more difficult the proper policing of the Gulf waters. Subsequently the British Chargé d’Affaires in Washington, acting under instructions from London, called twice at the Department to inquire into the reasons for the reservation. Although he was assured ⁴³ that neither the President nor the Senate had any intention of interfering with the *status quo* in the Persian Gulf or of taking any part in disputes with respect to territorial questions in that area, he stated that his Government continued to be concerned and feared that the Persians would stir up trouble unless this Government issued a clear statement that it did not support the Persian claim to sovereignty over the Gulf.

The French Government in expressing its attitude toward the reservation stated that on legal grounds it would be necessary for France, as the depositary of the Convention, to obtain the consent of all the signatory Powers.⁴⁴ Fear was expressed that the consideration of

⁴⁰ Telegram No. 910, June 21, 1 p. m., p. 462.

⁴¹ Telegram No. 912, June 23, 2 p. m., p. 463.

⁴² Telegram No. 391, July 7, 1 p. m., p. 467.

⁴³ See memorandum by the Chief of the Division of Near Eastern Affairs, p. 467.

⁴⁴ See telegram No. 539, July 20, 10 a. m., from the Chargé in France, p. 469.

this reservation by the signatory Powers would lead to further reservations which would indefinitely delay, if not actually prevent, the coming into force of the Convention.

From the point of view of our own interests mention should be made of the official Persian protest made to us with respect to a concession obtained by an American company for the development of petroleum resources in the Bahrein Islands.⁴⁵ The Persians assert sovereignty over these Islands although they have not been in actual possession since 1783. The situation with respect to the ownership of these Islands has been thoroughly aired before the League of Nations and from our study of the relevant documents we see little if any basis for the Persian claim. We are fearful, however, that the Persians, encouraged by the Senate reservation, may use their naval forces to seize the tankers of the American company, or otherwise to hamper the company's legitimate activities. In this connection, it should be mentioned that a bill has recently been introduced in the Persian Mejliss authorizing the Persian naval forces to exercise control within a distance of twelve nautical miles of the Persian shore.

For convenient reference I enclose a memorandum⁴⁶ setting forth the foregoing considerations in detail.

The situation is therefore that despite our earnest efforts at Geneva, London and Paris to obtain a favorable reaction to the Senate reservation, we have met with no success whatever, and it has become abundantly clear that it will be impossible to bring the Convention into force in the near future, if ever, as long as the reservation stands. In view of these circumstances, and bearing in mind the possible adverse effect which the reservation may have upon our interests in the Persian Gulf, I venture to recommend the desirability of returning the Convention in question to the Senate for its further advice and reconsideration of the reservation with reference to the Persian Gulf.

In making the foregoing recommendation I believe I should also advise you of the objectionable behavior of the Persian Minister in Washington, as exemplified not only by his negotiations with members of the Senate over the head of the Executive but also by the tone of his oral statements and notes, a copy of the latest of which is enclosed.⁴⁷ With your approval, I contemplate replying to the Minister in the sense of the attached draft.⁴⁸

Faithfully yours,

CORDELL HULL

⁴⁵ See vol. II, pp. 890 ff.

⁴⁶ Not printed.

⁴⁷ Dated August 11, p. 471.

⁴⁸ Not printed; for note as sent to the Persian Minister, August 24, see p. 481.

500.A14/692 : Telegram

The Secretary of the American Delegation to the General Disarmament Conference (Reber) to the Secretary of State

GENEVA, August 16, 1934—11 a. m.

[Received August 16—9:50 a. m.]

924. Department's telegram No. 444, August 14, 6 p. m. It is difficult to find justification for the conclusions drawn by the Persian representative in respect to the revision of the Geneva Convention and alterations in the barred zones since no final decision concerning either of these questions has been taken by the General Commission, by the Plenary Committee for the Regulation of Trade in and Manufacture of Arms or by its subcommittee on trade in arms.

The recent committee meeting dealt primarily with provisions controlling manufacture in view of the fact that as the report of the committee states (Conference D 171 July 2, 1934, paragraph No. 6⁴⁹) "as regards trade in arms the adaptation of the convention of 1925 to the needs of the Disarmament Conference has already been studied in the subcommittee on trade." For discussion of a proposed Persian amendment see page 11 of the document under reference.

As regards earlier recommendations concerning revision of the 1925 convention the report of the subcommittee on trade (Conference document C. C. F. 40 and 40 A May 27, 30, 1933 paragraph 2⁵⁰) refers to a previous decision of the Plenary Committee approved by the Bureau November 1932 to the effect that "The committee has again [*agreed*] in principle to recommend the revision of the 1925 Convention but for reasons of expediency to limit the amendment to the minimum strictly required." This decision formed the basis of the work of the subcommittee whose report was forwarded to the General Commission as an annex to its own progress report (Conference document 160 June 3, 1933⁵¹).

As regards the testimony in the note of the Persian Minister concerning agreed alterations in the prohibited zones paragraph 29 of the subcommittee's report referred to states *inter alia* that the subcommittee has decided to refer to the Plenary Committee the question of the Persian Gulf and the Gulf of Oman which more especially concerns the United Kingdom and the Persian delegations. Thus the subcommittee has made no final recommendations concerning the barred zone nor has there been a decision by the Plenary Committee in this respect.

⁴⁹ *Conference Documents*, vol. III, pp. 891-901.

⁵⁰ *Ibid.*, vol. II, p. 565.

⁵¹ *Ibid.*, p. 503.

The Persian delegation had proposed that the control of arms traffic in the Persian Gulf should be left to an arrangement between Great Britain and Persia. This was not accepted by the United Kingdom delegation (paragraph 29 of the report). The other members of the subcommittee took little part in the discussion of this question save to urge the United Kingdom and Persian representatives to endeavor to reconcile their differences so as to permit some measure of agreement to be inserted in the final report.

Further studies by the subcommittee on trade are scheduled to take place in September.

REBER

500.A14/7003

Mr. Joseph C. Green of the Division of Western European Affairs to the Acting Secretary of State

[WASHINGTON,] August 22, 1934.

THE ACTING SECRETARY: In compliance with your instructions, I have drafted an Instrument of Ratification for the Arms Traffic Convention of 1925, containing a statement concerning the Senate's reservation in regard to the Persian Gulf, which follows substantially the suggestions made by the President. I attach the draft hereto.

Mr. Barnes of TD⁵² informs me that he has not been able to find any precedent for the inclusion of such a statement in an Instrument of Ratification. However, as the statement is merely interpretative, it would not appear to affect the validity of the ratification.

I am strongly of the opinion that a statement by the President, interpreting the Senate's reservation, would fail to achieve the purpose which he has in mind, viz: the bringing into effect of the Convention at an early date.⁵³ We have already been informed that the French Government would feel it incumbent upon it to obtain the consent of all the other parties to the Treaty to the reservation. There are 37 signatory powers; one other power has acceded and, in addition, 12 other powers have been invited to accede. The circularizing of these powers, the explanation through diplomatic channels of the reservation and of the explanatory statement which would undoubtedly be called for by many of the powers and the attaining of their consent to the reservation,—assuming that even with such an explanatory statement it could be obtained—would undoubtedly delay the coming into effect of the Convention for two or three years and perhaps indefinitely.

⁵² Treaty Division.

⁵³ Marginal note in the original: "I concur. P. M." [Jay Pierrepont Moffat, Chief of the Division of Western European Affairs.]

The possible reaction of certain Senators to such an explanatory statement should perhaps be considered.

The essential thing is the establishment of a system of supervision and control of the international traffic in arms and munitions of war at an early date. The only practical means to this end would appear to be the elimination by the Senate of the reservation in regard to the Persian Gulf.

JOSEPH C. GREEN

[Enclosure—Extract]

Draft

FRANKLIN D. ROOSEVELT

PRESIDENT OF THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

Now, THEREFORE, be it known that I, Franklin D. Roosevelt, President of the United States of America, having seen and considered the said convention do hereby, in pursuance of the aforesaid advice and consent of the Senate, ratify and confirm the same and every article and clause thereof, subject to the aforesaid reservation and understanding, which understanding is not to be construed as meaning that the United States of America has any interest in any question which may have arisen or which may hereafter arise in regard to the sovereignty of the waters of the Persian Gulf or of any territory situated therein or adjacent thereto, nor is this understanding to be construed as implying that the United States of America has any intention of expressing any opinion, or becoming involved in any controversy in regard to the sovereignty of the aforesaid waters and territory. I hereby declare that in ratifying and confirming the said Convention, the sole motive of the United States of America is to further the establishment of a system of supervision and control of the international traffic in arms and munitions of war.

IN TESTIMONY WHEREOF, etc.

500.A14/694

The Secretary of State to the Persian Minister (Djalal)

WASHINGTON, August 24, 1934.

SIR: I have received your communication of August 11, 1934, with further reference to the Geneva Arms Convention of 1925 and have noted with surprise its contents.

While this Government is at all times prepared to give careful consideration to the views, when properly presented, of the Persian Government, I regret to inform you that I cannot regard your present communication as meriting such consideration, in view not only of its general tone and tenor but also of the many misleading statements and the mis-statements (which I will assume are not intentional) which it contains.

I may add that the suggestion contained in the personal letter which you addressed to Mr. Phillips on August 21⁵⁴ does not modify my views, as set forth above, regarding your Note of August 11.

Under the circumstances, therefore, I consider that no useful purpose would be served by further discussion with you of the Geneva Arms Convention.

Accept [etc.]

CORDELL HULL

500.A14/695

The Persian Minister (Djalal) to the Secretary of State

WASHINGTON, August 25, 1934.

YOUR EXCELLENCY: I have the honor to acknowledge your note of the 24th instant, in answer to the memorandum which I sent to you on August 11, containing the purport of the conversation that I had with Your Excellency, explaining that it would be contrary to the sense of justice and equality that has always inspired the policy of the United States Government in dealing with the small nations, if the Geneva Convention were ratified without reservation. I regret to say that Your Excellency, in your note, takes exception "to the general tone and tenor, and misleading statements and misstatements in my note."

The contents of my memorandum were divided into two parts. The first explained how the Convention was designed with the purport of encroaching on the Persian National and historical sovereign rights in the Persian Gulf, and to humiliate Persia in the eyes of the world by placing the Persian Gulf on an equal footing with the Red Sea, while that humiliation is spared to the African states such as Egypt, Libya, Algeria, etc.

The second part was the praise of the United States Government, (especially under the presidency of His Excellency Mr. Roosevelt,) which has shown to the world its just policy in dealing with the small nations by renouncing its treaty rights in favor of Cuba, Haiti, etc.

Your Excellency's remark, I think cannot be applied to the second part of my memorandum, and is applicable only to the first part. I quite admit that my general tone in explaining to you the injustice

⁵⁴ Not printed.

to which Persia has been subjected, was very plain and very outspoken. However, I regret that my complaints and general tone in demonstrating the aggressive designs of other powers against Persian national rights, should meet with your disapproval, as my intention was only to evoke further the sense of justice of your Government.

In my letter to Mr. Phillips I simply mentioned that if Your Excellency does not recollect having made the statement, "to proceed with drafting another convention with reference to the arms traffic, favorable to Persia," I am ready to cross it out and not make it a subject of dispute. While the paragraph is more or less of the purport of Mr. Phillips' own wording in his letter of May 29, to the effect that, "The treaty which we have in mind would consist in part of a revision of the Arms Traffic Convention of 1925, and we hope that in carrying out that revision, a solution will be found which will be entirely acceptable to your Government," and also Your Excellency's reference in your note of May 16 to the discussion of the revision of the Convention of 1925 in Geneva. In any case, my record of the purport of the conversation was open to correction if desired.

The only other part of my memorandum which might be the object of the word, "misleading" or "misstatement," is my statement that the League of Nations Convention (in which the United States representative participated) approved of the revision of the Convention of 1925, recognizing the justice of the Persian representative's complaint and explanations. In support of this, as I have mentioned in my letter to Mr. Phillips, I have telegraphed to the Persian Legation in Geneva to forward to me all the necessary official documents which I hope will soon be here for Your Excellency's perusal.

I am sure Your Excellency will agree that there could not be any intention of misleading in the quotation of our official reports which, unfortunately, do not correspond to those of the United States representative.

Accept [etc.]

G. DJALAL

500.A14/695

The Acting Secretary of State to the Minister in Persia (Hornibrook)

No. 45

WASHINGTON, August 28, 1934.

SIR: With reference to previous correspondence regarding the activities of the Persian Minister in Washington in connection with the ratification by the United States of the Arms Traffic Convention signed at Geneva in 1925, there is enclosed a copy of a note which the Minister addressed to the Secretary of State on August 11, 1934.⁵⁵ The general tone of this communication is so obviously improper and it contains so many misleading statements and misstatements that the Secretary con-

⁵⁵ *Ante*, p. 471.

sidered it necessary to send the Minister a reply under date of August 24, of which a copy is enclosed.⁵⁶

You may on a suitable occasion, if you consider that any useful purpose would be served, refer casually to the substance of the Secretary's present communication, in conversation with competent Persian officials.

There are also transmitted, for the information of the Legation, a copy of a letter which the Minister addressed to me on August 21,⁵⁷ as well as a copy of a note which he sent to the Secretary on August 25⁵⁸ in reply to the Secretary's note of August 24.

Very truly yours,

WILLIAM PHILLIPS

500.A14/702 : Telegram

The Minister in Persia (Hornibrook) to the Secretary of State

TEHERAN, September 15, 1934—noon.

[Received September 15—9:40 a. m.]

31. Commenting upon instruction No. 39⁵⁹ Chief of the Third Political Division stated that failure on the part of the American Government to follow lead of the Senate would result in important repercussions in the cordial relations now existing between the two countries. In view of this threat suggest objectionable reservation be not approved.

HORNIBROOK

500.A14/715

The Minister in Persia (Hornibrook) to the Secretary of State

No. 250

TEHERAN, October 27, 1934.

[Received November 28.]

Sir: I have the honor to refer to the Department's instruction No. 45 of August 28, 1934, regarding the activities of the Persian Minister in Washington in connection with the Arms Traffic Convention of 1925, and to report as follows:

Because of the Persepolis negotiations^{59a} and the latitude which was given to me in Departmental instructions as to the opportune time in which to present the contents of the above-mentioned instruction, the matter was not presented until October 25th, and then presented informally to the Prime Minister following a conference on another subject.

⁵⁶ *Ante*, p. 481.

⁵⁷ Not printed.

⁵⁸ *Supra*.

⁵⁹ Not printed; it contained a copy of the memorandum by the Secretary of State of a conversation with the Persian Minister, August 9, p. 469.

^{59a} Negotiations on behalf of the University of Chicago in connection with the restoration of the ancient city of Persepolis.

On the above-mentioned occasion I informed the Prime Minister as to the salient facts in connection with the discourtesy of the Persian Minister to the American Secretary of State and of the note which had been transmitted by the latter informing him of his unwillingness to further discuss with the Minister the Arms Traffic Convention of 1925.

It was quite apparent from the Prime Minister's reaction that he had not as yet been informed of this merited rebuke to his representative in Washington. He immediately launched out into a long and friendly discussion of the rights of Persia in the Gulf, the struggle to obtain the recognition of the same by other powers, and the injustice which would be perpetrated upon Persia by the terms of the Arms Traffic Convention of 1925, unless the rights of his country could be protected by a resolution similar to that which was passed by the United States Senate.

I informed the Minister that the question of sovereignty over the waters of the Persian Gulf was of course not involved in the incident which I had mentioned; that my Government had repeatedly assured the Persian Minister in Washington that it did not propose to concern itself with any dispute between Persia and another friendly power over such sovereignty; that the present unpleasant situation had been provoked in the first instance as a result of the political activities of Djalal in approaching members of the United States Senate in an effort to secure the passage of the Senate reservation, and pointed out in a friendly way that the Department of State quite naturally resented this breach of good form.

I reserved the contents of this instruction for the Prime Minister for the reason that Djalal was named by him to his present post, and thought it might perhaps fall on more fertile soil in the office of the Prime Minister than in that of the Foreign Office. If, as is generally believed, the Prime Minister and Djalal are still friendly, it is quite possible that the former may so arrange matters that Djalal will be transferred to an environment which is more congenial than that of Washington at the present moment.

Respectfully yours,

WM. H. HORNIBROOK

701.9111/431

*Memorandum by the Secretary of State*⁶⁰

[WASHINGTON,] November 15, 1934.

The Persian Minister called and first expressed the regret of his Government about the published reports concerning the treatment of the

⁶⁰ Copies sent to the Embassies in France and Great Britain, the Legation in Persia, and the American delegation to the General Disarmament Conference.

two American flyers who made a forced landing in Persia and represented that they were unlawfully detained by Persian authorities.

The Minister then said that the chief purpose of his call was to explain and to express regret about my having taken exception to his conduct during recent months in connection with the Small Arms Treaty pending ratification by the Senate. I stated that I need not repeat what I had said before about his violation of the proprieties in going over the head of the State Department and conferring with Senators in support of his contention about the treaty construction. I stated also that a letter he sent to me at a later stage concerning this matter contained some very obnoxious words and sentences; that I did not know of course whether it was fully intentional on his part or whether it was due to his lack of understanding of the English language; but that there was no doubt about the objectionable and obnoxious nature of the language. He disclaimed repeatedly any intention or purpose to give offense, to which I made no reply or comment. He finally added that of course if he was not proving acceptable here that it would be his duty to be transferred to another post. I again made no comment.

C[ORDELL] H[ULL]

500.A14/730

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] December 15, 1934.

Senator King called to see me to inquire as to the status of the 1925 Arms Traffic Treaty which had been passed by the Senate last spring with his reservation. The President has not yet ratified the treaty. Senator King came in to inquire why not and what were the future prospects for the treaty.

I explained that when the Senate had consented to ratification with the Persian Gulf Reservation we had inquired of the French Government, which was the depositary of the treaty, what formalities would be required. The French Government replied that the reservation would have to be accepted by all signatory Powers and possibly by some additional adhering Powers. Assuming approval by all Powers, experience had shown that this would take at least a year or two. We had then made informal inquiries at Geneva and elsewhere and found that the chances were decidedly against universal acceptance of the reservation. We thus found ourselves in the situation of having the reservation, if maintained, prevent the treaty going into effect.

In the circumstances, was the reservation of sufficient importance to warrant losing the treaty? The Senator said that he could not believe that any Power would decline to accept the reservation which he considered merely to affirm Persian rights in or over the Persian Gulf. He said it must be as offensive to Persia to have British gunboats running up and down the Persian Gulf as it would be to us if British gunboats were running up and down Lake Michigan. I took the Senator to the map and showed him that the parallel was not apt as while Lake Michigan was entirely surrounded by American territory, Persia only held the north side of the Persian Gulf, while Iraq, Koweit, a British possession, Arabia, Oman, et cetera, were on the south side. The Senator agreed.

His next question was: Is the treaty really important? I told him that we considered that it was very important. He asked whether the new treaty ⁶¹ would not be better. I said undoubtedly, but that it had not as yet been negotiated or signed, much less ratified. This would at best take some time and we wanted the 1925 Convention put into force as soon as possible.

Senator King then asked if the President was going to return the treaty to the Senate. I told him that this was a political question which was entirely out of my province and on which I had no information. He asked who might know. I suggested that he might wish to talk with Judge Moore ⁶² on the political phases, or if he wished to pursue the Persian angle further, that he see Mr. Murray.

PIERREPONT MOFFAT

500.A14/7274

The Chief of the Division of Near Eastern Affairs (Murray) to the Secretary of State

[WASHINGTON,] December 17, 1934.

DEAR MR. SECRETARY: I am returning to you herewith your letter of September 10, 1934,⁶³ to the President setting forth your reasons for believing that the Geneva Arms Convention of 1925 should not be ratified with the present reservation regarding the Persian Gulf.

There is also attached the President's memorandum dated September 14, 1934,⁶³ addressed to you, stating that the Treaty is to be held in abeyance and to be returned to Congress in January.

⁶¹ Draft submitted by the American delegation to the Bureau of the General Disarmament Conference; for correspondence concerning this treaty, see pp. 120 ff.

⁶² R. Walton Moore, Assistant Secretary of State.

⁶³ Not printed.

Referring to our conversation of today on this subject, you may wish to hand to the President the attached file with the suggestion that he may care to discuss the matter with Senator Pittman with a view to the introduction by the Senate of a resolution requesting that the Geneva Arms Convention of 1925 be returned to the Senate for reconsideration. Such reconsideration would, of course, entail the removal of the reservation regarding the Persian Gulf for reasons set forth in detail in your attached letter of September 10, 1934.

WALLACE MURRAY

NEGOTIATIONS LOOKING TOWARD AN "EASTERN LOCARNO" PACT OF MUTUAL GUARANTEE

740.0011 Mutual Guarantee (Eastern Locarno)/2 : Telegram

The Chairman of the American Delegation to the General Disarmament Conference (Davis) to the Secretary of State

GENEVA, June 6, 1934—6 p. m.

[Received June 6—2:55 p. m.]

876. Barthou¹ tells me that he and Litvinoff² have reached preliminary agreement and reduced to writing certain aspects of an "Eastern Locarno", that Barthou has discussed this with Beck³ who was non-committal in his attitude and will seek instructions, that Litvinoff is shortly going through Berlin and proposed to apprise the Germans of what was going on. Barthou requested permission to do it himself and is this afternoon cabling details to François-Poncet⁴ together with the assurance that the earnest desire of both Governments is to have Germany adhere to this Eastern Locarno.

From French sources it is reported that the larger plan is that France will recognize German rearmament as a further inducement to Germany to enter the Eastern Locarno and then return to the Conference⁵ and the League of Nations on an equal footing and with equality of rights thus recognized.

DAVIS

740.0011 Mutual Guarantee (Eastern Locarno)/4

The Ambassador in Germany (Dodd) to the Secretary of State

No. 948

BERLIN, June 20, 1934.

[Received June 29.]

SIR: I have the honor to report that Russo-German relations have invited public attention of late by reason of the proposed "Eastern Locarno," the transient visit of Litvinov to von Neurath,⁶ and the alleged consideration of Russia in the course of the Venice conversations.⁷

¹ Jean Louis Barthou, French Minister for Foreign Affairs.

² Maxim Litvinov, Soviet Commissar for Foreign Affairs.

³ Josef Beck, Polish Minister for Foreign Affairs.

⁴ André François-Poncet, French Ambassador in Germany.

⁵ General Disarmament Conference; for correspondence, see pp. 1 ff.

⁶ Constantin von Neurath, German Minister for Foreign Affairs.

⁷ Between the German Chancellor, Adolf Hitler, and the Italian Premier, Benito Mussolini.

It was learned at the Soviet Legation in this capital that Mr. Litvinov, while passing through Berlin, suggested to Baron von Neurath that Germany should join a pact of non-aggression, consultation, and mutual assistance, to which Russia, Germany, the Border States including Finland, Poland and the Little Entente should be parties. According to the source above mentioned, the German Foreign Minister replied that the question would of course be studied but that, speaking off hand, it seemed to him that Germany, being insufficiently armed for its own defense, could not undertake to go to the assistance of any other country. In other words, it was intimated that Germany might possibly participate in a pact of non-aggression and consultation, but not in one of mutual assistance. Asked as to the attitude of Poland in this respect, the informant stated that both Poland and Finland would base their attitude upon that of Germany. The matter had also been broached to Mr. Beneš,⁸ who apparently was agreeable to the idea. The proposal was not made either in detailed form or in writing but orally and in general terms.

In reply to the question as to whether the recall of the German Ambassador in Russia, Nadolny, was due to his support of this particular scheme—a report which had reached me from another source—the answer was made that this step had been determined some time ago. It was intimated that the diplomatist in question had expressed himself to Chancellor Hitler in favor of the previous proposal for guaranteeing the Border States, and that the Chancellor had strongly objected, the exchange of views being sufficiently animated to cause Nadolny to fall into disfavor. His successor is to be the German Minister in Roumania, von Schulenberg, for whom the “agrément” has been already requested.

The accounts published in the press of the conversations in Venice indicate that Mussolini was opposed to any such a regional pact as that suggested by the Russian Foreign Minister.

There are enclosed herewith three translated excerpts,⁹ one from the *Berliner Boersen Zeitung* in regard to Russian subversive activities, a second from the *Völkischer Beobachter* of the 14th of June, in which Alfred Rosenberg¹⁰ indicates that the conversations in Venice should have as one of the topics the protection of Europe against Communist subversive activity, and a third from the *Berliner Boersen Zeitung* of June 15 which claims that a French Military Mission will soon visit Moscow and that French armament firms are active in that country.

Respectfully yours,

WILLIAM E. DODD

⁸ Eduard Beneš, Czechoslovak Minister for Foreign Affairs.

⁹ Not printed.

¹⁰ Editor in chief of the *Völkischer Beobachter*.

740.0011 Mutual Guarantee (Eastern Locarno)/5 : Telegram

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

ROME, June 22, 1934—1 p. m.

[Received 3:54 p. m.]

129. I had a long conversation this morning with Suvich¹¹ as a result of which I am able to amplify and clarify some of the statements in my No. 126, June 20, 1 p. m.,¹² which reported shorter and less conclusive conversations.

Suvich still says that the conversations between Hitler and Mussolini were inconclusive and that no engagements or definite agreements were arrived at. The two men were in actual personal conversation for a total period of 4½ hours. The subjects covered were: (1) Austrian relations, (2) disarmament, (3) Germany's relations with the League, (4) Germany's relations with Russia, (5) Germany's relations with the Vatican, (6) Danubian relations.

(1) As regards Austria, the attitude of Hitler was that he was not responsible for the atrocities and for the subversive acts directed against the Dollfuss¹³ Government which he maintained were the result of Austrian Nazis. He proposed the necessity of an election to be held in Austria to determine some successor to Dollfuss who should not be a member of any of the warring parties so that there could come out of it a government which would be directly representative of an independent Austria. He further said that he was not interested in *Anschluss*, partly for the reason that he had too many other troubles and did not care to complicate the situation or add an additional difficulty but he did not definitely renounce *Anschluss* as a German objective. On the other hand, Mussolini maintained that it was not opportune to hold elections in Austria and that it would be impractical to get a true expression of the popular will as long as subversive acts continued to agitate the people and to disturb the economic and political situation in that country. Consequently Mussolini opposed and definitely declined the idea of an election and insisted that the situation must develop naturally so that there would come out of the complicated affair in Austria a government which would be a definite realization of Austrian independence. In response to my direct question as to whether there would be an election in Austria in the fall Suvich said definitely there would not be. He further said, however, that the meeting of the two men had done a great deal to clarify the views of each of them, and that he thoroughly believed that there would be a gradual cessation of the difficulties in Austria if Hitler

¹¹ Fulvio Suvich, Italian Minister for Foreign Affairs.

¹² Vol. II, p. 27.

¹³ Engelbert Dollfuss, Chancellor of Austria.

should control the forces operating in the name of the Nazis in Germany. Suvich expressed himself as pleased with the prospect for the future and as being hopeful that the Nazi anti-Dollfuss activities would gradually calm down.

(2) As concerns disarmament Hitler said that he was not opposed to a convention along the lines of the British proposal¹⁴ but that he could not recede from the position which he had taken in view of the fact other nations were fully armed with offensive weapons and he must insist for Germany an equality in defensive weapons and a minimum of 300,000 effective national defences but would be willing to scale down somewhat provided the other powers would take some steps in limitation of their own armaments. His position in that respect has not changed.

(3) As regards Germany's relations with the League Hitler said that there was no obstacle in German policy to a return to the League except the question of disarmament and if that question was settled Germany would be also glad to consider the proposal of full cooperation with the other nations and her reentry into the League but it could not be considered until she was accorded what the people of the nation felt were their rights in the premises.

(4) As regards Russia and the recent proposals made by Litvinov for an Eastern Locarno, Hitler said that he had not declined the suggestion of Russia but that he had decided not to last summer and that he thought his answer would be in the negative largely because he accepted the Italian point of view that regional pacts were contrary to the best policy of Europe. He said that he would probably make that answer to Litvinov and would couple with it the other reason that from the German point of view, it would seem to complicate the political situation of Europe rather than to help it. Mussolini said that that was the Italian point of view, that there were already enough pacts such as the Kellogg Pact,¹⁵ the League of Nations¹⁶ itself and a Western Locarno,¹⁷ and that a multiplication of pacts could only detract from the seriousness of those already existing.

(5) As regards the Vatican Suvich said that Mussolini had advised Hitler that it was unwise to antagonize the Catholic Church and had remarked that it was fairly simple to oppose the tangible organizations of a political or military character but very difficult to antagonize

¹⁴ League of Nations, Conference for the Reduction and Limitation of Armaments: *Conference Documents*, vol. II, pp. 476-493.

¹⁵ For correspondence relating to the Kellogg Pact, see *Foreign Relations*, 1928, vol. I, pp. 1-235; for text, see *ibid.*, p. 153.

¹⁶ *Treaties, Conventions, etc. Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3336.

¹⁷ For correspondence relating to the Locarno Pact, see *Foreign Relations*, 1925, vol. I, pp. 16 ff.; for texts of agreements (October 16, 1925), see League of Nations Treaty Series, vol. LIV, pp. 289-363.

onize the sentiments and religious feelings of man. I asked directly whether there had been an offer of mediation on the part of Mussolini vis-à-vis the disagreement between Hitler and the Vatican. Suvich answered positively that there had been no offer of mediation and no discussion.

(6) Concerning the Danubian States the statement stands as made in my original telegram under reference to the effect that the general subject of economic rehabilitation was discussed but no specific arrangement concluded.

Speaking generally Suvich said that he got the impression that Germany was in a bad situation economically and financially and that there were additional signs of political unrest. He said that he did not now know whether Hitler was strong enough to run the machine or whether the machine was going to run Hitler. He added pointedly "Hitler is not a Mussolini."

Suvich was pointed in his statements to the effect that there had been no attempt at definite agreements and no intention to arriving at any specific engagements, and expressed himself as very well pleased with the general outcome of the conversations. He said that it did Hitler a lot of good to get a different point of view and see a different set-up and to have a political experience outside of the confines of Germany. He further said that there was no definite arrangement that Mussolini would return the visit and go to Germany and that it was not probable that it would happen at all, and denied that there was any definite arrangement for the return visit.

Copies mailed to Berlin, Vienna, Geneva, Moscow, European Information Center. LONG

740.0011 Mutual Guarantee (Eastern Locarno)/8

The Ambassador in Germany (Dodd) to the Secretary of State

No. 1011

BERLIN, July 7, 1934.

[Received July 17.]

SIR: I have the honor to refer to my despatch No. 948 of June 20, entitled "Russian-German Relations", in which reference was made to the suggestion of a pact of non-aggression, consultation and mutual assistance between Russia, Germany, the border states—including Finland and Poland and the Little Entente. The information given in that despatch was derived from the Soviet Embassy in Berlin.

On a recent visit at the Foreign Office in connection with other matters, the occasion was improved to learn the German version of this affair. It was stated by the competent official that the French Ambassador approached the Foreign Office with the statement that Mr. Litvinov, whose visit was to take place in a few days, would propose

such a pact. When, however, Mr. Litvinov came, he indicated that the idea was a French one. France, according to the Embassy's informant, had at one time considered joining the pact, but later thought merely to guarantee it.

The German Government was not particularly interested in the parentage of the proposed treaty. It felt, however, that a pledge of mutual assistance to so many countries might involve it in unforeseeable complications and moreover it is not in favor of policies suggesting pre-war alliances. Asked as to the attitude of the other countries the Foreign Office indicated that both Poland and Finland were opposed to any such pact and that the Baltic States were less than lukewarm with the exception of Lithuania, which was in favor, and also Czechoslovakia.

Respectfully yours,

WILLIAM E. DODD

740.0011 Mutual Guarantee (Eastern Locarno)/9: Telegram

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

LONDON, July 10, 1934—10 p. m.

[Received July 10—9 p. m.¹⁸]

398. From Davis. At his request I called upon Barthou this afternoon. In a talk limited by the brief time remaining before his departure he outlined the results of his talks in London.

Not only was he pleased with the reception accorded him both in Bucharest and Belgrade but also was most enthusiastic over what he said had been accomplished here. He explained that the conversations with the British had been marked by real cordiality and frankness and had cleared up any misunderstanding which might have arisen between the two countries. The talks had resulted in clarifying the respective Anglo-French policies and in reaching an understanding as to a common approach to the problem of general European appeasement and to a solution of the question of German rearmament. Both nations now realized that their common interest lay in facing together a Germany no longer under the control of Hitler but under the domination of the Reichswehr.

In the talks at the Foreign Office here which had lasted all day yesterday and throughout the morning today, Barthou said he had explained, and he thought to the British satisfaction, the reasons for France's policy towards Russia which had had to be either one of reaching an understanding on the basis of an Eastern Locarno or of refusing to discuss security with Russia which would have driven the

¹⁸ Telegram in two sections.

latter into the German camp. He said that France's support of the Russian idea of an Eastern Locarno has been given with the definite understanding that there was to be no military alliance and that the pact would be European in its scope and exclude the Far East. In their discussions of the Eastern Locarno Simon¹⁹ had asked Barthou if France would also guarantee Germany against Russian aggression. This Barthou said his Government would be willing to do but thought it better not to insert mention of it in the present draft of the pact but to add it later if Germany so stipulates. Barthou said that Simon had accepted this explanation as satisfactory and had agreed that the British Government should recommend to Germany and Poland that they join the Eastern Locarno. When Simon proposed that as a condition to the discussion of this pact there should be a prior discussion of German rearmament Barthou replied that Germany's security would be so enhanced by its acceptance of the pact that it would subsequently be easier to discuss rearmament. At the British suggestion, however, a formula had been agreed upon to permit of simultaneous consideration of the two. He did not have time to explain this more fully. Barthou summarized the results of his talks in London as having reached the following specific agreements:

1. Great Britain accepts the idea of an Eastern Locarno as a contribution to European peace.
2. Great Britain agrees to recommend to both Germany and Poland that they adhere to this pact.
3. Great Britain will explain to Italy the significance and importance of the Eastern Locarno, and,
4. Great Britain will agree to Russia's entry into the League upon condition that it will abide strictly by the stipulations of the Covenant.

Barthou said that the atmosphere which had made possible such a satisfactory exchange of views with the British was due to three things. First, the valuable assistance of the Americans in Geneva, second, his outburst at Geneva and third, the revelations of the recent German revolution which had accentuated the common interest of England and France.

Although he himself was compelled to return to France today Barthou explained that he was leaving Piétri²⁰ here for several more days to continue his conversations with the Admiralty which up to the present time had resulted in agreement in principle on certain points. He said that Piétri was anxious to call upon me at the earliest opportunity and would then explain and discuss fully with me the substance of his talks with the British.

BINGHAM

¹⁹ Sir John Simon, British Secretary of State for Foreign Affairs.

²⁰ François Piétri, French Minister of Marine.

740.0011 Mutual Guarantee (Eastern Locarno)/11: Telegram

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

ROME, July 13, 1934—6 p. m.
[Received July 13—3:05 p. m.]

143. Evening press publishes communiqué and inspired editorial which indicate a modification of attitude of the Italian Government regarding an Eastern Locarno and practically announcing it approves the plan but withholds participation.

LONG

740.0011 Mutual Guarantee (Mediterranean)/44

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] July 16, 1934.

The Spanish Ambassador²¹ called this morning and asked if we had any news with regard to the Mediterranean Pact which was alleged to have been discussed by Mr. Barthou during his recent European negotiations. I replied that our information was of the vaguest. In general we understood that the French desired to inaugurate a series of interlocking security pacts of which Locarno was the first and the so-called Eastern Locarno was to be the second. While one heard references in general terms to a Balkan Pact or a Mediterranean Pact, I thought that these could for the present be regarded as pious aspirations rather than concrete plans. We had been interested to note that Italy, which a few weeks ago opposed the idea of all regional pacts, was now giving it a rather distant blessing in the case of the proposed "Eastern Locarno".

The Ambassador said that Madrid was naturally extremely interested and that if at any time we had any information which we could properly pass on, he hoped we should do so.

PIERREPONT MOFFAT

740.0011 Mutual Guarantee (Eastern Locarno)/15: Telegram

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

Moscow, July 20, 1934—7 p. m.
[Received 7:05 p. m.]

204. I discussed today with Litvinov the status of the Eastern Locarno negotiations. He said that he had received formal promises

²¹ Luis Calderón.

from the French and Czechoslovak Governments to enter into a pact of mutual assistance even though any or all other governments concerned should reject such a pact. The French Ambassador, Alphand, has given me the same information.

Litvinov pointed out that Germany was thus confronted with acceptance of the Eastern Locarno or the alternative of a defensive agreement between France, Czechoslovakia and the Soviet Union. He added that Mussolini had instructed his Ambassador in Berlin²² to advise the German Government in the strongest possible terms to accept the Eastern Locarno and to point out that the alternative was a French-Czech-Russian alliance which he, Mussolini, desired to avoid.

Litvinov expressed the opinion that there was a good chance that Germany would accept after bargaining with the French calling for an increase of German armaments. He said he felt that the Poles also could not in the long run afford to stay out, that Polish-German flirtation was based on some sort of a gentlemen's understanding between Pilsudski²³ and Hitler of which he had been unable to get the text. The same statement was made to me by Alphand. Litvinov said that Pilsudski had been greatly upset by the decrease in Hitler's power as he had based his policy of the past few months on the assumption that Hitler would control Germany for the foreseeable future.

Litvinov said that he was bringing no pressure to bear on Lithuania, Latvia and Estonia to obtain their adhesion to the pact, that he felt sure they would come in when they realized that a pact would be concluded either with or without them. I pointed out the difficulty of Lithuania with regard to definition of the Polish boundary. He replied that Lithuania could never attack Poland and that he believed a form of words could be found to cover this obstacle.

He expressed the hope more or less as a joke that the Government of the United States would follow the example of the British Government and give its public endorsement to the Eastern Locarno proposal. In reply I merely smiled.

Litvinov said that further negotiations with Germany and Poland were entirely in the hands of the French, that the Soviet Government had left that part of the work to Barthou, but that the Italian negotiations were being handled largely by the Soviet Ambassador in Rome.²⁴

BULLITT

²² Vittorio Cerruti.

²³ Marshal Josef Pilsudski, Polish Minister of War.

²⁴ Vladimir Petrovitch Potemkin.

740.0011 Mutual Guarantee (Eastern Locarno)/16: Telegram

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

Moscow, July 20, 1934—10 p. m.

[Received July 20—8:45 p. m.]

206. Supplementing my 204, information I have received confidentially from the Lithuanian Legation indicates that contrary to Litvinov's remarks Soviet diplomacy has been most active with regard to the Baltic states in general and Lithuania in particular. To save the situation produced by the recent German economic reprisals against Lithuania the Soviet Government concluded a contract for the purchase of one million gold rubles of slaughtered and live pork within a period of 2 months and has shown other signs of active friendliness.

The Lithuanian Minister for Foreign Affairs²⁵ arrives in Moscow on August 1st. His visit is specifically for the purpose of signing the protocol prolonging the pact of nonaggression²⁶ but the Lithuanian Legation states that the Soviet Government will take advantage of his visit and that of the Estonian Foreign Minister²⁷ on July 28 to settle the participation of the Baltic states in the Eastern Locarno. The Lithuanian Legation believes that it will be possible to find a formula whereby Lithuania might adhere to the Eastern Locarno without prejudice to her position in respect of Vilna.

From a number of reliable Soviet sources I gather that the chief worry of the Soviet Government is with regard to the adhesion of Poland. It is generally believed here that it will be difficult to overcome Pilsudski's opposition as he is supposed to cherish a dream that a Japanese-Soviet conflict may give Poland an historic opportunity to rush to the rescue of the victor.

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/21

The Ambassador in Germany (Dodd) to the Secretary of State

No. 1067

BERLIN, July 24, 1934.

[Received August 3.]

SIR: Referring to despatches Nos. 1025 and 1032 of July 13 and 16 respectively,²⁸ I have the honor to enclose further data in regard to the proposed Eastern Pact. From this it will be seen that the

²⁵ Stasys Lozoraitis.²⁶ Treaty of Non-Aggression signed at Moscow, September 28, 1926, League of Nations Treaty Series, vol. LX, p. 145.²⁷ Julius Seljamaa.²⁸ Neither printed.

Germans object to the proposals, though apparently they are in no hurry to reply and seem to be waiting for other countries to make smoother the path of German rejection.

Enclosures 1 and 2 consist of the English text of the proposals as delivered to the German Foreign Office by the British Embassy. The first document is the original French proposal, and the second the British amendments accepted by the French, which the former held would place Germany on a basis of equality with France.

Enclosure 3 consists of a confidential memorandum of conversation between Dr. Meyer, Chief of the Eastern Division in the Ministry for Foreign Affairs, and the Counselor of the Embassy,²⁹ in which the former set forth the German objections to the proposals.

Enclosure 4³⁰ comprises German press comment.

Respectfully yours,

WILLIAM E. DODD

[Enclosure 1]

French Proposals Regarding a Treaty of Regional Assistance To Be Signed by Poland, Russia, Germany, Czechoslovakia, Finland, Estonia, Latvia, Lithuania

1. TREATY OF REGIONAL ASSISTANCE TO BE SIGNED BY POLAND, RUSSIA, GERMANY, CZECHOSLOVAKIA, FINLAND, ESTONIA, LATVIA, LITHUANIA

Part I

(a) These countries would bind themselves in conformity with Covenant immediately to lend assistance to one another in the case of attack by one contracting state on another.

(b) No support would be given by any of signatories to an aggressor country not a party to treaty.

Part II

(a) In the case of attack or threatened attack by a contracting country, the other parties would consult together with a view to avoidance of a conflict and in order to promote a return to peace.

(b) The signatories would undertake the same commitment in the case of attack or of threatened attack by a Power which is not a signatory against a signatory Power.

(c) The consultations referred to in paragraphs (a) and (b) of Part II could extend to other interested Powers or to Powers entitled to participate in them by virtue of other treaties.

(d) Where one contracting country could benefit from provisions of Article 10 and Article 16 of Covenant of League, the other signa-

²⁹ J. C. White.

³⁰ Not reprinted.

tories would undertake to secure a complete application of such provisions by League of Nations.

2. AGREEMENT BETWEEN FRANCE AND RUSSIA

(a) As towards France, Russia would accept obligations arising from Treaty of Locarno as though Soviet Union were a signatory of that treaty on same footing as Great Britain or Italy.

(b) As towards Russia, France would accept Commitments which would arise for her under Part I, paragraphs (a) and (b), of Regional Treaty if she were a signatory, in cases where it is a question of action in fulfilment of Article 16 of Covenant or decisive action taken by Assembly or Council or in fulfilment of paragraph 7 of Article 15 of Covenant.

(c) France would be invited if case arose to participate in consultations provided for in Treaty of Regional Assistance under terms of Article (a) of Part II.

3. A GENERAL ACT, SIGNATORIES: ALL STATES SIGNATORIES OF TREATY OF REGIONAL ASSISTANCE AND IN ADDITION FRANCE

(a) The two preceding treaties are recognized as being of a character to contribute to maintenance of peace.

(b) They are without prejudice to obligations and rights of contracting parties as members of League of Nations.

(c) Entry into force of three acts is subject to their ratification and to entry into League of Nations of Russia.

[Enclosure 2]

British Counterproposals Accepted by the French, Regarding a Treaty of Regional Assistance To Be Signed by Poland, Russia, Germany, Czechoslovakia, Finland, Estonia, Latvia, and Lithuania

(1) In the view of the French Government Russia ought to be prepared to give Germany as well as to France the same guarantees against non-provoked aggression as those which she would be bound to give if she were a signatory to the Treaty of Locarno,

(2) In regard to the proposed Eastern Pact France would be prepared to give the same guarantees to Germany and Russia.

(3) The French Government agrees with His Majesty's Government in holding that the conclusion of such a pact and Germany's participation in the system of reciprocal guarantees now contemplated would afford the best ground for the assumption of negotiations for the conclusion of a convention such as would provide a reasonable application of the principle of German equality of rights in a régime of security for all nations.

[Enclosure 3]

Memorandum by the Counselor of Embassy in Germany (White) of a Conversation With the Chief of the Eastern Division in the German Ministry for Foreign Affairs (Meyer)

I asked Dr. Meyer as to what he could tell me of the so-called Eastern Locarno proposals in addition to what he had previously communicated.

Dr. Meyer proceeded to give me the text in English of the original French proposals and of the modifications suggested by the English and accepted by France. Both of the documents had apparently been given out by the British Embassy. Dr. Meyer said that although the matter was still being considered with a view to seeing what the attitude of the other powers was, and no immediate answer was contemplated, yet the following objections might be raised: 1) the Germans did not wish to have the Russian or French armies march in through their country with a view to carrying out the clauses of the treaty; 2) the treaty was based on a military alliance between Russia and France which would give those two countries the principal say in carrying out the terms of the proposed pact. Asked whether a military alliance already existed between Russia and France, Dr. Meyer replied that he thought not; Russia had made the proposal for such an alliance and France had endeavored to turn this into a pact for regional security; 3) the pact would work in favor of the stronger powers against the weaker; among the latter was Germany, by reason of her armament situation, and Russia and France were among the former; 4) Germany might be drawn into quarrels or wars between the signers and have to supply troops; 5) Germany might be called upon to take up arms against non-signing powers. Particularly did this apply in case of war in the Far East, when this country would have to support Russia against Japan, a commitment which the British were very careful to avoid for themselves. Dr. Meyer stated that the members of the Little Entente—other than Czechoslovakia—had not been proposed as signers so far, though they might come in later.

Another objection of the German Government to the proposed pact, mentioned by Dr. Meyer, was that Germany considered that the Russian guarantees proposed for the existing Pact of Locarno would not be a source of additional strength, but rather the reverse.

He considered that the British had endorsed the Eastern Pact because: 1) it would relieve the British of the continuous pressure from France for further guarantees in favor of the latter; 2) in the hope that it might keep things quiet in the east of Europe; 3) it would be a means of getting Germany back into the League. In this last connection, however, Dr. Meyer held that the English were mistaken, as

nothing was said about the changes which Germany desired in the League and—more important—nothing was said in regard to the equal treatment (*Gleichberechtigung*) of Germany in armaments. At this point naturally Dr. Meyer alluded to the speech of M. Barthou at Bayonne.

Dr. Meyer agreed that the Finnish Government had definitely rejected the proposals. He said the Scandinavian countries were also opposed to the pact although they had not been urged to join; further, that he had had no conversation with the Poles on the subject.

J. C. WHITE

BERLIN, July 24, 1934.

740.0011 Mutual Guarantee (Eastern Locarno)/30

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

No. 105

Moscow, July 27, 1934.

[Received August 10.]

SIR: As the Department is aware, the attitude of the Soviet press towards Great Britain has been one of traditional hostility. I now have the honor to report that Monsieur Barthou's visit to London has been the signal for a marked change in tone.

At the beginning of June, Karl Radek defined the fundamental lines of British foreign policy as shaped to avoid commitments, either direct or indirect, which might encourage a conflict with the United States and, simultaneously, to encourage the anti-Soviet policy of Japan and Germany. Subsequently, deeply impressed by British utterances, particularly those of Winston Churchill and other die-hards exhibiting sympathy for Soviet policy and approval of the proposed Eastern Locarno, Radek explained on July 15 (*Pravda*) that England was beginning to realize that the menace of invasion by air from Germany was more real than the menace of Soviet penetration into India. The German air menace, he said, was the cause of the recent meetings between members of the French and British general staffs. In exchange for the French support which England had obtained, French diplomacy had demanded that Great Britain show a benevolent neutrality towards an Eastern Locarno. England's favorable decision in the matter had, of course, been facilitated by recent events in Germany.

The conditions imposed by England, before acquiescing in the proposed Eastern pact, namely, that Germany be invited to participate and that the guarantees given by France, Germany, and the U. S. S. R.,

be strictly mutual, were not criticized adversely by Karl Radek or any of the Soviet editorial writers.

The entire range of the Soviet press has taken pride in pointing to the British change of attitude as evidence that the sincere efforts of Soviet diplomacy in the interest of peace had been recognized. And, irrespective of the motives prompting this change, England's new attitude was to be approved and encouraged.

A brief announcement has recently appeared in the press, that an agreement has been concluded between the Soviet and English Governments for an exchange of military attachés. This, too, is accepted as evidence of improved relations between the two countries.

The leading editorial of the *Pravda* of July 16 declared, on the general subject of the Anglo-French conversations, that the proposed Eastern Locarno would "play an important role in the consolidation of peace, not only in Europe but outside of Europe as well". The proposal made in London that France and the U. S. S. R. would mutually guarantee their eastern and western frontiers was described therein as "a new and powerful guarantee of peace in Europe".

Germany's attitude towards the proposed Eastern pact has been attributed to the imperialistic aims of the National Socialist Government. The present strained relations between the U. S. S. R. and Germany, according to Karl Radek, could not respond solely to differences in the forms of Government. This had not prevented friendly relations between the U. S. S. R. and Italy. He thought the real reason was in Germany's thirst for expansion eastward. Only formal obligations assumed by Germany could dispel this impression before the world.

A leading editorial of the *Izvestia* of July 16 replied to the argumentation of the *Deutsche Diplomatisch-Politische Korrespondenz* which denounced an Eastern Locarno as an attempt to encircle Germany. *Izvestia* contended that there could only be one eventuality in which one of the signatories of the pact would be confronted by all the rest; namely, when the signatory in question was the aggressor. A German refusal to sign would have the motive force of water on the mill wheel of an Anglo-French military alliance, a development which Germany greatly feared. The same article treated also of the attitude of Poland. A similarity was seen between the attitudes of both Poland and Germany and the cause was attributed to the influence of Germany. *Izvestia* argued that Poland was the only country whose frontiers had been seriously questioned. Germany, in the Polish-German pact, had assumed only the obligation, bereft of international significance, not to raise the question of the Corridor for ten years. An Eastern Locarno was, in fact, the best guarantee that

Poland could have. In conclusion, it was hoped that the gravity of the situation as well as the political common sense of Colonel Beck would prevent Poland from procrastination and from imposing impossible conditions which would be equivalent to a negative reply.

The general impression which seems to prevail in well informed Soviet circles is that the most delicate point in the consummation of an Eastern Locarno is Poland. It is generally conceded that the prestige and authority of Marshal Pilsudski have not diminished in Poland; that it is he who still shapes Polish policy. The consensus seems to be that the Marshal is still inspired by towering ambitions and the dream of restoring the past grandeur of Poland. It is suggested that he foresees a conflict between the U. S. S. R. and Japan in the relatively near future; that he considered such an eventuality a rare chance for Poland to regain her past glory and that he was, in consequence, reluctant to tie his hands in any way in order to be able to take full advantage of the situation at the opportune moment.

If Germany refused to enter an Eastern Locarno, it would not be fatal to the project, but if Poland, too, refused, an Eastern Locarno would be made impossible. In this event, as previously reported to the Department, it seems entirely clear that France, the U. S. S. R. and Czechoslovakia will negotiate a pact of mutual assistance.

The next point of preoccupation is Lithuania. Since both the Corridor and Bessarabia have disappeared for the present from the limelight, the difficulties in respect of Vilna and Memel are more prominent in the international complex. While Mr. Litvinov manifests unconcern in respect of the Lithuanian attitude toward an Eastern Locarno, it has been learned that Soviet diplomacy has been very active in currying Lithuanian favor. Substantial purchases were recently made in Lithuania at a time when German trade reprisals had provoked an acute economic crisis there. Great cordiality marked the recent flight to Moscow of Lithuanian aviators and there are many indications that the Soviet Union attaches real importance to the task of inducting Lithuania into an Eastern Locarno.

Soviet-Baltic relations will be the subject of a subsequent despatch following the approaching visit to Moscow of the Estonian and Lithuanian foreign ministers. The fact that their Latvian colleague is not coming to Moscow for the present to join in signing the protocols extending the non-aggression pacts with the Soviet Union,³¹ is explained by the fact that the portfolio of foreign affairs has been tem-

³¹ Protocol renewing Treaty of Non-Aggression of September 28, 1926, with Lithuania is in League of Nations Treaty Series, vol. CLXXXVI, p. 267; protocol modifying Treaty of Non-Aggression of February 5, 1932, with Latvia is in League of Nations Treaty Series, vol. CXLVIII, p. 113; protocol renewing Treaty of Non-Aggression of May 4, 1932, with Estonia is in League of Nations Treaty Series, vol. CL, p. 87.

porarily taken over in Latvia by the Prime Minister³² and that it has been deemed more practical, for reasons of ceremonial, to wait until a foreign minister *à titre* is appointed, an appointment which is expected in the near future.

Reverting to the subject of Anglo-Soviet relations, I have the further honor to report that the Soviet Government is reliably reported to be convinced that a far-reaching agreement has been concluded between Great Britain and Holland whereby Great Britain is free to establish lines of defence in Holland against air attack. In return for this, Great Britain has guaranteed the security of the Dutch East Indies. I am informed that the Soviet authorities view this development complacently and that their attitude towards Great Britain has, indeed, grown so benign that even British activities in Southern Chinese Turkistan no longer arouse Soviet misgivings.

Respectfully yours,

WILLIAM C. BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/17: Telegram

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

Moscow, July 30, 1934—11 a. m.

[Received 11:50 a. m.]

225. The visit to Moscow of Selijamaa, Foreign Minister of Estonia, has produced great diplomatic activity and remarkable results.

1. Yesterday afternoon Selijamaa and Bilmanis, Latvian Minister to the Soviet Union, signed an "agreement" to enter the Eastern Locarno provided Poland and Germany should also enter it. There was no acceptance of a specific written text. The proposal made by Litvinov contained two clauses: (1st, a general guarantee of mutual assistance by all signatories; (2d), a special guarantee by Russia of the borders of France and Germany, by France of the borders of Russia and Germany, by Germany of the borders of Russia and France.

The following text was published this morning as a declaration of Litvinov:

"The Estonian Government declares that it assumes a favorable attitude to the Eastern pact of mutual assistance in which the U. S. S. R., Poland, Germany, Czechoslovakia and the Baltic states would participate.

In consideration of the absence of a definite text Estonia reserves the right to make the necessary modifications and changes on receiving the text."

³² Karl Ulmanis.

The news was also published that the Latvian envoy in Moscow had made an identical declaration on behalf of his Government.

Litvinov last night was in a state of triumphant delight at the defeat he had administered to Beck, Foreign Minister of Poland. According to Litvinov and Radek the true story of Beck's visit to Estonia is the following: Beck was able to persuade Selijamaa to agree to have Estonia stand with Poland in the negotiations with regard to the Eastern Locarno and Beck's announcement to the press to this effect is said to have been based on actual statements by Selijamaa. The President of Estonia, Pats, under pressure from Great Britain, the Soviet Union and France then ordered Selijamaa to reverse his position.

Litvinov informed me that Selijamaa on arriving in Moscow had said that Beck had misunderstood his verbal remarks and that Beck's statements to the press were "outrageously inaccurate."

Litvinov added that he had already a pledge from Lithuania to enter the pact.

The Polish Ambassador last night was in a state of disordered agitation. He began a conversation with Radek with the remark "I am interested to see clearly that the Soviet Union has now disinterested itself entirely in the maintenance of friendly relations with Poland." Radek expressed the fear that Litvinov's triumph over Beck had been too dramatic and wounding and that wounded pride might lead Poland to hysterical opposition to the Eastern Locarno.

Litvinov expressed the opinion that Poland and Germany would make counterproposals for a series of bilateral pacts and that no agreement on the Eastern Locarno could be reached until late autumn.

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/18: Telegram

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

Moscow, July 30, 1934—noon.

[Received July 30—11:25 a. m.]

226. Continuing my No. 225, the Latvian Minister informed me last night that in case Poland and Germany should refuse to enter the Eastern Locarno Estonia, Latvia and Lithuania would nevertheless join in the pact with France, Czechoslovakia and the Soviet Union.

The Latvian Minister stated further that his Government had informed itself fully with regard to the present negotiations between Poland and Lithuania about which I had spoken to him in our conversation of July 11th, reported in my despatch No. 85, July 12, 1934.³⁴

³⁴ Not printed.

He said that Lithuania and Poland were now close to agreement on the following basis:

(a) There should be an entirely secret agreement between Lithuania and Poland to the effect that Poland would give autonomy to Vilna and the Vilna district.

(b) Poland publicly would guarantee Lithuania in the possession of Memel.

(c) The frontier would be opened to commerce.

(d) The Polish and Lithuanian armies would cooperate in case of war. He expressed the opinion that the agitations of the Poles with regard to the Eastern Locarno might produce a considerable delay in the conclusion of these negotiations.

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/19 : Telegram

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

Moscow, August 3, 1934—4 p. m.

[Received August 3—11:03 a. m.]

241. Litvinov and Lozoraitis, Lithuanian Minister of Foreign Affairs, yesterday issued a joint statement with regard to the Eastern Locarno proposal which contained the following statement:

“They further came to the conclusion that the almost universal feeling of disquiet and alarm fully justified by the present international situation demands collective measures of security by all the nations in the eastern part of Europe and that the measure most responsible to this aim is the project of an eastern regional pact of mutual assistance which has been approved by the majority of the participants noted and also by nearly all great European nations and in which the U. S. S. R. and Lithuania have already declared their readiness to take a direct part.”

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/20 : Telegram

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

Moscow, August 3, 1934—5 p. m.

[Received August 3—2:40 p. m.]

243. Supplementing my 239,³⁵ in the course of a conversation with me last night Lozoraitis, Lithuanian Foreign Minister, stated that he intended to act in concert with Litvinov to the fullest possible extent in attempting to bring about the Eastern Locarno.

³⁵ Dated August 3, 2 p. m.; *Foreign Relations, The Soviet Union, 1933-1939*, section on 1934.

He expressed the opinion that Poland would be compelled to accept in principle but would make every possible difficulty when details had to be discussed.

Lozoraitis denied vehemently that the information with regard to Lithuanian-Polish relations, (reported on the authority of the Latvian Minister in my number 226³⁶) was up to date. He stated that he had had discussions [with] Colonel Prystor³⁷ and more recently with another Polish representative, that until the eve of his coming to Moscow he had been most hopeful of reaching some sort of an agreement with Poland, that the Poles were profuse in professions of friendship but that every concrete proposition made to him was one which involved a greater or lesser infringement of the sovereignty of Lithuania. He stated that he had replied finally just before coming to Moscow that Lithuania would not consider for an instant federation with Poland in return for the attachment of Vilna and the surrounding district to the Lithuanian state and would not consider agreeing that the Lithuanian army should cooperate with the Polish army in case of war. He added that the negotiations had been broken off definitely but that he hoped later to be able to come to some agreement with regard to purely economic matters.

Lozoraitis said that he would base his policy in the future on the closest possible cooperation with the Soviet Union and that so long as he was sure of Soviet friendship he believed that Lithuania would be immune from German or Polish hostility. He added that on his return to Kaunas he intended to resume at once his negotiations with Estonia and Latvia for the establishment of a common front in all political negotiations. These statements of Lozoraitis were confirmed fully by Baltrusaitis, the Lithuanian Minister to Moscow with whom I have intimate relations.

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/42 : Telegram

The Ambassador in Poland (Cudahy) to the Secretary of State

WARSAW, September 5, 1934—4 p. m.

[Received September 5—2:15 p. m.]

46. Beck expresses opinion Eastern Locarno will fail.

CUDAHY

³⁶ Dated July 30, noon, p. 506.

³⁷ Aleksander Prystor, member of the Polish Diet and former Prime Minister.

740.0011 Mutual Guarantee (Eastern Locarno)/58

The Ambassador in Germany (Dodd) to the Secretary of State

No. 1300

BERLIN, September 20, 1934.

[Received September 28.]

SIR: Referring to my telegram No. 185 of September 11, 4 p. m.,³⁸ I have the honor to enclose a copy, in the vernacular, of the German memorandum in reply to the proposal for an Eastern Pact of Mutual Assistance sponsored by the French and Russians, together with a translation of the same. A further brief comment by Baron von Neurath made in the course of a speech at the German Foreign Institute, which, however, does not add very much to the arguments, is forwarded as enclosure 3.³⁸ A brief summary of the pact was contained in the above mentioned telegram. A further summary is to be found in enclosure 4,³⁸ which represents a translation of the official press statement in regard thereto. Enclosures 5a to 5g³⁹ represent press comments, in translation, which supplement, sometimes quite pointedly, the official arguments.

The German memorandum may be said to close the first chapter of the proposed Eastern Pact. Whether there will be others remains to be seen. The Foreign Office by no means rejects the idea of further negotiations and indeed intimates as a general direction in which such might be conducted either a series of bilateral agreements, or a collective obligation of non-aggression together with consultation of the powers interested.

The German note is a smooth and clever document, enabling this Government to contrast itself favorably as a protagonist of peace in comparison with France and Russia. As far as one can see here, the net result of the Franco-Russian proposal sponsored by England is to establish a common ground of agreement between Germany and Poland, to give the Germans a pretext for making a more effective plea for equality of armament than they have hitherto perhaps been able to do, and generally to expose the unpractical side of the Franco-Russian scheme. Such a result would seem to be equivalent to a diplomatic defeat for France and the Soviets, and one is tempted to wonder how Barthou and Litvinoff came to place themselves in a position which they might have foreseen would have the result indicated.

Among my colleagues I have found two different points of view expressed; one, that the project for an Eastern Pact was merely to prepare the ground for a Franco-Russian alliance; and the other that the French persuaded themselves that the main danger of war lies in the Far East. The position of the British can be more readily understood. They are only interested to a very secondary degree themselves

³⁸ Not printed.³⁹ None printed.

in the Pact; their advocacy of it presumably relieving them for the time being of the perennial French pressure for guarantees of security. They would have been indirectly benefited had the Pact turned out to be a success, and they are no worse off by reason of its rejection.

Respectfully yours,

For the Ambassador:

J. C. WHITE

Counselor of Embassy

[Enclosure—Translation]

German Memorandum Replying to the French and Russian Proposal for an Eastern Pact of Mutual Assistance

In June of this year the French Government and the Government of the Union of Socialist Soviet Republics verbally informed the German Government of the broad outlines of the plan for a so-called Eastern Pact of Mutual Assistance. In July the British Government transmitted a written scheme of a Pact;⁴⁰ according to this draft the first part of the new Pact system has in view a treaty between Germany, Poland, Russia, Czecho-Slovakia, Finland, Estonia, Latvia and Lithuania; the chief stipulations provided that in the case of a crisis these States should proceed to joint consultations and in the case of an attack by one of the Contracting Parties against another of the Contracting Parties they should lend immediate military assistance to the country attacked. This eight-Power treaty is to be supplemented by an Additional Treaty between France and Russia in which on the one hand Russia would undertake the same obligations which England and Italy have undertaken as guarantors of the Rhine Pact of Locarno and whereby, on the other hand, France would be considered as a signatory of the eight-Power treaty so far as Germany and Russia were concerned and would be entitled to participate in consultations of these Powers.

On the basis of the informations hitherto received by the German Government with regard to the plan many important points are still left open. Nevertheless the German Government have carefully examined the fundamental principles of such a Pact system. The informations received call for certain observations which the German Government would like to make at this stage to the Governments in question. These remarks will, no doubt, help to clear the situation.

There is an observation of a fundamental character which the German Government must make at the outset. They have in the course of the disarmament negotiations always held that by far the most effective way of guaranteeing the security of all countries would be a general disarmament or at least the establishment of a reasonable and

⁴⁰ *Ante*, p. 499.

just proportion of armaments between the different States. At the same time they expressed that they would be prepared to participate in other agreements of a political character in so far as these agreements complied with the demands for complete reciprocity and in so far as they actually would serve as guarantees of peace. It was with this idea in mind that the German Government have repeatedly offered to conclude long-term non-aggression pacts with all neighbouring countries, renouncing the use of force in any form. The German Government stands by this attitude. They desire nothing more than peace for Germany. They firmly reject the idea of aggression against any other State or the use of any kind of force in international relations. On the other hand it is only logical that they can not participate in any kind of international system of security so long as other Powers will contest German equality of rights with regard to armaments. A self-respecting nation can not be expected to enter into a special kind of political relationship with other Powers, if they simultaneously treat it as a second-class nation and as a nation of minor rights, where a question is concerned which is inseparably bound up with what this relationship aims at. Moreover, any system of security which is not firmly based upon equality of military rights must in practice necessarily work out to the disadvantage of the State differentiated. Considering the protracted discussion concerning the relation between security and disarmament, considering the Five-Power Declaration of December 1932,⁴¹ as well as the facts which led up to Germany's withdrawal from the Disarmament Conference and the League of Nations, and considering more especially the disarmament negotiations between the Great Powers in the course of the first months of this year, the German Government did not expect to be called upon to participate in a Pact system involving extensive new obligations, while her equality is still being treated as an open question. According to the documents transmitted by the British Government the latter obtained the consent of the French Government to a declaration bringing the conclusion of the proposed Pact into relationship with the disarmament question. This declaration would seem to confirm the apprehensions of the German Government with regard to what the initiators of the plan are aiming at, rather than to dispel them. "The conclusion of such a Pact and Germany's participation in the system of reciprocal guarantees now contemplated"—so the British draft says—"would afford the best ground for the resumption of negotiations for the conclusion of a convention such as would provide for a reasonable application of the principle of German equality of rights in a regime of security for all nations."⁴² The in-

⁴¹ *Foreign Relations*, 1932, vol. I, p. 527; for correspondence concerning Germany's demand for equality of armaments, see *ibid.*, pp. 416 ff.

⁴² See enclosure No. 2 to despatch No. 1067, July 24, from the Ambassador in Germany, p. 500.

terpretation given to the declaration by the initiators of the plan appears clearly from a public speech made by the French Minister for Foreign Affairs when he stated that there could be no question of disarmament being negotiated parallel to the Eastern Pact; it could only be said that the conclusion of the Eastern Pact might perhaps create a new atmosphere which would permit to examine what effect this Pact might have on disarmament. The German Government must emphasize that they can not be a party to such a policy. Without justification Germany is called upon to make prestations by anticipation which she would have to reject, even if the construction of the Pact did justice to the German point of view. The negotiations with regard to the realization of German equality of rights in the beginning of this year led to an almost complete agreement between the British, Italian and the German Governments;⁴⁸ on the basis accepted by the three Powers they might rapidly and without difficulty have been brought to a conclusion, if all Powers concerned had been willing. If now the realization of the new demands for security is to be given preference to an international settlement of disarmaments, thus leaving the latter in a state of complete uncertainty, the German Government can not agree to this; more especially as all the highly-armed States have since last spring proceeded to a further increase of armaments, thereby more and more reducing the chances of a general limitation of armaments, to say nothing of a general disarmament.

There is another point in connection with the previous question. Under the present scheme the entry into force of the new Pact system is subject to the entry of the Union of Socialist Soviet Republics to the League of Nations. No mention is made in the scheme of Germany's future relations to the League of Nations. If this omission is to indicate that the initiators of the plan are taking it for granted that Germany will return to the League of Nations as a matter of course, the German Government must refer to their declaration repeatedly made that Germany's future relationship to the League of Nations can not be discussed so long as her equality of rights is in any way questioned from certain quarters.

This decisive point having been made clear, the German Government would make the following observations with regard to the proposed Pact system.

It is evident that the essential point of the system is the obligation of the Contracting Parties to lend immediate assistance in case of war. Thus the idea of joint assistance of States to another State in case of attack is once more put into discussion, an idea repeatedly brought forward in varying forms in certain quarters ever since the foundation of the League of Nations. All international negotiations

⁴⁸ See pp. 1 ff.

conducted in connection with the sanction clauses of the Covenant have shown with increasing evidence the extraordinary difficulties met by any attempt to introduce a collective Pact system providing for the obligation of an automatic military assistance, a system which in a crisis would function justly and on an equal basis for all. These difficulties hardly diminish if a system of sanctions and guarantees comprising all States or a large number of States is replaced by regional Pacts of certain groups of States. Except under circumstances and in the case of problems of quite a special kind as they exist, for example, in the case of the Rhine Pact of Locarno, a regional Pact system of this kind will in practice, as a general rule, either fail completely or it will merely operate along the lines indicated by other political engagements and interests of different Powers and corresponding in no way to the aims of the Pact. Even on the supposition that at the critical moment, the contracting parties will give preference to considerations of loyalty to the Pact over other engagements and interests, it is difficult to imagine how such a Pact could afford adequate protection to partners of military inferiority against partners of strong military power. Moreover the tendency to secure as far as possible the automatic functioning of assistance would involve the danger of the Pact being put into operation more easily in an arbitrary way and by political machinations.

If the proposed Pact system is examined from the points of view indicated above, serious doubts must arise as to whether, under the existing circumstances, this system can really be considered as an effective instrument of peace, working indiscriminately under all circumstances. The question arises as to what considerations have led to the selection of the eight Powers named as partners of the Eastern Pact. In this connection it must further be asked for what reason France is called upon to act as a guarantor of the Eastern Pact, and for what reasons this guarantee is to be so stipulated in a special treaty, that it only applies to Germany and the Soviet Union and not to the other Contracting Parties to the Eastern Pact. The serious complications which might arise from this or a similar grouping of Powers can easily be gathered, if you consider the geographical situation of the Powers concerned, their individual political interests and furthermore the fact that several of these countries are already bound by other political engagements. Far from putting into doubt the loyalty of the Governments concerned, yet the German Government does not feel convinced that the engagements stipulated by the new Pact system would in every case prove sufficiently strong and that they would not come into conflict with given realities. The assistance provided for in the Pact is, in the case of war, to be given "immediately" i. e. at once and unconditionally, no time being given to wait for the result of the consultation between the Governments or the decision of

any other Institution and no allowance being made for the agreement of the States obliged to offer assistance. Is it not likely that, under such a system, the Powers obliged to lend assistance will have different views as to which of the States drawn into the conflict has been attacked? Is it not likely that in case of such a divergence arising it would easily happen that either the attitude of the strongest Power or Powers would decide and compel the other partners to follow suit, or that the question at issue would lead to the formation of opposing groups among the partners, resulting in a war of all against all? But, putting aside the possibility of such differences of opinion, would it not lead to extraordinary difficulties in many cases, if the Contracting Parties are bound not only to military assistance but also to permit the troops of any other partner to march through their own territory? Finally it should not be left out of consideration that the formation of such groups, in so far as it actually increases the security of Contracting Parties, might, for this very reason, under certain circumstances cause reactions on States not being partners which would be out of harmony with the general interest in the preservation of the peace of the world.

The example of the Rhine Pact of Locarno, providing under certain circumstances, for the automatic assistance of the Guarantor Powers, can not be cited as against these possibilities. The Rhine Pact deals with a very concrete and clearly defined political problem. Its application was from the outset sufficiently clear to the limited group of Powers concerned to enable them to form an accurate opinion on the extension of their obligations. Complications as indicated above are, as matters stand, practically out of the question. There is no need to prove that matters would be quite different in the case of the new Pact.

The Governments now supporting the plan of an Eastern Pact must appreciate that the German Government can not take into consideration such an extensive project but with the utmost caution and after weighing carefully all possibilities. The central situation of Germany in the midst of heavily armed states makes this imperative. How can Germany undertake the obligation to intervene in indefinite conflicts of other States which do not concern her or in which she is not interested? She would thereby make herself the battleground for all possible conflagrations in Europe and draw upon herself dangers which no serious adherent of such a Pact can possibly expect her to face. These apprehensions can not simply be dispelled by stating that the object of the Pact is precisely to prevent the outbreak of war and that therefore this eventuality need not be seriously considered. That is a *petitio principii*; for by so reasoning you are taking for granted what, in the opinion of the German Government, must be a matter of doubt, i. e. whether such a Pact would actually have the effect of guaranteeing the maintenance of peace between the Contracting Parties under all cir-

circumstances. There is therefore no ground whatever for the argument that any apprehensions with regard to the consequences of the proposed Pact provisions may be dispelled by expressing the mere hope that these provisions will never receive practical application.

Furthermore Germany can hardly expect any real advantages from the Pact which would outweigh the dangers referred to. The German Government can not refrain from speaking quite openly about certain delicate points raised by the problem presented to them, the other Governments having opened the plan of the Eastern Pact to public discussion although they could have no doubt as to the German point of view. The German Government is under the impression that the Additional Treaty referring to the mutual obligations of France and Soviet Russia is a construction which is neither called for nor suggested by the natural requirements of the situation in Eastern Europe nor by any need for a greater stability of the Locarno system. Whatever may be the ideas of the other Powers interested in eastern questions or partners to the Locarno system with regard to the part now to be played by the two countries France and Russia, Germany can not see how she might gain thereby. Even if the Additional Treaty were so drawn up that the guarantee given by France and Russia were to act equally in favor of Germany, this would, as a matter of fact, only constitute a formal equality. The German Government can not consider it a practical reality that Germany, one day, should be defended in her own territory by Soviet-Russian troops against an attack from the west or by French troops against an attack from the east.

In expressing the aforesaid doubts and apprehensions, the German Government does not wish to evade a joint examination of the question as to whether and what new guarantees for security can be created for Europe or for certain parts of Europe in addition to the settlement of the armament question. They are inclined to believe that, in general, the best results will be achieved by the method of bilateral agreements, because such agreements can always be adapted to the concrete circumstances and therefore do not run the risk of either remaining pure theories or of leading to complications. They do now, however, wish altogether to reject the idea of multilateral pacts. In case the other Governments would wish to pursue the idea of multilateral pacts, the German Government would, however, earnestly suggest that stress should not be laid on the agreement to immediate military assistance in case of war, but rather upon other methods of securing peace. The idea of a collective obligation of non-aggression and the idea of consultation between the Powers interested, in a political crisis, would present themselves in the first instance. It is known that both ideas have already been discussed in the course of the disarmament negotiations at Geneva and have at the time generally been accepted as part of the Disarmament Convention. They might, how-

ever, be developed along various lines so that thereby real guarantees of peace would be created. Without entering into details the German Government would merely like to indicate the general direction in which, in their opinion, further considerations might well be carried on. Other possibilities need thereby not be excluded. They would only have to be considered from the point of view that the best guarantee of peace will ever be not to prepare for war against war, but to extend and strengthen the means apt to prevent any possibility of an outbreak of war.

BERLIN, 8 September, 1934.

740.0011 Mutual Guarantee (Eastern Locarno)/56 : Telegram

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

Moscow, September 25, 1934—9 p. m.

[Received September 26—4 a. m.]

325. My No. 320, September 24.⁴⁴ Rubinin⁴⁵ informed me today that the Soviet Government had given up all hope that the Eastern Locarno agreement might be pushed through. He added that the Soviet Government was still confident that France and Czechoslovakia would make an agreement with the Soviet Union for mutual defense. He said that the Soviet Government was fully aware that Great Britain and Italy were bringing great pressure to bear on France to refuse to make any definite agreement but that he believed the French had no intention of turning from their present course. The French Ambassador⁴⁶ last night assured me that there was no chance whatever that France would yield to British and Italian pressure. He stated that as soon as the defensive agreement had been signed it would be made public. Both Rubinin and the French Ambassador said that no word had yet been put on paper.

BULLITT

740.0011 Mutual Guarantee (Eastern Locarno)/62 : Telegram

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

Moscow, October 5, 1934—6 p. m.

[Received 10:35 p. m.]

341. (Continuing my No. 340, October 5, 5 p. m.⁴⁷) I asked Litvinoff if he had given up all hope of establishing the Eastern Pact. He said

⁴⁴ Not printed.

⁴⁵ Evgeny Vladimirovich Rubinin, Soviet Director of the Third Department of Western Political Affairs.

⁴⁶ Charles Alphand.

⁴⁷ *Ante*, p. 154.

that he had not but that at best the negotiations would take a number of months. He said that he could not believe that the Poles in the end would be such fools as to base their national security on Hitler's word and good faith. He added that at the moment, however, the Poles were attempting to form an anti-French bloc consisting of Poland, Germany, Hungary, and Yugoslavia, and that they hoped Austria would drop into Hitler's hands and form the final unit in the bloc. I asked him if he thought that this was the likely solution of the Austrian question.⁴⁸ He replied that he did; that Italy, France, and the Little Entente⁴⁹ were utterly unable to agree on common action with regard to Austria, and that he saw little prospect of agreement; that if Hitler should have the success he expected in the Saar, Italy might be unable to continue to maintain the present Austrian Government against the Nazi movement. He said that he felt that Hitler's position had been strengthened recently and that success in the matter of the Saar would lead to his continuance in power.

Litvinoff then expressed the opinion that the one way to save Austria was to establish the seat of the League of Nations at Vienna and said that he and the French had been exploring the possibility of accomplishing this but that they had little or no hope that the move might be made.

I asked Litvinoff if, in view of the probability that the Eastern Pact would collapse, he had gone any further with his discussions of a defensive agreement between France, Czechoslovakia, and the Soviet Union. He replied that he had not and I derived the impression from various other remarks that he made during our conversation that the French, having got the Russians into the League, are beginning to show a certain lethargy with regard to guaranteeing the frontiers of the Soviet Union.

BULLITT

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740.0011 Mutual Guarantee (Eastern Locarno)/65

The Ambassador in Poland (Cudahy) to the Secretary of State

No. 448

WARSAW, October 9, 1934.

[Received October 23.]

SIR: I have the honor to report that at a meeting yesterday with Minister for Foreign Affairs Colonel Józef Beck, the Minister discussed the Eastern European Pact for Mutual Assistance (Eastern Locarno).

He said that the conception originated with Litvinoff but that Barthou had developed and expanded it. The Russian interest was

⁴⁸ See vol. II, pp. 1 ff.

⁴⁹ Rumania, Czechoslovakia, and Yugoslavia.

centered upon opposition to Germany but Barthou had expanded the original thought to a security Pact embracing the different countries now mentioned as proposed parties. In reality the pact was not an Eastern Pact at all but a Northeastern Pact, one affecting only northeastern Europe.

In response to Barthou's request, the Minister said he had reduced to writing the objections of Poland. This opposition had not varied from the outset. Fundamentally, Poland considered Germany as the base of the proposed agreement and since the attitude of that country remained unknown there was no foundation upon which to proceed. Also Poland was unable, after repeated interrogatories, to ascertain why the treaty comprised certain states and omitted others. Nor had any satisfactory method been suggested whereby Poland and Lithuania could become parties to the agreement without exchanging diplomatic representation. These were the objections, the Minister said, he had set forth in writing and had transmitted to the French Government.

He said Litvinov had expressed himself at Geneva as unconvinced regarding the desirability of any Eastern Locarno as presently proposed and that he would study the matter further before making any further commitment.

The Minister said that Poland's guiding foreign policy was to maintain, as far as possible, peaceful relations with its two traditional enemies, Germany and Russia. He was happy to assure me that at the present time such relations were more satisfactory than they had been for some time. Poland put its faith in bilateral agreements rather than in comprehensive treaties which include a number of countries with diverse and sometimes conflicting interests. It was for this reason that Poland had never become a member of the Little Entente. Its controlling foreign policy was to maintain friendly relations with all European countries, and particularly, it cultivated the good will of the Danubian nations. Therefore Poland could not consistently become a party to any international agreement which arbitrarily included Czechoslovakia and did not include Rumania, Hungary and Austria.

The Minister characterized the French position in seeking to make the Eastern Locarno so comprehensive, as one not guided by practical considerations and intimate knowledge of the countries affected. He said it was not so serious a matter for France, territorially far removed from countries like Czechoslovakia, Lithuania, and the other Baltic nations, to enter into an agreement imposing serious responsibilities upon the contracting governments, but for Poland, a next door neighbor to such countries, it was a very serious matter. The attitude of Finland towards the proposed pact definitely "negative", likewise the Governments of Estonia and Latvia, expressing them-

selves as unwilling to participate unless Germany and Poland became parties to it, had also influenced the Polish Government.

Respectfully yours,

JOHN CUDAHY

740.0011 Mutual Guarantee (Eastern Locarno)/71: Telegram

The Chargé in the Soviet Union (Wiley) to the Secretary of State

Moscow, December 9, 1934—8 p. m.
[Received December 9—7: 20 p. m.]

407. *Izvestiya* December 8 announced conclusion at Geneva of "protocol"⁵⁰ between Laval⁵¹ and Litvinov in which they agreed "to continue the diplomatic action planned in connection with the conclusion of an Eastern Pact" and "not to carry on separate negotiations with other governments concerning the conclusion of any agreements whatsoever or to conclude any agreements which might be detrimental to the above mentioned action or run counter to its spirit". *Izvestiya* goes on to explain that "not only has opposition to the pact arisen in certain countries but attempts are being made to complicate the conclusion of the pact by means of intrigue. The agreement of Litvinov and Laval will put an end to these intrigues as well as to attempts to impede the increasing cooperation between the U. S. S. R. and France in their joint struggle for peace. Finally this agreement will be a blow to the attempts to substitute for the Eastern Pact combinations either less effective or serving purposes which have nothing to do with the preservation of."

Pravda December 9 prints interview given to Tass by Litvinov. "The threats to peace existing at present cannot be removed by subjective declarations even of the most pacific character from this or that statesman particularly when such declarations are countered by statements of opposite character whether written or oral, old or new, newly repeated or newly spread. Objective tangible material guarantees are necessary in order that all peoples may exist peacefully and may continue their creative domestic work. It is self-evident that the agreement just concluded will by no means obviate the conclusion of other agreements between the U. S. S. R. and France at present or in the event that the Eastern Pact, for reasons independent of the renewed efforts of these two powers, should not be realized. The protocol of December 5 contains no limitations in respect of bilateral agreements between the U. S. S. R. and France." Expressing the wish that other countries adhere to eventual Franco-Soviet agreements Litvinov added "in particular the U. S. S. R. has never ceased to wish

⁵⁰ *Post*, p. 523.

⁵¹ Pierre Laval, French Minister for Foreign Affairs after Barthou's assassination on October 9, 1934.

for the best possible relations with Germany in every way. Such, I am sure, are also the aims of France in respect to Germany. The Eastern Pact would make possible the creation and further development of such relations between these three countries as well as between the other participants in the pact and would introduce into the international situation a calming element for which the peoples of Europe and North America are thirsting. Doubtless at the same time the new Franco-Soviet agreement will offset at least a further increase of the existing uneasiness for it must be understood that the significance of this agreement is not limited by the period of the diplomatic action connected with the Eastern Pact."

Commenting editorially the *Pravda* states "It would seem that there could be no objections to the profoundly peaceful purpose which the Eastern European Pact serves. Yet it is known there are capitalist governments which are trying with all their strength to prevent the establishment of firm and permanent peace in Eastern Europe. While Czechoslovakia, Latvia, Lithuania and Esthonia have expressed readiness to join in an Eastern European Pact, Poland and Germany would adopt a different attitude. Furthermore, within those countries whose governments take a positive attitude toward the idea of mutual assistance against the disturbers of peace, against the aggressor there are groups which assume a negative position. The Franco-Soviet agreement is an answer to these attempts of international adventures, an answer to the ruling circles of those countries which are trying by every sort of intrigue to disturb the conclusion of a pact of mutual assistance."

Pravda emphasizes significantly that influential organs of the French press regard the agreement as definitive repudiation of rumor of a bilateral pact between France and Germany.

In connection with Litvinov's statement that "The significance of this agreement is not limited by the period of the diplomatic action [in?] connection with the Eastern Pact", *Izvestiya* December 9, quotes the Havas Agency as stating that the operation of the agreement "is limited by the duration of the negotiations undertaken for the purpose of concluding a pact of mutual assistance in Eastern Europe. This agreement envisages exclusively Franco-Soviet mutual relations and their relationship to certain definite regions of Europe". This contradiction is eloquent of the difficulties which characterize Franco-Soviet relations. Indeed the agreement between Litvinov and Laval seems to reflect mutual mistrust rather than unity of purpose; possibly also an urgent need for Litvinov to fortify his personal position by a conspicuous coup. Importance may be attached to Litvinov's recent hasty return to Moscow presumably only for the purpose of obtaining authority to make definite concessions to France in compensation for the present agreement.

My telegram No. 398, November 30, noon,⁵² Marchandeanu⁵³ leaves tonight. In conversation last night with de la Baume⁵⁴ who accompanied him in place of Coulondre⁵⁵ I received the impression that their visit has had more negative than positive results. De la Baume was outspokenly critical.

WILEY

740.0011 Mutual Guarantee (Eastern Locarno)/73

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] December 11, 1934.

Mr. Neymann, Soviet Chargé d'Affaires, called on me today, evidently under instructions, and read to me the substance of a telegram which he had received reporting the signing on the 5th instant at Geneva of the Russian-French Pact⁵⁶ relating to the Eastern Locarno. Mr. Neymann did not leave with me the text of the communication nor did he undertake to read to me the terms of the agreement. As summarized it seemed to be merely an agreement on the part of both governments to pursue the idea of an Eastern Locarno for the purpose of including in it all of the governments concerned. There was, however, a reference to the fact that if a full fledged Eastern Locarno Pact did not develop, then the two countries—France and Russia—agreed, nevertheless, to take counsel together in certain unnamed eventualities.

I asked Mr. Neymann whether this was the first time that the Soviet Government had formally mentioned the subject to other governments less concerned and he admitted that this was so.

WILLIAM PHILLIPS

740.0011 Mutual Guarantee (Eastern Locarno)/75

The Ambassador in Poland (Cudahy) to the Secretary of State

No. 533

WARSAW, December 13, 1934.

[Received December 26.]

SIR: I have the honor to report that today I called upon Minister for Foreign Affairs Colonel Józef Beck, and discussed with him the attitude of the Polish Government toward the revised Eastern European Pact for Mutual Assistance (so-called Eastern Locarno).

The Minister said that the French Ambassador in Warsaw had recently submitted a long memorandum bearing upon the proposed

⁵² Not printed.

⁵³ Paul Marchandeanu, French Minister of Commerce.

⁵⁴ Renom de la Baume, French Vice Minister of Commercial Affairs.

⁵⁵ Robert Coulondre, French Assistant Director of Political and Commercial Affairs.

⁵⁶ For text of protocol, see p. 523.

pact which he characterized as very voluminous, prolix, and "juridical". He said that he was very busy these days and could not possibly read this memorandum which was being digested by experts in the Foreign Office but he could tell me that its main import was a concession to the Polish point of view in some details, the principle of the pact as advanced by France remaining the same.

Asked what was meant by concession in some details, he said that this concession concerned Poland's original objections which were based on the difficulty of becoming a party to an agreement with Lithuania when Poland had no diplomatic representation in that country and the obligation the proposed agreement imposed upon Poland toward Czechoslovakia. The French note recognized the validity of these objections and the amended proposal omitted any obligation on the part of Poland toward Lithuania or Czechoslovakia.

The Minister stated that Marshal Pilsudski was not inclined to favor the proposed agreement because he thought it would mean another pact in a pact-encumbered Europe and looked more to the security of the East than to European countries. It was like a building with a beautiful facade and nothing behind the facade. It looked promising but if examined closely there was little substance to the proposal. It was conceived by Litvinov in a "haphazard" way, elaborated by Beneš, and advocated by Barthou. Laval accepted it as an inheritance from Barthou, but in the opinion of the Minister, he had not the same enthusiasm as Barthou for the proposal. Fundamentally, Laval frankly acknowledged the significance of the agreement depended upon acceptance by Germany, and the Minister said he did not expect that Germany would become a party. Asked if Poland would sign if Germany did, he said that he could not answer that question until he examined the proposal to which Germany committed herself but that German acceptance would be a condition precedent to execution by Poland.

In reply to the question as to whether or not refusal on the part of Poland to accept the pact if sponsored by Laval would cause a further strain in French-Polish relations, the Minister replied that he saw no reason why public opinion in France should be hostile in case the Polish decision was negative. Such a decision would be grounded upon unanswerable arguments and French sentiment would be forced to realize the reasonableness of the Polish position. He reminded me of our discussion (despatch No. 449 of October 9, 1934⁵⁷) when the French press was very antagonistic to Poland. Since then, he said, the animosity of the French press had subsided. He said that Laval had very solemnly assured him at Geneva that the Franco-

⁵⁷ Not printed.

Polish alliance⁵⁸ was the base of French-Polish relations and would continue regardless of any development between the two countries concerning any other matter and that Laval had pledged himself to a policy of adherence to this alliance.

Respectfully yours,

JOHN CUDAHY

740.0011 Mutual Guarantee (Eastern Locarno)/83

The Chargé in the Soviet Union (Wiley) to the Secretary of State

No. 310

Moscow, December 27, 1934.

[Received January 19, 1935.]

SIR: With reference to my telegram No. 407, December 9, 8 p. m., reporting the signing of the Laval-Litvinov protocol at Geneva on December 5, 1934, and subsequent despatches on the same subject, I have the honor to transmit herewith an English version of the official text of the protocol which appeared in the Soviet press on December 20, 1934. The enclosed text is taken from the *Moscow Daily News* of December 20, 1934, and has been carefully checked with the official communiqué in Russian. The Department will note that the wording of the protocol permits of a wide or narrowed interpretation in respect of the period and scope of the present agreement which, as reported, in my despatch No. 287, of December 14, 1934,⁵⁹ was presumably drafted with a view to appeasing British sensibilities. The vague wording on this point would seem to explain the inconsistency between the Havas communiqué announcing the signing of the protocol and M. Litvinov's statements in respect to the scope of the pact, as reported in the telegram referred to above and commented on in subsequent despatches.

I venture to enclose also translations of editorial comments which appeared in the *Izvestiya* and *Pravda* on December 20, 1934,⁶⁰ in connection with the publication of the official text of the protocol.

Respectfully yours,

JOHN C. WILEY

[Enclosure]

*Protocol Signed on December 5, 1934, in Geneva by the Russian People's Commissar for Foreign Affairs (Litvinov) and the French Minister for Foreign Affairs (Laval)*⁶⁰

The Minister of Foreign Affairs of the French Republic and the People's Commissar for Foreign Affairs of the U. S. S. R., having

⁵⁸ Treaty signed February 19, 1921, League of Nations Treaty Series, vol. xviii, p. 12.

⁵⁹ Not printed.

⁶⁰ Marginal note on original: "Source: *Moscow Daily News* of December 20, 1934, vol. iii, No. 292 (793)"

exchanged opinions on the progress of negotiations for the conclusion of the Eastern Pact, the initiative for which was undertaken by their respective governments, put on record the mutual decision of both governments to secure the conclusion of the international acts indicated. At the moment when the negotiations have entered into a more active phase, they have agreed on behalf of their governments, to undertake mutually to adhere to the following positions:

1. In their connections with the governments invited to participate in the Pact, and particularly with those which have not yet expressed their consent in principle to join the Pact, both governments agree not to enter into negotiations which might be aimed at concluding multilateral or bilateral agreements, capable of jeopardizing the preparation for and the conclusion of the Eastern Regional Pact or agreements connected therewith, and agree not to conclude agreements counteracting the spirit by which both governments are guided.

2. To this end, each of the two governments will notify the other of any proposal of the above mentioned character, made to it by one of the governments in question, regardless of the manner in which such a proposal may be made.

These undertakings will be binding for the entire period of the current diplomatic action or all other subsequent actions which, on the basis of the same general conception and with the same purpose in view, could replace it. Both governments undertake not to reject these actions except in the event of an acknowledgment by mutual agreement of the uselessness of continuing them further. In such an event they will confer mutually on the question of new assurances which they will deem necessary to give one another on the basis of the same spirit and with the same end in view.

Both governments are convinced that such a guarantee of the continuity and effectiveness of Franco-Soviet diplomatic collaboration will further the success of the present international negotiations and at the same time will help in general to strengthen the spirit of mutual confidence in the relations between the governments of both countries.

In confirmation of which we, the undersigned, duly authorized by our respective governments, have signed the present protocol.

PIERRE LAVAL

MAXIM LITVINOV

GENEVA, December 5, 1934.

ATTITUDE OF CERTAIN FOREIGN GOVERNMENTS
TOWARD THE JOHNSON ACT PROHIBITING LOANS
TO DEBTOR GOVERNMENTS IN DEFAULT TO THE
UNITED STATES; INTERPRETATIONS OF THE ACT

800.51 Johnson Act/3

The Assistant Secretary of State (Moore) to Senator

Joseph T. Robinson

WASHINGTON, January 31, 1934.

MY DEAR SENATOR: Attached is a memorandum relative to the Johnson Bill¹ prepared by Mr. Hackworth, the Legal Adviser of this Department.

Yesterday afternoon Mr. Ray Stephens, President of the Foreign Bondholders Protective Council, was here and we went over the Bill together. He, like Mr. Roosevelt, is most anxious that the Bill be confined to obligations to the Federal Government and that thus the language making it applicable to debts due our citizens should be eliminated, realizing that unless this is done there will be undesirable obstruction to loans being negotiated in this country by dependable governments such as that of Canada.

Notwithstanding Mr. Stephens' doubts, I still believe that the exception of refunding and adjusting operations would enable a citizen of this country to take scrip, or cash and scrip, in settlement of indebtedness due him by a nation in default to our Government. But, should you think this should be made more explicit, there can be no objection.

I very much hope that Senator Johnson will not urge the retention of the language that has been stricken out, since the President feels more strongly on that point than on any other point involved.

Yours very sincerely,

R. WALTON MOORE

[Enclosure]

JANUARY 31, 1934.

MEMORANDUM FOR SENATOR ROBINSON

Johnson Bill—S. 682

Some of the reasons for eliminating the phraseology in lines 4, 5 and 6 of page 2 of the bill and confining it to defaulted obligations to the Government of the United States are that:

¹ Introduced March 22, 1933; see *Congressional Record*, vol. 77, pt. 1, p. 705; for text as finally approved, April 13, 1934, see 48 Stat. 574.

(1) At this time when efforts are being made to encourage the commercial and other interests between the United States and other countries, particularly Latin America, it would be unwise to enact legislation that would probably be offensive to those countries, as the bill as originally drafted would undoubtedly prove to be.

(2) The sweeping language of the bill would apply to countries that are in default not by choice but by force of circumstances over which they have no control.

(3) Many of the Latin American countries that are in default on their bonds are rich in natural resources and are desirous of meeting their obligations but are prevented from doing so by reason of the chaotic condition of world trade and commerce. As this condition improves and the sale of products increases, it is believed that they will adjust their foreign indebtedness and that the enactment of a law by us prohibiting the flotation of further loans would merely serve as an irritant to the disadvantage of our trade and commerce with them, which it is in the interest of our country, as well as others, to encourage.

(4) Moreover, such a provision, so far as regards such countries, is considered to be unnecessary for the reason that there is no likelihood that an effort will be made by them to float further loans in the United States until there shall have been an adjustment of their outstanding indebtedness. The provision would, therefore, be regarded by those Governments as a gratuitous affront to them.

(5) One case has been brought to our attention of a single municipality in a particular foreign country that is in default on its obligations in a small amount, whereas the bonds of the country as a whole and of other municipalities therein are regarded as gilt-edge securities affording profitable and safe investments of American capital. Yet, with the bill as originally drafted, because of the default of this particular municipality, the bonds or other obligations of that Government or other municipalities therein could not be sold on the American market. This would be the effect but not the purpose of the bill if the words proposed to be eliminated are retained.

(6) For these and other reasons, it is believed that legislation at the present time should be confined to those Governments that have deliberately defaulted on their obligations to the Government of the United States. If this experiment shall prove to be a beneficial one, we may then, if the circumstances seem to warrant, extend it to obligations held by American citizens and concerns. A further reason why the bill should not now be extended to obligations held by private people is that such legislation might conceivably interfere with the operations of the Committee that has recently been organized, pursuant to Congressional authority, to work out with private bondholders and the debtor Governments solutions with respect to such obligations.

800.51 Johnson Act/2

Memorandum by the Secretary of State

[WASHINGTON,] February 5, 1934.

During the call of the British Ambassador,² he made earnest protest and complaint against the proposed passage of Senator Hiram Johnson's Bill which would prohibit debtor governments in default to the United States government from floating loans in the United States. He stated that his government had undertaken to cooperate to work out an adjustment of their debt due our government in an amicable way and to avoid what would be considered a default. He then added that should his government fall under the ban of the Johnson Bill just as France which had deliberately defaulted, it would be bitterly resented by his government. I told the Ambassador that of course the American people had been very much aroused by statesmen, politicians and demagogues with respect to the payment of war debts due the United States government from other governments; that Congress was a coordinate and independent branch of the Federal Government and had an equal right to express its attitude on the debts, and that in all probability it would be very difficult for the Executive branch of our government to influence the Congress contrary to this disposition. I stated finally that I would be glad to make known his views and those of his Government, as he expressed them, to the President and to some of our legislative colleagues in Congress. I naturally made no commitments in the circumstances. I did add that the fact the Johnson Bill had been pending for many weeks and had once passed the Senate and was then reconsidered and held on the Calendar for two weeks without any complaint whatever from any representative of the debtor governments abroad, naturally had led Congress to the conclusion that those governments were not seriously concerned about the passage of the proposed Johnson measure.

C[ORDELL] H[ULL]

800.51 Johnson Act/12

The Secretary of State to President Roosevelt

WASHINGTON, April 12, 1934.

MY DEAR MR. PRESIDENT: I have the honor to return herewith the enrolled bill S. 682, a bill to prohibit financial transactions with any foreign government in default on its obligations to the United States. I offer no objection to the form of the bill.

Faithfully yours,

CORDELL HULL

² Sir Ronald Lindsay.

800.51 Johnson Act/35

The Secretary of State to the Attorney General (Cummings)

WASHINGTON, April 23, 1934.

SIR: I acknowledge the receipt of the letter of the Acting Attorney General dated April 18, 1934,⁴ requesting a copy of an opinion by the chief law officer of the Department in regard to questions raised in the Department's letter to you of April 17, 1934,⁵ arising from the enactment of the Act to prohibit financial transactions with any foreign government in default on its obligations to the United States, approved April 13, 1934. Reference is also made to a conversation between officials of your Department, the Treasury Department, and this Department on April 20.

A copy of a memorandum prepared by the Legal Adviser for the Department is enclosed herewith for your confidential information. I shall appreciate an early expression by you on the questions stated in the Department's letter of April 17, and will be glad, if you so desire, to confer again with your representatives on the subject.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE
Assistant Secretary

[Enclosure]

Memorandum by the Office of the Legal Adviser⁶

[WASHINGTON,] April 21, 1934.

QUESTIONS RAISED BY THE ACT APPROVED APRIL 13, 1934, TO PROHIBIT
FINANCIAL TRANSACTIONS WITH ANY FOREIGN GOVERNMENT IN
DEFAULT ON ITS OBLIGATIONS TO THE UNITED STATES

The following questions have been specifically raised with the Department of State.

1. What governments, political subdivisions, or associations are in default on their obligations to the United States?
2. To what types of transactions does the Act apply?
3. What constitutes a renewal of an existing credit?
4. Does the Act apply to acceptances or time drafts?

⁴ Not printed.

⁵ Not printed. The questions raised in the letter of April 17 were the same as the seven listed in the enclosed memorandum of April 21 by the Office of the Legal Adviser. The opinion of the Attorney General in reply to these questions was given in a letter of May 5, 1934, to the Secretary of State. For text of this letter, see Department of State, *Press Releases*, May 5, 1934, p. 259, or 37 Op. Atty. Gen. 506.

⁶ Marginal note in the original: "This was written on Le's memo. pad. Mr. Hackworth said it was not necessary for him to sign or initial it."

5. Is the present Soviet Government, as the successor to prior Governments of Russia, to be regarded as in default, in view of the fact that no payment has been made on the bonds issued to the Government of the United States by the Kerensky Government on account of loans made to that Government by the United States during the period of the War, the Kerensky Government having been the immediate predecessor of the Soviet Government?

6. However the last question may be answered, can the Soviet Government be considered in default to the Government of the United States pending negotiations that are being had with a view to arriving at the amount of the indebtedness due from the Soviet Government to the Government of the United States?

7. Would the issue and sale in the United States of "scrip" or funding bonds in part payment of outstanding obligations be a violation of the Act?

These questions will be briefly discussed in numerical order.

Question 1. The first question can, it is believed, be answered generally by saying that any government, or political subdivision, or association which has given a promise to pay a definite amount of money at a designated date and has not paid the definite amount is in default unless the Government of the United States has agreed that payment may be postponed or need not be made.

The issue of bonds, securities or other obligations of any organization or association acting in behalf of a foreign government or political subdivision thereof would be prohibited if the government or subdivision were in default.

Since there is no agency of the Government other than Congress authorized to modify the promises which foreign governments have made to pay money to the Government of the United States, there, of course, can be no case presented in which consent to delay in making payment or discharge from the obligation to pay arises.

Question 2. In answering the second question it is necessary to consider the origin and history of the Act of April 13. The Act of April 13 is the result of investigations conducted pursuant to Senate Resolution 19, introduced by Senator Johnson on December 10 [9], 1930 [1931].⁷ The purposes to be accomplished by the bill are fairly clearly indicated by Report No. 20 of the Senate Committee on the Judiciary accompanying S. 682. The following quotation from that Report indicates the abuse which the bill was intended to correct:

"These foreign bonds and obligations, of course, in some instances were issued and were sold in good faith; while in some instances, the testimony has demonstrated that they were issued by the borrower merely to obtain money, with little expectation of redemption, and were sold by the American financiers to make outrageously high profits, and both had reasonable cause to believe that the American

⁷ *Congressional Record*, vol. 75, pt. 1, pp. 213-214.

public purchasing such bonds or other obligations would be the ultimate sufferer.”⁸

It would seem from all that has taken place that what the Act was designed to accomplish was to prevent purchase of bonds, securities, and obligations of foreign governments and their sale and distribution among purchasers in the United States who act in the belief that they are making investments. It is not believed that the Act was designed to prohibit ordinary business transactions or to suppress the usual facilities of trade such as negotiations of bills of exchange or the purchase or sale of currencies.

Question 3. Bonds, securities, or other obligations issued for the purpose of renewing or adjusting existing indebtedness are excepted from the prohibitions of the Act. It would seem that any instrument which would be issued for the purpose of replacing the evidence of any existing indebtedness would constitute a renewal or an adjustment of an existing indebtedness. If new bonds were issued to replace old ones, it would seem that such a transaction would be permissible. Any instrument given in satisfaction or extension of an existing indebtedness would, it is believed, come within this exception.

Question 4. Considering the background of the Act of April 13, I do not believe that it should be regarded as prohibiting acceptances or time drafts given in ordinary commercial transactions. On this point I quote the following from *Corpus Juris*, Volume 46, page 847, speaking of the term “obligation”:

“When the term is used in a statute its significance must be gathered from and governed by the purpose and context of the enactment.”

Under this statement citations are made to numerous court decisions. Some of these court decisions held that bills of exchange, checks or orders of the Treasurer of the United States, a debt on open account not secured by a written instrument, and a draft drawn by a bank and protested, are not obligations. It seems clear that the courts attributed a restricted meaning to the term “obligation”.

Considering the origin of the Act of April 13, the purposes which it is intended to accomplish, and judicial decisions declaring bills of exchange and other instruments to be not obligations within the statutes, I believe that acceptances or short time drafts could properly be regarded as not coming within the prohibitions of the Act.

Question 5. The Provisional Government of Russia, the Kerensky Government, was overthrown on November 7, 1917, and was succeeded by the Soviet Government. By a decree issued January 28, 1918, the Soviet Government annulled all foreign loans. The Government of

⁸ *Senate Reports*, 73d Cong., 1st sess. [Serial No. 9769] (Washington, Government Printing Office, 1934).

the United States loaned the Kerensky Government \$187,000,000, and payment has not been made by the Soviet Government on the evidences of indebtedness held by the Treasury of the United States. The Soviet Government succeeded to the obligations of the Kerensky Government in respect of loans made by the Government of the United States to the Kerensky Government. The Soviet Government has not made payments on those evidences of indebtedness but on the contrary the obligations have been repudiated. It would follow that the Soviet Government is in default.

Question 6. If the position stated under Question 5 is correct, it is believed that the Soviet Government remains in default, notwithstanding that negotiations are pending with the Soviet Government relating to the debt of that Government to the Government of the United States.

Question 7. It is believed that the issue of "scrip" or funding bonds would be regarded as a renewal or adjustment of existing indebtedness and should not be regarded as in violation of the Act.

The question has also been raised whether the purchase and sale of foreign currency is prohibited by the Act. It is not believed that currency would be an obligation within the meaning of the Act. There would be as much justification for regarding currency as outside the terms of the Act as there would be for regarding bills of exchange as not being within the prohibitions of the Act.

A question has been raised also as to whether postal money orders, pension checks, checks, dividend or interest warrants, pay checks, consular checks, coupons on bonds, checks on central banks for various purposes, would come within the scope of the Act. It is believed that the history, purposes and language of the Act would not justify a conclusion that instruments such as are here mentioned would be regarded as bonds, securities, or other obligations.

A question has been raised also whether foreign branches of American banks are exempted from the prohibitions of the Act, and whether the Act applies to American banks in Puerto Rico and the Canal Zone. Both questions, it is believed, are answerable in the affirmative. The Act is applicable only to places subject to the jurisdiction of the United States. Transactions of American banks in foreign countries would not be consummated in the United States. American banks in Puerto Rico and the Canal Zone are in places subject to the jurisdiction of the United States.

Another question is whether loans to foreign banking corporations on securities of nations in default would be prohibited by the Act. The answer to this question would depend on whether the foreign bank were acting as agent of a foreign government in default, and whether the lending bank took title to the securities of the foreign

government. It is not believed that the making of loans to foreign banking corporations would be a violation of the Act, even if securities of nations in default were received as collateral unless the foreign bank borrowed for a government in default or took title to the securities. If, however, it became necessary for the lenders to take title to the securities in satisfaction of the loan, they would not sell the securities in the United States without committing a violation of the Act.

It should be noted that the inhibitions of the Act apply only to transactions of governments in default on obligations to the United States.

800.51 Johnson Act/41

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] April 24, 1934.

The French Ambassador⁹ asked whether we could give him any information with regard to the interpretation of the Johnson Act so that he could at least deposit Government drafts and secure salary payments for himself and employees of the French Government.

I called up Mr. Hackworth, who advised me that he had just been in touch with the Department of Justice and had been advised informally that, in the opinion of Justice, the ordinary money transactions involving drafts and money orders would not come within the purview of the Act; the Ambassador said he was relieved to hear this and asked that somehow this word be got to the banks, especially the Chase Bank, as soon as possible.

I spoke again to Mr. Hackworth and asked him to see what could be done, perhaps through the Treasury, with respect to this matter.

The Ambassador then referred to the question of the so-called "token" payments of the war debts and said that he had recently received two or three private letters from Paris indicating that the French Government was now seriously considering the question of some sort of payment; he reminded me that this information was not official and that he has nothing to this effect from the French Government; all that he had was knowledge that his despatches, recommending strongly that the French Government make payment,¹⁰ had been re-read by Barthou¹¹ and large numbers of copies of them distributed.

I explained to the Ambassador that we had put up to the Department of Justice a series of interpretative questions with reference to

⁹ André de Laboulaye.

¹⁰ For correspondence relating thereto, see pp. 543 ff.

¹¹ Jean Louis Barthou, French Minister for Foreign Affairs.

the Johnson Act and that the problem arising from "token" payments was among them. Mr. de Laboulaye replied that this was a very important point for him and he then asked me to keep him advised as promptly as possible of the position of the Department of Justice in this matter. We agreed that very possibly Justice could not give a definite answer and would have to rely upon future decisions of the courts. However, I promised to keep the Ambassador as closely as possible in touch with this aspect of the Johnson Act.

WILLIAM PHILLIPS

800.51 Johnson Act/55

Memorandum by the Secretary of State

[WASHINGTON,] May 3, 1934.

The Rumanian Minister¹² called and inquired when the Department of Justice might conclude its work of construing the so-called Johnson Bill. I replied that the matter was being given every attention by all departments of the Government concerned and the Department of Justice was expected within a very short time to conclude its labors.

The Minister then brought up the subject of debts and commerce between nations. He suggested a moratorium of five years on debt payments,¹³ for the purpose of affording an opportunity to rebuild international commerce. He expressed the view that the nations at the end of that time would be in a much better position to discuss reasonable payments of debts due our Government than they were at present, and added that we would get nothing, or practically nothing, at this time in any circumstances. I replied that all phases of the debt question were being suggested by individual citizens or others who dropped in here at the Department from time to time. I, of course, made no commitments nor intimated any particular impression in my mind in the way of reaction to his statement.

C[ORDELL] H[ULL]

800.51 Johnson Act/73

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 7, 1934.

The French Ambassador called this afternoon, under instructions, and said that "the French Government would like an official inter-

¹² Charles A. Davila.

¹³ For correspondence relating to payment of Rumanian debt to the United States, see pp. 591 ff.

pretation of the Attorney General's opinion,^{13a} in order to know if in the future debtor countries which make some partial payments will fall or not in the category of those declared in default" under the application of the Johnson Act.

In the Ambassador's opinion, this inquiry from the French Government showed, beyond a doubt, that the French were considering some action along the lines of the recommendations which de Laboulaye had already made over a period of some months; de Laboulaye said also that this substantiated the information which he had been receiving from friends near the Government.

The Ambassador then outlined the recommendations which he had made as follows: That the French Government should take note of the fact that President Roosevelt had on many occasions expressed the opinion that the debtor government was always at liberty to approach the creditor government with any proposition which it desired to make; that France should accordingly give a statement showing its inability to pay its full indebtedness at the present time owing to the general economic depression; his Government might then follow the language of the announcement made at the time of the British partial payment with regard to inability to pay in full, which statement had already been approved by President Roosevelt his Government would thereupon make a substantial payment of perhaps "20 or 25 million dollars" on the theory that it would be relieved from immediate future payments until the economic situation of France was improved. The Ambassador asked me whether or not, in my opinion, this was not the right course to take. I replied that the Johnson Act presented new difficulties and I had considerable doubt whether the Act, as it stood now, would permit the President to receive any payment on account, no matter how substantial that amount might be. Furthermore, the Ambassador said that he would like very much to have an answer as quickly as possible; he emphasized again his conviction that his Government was now seriously considering this situation.

WILLIAM PHILLIPS

800.51 Johnson Act/74

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 8, 1934.

I took up with the President today the inquiry presented by the French Ambassador yesterday afternoon and asked him whether in his opinion we had any other alternative than to apply the terms of

^{13a} See letter of May 5, 1934, from the Attorney General to the Secretary of State, 37 Op. Atty. Gen. 506, or Department of State, *Press Releases*, May 5, 1934, p. 259.

the Johnson Act. The President considered the matter for some time and finally decided that there was no other alternative and that France should therefore be notified to that effect. As far as the British were concerned, the President seemed to feel that possibly after the adjournment of Congress something might be worked out, but that certainly we could do nothing until after Congress had adjourned. In the circumstances he was quite clear that the Department could notify all inquiring governments that, while this Government could continue to receive payments on account, the Johnson Act required that these governments could not escape being declared in default.

WILLIAM PHILLIPS

800.51W89 Great Britain/558

Memorandum by the Under Secretary of State (Phillips) ¹⁴

[WASHINGTON,] May 11, 1934.

The British Ambassador said that he understood a number of his colleagues ¹⁵ had made inquiry of the Department with respect to the applicability of the Johnson Act and that, inasmuch as some of them undoubtedly expected Great Britain to take the lead, he felt it was up to him to make similar inquiries.

I admitted that one or two of his colleagues had already ventured to remark that their Governments would undoubtedly follow whatever action Great Britain decided to take. I then gave the Ambassador the same information which I had given the other diplomatic representatives to the effect that all countries which had made payments on account were regarded as not in default, but that on and after June 15th next the terms of the Johnson Act would apply and that it would no longer be possible thereafter for the President to announce that those Governments which had made "token" payments on June 15th were not in default; I said, however, that the President desired that it should be clearly understood that all debtor countries were able to approach this Government with any proposal which they desired to make and that all such proposals would be carefully considered.

The Ambassador said he understood the situation which, in brief, was to the effect that Great Britain would be regarded in default on June 15th next unless she paid her full installment.

¹⁴ Transmitted to President Roosevelt by the Under Secretary of State on May 17.

¹⁵ The Belgian Ambassador, the Czechoslovak Minister, and the Italian Ambassador; subsequently the Latvian Consul General at New York in charge of Legation.

The Ambassador said that there was another side to the matter which was probably not worth touching upon, but, nevertheless, he would ask what would happen in the event of a full payment of the June 15th installment. As everyone knew Great Britain was in arrears in its past payments, would the full satisfaction of the June 15th payment clear the British Government from the stigma of default or not? I replied that that was a point on which I could not give him a definite answer, but it seemed to me possible that, inasmuch as the British Government was not now in default, it could scarcely be regarded in default if it should make full payment of its June 15th installment. I said that, if possible, I would be glad to give him a more definite answer. Sir Ronald replied that the point he had raised was really an unimportant one and he gave me the impression that any payments on account were now exceedingly doubtful; he added, "I suppose you realize the feelings which will be created by the application of the Johnson Act and the repercussions which will occur." I replied that it was better not to talk about repercussions, that there were certainly enough of them running around the world at the present time and that further repercussions would not get us anywhere. The only reply that the Ambassador made was to the effect that none the less repercussions might be expected.

W[ILLIAM] P[HILLIPS]

800.51 Johnson Act/76

*Memorandum by the Legal Adviser (Hackworth)*¹⁶

[WASHINGTON,] May 14, 1934.

ISSUE BY GERMANY OF SCRIP OR BONDS IN PAYMENT OF INTEREST ON
OUTSTANDING OBLIGATIONS OF GERMAN STATES, MUNICIPALITIES,
AND CORPORATIONS HELD BY AMERICAN NATIONALS

The following is submitted in response to the request in the Attorney General's letter of May 9, 1934,¹⁷ regarding the question presented by Mr. George Rublee, Counsel for the Foreign Bondholders Protective Council, transmitted to the Attorney General by Mr. Moore's letter of May 8, 1934.¹⁷

The situation as I understand it is substantially as follows:

The bonds, the interest coupons of which are to be liquidated, are those of German States, Municipalities, and Corporations. The Ger-

¹⁶ Copy of this memorandum was enclosed with letter of May 17, 1934, from Assistant Secretary of State Moore to the Attorney General (not printed). In his reply dated May 18, the Attorney General stated: "It follows from these considerations that the acceptance by American bondholders of scrip or funding bonds, under the circumstances hereinbefore set forth, is not forbidden by the Act of April 13, 1934." (37 Op. Atty. Gen. 526.)

¹⁷ Not printed.

man Government controls all foreign exchange in Germany. Sufficient exchange to enable the obligors to meet the interest payments on their bonds is said not to be available. The plan, therefore, contemplates payment of the interest by the obligors to the German Government and the issue in turn by the Government of its obligations, scrip or bonds, in satisfaction, in part at least, of the coupons.

The Act approved April 13, 1934, makes it unlawful for any person to purchase or sell "the bonds, securities, or other obligations of, any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this Act, or to make any loan to such foreign government, . . .¹⁸ except a renewal or adjustment of existing indebtedness while such government, political subdivision," etc. is in default in the payment of its obligations to the Government of the United States.

If the bonds, the coupons of which are thus to be liquidated, were the bonds of the German Government, there would seem to be no doubt that the transaction would come within the stated exception, and within the Attorney General's opinion of May 5, 1934. The Attorney General stated:

" . . . In other words, such 'scrip' or 'funding bonds' are authorized if issued in the bona fide 'renewal or adjustment of existing indebtedness.'

" . . . Thus an adjustment of an existing indebtedness within the meaning of the Act is any lawful arrangement entered into in good faith between the debtor and the creditor which compromises or determines the amount to be paid by the debtor to the creditor and it may include other details of composition or settlement."

The question then is whether the fact that the interest payments to be adjusted are not payments on obligations of the German Government precludes our regarding the transaction as a renewal or adjustment of "existing indebtedness". It would appear not unreasonable to conclude that by the term "existing indebtedness" as used in the Act was meant indebtedness of the government making the adjustment,—not the indebtedness of a third party. On this hypothesis it would be at least arguable that acceptance by American bondholders of the obligations of the German Government would be illegal under the Act.

This, however, would probably be a narrow and illiberal interpretation. A broader interpretation which would admit the legality of the transaction would be based on the theory (1) that the purpose of the law is to prevent governments in default on their obligations to the United States from floating additional loans or establishing addi-

¹⁸ Omission indicated in the original memorandum.

tional credits in the United States; and (2) that by "adjustment of existing indebtedness" is meant any indebtedness for which the foreign government is liable.

In elaboration of this theory it might be said that the German Government by establishing a control of foreign exchange and undertaking to accept from the German obligors the interest payments in marks, which it has already done, and to settle with the foreign bondholders, has become obligated to pay this indebtedness, and that, therefore, the present proposal to exchange scrip or other obligations for the coupons on the bonds held by American nationals is an adjustment of existing indebtedness within the meaning of the Act.

There would seem to be little doubt that Germany is liable on these obligations under both German law and international law. The German law of June 9, 1933, effective July 1, 1933, provides in Section (1) that—

"[§ 1.] (1) Interest, dividends and regular amortizations, as well as real estate rents, payments under leases and similar regularly recurring payments on accounts, credits, loans, mortgages, land charges, participations and other capital investments of foreigners or Saarlanders must be paid by the debtor at the contractual due date in Reichsmarks, to the credit of the foreign or Saarland creditor, to the Conversion Office for German Foreign Debts (§ 2). The permits necessary under the legal provisions concerning foreign exchange are to be granted when the conditions of sentence 1 are at hand. In case the debtor is required to pay in foreign currency, the amount is to be converted into Reichsmarks at the official Berlin middle rate of the currency in question on the weekday preceding the date of payment. In case the currency is not officially quoted on the Berlin Stock Exchange, the conversion shall be made at the rate determined upon as the middle rate by a Committee of the Berlin 'Association for Fixing Conditions for the Trade in Securities' (*Bedingungsgemeinschaft für den Wertpapierverkehr*) and published in the press. If, in the case of a currency, neither an official quotation on the Berlin Stock Exchange nor a determination of rates by the Berlin Committee on Conditions has been made, the rate of conversion is to be determined on the basis, on the one hand, of the last known rate on a foreign Stock Exchange of the foreign currency in question and on the other hand, of the last known official middle rate of said foreign Stock Exchange quoted on the Berlin Stock Exchange or determined by the Berlin Committee on Conditions; as rates determined in accordance with this provision, the rates determined by the Reichsbank to be such shall govern.

"(2) To the extent to which the debtor makes payment to the Conversion Office for German Foreign Debts, he is freed from his obligation. The Obligation of the Conversion Office for German Foreign Debts toward the creditor is governed by the provisions of § 3.¹⁹

¹⁹ The following omission indicated in the original memorandum.

“§ 2. (1) A Conversion Office for German Foreign Debts is hereby created. The Conversion Office is a public law corporation; it stands under the supervision of the Reichsbank-Direktorium and carries its account with the Reichsbank. The Reichsbank-Direktorium will elect the Conversion Office's responsible agencies.

“(2) The other legal relations of the Conversion Office are governed by its statutes which will be fixed by the Reichswirtschaftsminister in agreement with the Reichsbank-Direktorium.

“(3) The Conversion Office is free of the taxes which the Reich, the states and the municipalities (associations of municipalities) levy on income, on property and on business establishments.

“§ 3. The amounts paid in (§ 1 paragraph 1) will be credited to the foreign or Saarland creditors. The claims of the creditors arising from the credit will be determined according to principles which will be laid down in the statutes of the Conversion Office. At what point of time payments may be made out of the accounts, the Reichsbank will determine.”

It will be seen from the foregoing that the German Government has by law prohibited the German obligors on these bonds from making payment to the bondholders; has required those obligors to pay the money over to an agency of the German Government, and has discharged the debtors from further obligation toward the creditors. There is, in effect, a sequestration by the German Government of property or property rights of the foreign creditors for which the German Government is liable under international law.

A situation somewhat analogous to this was presented when certain states during the revolutionary period provided by law for payment to official agencies of those states obligations due British merchants. The British creditors not being able by the “ordinary course of judicial proceedings” to obtain compensation for their debts, the action of those states was made the subject of treaty stipulations between the United States and Great Britain which provided for arbitration of the question (Article VI of the Jay Treaty of 1794), and this having failed, the Government of the United States was required, by the Treaty of January 8, 1802, to pay the British Government £600,000, amounting to \$2,664,000, in satisfaction of the obligations due British merchants. (1 Malloy, *Treaties, Conventions, etc.*, (1910) 590, 594, 610, 611; I Moore, *International Arbitrations* (1898) 271; III Moore, *International Adjudications* (modern series, 1931) entire volume).

Since American nationals, unless they accept the proposed arrangement, will presumably be unable to collect on their coupons and apparently will be without an adequate remedy, and since the precise meaning of the Act in this respect is not entirely clear, the more liberal interpretation would seem to be warranted. Having in mind these latter considerations, I am inclined to the view that such an in-

terpretation would not do violence to the Act, and might, with reason, be adopted.

GREEN H. HACKWORTH

800.51 Johnson Act/90a

Memorandum by the Legal Adviser (Hackworth) ²⁰

[WASHINGTON,] May 15, 1934.

QUESTION RAISED BY THE ACT APPROVED APRIL 13, 1934, TO PROHIBIT FINANCIAL TRANSACTIONS WITH ANY FOREIGN GOVERNMENT IN DEFAULT ON ITS OBLIGATIONS TO THE UNITED STATES ²¹

The following question has been raised with respect to the Act approved April 13, 1934:

"If a Government that has made a so-called 'token' payment on its obligations to the United States, and is now in the non-defaulting category under the Attorney General's ruling of May 5, should pay the full amount of the next installment, would it still be regarded as not in default?"

The Attorney General in his opinion of May 5, 1934, has ruled that Great Britain and other countries similarly situated are not in default within the meaning of the term "default" as used in the Act approved April 13, 1934. Apparently the reason the Attorney General did not consider these Governments in default was that, in view of the flexibility of the term "default" and of statements made by the President, and in view also of proceedings in the House of Representatives relating to the bill when it was pending before that body, it was not the intent of the Act that a government which had made a partial payment on an installment when it became due should be considered in default on its obligation to the Government of the United States. Since the British Government and certain other governments had made so-called token payments when the last installments came due, the Attorney General concluded that they were not in default.

²⁰ Copy of this memorandum was enclosed with letter of May 16, 1934, from the Secretary of State to the Attorney General (not printed). In his reply dated May 18, the Attorney General stated:

"It follows from these considerations that if a government which made a token payment under the circumstances stated in my opinion of May 5 should pay the full amount of the installment next due on its indebtedness, it would not be in default, within the meaning of that term as used in the Act of April 13, 1934." (38 Op. Atty. Gen. 581.)

²¹ An attached note dated May 16, 1934, by the Under Secretary of State to the Secretary of State, reads as follows: "This is based on an inquiry (oral) from the British Ambassador."

It is not conceived that the maturing of another installment should change the position of a government with respect to a previous installment on which a so-called token payment had been made. The maturing of an additional installment can scarcely be regarded as changing the status of a government in the matter of default or non-default on an installment previously due. If the British Government, for example, should pay in full the next installment when due, it most certainly would not be in default as to that installment. Its status under a previous installment on which a partial payment was made ought not to be any less favorable by reason of payment in full of a new installment when due than it was before the new installment became due and was paid.

GREEN H. HACKWORTH

800.51W89 Great Britain/567

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 22, 1934.

The President told me that, in his recent conversation with the British Ambassador on the subject of debts, Sir Ronald had dwelt on the iniquities of the word "default" and had inquired whether something could not be done by an amendment to the Johnson Act getting rid of this word.

The President had replied in the negative and said that there was nothing to do but to admit the situation as contemplated under the Johnson Act. The Ambassador then asked what the President had to suggest. The President said that if he were the British Government he would hand this Government a note setting forth at length the conditions of the British Treasury, referring to the favorable balance in their budget, but also to the extent of the taxation under which the British people were suffering; that, for social and other reasons, it was necessary to lighten this heavy taxation which would automatically unbalance their budget; however, that they recognize their responsibilities under their debt and desire to discuss the question of final disposition of the debt and that they would leave these discussions or conversations to be held, either in Washington or in London, according to the wishes of this Government. The President told the Ambassador that he thought if such a note was received it would certainly improve the June 15th situation and perhaps the next semi-annual "pay-day."

Sir Ronald did not seem to receive the President's suggestion in a very happy spirit.

WILLIAM PHILLIPS

800.51W89/876a : Circular telegram

The Secretary of State to the Minister in Czechoslovakia (Wright)

WASHINGTON, June 12, 1934—2 p. m.

For your information and for informal and oral communication to Foreign Office.

The British Government in a note²³ which has been given wide publicity stated its assumption that unless payment were made in full of the unpaid parts of debt payments due June 15, 1933 and December 15, 1933, as well as the payment due June 15, 1934, the United Kingdom would fall within the effects of the Johnson Act of April 13, 1934, prohibiting the purchase and sale of obligations of governments in default to the United States. This assumption is erroneous. The Attorney General has rendered an opinion that governments in the same category with Great Britain, namely, Czechoslovakia, Italy, Latvia, and Lithuania, would not fall within the prohibitions of the Act of April 13, 1934, should they pay the full amount of the instalment next due on their indebtedness.

Repeat to Rome, Riga, Kaunas.

HULL

²³ Department of State, *Press Releases*, June 9, 1934, p. 355.

NEGOTIATIONS WITH REGARD TO CERTAIN INTERGOVERNMENTAL DEBTS DUE THE UNITED STATES ¹

[The exchanges of correspondence in connection with the semi-annual transmission to the interested Missions in Washington of Department of the Treasury statements of amounts due on intergovernmental debts are printed in Department of State, *Press Releases*, as follows:

June 16, 1934, pages 395-404;
December 15, 1934, pages 354-372;
December 22, 1934, pages 409-413;
January 12, 1935, pages 20-23.

See also *Annual Report of the Secretary of the Treasury . . . 1934*, page 46, "Obligations of Foreign Governments", and page 223, "Correspondence exchanged between the Government of the United States and various foreign governments concerning foreign debts owing to the United States"; *ibid.*, 1935, pages 58 and 271.]

800.51W89/873

The Secretary of State to President Roosevelt

[WASHINGTON,] May 22, 1934.

MY DEAR MR. PRESIDENT: There is enclosed herewith a memorandum which has been prepared in this Department and just now completed, covering in a summary way a number of possible courses of action for dealing with the war debts and intended to collect in a single paper the gist of much of the thought on the subject which has been expressed up to date. It is possible that you might wish to have this before you. Reference is made in the text to a series of exhibits which are designed to more fully set forth the relevant data. I shall be happy to send these exhibits to you if you care to examine them at this time.

In my own judgment, if it becomes necessary for this country to make any concessions from the exact terms of the several funding agreements, either by way of a temporary arrangement or perma-

¹ For previous correspondence, see *Foreign Relations*, 1933, vol. I, pp. 826 ff.

nently, such concessions should be utilized as a means for attempting to blast out the present barriers in the way of international trade, not only between this country and a debtor country but generally in the world. This idea is more fully developed in the memorandum.

May I also call your attention to pages 14 to 20 of the memorandum, on which are set forth in brief a new suggestion for dealing with the payments for the next two or three years. In substance, the suggestion is that Congress authorize the President, in his discretion, to receive payments in the currency or credit of the debtor countries rather than in New York funds, and instead of covering the avails into the Treasury as quickly as might be possible they be utilized by way of a credit pool to stimulate world trade. This type of payment would meet the claim of the transfer difficulty and might also have the additional advantage of actually benefiting the debtor countries instead of hurting them, thus affording a motive for favorable consideration of the proposition by them. This suggestion has been discussed with certain gentlemen in the Department of Commerce and in the New York Federal Reserve Bank, who believe that it may be applied with practical benefits resulting therefrom. You will understand, of course, that it is presented to you at this time not as a recommendation of this Department but with the thought that you might wish to consider it with us in further detail.

Faithfully yours,

CORDELL HULL

[Enclosure]

*Outline Statement of a Number of Alternative Courses of Action for
Dealing With the War Debts*

Definition. As used in this statement "war debts" is intended to include all of the foreign governmental obligations owing to the United States heretofore funded by agreement, including the debts of Germany, Austria and Greece.

STATUS OF WAR DEBTS, AND JUNE 1934 PAYMENTS

	Total indebtedness as of Dec. 31, 1933, including arrears of interest and principal.	Regular payments due on June 15, 1934, under funding & moratorium agreements.	Amounts not paid under contract terms and payable on June 15, 1934.	Total due June 15, 1934.
Austria.....	\$23, 752, 217		\$34, 767	\$34, 767
Belgium.....	411, 166, 529	\$7, 159, 453	11, 309, 453	18, 468, 907
Czechoslovakia.....	165, 283, 195	1, 682, 812	2, 852, 898	4, 535, 711
Estonia.....	17, 784, 695	322, 850	989, 985	1, 312, 835
Finland.....	8, 726, 645	166, 538		166, 538
France.....	3, 960, 772, 238	59, 000, 218	82, 308, 312	141, 308, 530
Gt. Brit.....	4, 636, 157, 358	85, 670, 765	176, 120, 246	261, 791, 011
Greece.....	32, 573, 537		1, 891, 578	1, 891, 578
Hungary.....	2, 051, 938	32, 669	114, 628	147, 298
Italy.....	2, 008, 103, 288	14, 741, 593	13, 687, 010	28, 428, 603
Latvia.....	7, 312, 658	134, 883	286, 462	421, 345
Lithuania.....	6, 554, 544	147, 864	221, 169	369, 034
Poland.....	222, 560, 466	4, 039, 039	12, 317, 829	16, 356, 869
Rumania.....	63, 860, 560	1, 248, 750	1, 048, 750	2, 297, 500
Yugoslavia.....	61, 625, 000	300, 000	525, 000	825, 000
Total.....	11, 628, 284, 874	174, 647, 439	303, 708, 093	478, 355, 532
Germany.....	{RM	} Postponed	{RM	RM
Mixed } Army Claims } Costs	{3, 041, 527, 612}		{127,956,661}	127, 956, 661

(See Exhibit A for details ²)

PREFACE

In view of the fact that, with minor exceptions, there appears to be no intention on the part of the debtor countries to meet the June 15, 1934, payments or the ones subsequent thereto, in accordance with the terms of the pending agreements, the occasion is presented to review the provisions thereof with the idea of developing acceptable compromise interim arrangements or completely new terms. In so doing it might well be possible not only to avoid wholesale default, with the consequent danger of loss of these assets, but at the same time to induce the debtor countries, in exchange for debt concessions granted by the United States, to cooperate with this country in breaking the present worldwide economic log jam which now prevents nations from engaging in mutually profitable trade on a reasonable scale.

Assuming a comprehensive and sound domestic program in this country, a suitable international procedure is necessary for a full and stable measure of economic rehabilitation. Permanent exchange stabilization and monetary arrangements are one major factor in

² Not printed.

international business recovery. The liberalization of commercial policy, including the readjustment downward of unreasonable trade barriers, is a second major factor. A third but minor factor is the temporary or permanent settlement of the war debt problem. One country cannot by itself return to sound and constructive economic and trade practices. Nor will the restoration of trade between two nations accomplish the desired end. As many nations as will must join in the undertaking to bring about suitable and full recovery. Only thus will anything like the normal volume of wholesale and healthy commerce, with its wonderfully favorable reaction upon the domestic economy of every country, be brought about. Thus the war debts solution, from this country's point of view, becomes a two-edge sword, designed to secure a proper measure of ultimate repayment and at the same time, as the price of concessions made to them, cooperative action of the debtor countries designed to facilitate world-wide trade recovery.

It is desirable to consider the specific propositions hereinafter developed in the light of these general observations and of certain other relevant assumptions.

Thus, it is obvious that all alternative courses of action for dealing with the war debts fall into two general classes, one of which contemplates payment either now or in the future strictly in accordance with the existing contract with the respective nation, and the other of which contemplates payment either now or in the future or both in accordance with one or more modifications of the existing agreement. Any type of payment or settlement in the second class requires Congressional action.

With regard to any type of payment in either class, any debtor nation should have access to the American money market, if it desires such access, to borrow money which could be applied directly toward the payment of its debt.

To the extent that it may be proposed at this time to agree upon a form of payment other than that stipulated in the contract, it would seem most desirable that it should be viewed solely as a temporary expedient, covering possibly two or three years, and looking forward to a subsequent and more permanent disposition of the debt, if and when world economic conditions should become more stabilized. It would not be regarded as a precedent.

Inasmuch as Congressional action would be necessary to permit the adoption of any plan of payment differing from the existing agreement, and in order to make the proposal as simple as possible, it is suggested that the payments temporarily to be provided for should merely be the current installments, and that the question as to the disposition of all payments now in arrears should, by Congressional

action, be deferred to the end of the temporary period. Nevertheless, alternatives not in accordance with this thought are included in this statement because serious consideration has been given to them.

Furthermore, the act of Congress which might authorize payments in a manner differing from that which is already provided in the debt agreements, might also, as well, authorize the President to accept partial payments representing, in his judgment, a sum measured by the full capacity of a particular country to pay, in which event such country would not be deemed to be in default. Annexed hereto as Exhibit B³ is a suggested form for a statute covering the points just discussed and making possible an emergency handling of the debt program.

Finally, it should be emphasized, in the interest of the sanctity of international obligations in general and the preservation of the breath of life in our own credits in particular, that almost any temporary expedient is better than default.

CLASSIFICATION OF ALTERNATIVES

A. PAYMENT IN ACCORDANCE WITH THE EXISTING CONTRACTS

While it does not appear likely at the present moment that any nation (except possibly Finland) will offer to pay its June 15, or subsequent installment, whether of principal or interest, in strict accordance with its agreement, it is felt that alternative proposals can be best visualized against a background of what is now required or permitted under practically every funding agreement.

(a) *United States Gold Coin or Gold Bullion.*

Payment in United States gold coin is, of course, legally out of the question. On the other hand, the chances are against any country's shipping gold bullion to this country, either because of the difficulty of purchasing such bullion, or due to its unwillingness to deplete monetary gold reserves.

(b) *Immediately Available Dollar Funds.*

While we make no comment on whether or not, as a matter of fact, it would be possible for any or all of the debtor countries to make payment in dollar funds, it is certainly clear that the countries involved strongly represent the difficulty of effecting the transfer across the exchange and the inevitable interference of such transfer with the normal processes of international trade. Under this heading, however, it is appropriate to refer to the statement made in the preface that if the American money market were open to borrowers, some of the difficulties involved in this type of payment would be tempo-

³ Not printed.

rarily overcome. Persuasive argument, however, has been and can be advanced against the general economic soundness, from a world point of view, of undertaking to pay existing foreign debts by borrowing more money in this country.

(c) *Certain United States Bonds on Thirty-Day Notice.*

The option to make payments on account of principal and interest in this manner has been exercised to a very considerable degree, payments in this form having aggregated over a billion dollars, principally by Great Britain. No notice has been received to date from any debtor country advising of its intent to pay in bonds. Of course, when United States bonds sell at a discount, there is some advantage in this manner of payment, but when our bonds are selling at par, or over, there is no advantage whatever over payment in dollars, except to the extent that these bonds might be acquired abroad from the citizens of a debtor country by payment in local currency.

(d) *Definitive Bonds of the Debtor Countries Suitable for sale to the Public.*

With the exception of the Austrian and German debt settlements,⁴ and the 1929 Greek loan,⁵ each of the agreements provides that the debtor country will issue, at the request of the Secretary of the Treasury, definitive bonds suitable for sale, in exchange for the funding bond or bonds then held by the United States. Of course, this does not constitute an alternative method of payment, except as it would afford a means for the United States to acquire bonds in this form in an amount, say, equal to a semi-annual installment, sell these bonds to the public and cover the cash into the Treasury. It is not thought that this privilege could be successfully exercised at the present moment, first, because of the natural reluctance of any private investor to acquire any of these goods in the absence of a reaffirmation on the part of the debtor country of its intent to pay them, and unless the bonds were for a short period; and, second, because in many cases, particularly France, Italy and Belgium, among the large debtors, the interest rate is not attractive. The rate on the British bonds, however, is reasonably attractive. It is possible that, with the cooperation of the British, and in view of their present apparent strong financial position, and in view of the large number of people in this country having friendly feeling for Great Britain, that some such arrangement as this might be worked out for two or three years, though it is a fact that the British to date have not looked with favor on the distribution of their obligations into private hands. The opinion of the Attorney General would probably

⁴ For correspondence concerning German payments to the United States for claims and army of occupation costs, see vol. II, pp. 469 ff.

⁵ See *ibid.*, pp. 533 ff.

have to be secured as to whether or not payment in this form would be such as to satisfy the requirements of the Johnson Act.⁶ As an alternative utilization of the principle of this procedure, it might be practical to have Congress authorize the modification of a particular agreement so that bonds of a reasonable maturity and reasonable interest rate could be secured by the United States and disposed of in the market, and as a consideration therefor, to make some concession to the debtor country on its present obligation under the agreement. The whole question of utilizing definitive bonds of debtor countries, rearranged to make them readily marketable, in any refunding of outstanding United States bonds issued in connection with wartime financing, in whole or in part, is something that would bear further consideration, in our judgment, because, while there is, without a doubt, inherent in such a plan seeds of international discord in the event of default, there is at the same time present the possibility of cementing friendly international relations. Of course, the mere substitution of one creditor for another in no way overcomes certain difficulties inherent in the whole question of the payment of these debts, and is merely one alternative avenue of approach.

B. PAYMENT IN ACCORDANCE WITH ONE OR MORE MODIFICATIONS OF THE EXISTING CONTRACTS

In considering the various courses of action hereinafter set forth for the temporary or even permanent disposition of the debt problem there should be kept in mind the possibility of a correlative compensatory benefit to be sought by the United States in agreeing to a concession from its contract rights. As was stated at the outset this benefit not only could involve the element of a *quid pro quo* moving to this country, but in appropriate circumstances and possibly depending on the degree of concession made by us, should embrace the idea of a utilization of the concession to attempt to blast out, in general, the barriers now existing to the flow of world trade.

(a) Thus, for example, with respect to any particular country with whom a new arrangement is entered into, and by way of *quid pro quo*, the gradual elimination by that country over successive years of any system of quotas directed against the United States or affecting the products of the United States.

(b) Concessions by way of reductions of tariffs interfering with the importation into any country of American products.

(c) Modification of any existing arrangement between a debtor country and any other country or colony or dominion so that the United States shall participate on an equal footing with respect to trade or privately-owned blocked accounts or bills receivable, use of port facilities, et cetera.

⁶ 48 Stat. 574; for correspondence relating thereto, see *ante*, pp. 525 ff.

(d) Elimination of discriminatory taxes on American enterprises in the particular country, or capital investments in such a country.

(e) Improvement of the general taxing system in its relation to this country with a view to the mutual elimination of double taxation.

This idea of benefit might be expanded to include not only reduction of barriers to United States trade such as set forth above, but also the reduction of barriers to world trade in general through the cooperation of the United States and the debtor countries and other countries as well and might further embrace proposals for exchange stabilization, thus by world-wide mutuality of action encouraging the movement of trade. The instrumentality in each case would be the yielding by the United States of specific rights under its debt agreements.

Not only could there be improvement achieved in the realm of trade, but likewise in other areas in which the conditions are disturbing to world affairs.

(f) Thus by cooperative making of multilateral concessions to attempt to effect progress toward disarmament or armament holidays.

(g) Etc., etc.

It is thus apparent that there are a number of economic and other fields in which the United States could legitimately seek to change the *status quo* to the advantage of the United States and the world in general. It would seem that an endeavor along this line is so much more sensible and practical than the mere discussion of partial cancellation of the debts out of hand without seeking anything in lieu of that part of the debt which is so cancelled.

We come now to a consideration of specific proposed courses of action which involve receiving something less than the full agreed payment. As hereinbefore stated, it would seem that the most sensible approach to a course of action which involves a departure from the original agreement is to seek that method which would seem most nearly to permit the payment of the original obligation while, at the same time, disturbing the debtor country the least or even possibly aiding the debtor country by the manner in which the payment would be utilized after it was made.

Within this general concept any number of possible combinations of forms of payment are possible, ranging from a payment in dollar funds very closely approaching the full amount due, with the balance in foreign currencies, to a relatively small amount of dollars or no dollars at all, and the balance in foreign currencies; or payment in dollars, foreign currencies and United States bonds in whole or by way of partial payment, or a combination of dollars, foreign currencies, United States bonds and definitive bonds of the debtor country to be sold to the public. Anything approaching concreteness in this realm

of combinations could result only from negotiation. It is our opinion, however, that this approach to the proposition is more by way of an extracting process, rather than anything creative, and we frankly favor a payment of the full amount, or as much as may be, in the currency of the debtor country, the same not to be with a view to immediate conversion into the United States Treasury but to be utilized by way of a credit pool as an international primer of world trade and possibly for achieving stabilization of foreign currencies, and subsequently to be covered into the Treasury over a period of years.

I. Payment in full in currency or credit of the debtor country.

The balance of international payments position of the United States, showing in every year since the war a large excess of credits due us arising out of the current interchange of goods and services with the rest of the world, actually makes it extremely difficult to receive war debt installments. The plea by debtor countries of inability to pay rests in large part on very real grounds, inasmuch as the available estimates of their balances of international payments indicate that at the present time only Belgium and Finland might be able to pay war debt installments out of their current income arising from international transactions. (See Exhibit C⁷). The other debtor countries could acquire the necessary dollar exchange to meet their war debt payments only by borrowing—a recourse which is at present wellnigh impossible—or by depleting their gold reserves, which they are naturally loath to do. In order to protect their currencies from depreciation in relation to other currencies, the debtor countries, with the exception of Great Britain, Finland and Lithuania, have set up severe exchange controls or import restrictions, or both. (See Exhibit D.⁷) Such devices, which now prevail all over the world are symptomatic of adverse international payments positions of the countries in which they are employed and necessarily operate in a vicious circle, definitely limiting the possibility of increasing the movement of international trade.

The Proposal. It is therefore proposed, with the approval of Congress, (see Exhibit B⁷) that the President may allow payment of war debts during the two calendar years 1934 and 1935, to be made in the currencies of the respective countries, the credits thus provided to be utilized as a pool to move goods in world trade by providing exchange outside of the regular exchange markets, thus acting to break the present circle and to permit an aggressive commercial lending policy for international trade. It is proposed that the war debt payments, amounting in two years to about \$850,000,000, (see Ex-

⁷ Not printed.

hibit A⁹) or to such lesser amount as may result if the President is authorized to accept partial payments when circumstances justify such action, shall be used as a lever to lift the trade of the world, in furtherance of the announced aim of the Administration to promote a revival of world trade. At the end of two years the proceeds of debt payments, in whatever currencies they may be, would be sold for dollars in any orderly manner over an extended period and covered into the Treasury. To allay possible fear of any country that large unused sums to the credit of the United States might be suddenly moved to the disadvantage of that country, provision could be made that the credits would only be made available to meet more or less specific transactions as they arose.

Operation of the Plan. The Bank for International Settlements, if willing, or if not, a temporary agency set up by the United States and the debtor countries, would act as a clearing station for the receipt of debt payments in the various currencies. The funds created by debt payments would be divided roughly into two equal parts.

1. One part to be utilized by the United States substantially as follows:

(a) To sell foreign exchange through the medium of the Federal Reserve System to American tourists and for immigrant remittances in any amounts in excess of similar expenditures for either of the two preceding years, whichever was the higher, at a substantial discount on the basis of the entire sum purchased, upon satisfactory proof by the purchaser. (See Exhibit E.⁹)

(b) To sell foreign exchange in the same manner to American importers at a substantial discount for purchase of goods on the free list in excess of similar purchases in either of the preceding two years. (See Exhibit F.⁹)

(c) For direct purchase by this Government on its own behalf of goods not produced here or those goods produced domestically in insufficient volume to satisfy commercial demands, such purchases to be for military and naval use, for promotion of public health and education, or for aid to agriculture.

(d) To provide grants enabling American students, teachers and research workers to study in foreign countries.

(e) To allocate foreign exchange to one of the Export-Import Banks to finance imports of goods not on the free list.

(f) To afford, from the dollar proceeds of the above mentioned sales of exchange, a revolving fund of unrestricted credit at 90 to 180 days to persons in foreign countries desiring to buy American goods, either directly or through triangular transactions. Repayments of such credits would be made in domestic currencies of the commercial borrowers and these sums in turn would become available for further commercial loans. If it is decided to proceed further with this proposal a careful study should be made of the market possibilities in

⁹ Not printed.

the United States for types of goods to be brought in under this plan and also whether there is a possibility of developing feeling between debtor countries because of types of goods from any one country being severely competitive with similar types of goods from another country brought in under this plan.

2. The other part to be handled by the Bank for International Settlements to furnish credit to stimulate the movement of goods not only among the debtor countries but generally throughout the world. Loans would be made on a reasonably liberal and intelligent basis for private commercial transactions, secured in the customary manner and maturing over a period up to one year or 18 months. No matter what currency was loaned, the commercial borrower would effect repayment in his own currency at an equivalent in value of the money borrowed. Thus, operating outside regular exchange markets and avoiding pressure on the exchange rates for any currency, this fund would be worldwide in its application. Also as may be deemed in the best interest of all concerned and without prejudicing commercial needs, loans might be made from the pool for the purpose of effecting stabilization of currencies.

Conclusion. The promotion in the above fashion of the total volume of world trade would tend inevitably to increase the sale of American goods abroad through the mere creation of added buying power and as a consequence of raised standards of living in the several countries which would result from the stimulus given the trade. The general improvement in the economic life of other countries would also tend to enhance the probability of repayment of American private investments abroad. Finally, this utilization of debt payments in a worldwide cooperative program would convert now stagnant funds into a dynamic means of world recovery for mutual benefit, thus offering a *quid pro quo* to countries desiring to fulfill their contractual obligations.

II. *Payment in current or available credits of the debtor country in accordance with the country's capacity to pay, but not in full.*

This proposal is based upon the same general theory as in I. above, varying only in the fact that payment would be received in an amount less than the full amount contracted for. The proceeds of the payments would be utilized in much the same manner as under I.

III. *Payment in dollars, only of principal installments.*

The suggestion has been made that as a temporary expedient Congress authorize the President in his discretion to permit a country to make payment during the three-year period beginning June 15, 1934, only of the principal installments falling due within that period, with a waiving of interest payments; also that all token payments and payments of interest and principal received from the particular country

since the expiration of the Hoover moratorium¹⁰ be applied against such principal payments falling due on and after June 15, 1934. This method of treating the debt payments falling due in the next three years would give present universal effect to the policy implied in the debt settlements with France, Italy, Belgium, Yugoslavia, Austria and Greece, of minimizing the matter of interest; and is designed to recognize the claim of the British and certain other governments, whose settlements were modeled after the British agreement,¹¹ that their interest payments are out of proportion to the rates of interest charged the above-named countries. Furthermore, during the anticipated continuance of present unsettled world economic conditions, this treatment would, it is maintained, enable debtor countries to uphold the sanctity of their own obligations, thus serving to strengthen the validity of international obligations in general, without placing on the debtor governments too great an actual burden.

IV. *Combination payments.*

As previously pointed out, as a temporary measure and as the result of negotiations rather than on the basis of a preconceived program, it might be possible to effect full or partial payment of the installments falling due during the next two or three years, by allowing the President in his discretion to receive such payments partly in dollars, partly in foreign currencies and available credits and partly in definitive bonds of the debtor countries suitable for public distribution. With regard to the foreign currencies so paid, it is to be assumed that they would be utilized somewhat along the lines indicated under I.

V. *Payment in short-term notes.*

Possibly as a last recourse the President might be authorized in his discretion, in lieu of payment in dollars, foreign currencies or bonds, to accept the note of a debtor country for the amount of principal and interest falling due in the three-year period beginning June 15, 1934, such note to bear interest at a specified rate and to mature on or about June 15, 1937. The only possible motive for employing this alternative would be that it would serve to keep alive the obligation of the country to the United States and tend toward recognition of the sanctity of international obligations. Of course, there is a danger in such a proposal by reason of the fact that payment is called for in more or less substantial amounts at one particular time, which might well tend to throw the machinery of international payments out of

¹⁰ June 20, 1932; for correspondence, see *Foreign Relations*, 1932, vol. I, pp. 584 ff.

¹¹ For text of the agreement of June 18, 1923, funding the debt of Great Britain to the United States, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, pp. 106-111; for text of the agreement of June 4, 1932, relative to the postponement of payments during 1932, see *Annual Report of the Secretary of the Treasury*, 1932, pp. 296-297.

balance at a time when the world might be emerging from the present difficulties. And if it were not contemplated by those concerned that these notes would be paid, then nothing much more is accomplished by the proceeding than if the countries were permitted to default.

In order to present as complete a treatment of the war debt problem as possible, the following suggestions heretofore made are included in this statement, although each presents a permanent settlement rather than a temporary one.

Ia. Elimination of all interest. Waive all future interest payments provided for in the debt agreements and allow all interest payments made to date since the funding agreement with any particular country to be applied against future or past due principal installments. This type of settlement again is a reflection of the tendency heretofore referred to of minimizing or eliminating interest on the war debts and attempting to secure only the principal amount of the funds originally loaned.

IIa. Lump sum settlement. The suggestion most commonly made is that the war debt agreements should be set aside and that each country should settle its debt to this country by making one lump sum payment. Of course, the amount of such payment and the concessions to be stipulated in favor of this country as a condition of agreeing to a lump sum settlement could result only from negotiation. A lump sum settlement with any particular country would of necessity involve once more the transfer problem. A lump sum settlement, if it could be effected without too great a dislocation of international exchange and commerce, might have the present effect of enabling this Government to balance its budget.

IIIa. Other Plans. In addition to the above the following is a list of some other proposals for war debt revision which are typical of a larger number involving in each instance the same specific principle but varying in detail:

(1) In consideration of reducing our claims on the debtor nations by one-third, it is proposed that such countries agree to an armament holiday and, furthermore, that the payments to be made under this settlement would be a small number of annual lump sum payments, the proportion to be paid by each of the debtor countries to be determined by agreement among themselves. This settlement, it is pointed out, would make operative the Lausanne Agreement,¹² as the result of which Germany would in effect meet the installments due this Government during the first two years.

¹² For text of agreement, see Great Britain, Cmd. 4126, Miscellaneous No. 7 (1932) : *Final Act of the Lausanne Conference, Lausanne, July 9, 1932*; for correspondence on this subject, see *Foreign Relations*, 1932, vol. 1, pp. 636 ff.

(2) A moratorium on all war debt payments for a specific number of years, during which period an annual reduction of the existing war debt obligations would be allowed on the basis of a percentage of American goods imported by the debtor countries.

(3) The substitution for war debt obligations of the securities of private enterprises existing in a debtor country or any other country, including American securities. This proposal envisages an operation similar to European financing of the early stages of the war whereby private holdings of securities were mobilized by the various Governments.

(4) For a concise outline of the many American proposals for war debt revision, see University of Illinois Bulletin No. 47, of June 20, 1933.

800.51W89/872 : Circular telegram

The Acting Secretary of State to the Ambassador in France (Strauss)

WASHINGTON, June 1, 1934.

President today sent message on debts to Congress first part of which was devoted to an analysis of accounts due since 1932. Message then read :

“At the present time Finland remains the only foreign government which has met all payments on its indebtedness to the United States punctually and in full.

It is a simple fact that this matter of the repayment of debts contracted to the United States during and after the World War has gravely complicated our trade and financial relationships with the borrowing Nations for many years.

These obligations furnished vital means for the successful conclusion of a war which involved the national existence of the borrowers, and later for a quicker restoration of their normal life after the war ended.

The money loaned by the United States Government was in turn borrowed by the United States Government from the people of the United States, and our Government in the absence of payment from foreign Governments is compelled to raise the shortage by general taxation of its own people in order to pay off the original liberty bonds and the later refunding bonds.

It is for these reasons that the American people have felt that their debtors were called upon to make a determined effort to discharge these obligations. The American people would not be disposed to place an impossible burden upon their debtors, but are nevertheless in a just position to ask that substantial sacrifices be made to meet these debts.

We shall continue to expect the debtors on their part to show full understanding of the American attitude on this debt question. The people of the debtor nations will also bear in mind the fact that the American people are certain to be swayed by the use which debtor countries make of their available resources,—whether such resources would be applied for the purposes of recovery as well as for reasonable payment on the debt owed to the citizens of the United States, or

for purposes of unproductive nationalistic expenditure or like purposes.

In presenting this report to you, I suggest that, in view of all existing circumstances no legislation at this session of the Congress is either necessary or advisable.

I can only repeat that I have made it clear to the debtor Nations again and again that 'the indebtedness to our Government has no relation whatsoever to reparations payments made or owed to them' and that each individual Nation has full and free opportunity individually to discuss its problem with the United States.

We are using every means to persuade each debtor nation as to the sacredness of the obligation and also to assure them of our willingness, if they should so request, to discuss frankly and fully the special circumstances relating to means and method of payment.

Recognizing that the final power lies with the Congress, I shall keep the Congress informed from time to time and make such new recommendations as may later seem advisable."

Please release to press immediately. Repeat by wire with similar instructions to London, Rome, Geneva, Warsaw and Prague. Airmail all other European missions.

PHILLIPS

800.51W89/912

The Under Secretary of State (Phillips) to President Roosevelt

WASHINGTON, October 31, 1934.

DEAR MR. PRESIDENT: It occurs to me that possibly you may care to have at hand the various suggestions for handling the war debts which have been received here since the Department's letter and memorandum to you of May 22nd last. Some of the ideas are novel and seem to me to be impractical; others are worthy of consideration. They include the suggestions of Ambassador Straus, Ambassador Morris, Shephard Morgan, Judge Manton of New York, etc.

Faithfully yours,

WILLIAM PHILLIPS

[Enclosure—Memorandum]

WASHINGTON, October 27, 1934.

Since the Department's letter and memorandum to the President of May 22, 1934, setting forth suggestions for handling the war debts, several other concrete ideas have been received here, which, because of their source, merit serious consideration. Back of each plan is the same thought, namely, the great desirability of promptly settling the debts in the interest of world recovery, if it is practical to do so.

1. The most novel of the new ideas is that proposed by Judge Martin T. Manton¹³ of New York, to invoke the jurisdiction of the Perma-

¹³ Judge of U. S. Circuit Court of Appeals, 2d Circuit.

ment Court of International Justice by an action by the United States against one or more of the debtor countries seeking to collect the debt or debts and possibly effect their reorganization. The Judge is of the opinion that the Court has jurisdiction over the applicant and the debtor in each case and that there is a cause of action and that relief can be effectively given.

2. Ambassador Straus¹⁴ suggests that the debts be refunded on the basis of payment of 1% of principal a year with a low interest rate—1 to 2%; that bonds representing the settlement be delivered to the Treasury and thereafter sold for dollars and be used by the buyers in paying for goods bought from France, and for tourist expenditures and immigrant remittances. There are some important economic objections to using the French bonds in this manner, which are suggested in our memorandum of May 22, 1934.

3. Ambassador Morris¹⁵ suggests the refunding of the post-Armistice Belgian principal debt on a 99 year basis; cancellation of interest on their debt; and probable cancellation or great reduction of pre-Armistice debt; that the debt refunded on the 99 year basis be discounted to date and paid—20% gold; 20% silver at 15½ to 1 of gold; 60% in Belgian Treasury notes, payable in agreed installments, to be paid into a trust fund to be held by the Bank for International Settlements and used to secure an international loan, the proceeds to go to us. This method would result in around a 70% reduction.

4. Mr. Shephard Morgan, Vice-President of the Chase Bank, suggests the following:

a. The present agreed payments be made by a debtor country to the Bank for International Settlements and the fund left at a minimum sum equal to 2 years installments.

b. The Bank for International Settlements be authorized to invest the fund in the short-term negotiable bills of the paying country, bearing a nominal interest and discountable at the central bank of the country.

c. Withdrawals from the fund by the United States to be made only in the currency of the debtor country and only when for three successive months, the balance of merchandise trade between the country and the United States is unfavorable to the United States, in the manner set out in (*d*).

d. Under these circumstances, the United States to have the right to sell drafts on the Bank for International Settlements to its own nationals or draw on the fund for purchases made for its own account, up to amount of adverse balance. Proceeds from sale of drafts covered into the United States Treasury. With respect to our heavy debtors who normally have an adverse balance with the United States, the additional item be proposed that 10%, say, of the whole debt be paid now in bonds saleable in our markets.

¹⁴ Jesse Isidor Straus, Ambassador in France.

¹⁵ Dave H. Morris, Ambassador in Belgium.

5. Mr. J. G. Rovensky, Vice-President of the Chase Bank, suggests that all debts be refunded on a 100 year basis, payable 1% a year, with nominal interest, and the payments made in New York funds as they mature. He believes that the exchanges will stand this. Such an operation would work out favorably except as to Italy, Yugoslavia, Czechoslovakia. Modifications are possible to make it work generally.

6. Mr. S. O. Levinson of Chicago,¹⁶ has resubmitted his plan of combining a war debt settlement with disarmament which, among other things, embodies the idea of lumping the payments and permitting the debtors to agree among themselves as to the proportion which each will pay. In the net, the United States will receive in cash over 12 years, about \$4,000,000,000 and save large sums annually on armaments.

BELGIUM

[See Department of State, *Press Releases*, June 16, 1934, page 396; *ibid.*, December 15, 1934, page 357.]

CZECHOSLOVAKIA

[See Department of State, *Press Releases*, June 16, 1934, page 397; *ibid.*, December 15, 1934, page 360.]

ESTONIA

[See Department of State, *Press Releases*, June 16, 1934, page 399; *ibid.*, December 22, 1934, page 409.]

FINLAND

800.51W89 Finland/81

President Roosevelt to the Acting Secretary of State

WASHINGTON, December 22, 1933.

These Treasury Department figures¹⁷ carry out my thought precisely. Do you think that the lesser annual payments on the forty-year plan and the still smaller payments on the fifty-year plan are counterbalanced by the reduction in the total amount to be paid under the five-year plan? In other words,

¹⁶ Corporation lawyer; author of several articles on reparations and inter-governmental debts.

¹⁷ *Post*, p. 561.

30 years—no interest—equals	\$5,854,903.
40 years—1% interest—equals	7,132,550.
50 years—1½% interest—equals	8,364,265.

In your judgment, if you were representing Finland, would you recommend the thirty-year—no interest—plan even though this involves larger annual payments? I want the Finnish Government, of course, to accept the thirty-year plan.

If you think this will attract them and that they will go through with it, I take it the next step will be a tentative agreement, and you can tell them that I would submit such an agreement to the Congress for approval.

F[RANKLIN] D. R[OOSEVELT]

800.51W89 Finland/81

The Department of State to the Finnish Legation

AIDE-MÉMOIRE

The Treasury Department has been studying suggested bases for re-adjustment of the indebtedness of Finland to the United States, and has drafted calculations (attached) of the new principal indebtedness which would result by retroactive application as nearly as possible of the bases employed in the case of the indebtedness of Italy to the United States.

The Treasury table carries the principal payments which have actually been made by Finland. Like the settlement with Italy, it charges no interest during the first five years, and one-eighth percent interest thereafter to date. Subtracting the excess interest actually paid over what would have been paid on this basis leaves a new principal amount of \$5,854,903.25 as of December 15, 1933.

The Treasury statement also includes possible plans for the repayment of this principal amount, namely: If paid in thirty years without interest, equal annual payments of \$195,163.44; if in forty years at 1% interest, \$178,313.77; if in fifty years at 1½% interest, \$167,285.30.

If the Finnish Government indicates that it is prepared to accept an agreement on any one of these three bases for future payments, the President has authorized the preparation of a form of agreement which he would submit to the Congress with a request for authority to execute it.

WASHINGTON, January 6, 1934.

[Annex]

STATEMENT SHOWING (1) PAYMENTS WHICH WOULD LIQUIDATE THE DEBT OF FINLAND TO THE UNITED STATES ON THE BASES INDICATED, WITH PRINCIPAL PAYMENTS TO DECEMBER 15, 1933, IN THE AMOUNTS REQUIRED UNDER THE FUNDING AGREEMENT OF MAY 1, 1923, AND WITH INTEREST AFTER THE FIFTH YEAR AT 1/8% PER ANNUM (WITHOUT GIVING EFFECT TO MORATORIUM); (2) THE AMOUNT ACTUALLY PAID AND TO BE PAID BY FINLAND TO AND INCLUDING DECEMBER 15, 1933, UNDER THE FUNDING AGREEMENT OF MAY 1, 1923; (3) THE AMOUNT OF INTEREST PAID IN EXCESS OF AMOUNT PAYABLE ON BASIS INDICATED; (4) THE AMOUNT OF EXCESS PAYMENTS APPLIED TO REDUCE THE PRINCIPAL OF THE DEBT.

	Unpaid Principal	Annual Principal Payments	Annual Interest Payments	Rate of Interest	Total Annual Payments	Calendar Year	Payments Actually Made	Excess Payments
Funded at.....	\$9,000,000	\$45,000	\$-----	-----	\$45,000	1923	\$315,000	\$270,000
	8,955,000	45,000	-----	-----	45,000	1924	313,650	268,650
	8,910,000	47,000	-----	-----	47,000	1925	314,300	267,300
	8,863,000	49,000	-----	-----	49,000	1926	314,890	265,890
	8,814,000	50,000	-----	-----	50,000	1927	314,420	264,420
	8,764,000	52,000	-----	1/8%	62,955	1928	314,920	251,965
	8,712,000	53,000	10,890	"	63,890	1929	314,360	250,470
	8,659,000	55,000	10,823.75	"	65,823.75	1930	314,770	248,946.25
	8,604,000	55,000	10,755	"	65,755	1931	129,060	63,305.75
	8,549,000	58,000	10,686.25	"	68,686.25	1932	186,235	117,548.75
	8,491,000	62,000	10,613.75	"	72,613.75	1933	*378,215.50	305,601.75
		\$571,000	\$64,723.75	-----	\$635,723.75	-----	\$3,209,820.50	\$2,574,096.75
Balance due 12/15/33..	8,429,000	2,574,096.75	-----	-----	2,574,096.75	-----	-----	-----
	5,854,903.25	-----	-----	-----	-----	-----	-----	-----

	Total payments to be received		Total Amount to be received
	Principal	Interest	
If paid in 30 years—no interest.....	\$5,854,903.25	\$-----	\$5,854,903.25
If paid in 40 years—1% interest.....	5,854,903.25	1,277,647.55	7,132,550.80
If paid in 50 years—1 1/2% interest.....	5,854,903.25	2,509,361.75	8,364,265.00

*Includes \$229,623 paid on December 15, 1933.

800.51W89 Finland/88

Memorandum by the Assistant Economic Adviser (Livesey) of a Conversation With the Finnish Minister (Aström) on January 8, 1934

[WASHINGTON, undated.]

The Minister of Finland called to discuss the negotiations for re-arrangement of the Finnish debt. He inquired as to the treatment of the Hoover moratorium in the figures submitted to him. On my stating that the scheme would replace both the regular annuities and the Hoover moratorium annuities, he said that he had not so understood and his telegraphic report of Saturday, January 6, to his Government had been wrong in this respect. I went over the figures with him and finally gave him the following text in pencil, having first read it to Mr. Bell¹⁸ of the Treasury who approved its substance, not having the figures before him:

"Treasury calculations ignore Hoover moratorium. Starting with principal of \$9,000,000 they subtract each year the scheduled principal payment, and after fifth year charge one-eighth percent interest on unpaid principal. This retroactive table shows total principal payments of \$571,000 and total interest payments of \$64,723.75, leaving unpaid principal of \$8,429,000 from which is deducted excess payments actually made of \$2,574,096.75. The new principal of \$5,854,903.26 would thus replace Hoover annuities as well as original settlement."

The Minister referred to publicity in the press regarding the negotiations and said that he was refusing all information to the press.

The Minister said he was instructed as part of his presentation of the matter to ask for most-favored-nation treatment for Finland. He readily agreed that it would be unwise to include a most-favored-nation clause in view of the attitude of Congress. He would report this to his Government and suggest that this point should be left to the future.

I called the Minister's attention to the last paragraph of the *aide-mémoire*¹⁹ explaining that the suggestion was that we work out a detailed "form of agreement" which could be submitted to Congress and which could be signed after Congress had passed an act authorizing its execution. The Minister said he had not understood this and it was important as he was not sure that in spite of all explanations his Government was not expecting an agreement which would be valid when signed on behalf of the President.

¹⁸ Commissioner of Accounts and Deposits.

¹⁹ *Supra*.

800.51W89 Finland/83

The Finnish Legation to the Department of State

AIDE-MÉMOIRE

Reference is made to the *Aide-Mémoire* of the Department of State, dated January 6, 1934, and to the table accompanying it, in which was indicated how the Treasury Department had calculated the new principal indebtedness of Finland to the United States by retroactive application as nearly as possible of the bases employed in the case of the indebtedness of Italy to the United States, and in which the new principal amount, as of December 15, 1933, thus calculated was stated to be \$5,854,903.25.

The *Aide-Mémoire* referred to also mentioned three different plans for the payment of this principal amount, namely :

- 1) in equal annual payments of \$195,163.44 during a period of thirty years, no interest being included in the payment ;
- 2) in equal annual payments of \$178,313.77 during forty years, 1% interest being included, and
- 3) in annual payments of \$167,285.30 during fifty years, with 1½% interest being included.

It was further stated in the said *Aide-Mémoire* that if the Finnish Government indicates its preparedness to accept an agreement on any one of these three bases for future payments, the President has authorized the preparation of a form of agreement which he would submit to the Congress with a request for authority to execute it.

The Finnish Government has now informed its Minister at Washington that it is prepared to accept the plan referred to above under point 1, in other words the payment of the new calculated principal amount of \$5,854,903.25, in thirty years without interest in equal annual instalments of \$195,163.44.

The Finnish Government has given this information to its Minister with a statement that it considers that the acceptance of this plan should not prejudice its further adherence to the principle of the most favored nation to which it has previously referred in connection with the debt question.

WASHINGTON, January 11, 1934.

800.51W89 Finland/92

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] March 29, 1934.

The Finnish Minister again brought up the question of the Finnish debt agreement and asked whether I could give him any information

as to whether the President intended to send up the agreement to Congress.

I replied that there was nothing new that I could tell him beyond what I had said several times, namely, that I had discussed the matter with the President and that he had reached no decision; the Congressional situation was so complicated that the sending up of any debt communication, even such a satisfactory agreement as that with Finland, might inject the whole war debt situation into the political arena; I asked the Minister to have patience and it was quite clear from his attitude that he has infinite patience.

WILLIAM PHILLIPS

800.51W89 Finland/99

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 23, 1934.

The Finnish Minister called upon me this morning, at my request, with reference to the Finnish debt agreement; I told him that I was now in a position to explain to him the President's position; that, as he knew, the President was entirely satisfied with the arrangement which has been made and had been looking for an opportunity of presenting it to Congress; the President was satisfied, however, that conditions were not favorable for presenting it to Congress at this session; the President felt that, in view of general conditions in Congress with regard to debts, it would not be opportune to send up this special agreement with Finland; that if he did so it would be presenting a revised schedule of payments greatly in the interests of Finland and that, while no one presumably would question the desirability of the agreement in itself, it might open up a discussion with respect to the debt arrangements with other countries; for instance, the question might be raised as to whether other debtors, such as Great Britain, would or would not be accorded the same treatment and thus the whole debt structure might be thrown into a debate which would prolong the present session of Congress. I reminded the Minister, also, that elections were to be held in the autumn and that presumably all the members of Congress preferred to go back to their constituents without having had to commit themselves one way or another to any change in the debt structure. I emphasized the fact that the President's reluctance to make a special case for Finland at this session must not be regarded as in any way weakening on the position which he had already taken in the agreement and I personally felt that he would send it to Congress as soon as he could safely do so.

The Minister expressed the greatest regret; he said the President's decision would be a deep disappointment to his Government and would not be particularly well received in Finland.

WILLIAM PHILLIPS

[See also Department of State, *Press Releases*, July 14, 1934, page 39; *ibid.*, December 15, 1934, page 354.]

FRANCE

800.51W89 France/965

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] February 16, 1934.

I showed this memorandum to the President, who said in reply that he was not contemplating at present any message to Congress on this subject.

WILLIAM PHILLIPS

Feb. 16. I have telephoned the above to the French Ambassador²⁰ today.

W. P.

[Enclosure]

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] February 15, 1934.

The French Ambassador asked me this morning whether the President had any intention of sending to Congress in the near future a message dealing with war debts. He said that he was asking the question entirely on his own responsibility. He wished to assure me once more that he had never lost an opportunity in his efforts to persuade his Government to make a payment on account. He was under the impression that the new French Government²¹ might be willing to consider France's indebtedness to the United States and it was because of this impression that he would like to be able to notify his Government in advance of any new steps to be taken by the President. In other words, he seemed to feel that, if the President was contemplating a message to Congress on the subject,²² the French Government might consider the wisdom of making a favorable gesture in advance of any such action.

WILLIAM PHILLIPS

²⁰ André de Laboulaye.

²¹ A coalition cabinet under Gaston Doumergue was formed on February 8, 1934.

²² For pertinent extract from message of June 1 on debts, see circular telegram of June 1, 1934, p. 556.

800.51W89 France/966: Telegram

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

PARIS, March 7, 1934—11 a. m.
[Received March 7—7:58 a. m.]

172. Have intimations that war debts are agitating French Cabinet and that Foreign Minister Barthou will invite me to conference in the near future. These intimations are accompanied by suggestion that French Government would like to know what method of settlement might be acceptable to United States of America to which I sent reply through same indirect channels as intimations came to me that it would seem to me that any suggestion of settlement should emanate from debtor and not from creditor.

Also hear that de Laboulaye concerned over anti-French feeling in the United States has urged French Cabinet to endeavor to arrive at some kind of settlement.

I would appreciate guidance if Administration has made or is contemplating making any move toward war debt settlement together with outline of Administration's policy.

STRAUS

800.51W89 France/966: Telegram

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

WASHINGTON, March 8, 1934—3 p. m.

93. Your 172, March 7, 11 a.m. Your reply to intimations received concerning war debts follows precisely the general attitude adopted here in the past. We are of course at all times ready to receive any suggestion that debtors care to make.

HULL

800.51W89 France/980: Telegram

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

PARIS, May 9, 1934—1 p. m.
[Received May 9—12:15 p. m.]

355. With reference to the Embassy's telegram No. 172, March 7, 10 a. m., Department's reply No. 93, March 8, 3 p. m., also Embassy's No. 343, May 4, 3 p. m.,²³ and 349, May 5, 8 p. m.²³ the Embassy hears from various sources all more or less dependable and authoritative and confirmatory of one another that the Doumergue Government has been giving consideration to the question of war debts and per-

²³ Not printed.

haps to the possibilities of making a token payment. I have been unofficially approached to make a suggestion of possibly acceptable terms and as on previous occasions have replied that I have no authority to do so and that in any case I regard it as incumbent on the debtor to make a tender.

From the immediate entourage of Herriot²⁴ it is learned that he has precipitated a discussion by intimating that his position is difficult in a Government which fails to take cognizance of this issue before June 15.

Embassy informed this morning from reliable source in direct contact with Léger²⁵ last night on question of war debts that Léger said much depends on the reply which the State Department would give to de Laboulaye's direct questions. France's war debt position depended on whether a French token payment made on June 15 would regularize France's position or whether it would be necessary for France to pay accumulated defaulted interest annuities. If Washington agreed to a June 15 token payment without insisting on the whole payment of the accumulated defaulted annuities the Doumergue Cabinet would very likely consider risking the existence of the national Government by asking Parliament to approve of making a token payment on June 15.

There are two strong arguments in favor of making such a payment, (1st), the value of the dollar in French francs by which the amount of the payment would be discounted about 40%, (2d), the possibility of a drastic total reduction of the debt if France would be promised the same treatment as she understands will be granted to Finland whereby the interest on the French debt would practically be abolished leaving France to pay barely more than the total principal.

STRAUS

800.51W89 France/981

*Memorandum by the Under Secretary of State (Phillips)*²⁶

[WASHINGTON,] May 9, 1934.

I asked the French Ambassador to call this morning and said I was in a position now to give him an answer to his inquiry of a few days ago with respect to partial payments on war debts. I said I had discussed the matter with the President yesterday afternoon and the President felt he was bound by the Johnson Act.²⁷ In other words,

²⁴ President of French Radical Socialist Party; Minister of State without Portfolio in second Ministry of Gaston Doumergue.

²⁵ Secretary General of French Foreign Office.

²⁶ Transmitted to the Embassy in France as telegram No. 181, May 9, 8 p. m.

²⁷ 48 Stat. 574; for correspondence on this subject, see *ante*, pp. 525 ff.

that partial payment after June 15th would not prevent a debtor country from being in default. I pointed out that the President held that all debtor governments were free to approach this Government with any proposal which they desired to make.

The Ambassador expressed his regret that, just at a moment when the French Government and people were prepared to adopt, apparently, a "new orientation of policy" with respect to debt payments, the doors were closed at this end. The Ambassador felt, however, that the British were in a worse position than were the French in this respect.

We discussed the question of the Ambassador submitting to Paris the thought that the French Government could still lay before this Government any proposal which it had in mind and de Laboulaye said he would probably recommend, on his own initiative, that if his Government was disposed to do something along these lines, it might best be done after the adjournment of Congress rather than before.

It was evident that the Ambassador was greatly disappointed and mentioned again the proposition which he had submitted to his Government and which he felt sure was receiving careful consideration in Paris—that a substantial payment on account should be made on June 15th—in the belief that new negotiations would then be undertaken looking towards a final settlement of the debt problem and that, while these negotiations continued—which might be for some time—no new debt payments would be required.

WILLIAM PHILLIPS

800.51W89 France/992

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] June 7, 1934.

The French Ambassador expressed the view that, as Barthou was to return to Paris from Geneva on Friday for a Cabinet Meeting on Saturday, undoubtedly the position of the French Government with respect to debt payments would be taken on that date; he said that the British note²⁸ declining to make any payment on account made it far more difficult for the French Government to make payment; the relations between Paris and London had to be carefully considered and with the popular attitude in France similar to that in England, it would be exceedingly difficult for the Government to adopt a different course from that adopted by the British Government; the Ambassador said that he hoped that his Government, even if it could make no part payment now, would express the hope of early negotiations for a final

²⁸ Dated June 4, 1934; for text, see Department of State, *Press Releases*, June 9, 1934, p. 355.

settlement and, on the opening of such negotiations and as an earnest of France's sincerity, that the Government would make a substantial payment. This is the course he said he would recommend to Paris.

WILLIAM PHILLIPS

800.51W89 France/995 : Telegram

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

PARIS, June 12, 1934—5 p. m.
[Received June 12—3:43 p. m.]

434. At Cabinet council meeting this morning the Council of Ministers decided to maintain the position created by the decision of the Chamber in December 1932²⁹ with regard to war debts. A note to this effect^{29a} will be sent to Washington forthwith.

In order to satisfy Herriot, who threatened to insist upon publication of a minority report, a Council communiqué was issued which referred to him by name stating also "that Herriot remained faithful to the ideas which he had constantly defended to reach a settlement of the difficulties which had arisen between the two countries". The Cabinet debate according to reliable reports was lengthy and acrimonious. Herriot insisted strongly upon some form of payment and was supported by a strong section of the Cabinet which included Sarraut, Interior; Queuille, Agriculture; Marquette, Labor; Germain Martin, Finance; Piétri, Navy; Bertrand, Merchant Marine; and Berthod, National Education.

Laval³⁰ then embarked upon a lengthy statement which was an attempt at self justification referring to his connection with the Hoover moratorium.^{30a} The final decision was reached without a vote being taken. Tardieu³¹ took no part in the discussion.

STRAUS

800.51W89 France/998½

The Under Secretary of State (Phillips) to President Roosevelt

WASHINGTON, June 29, 1934.

DEAR MR. PRESIDENT: Although there is no especial need to reply to the French Government's last note declining to make payments on its June 15th installment, the Secretary and I feel that it might be

²⁹ See telegrams Nos. 714 and 717, December 13 and 14, 1932, from the Ambassador in France, *Foreign Relations*, 1932, vol. 1, pp. 743 and 744.

^{29a} Department of State, *Press Releases*, June 16, 1934, p. 398.

³⁰ Pierre Laval, French Minister of Colonies.

^{30a} See *Foreign Relations*, 1931, vol. 1, pp. 33-35.

³¹ André Tardieu, Minister of State without Portfolio.

helpful, for the purposes of the record, to say something which would tend to keep the debt alive and to throw back on the French Government, just as we attempted to do with the British Government, responsibility for initiating proposals. Personally I do not, for a moment, believe that the French Government intends to present any proposals to us, certainly at this time.

I submit two drafts³² for your consideration. The first one contains certain observations which the Secretary believes should be included in the note so that we cannot be accused of making a communication on this subject without "meat" in it.

The second draft, which is shorter, omits any reference to specified methods of payment and in the last paragraph urges in generalities betterment of the present unsatisfactory and sterile position.

I should be very grateful if you would be so kind as to indicate your views and wishes.

I enclose, also, for easy reference, a copy of the French note³³ to which our suggested drafts are in reply.

If you approve of a reply³⁴ to the French Government, it will be desirable, I feel, to reply along similar lines to the other defaulting governments.

Faithfully yours,

WILLIAM PHILLIPS

800.51W89 France/1004

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

No. 1183

PARIS, September 4, 1934.

[Received September 11.]

SIR: I have the honor to set forth the substance of a conversation which I had on August 31st at the Foreign Office with Foreign Minister Barthou. You will readily see from its content that it must be treated quite confidentially. The conversation was informal and M. Barthou was very voluble and outspoken.

I told him that I had called to pay my respects on my return from vacation.

M. Barthou, after saying how glad he was to see me back again and in good health, expressed his great pleasure at having had the opportunity of meeting the President's mother,³⁵ and said how much he had enjoyed talking to her at the lunch which Mr. Marriner gave her at the Hotel Crillon.

³² Only one draft (not printed) attached to Department file.

³³ Department of State, *Press Releases*, June 16, 1934, p. 398.

³⁴ No record of a reply by President Roosevelt or of one to the French Government has been found in the files of the Department.

³⁵ Mrs. Sara Delano Roosevelt, mother of President Franklin D. Roosevelt, who was in Paris from July 18 to August 10, 1934.

I told him that I had heard from Mrs. Roosevelt on her return what a pleasant impression she had received during her whole visit in France, and in particular of her conversation with the Foreign Minister.

M. Barthou then said how sorry he had been at the failure to ratify the Double Taxation Treaty³⁶ and how much it disturbed him that they had been unable to carry out their promises, due to the legislative jam at the last moment. He wished to know whether I had seen the note with reference to the favorable régime with respect to taxes up to a time when a decision could be taken. He also said that both he and M. Germain Martin would do all in their power to obtain ratification as soon as Parliament met, and as it was the same Parliament there would be no further steps necessary, the same *Rapporteur* continuing (M. Baréty), who, being a man of substance and influence would be very useful in getting favorable action.

He then said that he was very sorry that the debt question still hampered relationships between France and America, and that the French still felt that the moratorium had interrupted payments and prevented their resumption. I said that it would certainly do so in case France should ever need to borrow in America again. I said that I had given considerable thought to the problem, and that quite personally, and in no way officially, would like to make a suggestion for the debt payments spread over a still longer period, which would avoid the difficulties of transfer.

M. Barthou said that he would be glad to hear of any informal suggestions and hoped I would take the matter up with M. Germain Martin at the earliest possible moment. He said he would talk to M. Germain Martin about the matter.

I then proceeded to outline my ideas as follows:

The French Government should deliver to the American Treasury serial bonds in an amount to represent the whole French debt to the United States, approximately \$4,000,000,000, which bonds should carry interest at a low rate, between one and two per cent. Such bonds should run for a period that would enable France to meet them as they matured. Any American purchaser of French goods should go to the American Treasury, deposit dollars and withdraw French bonds, and forward those bonds to the French vendor or manufacturer in payment, who would, in turn, go to the French Government fiscal agent and receive his francs for them. This would conceivably increase the purchases by America of French merchandise and would, in any case, in large degree, avoid the necessity of considering the exchange and transfer problem. This same method might be used for

³⁶ For correspondence on this subject, see *Foreign Relations*, 1932, vol. II, pp. 262 ff.; *ibid.*, 1934, vol. II, pp. 167 ff.

the financing of American letters of credit for tourists in France, for immigrant remittances, and for all other payments such as travelers' checks.

The length of the period that I tentatively mentioned to M. Barthou as worthy of consideration might be one hundred or one hundred and twenty-five, or even more years. The result would be that the debt question would be removed from the field of controversy. The American public is in no frame of mind to consider cancellation, and conceivably France might in the future, with the possibility of a war with Germany always present, be faced with the necessity of borrowing in the United States, and under present conditions it would be impossible to sell French bonds or any other foreign bonds in any quantity in the United States.

M. Barthou said that this scheme certainly was ingenious and might offer a possibility of solution.

The Foreign Minister then said that he was busy at the moment with preparations for Geneva where he was going to attend the Council meeting and subsequently the Assembly of the League of Nations, at which without much doubt Russia would be admitted. He said that of course France and practically all other countries were opposed to any spread of Bolshevism, but felt that membership in the League would be more apt to keep Russia within bounds and to make her accept her responsibilities than to remain out of it. Switzerland, however, was quite opposed to Russia's entry into the League and was taking a vote on the matter on September 1st.

He then turned to the Austrian situation, which, he said, was definitely calmer and in better state than previous to the Dollfuss assassination.³⁸ It had taken this human sacrifice to bring about a real understanding between France, Italy and England, and there was no question that these three nations now saw eye to eye. It was Barthou's intention to see Mussolini very shortly and he was glad that he had not done so before the Dollfuss murder had clarified the situation and had made France, England and Italy realize that their interests were the same in Central Europe.

He was very pleased with the Statement made by Baldwin in the House of Commons with respect to the British frontier being the Rhine and had taken great pains not to overemphasize this in the French press in order not to scare off the English and not to ask for clarifications or precisions that would have further alarmed them.

M. Barthou said that since I had left, the situation in Germany had grown definitely worse, but on the other hand was clearer, the assumption of supreme power by Hitler making it certain to the world that

³⁸ See vol. II, pp. 1 ff.

no one could count on Germany's peaceful intentions or honest purpose. He said that no one as yet knew the number of executions that had taken place there at the end of June; that the French Ambassador to Germany had stated that there must at least have been four hundred and probably more. Mr. von Papen had estimated them at six hundred. M. Barthou did not state the source of this information about the von Papen family but added that Mr. von Papen and all his household had been kept prisoners for four days under threat of death if they left the house and that Mr. von Papen himself had had two teeth knocked out. He said that the rule of such brutality was manifestly a danger to the whole of Europe.

With respect to the Eastern Locarno,³⁹ he said that the replies of Poland and Germany were still lacking, but that from the Polish point of view things were slightly better and that perhaps an understanding could be arrived at. Yugoslavia had likewise raised certain difficult questions.

As concerns the possibility of war between Russia and Japan, he said that before the Japanese Ambassador left here for a trip to Tokyo, he told him that France would not concern herself with conflicts in the Far East, but would do everything in her power to maintain peace in Europe, which is her principal concern.

Respectfully yours,

JESSE ISIDOR STRAUS

800.51W89 France/1007

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

No. 1314

PARIS, October 26, 1934.
[Received November 7.]

SIR: I have the honor to enclose a memorandum of a conversation with M. Pierre Laval, Minister for Foreign Affairs, at the Foreign Office yesterday morning. I called by appointment, accompanied by Mr. Marriner,⁴⁰ for my first talk with the Minister since he has taken over the portfolio.

I have already, in my telegram No. 794, October 26, 11 A.M.,⁴¹ set forth the substance of M. Laval's views on the general European situation at present, but he talked at length on the debt situation which had been raised by his predecessor, M. Barthou, and this memorandum gives his views at some length.

It will be noticed that, as a result of his intimate connection with the moratorium discussions, M. Laval has extremely positive ideas on

³⁹ For correspondence relative to negotiation of an "Eastern Locarno" Pact of Mutual Guarantee, see pp. 489 ff.

⁴⁰ Counselor of Embassy in France.

⁴¹ Not printed.

the slight possibility of any present debt arrangement with France, and his rather fine spun legal reasoning is set forth in the memorandum. I am not sure that M. Laval was not encouraged that the debt question was a dead issue by a quotation of an alleged statement by Senator Joseph T. Robinson, which had appeared in the morning papers the day preceding our interview, which purported to indicate that the Senator felt that there was no intention on the part of debtor nations to resume payments. In any case, M. Laval reasserted with much firmness the attitude he has maintained in all discussions on the subject, namely, without the resumption of Reparations payments there can be no payments by France on debts, and anything I could say to the effect that we did not consider these two problems related seemed in any way to shake him. His attitude seemed in contrast to that of M. Barthou who had given more indications of a willingness to listen in an unprejudiced manner to my ideas on the subject, and even to suggest taking the matter up with the Minister of Finance.

From M. Laval's conversation, I fear that the matter will be in abeyance during his incumbency, unless by some strange chance a *rapprochement* with Germany bring to a head the question of a final settlement on reparations, or unless the unwillingness of America to forget or ignore these debts is made very clear either by an authoritative statement by the President, the Secretary of State or an influential member on the floor of Congress.

Respectfully yours,

JESSE ISIDOR STRAUS

[Enclosure]

Memorandum by the Counselor of Embassy in France (Marriner)

PARIS, October 25, 1934.

M. Laval, Minister for Foreign Affairs, received the Ambassador, accompanied by Mr. Marriner, at the Quai d'Orsay at ten o'clock this morning, by appointment. It was the Ambassador's first call on M. Laval since his taking over the Ministry for Foreign Affairs.

The Ambassador said that Mr. Marriner had reminded him that it was just three years ago today that M. Laval had left Washington after his visit there,⁴² and M. Laval replied that he recollected this very well and that even his brief visit in America had left a tremendous impression with him of the hospitality, force and vitality of the nation. He said he had been very grateful for the kindness of the American Government in delegating Mr. Marriner to accompany him as a liaison with the American Government officials and Mr. Pell as a liaison with the American press.

⁴² See *Foreign Relations*, 1931, vol. II, pp. 237 ff.

The Ambassador said that he had talked with M. Barthou the day before his assassination and had mentioned to him again the long delay of the French Parliament in ratifying the Treaty on Double Taxation, which had been ratified by our Senate over two years ago. M. Laval took a note on the subject and said that he would do his utmost to press the matter. The Ambassador told him that M. Baréty was the *Rapporteur*.

The Ambassador then said that he would turn to a more important difficulty between the two countries, namely that of the debts, and that if it interested M. Laval he would give him an idea which he had outlined quite unofficially to M. Barthou. It must be understood that the idea was a personal idea of Mr. Straus's and not by any means a proposition of the American Government.

M. Laval said that this was all the more desirable from his point of view. Because of his own attitude on the debt question, he would not wish at present to appear to enter into any discussions on it before he could have some *pourparlers* with Germany on the Reparations question.

The Ambassador then proceeded to outline his views, set forth in his despatch to the Department No. 1183 of September 4, 1934, giving the substance of his conversation with M. Barthou on August 31, 1934, with respect to exceedingly long-term bonds at a very low rate of interest for the full amount of the now outstanding French debt, approximating four billion dollars, to be used to finance the movement of goods and services from France to the United States. These bonds would be purchased in the United States by those requiring French exchanges. These would be presented in France to the French Treasury for francs, thus avoiding all question of transfer.

M. Laval said that he would like to have a memorandum on the subject, quite unofficially, so that he could study it with more precision, and suggested that Mr. Marriner should get in touch with M. Rochat, his Chief of Cabinet, quite informally, with no papers of record.

The Minister then said that he wished to outline for the Ambassador his point of view on the whole subject of the debt to the United States. He said that Mr. Marriner would recall the whole course of the moratorium discussions, and his attitude at the time, namely, that the stoppage of payments from Germany stopped all intergovernmental payments; that he had stressed this still further in Washington where the communiqué⁴³ agreed upon the last day of his visit, namely, three years ago to-day, had said that, before the end of the moratorium year, an agreement of all intergovernmental obligations should intervene covering the period of business depression. This, in

⁴³ *Foreign Relations*, 1931, vol. II, p. 252.

his mind, clearly indicated that, without some such agreement, the moratorium continued, and while he was aware that a communiqué was not a treaty, and that its contents were not passed upon by the Senate of the United States, nevertheless, he felt that the Senate, in giving its consent to the moratorium in its Resolution of December 23, 1931,⁴⁵ having knowledge of the communiqué and the negotiations attending it, certainly in no way denied the theory that the moratorium would continue in default of such an arrangement. Furthermore, the business depression had continued and augmented. The Lausanne accords⁴⁶ were a partial agreement on this subject, made, however, without the assent of the United States, and as they had expressly stated that such consent was necessary, and as they had never been ratified by the French Parliament, it was M. Laval's belief, not only as Minister for Foreign Affairs, but as a lawyer, that these accords did not exist and that we were still in the same state of moratorium as we had been at the conclusion of the Hoover Moratorium in 1931.

With all this in mind, it was his consistent belief, from which he had never varied, that there could be no payment from France to the United States until such time as the question of Reparations, still in abeyance, should find some suitable arrangement. He said that he realized the position of the United States that these two matters had no necessary relation, but at the time of the moratorium discussions, France had succeeded in having the unconditional annuities of the Dawes and Young loans paid into the Bank of International Settlements for the French account, thence to be reloaned to the German railways. He felt that this act indicated clearly the principle that there was some relation between Reparations payments and all international payments, and that therefore France was justified in considering that so long as the moratorium existed with respect to Germany and France, a moratorium must be considered to exist between America and France.

He said that he well understood that both the United States and England, at the time of the moratorium, had been pushed by their bankers to relieve Germany of Reparations payments, in order that it might have some possibility of paying the enormous charges on the loans made by both these countries within the Reich, but that this gave the French taxpayer a cause to complain that his prior obligations on Germany had been put aside in favor of the service of later loans made to relieve an enemy nation, which was thus escaping the consequences of the war. He said that the Ambassador's idea had something ingen-

⁴⁵ *Foreign Relations*, 1931, vol. I, p. 248.

⁴⁶ See Great Britain, Cmd. 4126, Miscellaneous No. 7 (1932); *Final Act of the Lausanne Conference, Lausanne, July 9, 1932*; Great Britain, Cmd. 4129, Miscellaneous No. 8 (1932); *Further Documents relating to the settlement reached at the Lausanne Conference*; *Foreign Relations*, 1932, vol. I, pp. 636 ff.

ious in it, and might conceivably offer a means of approach along the same lines to Germany, although he thought that the enormous sum involved,—60 billion francs,—stretched over no matter what number of years, would look out of all proportion to the French mind at present, and that no Government proposing it would have much chance of life with the French Chambers in their present mood. Mr. Straus remarked that there was no reason why the plan he suggested should not begin with a further moratorium and proceed as the plan envisaged in the communiqué. The Ambassador reminded the Foreign Minister that the sum involved had been very much cut in view of the Mellon-Bérenger negotiations in Washington,⁴⁷ and did not by any means represent the total sums borrowed, and that all interest had been left out of account. Furthermore, the American dollar had been reduced in value, which created on the already reduced total another reduction of 40%. The Ambassador said that the time might come when France would need money once more, and that, with the debt situation what it was and the American taxpayer feeling that he had been called upon to pay the costs of the war, there would be little chance of obtaining credit again in the United States.

M. Laval said that he realized this and that it was one of the problems which he hoped to examine in the friendliest spirit and in a way that would improve the relations between the two countries, which he knew Mr. Straus had close to his heart.

The Ambassador then asked the Foreign Minister his impression of the present European situation. M. Laval said that it was bad; that there certainly existed danger of war, accompanied, perhaps fortunately, by a great and general fear of war among all peoples. The immediate dangers raised by the assassination of the King of Yugoslavia, namely dangers of any form of reprisals, had been avoided. The danger of internal disruption within the Yugoslav State was apparently removed, and if anything the nation seemed unified by this sad event. He had the highest hopes that an understanding with Italy would be possible within a comparatively short time as progress was being made along those lines, and that as soon as that was done, he felt that Italy and Yugoslavia could be brought to terms, in which case it would mean that the Little Entente, of which Yugoslavia was a party, Italy and France could enter into an agreement for the preservation of the territorial integrity of Austria. When this should have been accomplished, with a continuation of the normal relations which France had been having with Russia, and presuming the somewhat equivocal attitude of Poland should get no worse, Germany would find

⁴⁷ For text of agreement signed at Washington, April 29, 1926, see *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 257; for correspondence relating thereto, see *Foreign Relations, 1926*, vol. II, pp. 91 ff.

herself isolated in Europe by nations desirous of peace. He said that the present government in Germany, due to the character of the régime and its chief, was extremely difficult to deal with, but that he felt that once they saw that Europe had composed its other differences, they might realize the interest of reaffirming the territorial provisions of the Treaty of Versailles in some definite way, and even perhaps keeping armaments within some adequate restraint, since they would be unavailing against a united Europe. He said that at present Germany was rearming as we all knew to the fullest extent, and had succeeded in alarming all other countries. Even England, the most conservative of all, was feeling the absolute necessity of building up its air defences.

He said that of course the Saar still constituted a sore spot, and he was conferring this evening with the Minister of War for the arrangements to provide, if necessary, requisite police to be at the disposal of the League Commission, in case of disturbances in that region, which of course, he hoped would not take place.

He said, in reference to the general rearming, that Italy was again becoming nervous on the naval side and wished to build more ships. When the Ambassador spoke about the Japanese attitude in London,⁴⁸ he did not seem well informed, but said that their demands were increasing,—a question which, he said, concerned only England and the United States.

In conclusion, he hoped the Ambassador would feel free to come and see him at any time and to expect from him the greatest possible frankness.

THEODORE MARRINER

800.51W89 France/1012

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

No. 1379

PARIS, November 22, 1934.

[Received December 1.]

SIR: I have the honor to enclose the text of a confidential conversation with M. Flandin, President of the Council, who called on me yesterday afternoon without a previous appointment, and spent about half an hour discussing a variety of subjects, particularly stressing German rearmament and the need of international monetary stabilization. Mr. Marriner was also present and prepared the memorandum of the conversation enclosed.

As far as the Embassy can remember, this is the first time that a Prime Minister, who was not at the same time holding the portfolio

⁴⁸ For correspondence concerning preliminary naval conversations at London, see pp. 217 ff.

of Foreign Affairs, has called, and his action was made more striking by the fact that I had already made an appointment to see him at his office at the Quai d'Orsay today, November 22nd. It would seem that the French Government is disturbed by the lack of sympathy for France in foreign countries and is endeavoring to correct it by increasing the personal contact between members of the Government and the diplomatic missions in Paris. It has been noticeable, likewise, that more of the cabinet colleagues of M. Flandin have called in person on me than has been the case in any government since I have been here.

Respectfully yours,

JESSE ISIDOR STRAUS

[Enclosure]

Memorandum by the Counselor of Embassy in France (Marriner)

PARIS, November 21, 1934.

The President of the Council, M. Flandin, called on the Ambassador this afternoon, apparently as part of a policy I presume he has recommended to the cabinet, as more of the members of the present cabinet have called on the Ambassador than of any previous cabinet in my recollection.

M. Flandin began by asking what news the Ambassador had from America, and agreed with Mr. Straus' reply that things were evidently going better and that the President had received a remarkable testimony of support and was now in a stronger position than ever before with a tremendous majority in both Houses of Congress, including over two-thirds in the Senate. The Ambassador said that M. Flandin had the advantage of him as he had seen President Roosevelt more recently than he had.⁴⁹ The President of the Council said that, on his return to France, he had surprised a good many of his colleagues by his general optimism with respect to the United States and his belief that the President's efforts were working out, contrary to the views generally expressed in the press here and on the Bourse.

The President of the Council then asked what the Ambassador heard in these days from London with reference to the naval negotiation.

Mr. Straus said that he was not currently informed, but that we were apparently playing a game of patience with the Japanese, in which the English were aiding us, particularly as the Dominions were not in favor of the Japanese contentions. Should the Washington Treaty be denounced,⁵⁰ it would still remain uncertain as to whether

⁴⁹ While Minister of Public Works, M. Flandin had represented France at the Canadian celebration of the fourth centenary of Jacques Cartier's expedition, and had returned via the United States.

⁵⁰ For correspondence relating to the denunciation by Japan of the treaty, see pp. 405 ff.

something more like it might not be put back in its place, the Japanese saving their face by the fact that they could say that they had rid themselves of that incubus.

M. Flandin then asked what news we had from Germany.

The Ambassador said that our direct information from there was very slight, and asked what basis there was in the statements of M. Archimbaud, Reporter on the war budget of the Chamber Finance Committee, concerning German armaments.

M. Flandin said that in general his information was that these armament figures were quite exact, although he could not say just how the total of four million mobilizable men was arrived at. There could, however, be no question in the great increase of the Reichswehr on which, since June 30th, Hitler found himself dependent, and to whom he was giving a large measure of independence. He said that he felt it was the German scheme to have sufficient arms and equipment to prevent any invasion or attack on German territory, and to develop at the same time the strongest sudden striking force possible, namely, air attacks with bombs and gases. He said that this scheme naturally endangered London as much as Paris and that up to the present there had been no demonstration that there was any adequate defence for sudden and unpremeditated attack of this character. He said that, while talk in Germany centered on Paris as a point of attack, he felt that their projects were equally fixed on London.

M. Flandin did not reply to the question as to whether or not the whole northern coasts of Germany were open to return attack from airplane carriers.

The Ambassador then inquired how Germany would be able to sustain itself from the point of view of food in case of war, as certainly it would have the whole world against it.

M. Flandin said that Germany naturally hoped that any such war would be brief and that they were developing to the highest degree every form of substitute for food and matériel and had thus far made great progress with regard to synthetic petrol. He did say, however, that this problem of food supply was the one which made him less worried about any immediate attack as the problem was certainly not solved as yet to Germany's satisfaction. He then said that these problems of security were not the only ones troubling the world, but that of monetary stabilization equally hung heavy over all international affairs. He asked if we had any news or indications of our country's intentions, as of late he had noticed we seemed less disinclined to stabilize than Great Britain.

Mr. Straus said that M. Flandin's contact was more recent than his own; he had no knowledge, but it was his belief that we were opposed to any further devaluation of our monetary unit.

M. Flandin expressed the opinion that Great Britain was at present the center of the problem and in actual fact, until she was willing to stabilize, the general financial and commercial relations could not be smoothed out or the world set running again on predictable bases.

The Ambassador then said that, as M. Flandin knew, he had an appointment with him for to-morrow, but that if M. Flandin had time he would like to raise two questions he had planned to discuss then. The first one concerned the Double Taxation Treaty, which was signed over 2½ years ago, ratified by the American Senate in May 1932, and still unratified by the French Parliament. The Ambassador reviewed the history up to the moment, including the failure to ratify last July, despite the efforts of M. Germain-Martin. The Ambassador pointed out that the failure of this ratification caused continuous irritation among American business men in France, and added that ratification would no doubt be a useful gesture in eliminating one of the causes of friction between the two countries. M. Flandin promised to talk with M. Germain-Martin on the subject.

The second question was one concerning which the Ambassador had already talked to M. Barthou twice, the second time on the evening before he left for Marseille, and with M. Laval, namely: the French debt to the United States. Mr. Straus said that his ideas were altogether informal, entirely his own, and constituted no governmental step, but merely an idea for appropriate exploration. He then proceeded to set forth his ideas, as reported in his despatch to the Department, No. 1183 of September 4, 1934, giving the substance of his conversation with M. Barthou on August 31, 1934.

M. Flandin then said that he would ask a question or two, his first being, whether the total of the sum involved in such a discussion would be that of the Mellon-Bérenger Agreement, plus interest.

The Ambassador replied that we had no other sum to go on and that it had been worked out considering various elements of the debt up to the moment of that agreement.

M. Flandin's second question was whether the amounts involved in American expenditure in a given year might not overrun the amount of exchange available in France for the purpose, considering that France would likewise in any year have to spend money in the United States for the purchase of raw materials, such as oil, cotton, etc., and whether the Ambassador's proposal was to utilize for the purposes he suggested merely the difference in trade balances.

Mr. Straus replied he had not thought this phase of the matter out, but that he did not feel that, if the term of the obligations to be used for these international payments was long enough, the increment in any year would be large enough adversely to affect the situation M. Flandin described. That is to say: should the agreement be made to run for 150 years, it would be stipulated that not more than 1/150th in any given year would be available for use by Americans purchasing commodities or services in France.

The Ambassador then proceeded to emphasize the fact that the initiation of such an idea, which would involve admission of indebtedness, naturally would have to come from the French side, as it would be a form of refinancing and it was naturally up to the debtor to make a proposal: that he could not guarantee of course whether or not such an offer would be acceptable as it was personal to him.

M. Flandin said that, on the other hand, it would be impossible for France to make such an offer publicly only to be refused, and that the matter would have to be gone into by mutual explorations before it could be brought to public light. The Ambassador agreed thoroughly with this, while still maintaining the interest for the first move to come from France in such definite though confidential form that it could not subsequently be altered or appear like a "fishing expedition".

M. Flandin took his leave, expressing his gratitude to the Ambassador for this opportunity to talk over material troubling the relations of the two countries and for the Ambassador's goodwill for the settlement of these problems.

The Ambassador recalled a conversation at Rambouillet in which M. Flandin had mentioned the exaggerated stories appearing in the American press with reference to the recent change in government. Mr. Straus said that the American press certainly had no intention of distorting or misrepresenting, but that he had found on inquiry that many of them felt that they were not adequately informed and did not have access to the most authentic news sources. The Ambassador said that both the President and Secretary of State in the United States received the press at stated intervals and answered, or refused to answer, questions put to them on those occasions, but that the contact gave the press confidence and a feeling that they had the ultimate word. M. Flandin said that he realized this and that he would be glad to receive the American press on Monday next at the Quai d'Orsay and indicated that, if this were found useful, he might be available every Monday at the same time for this purpose.

On leaving, M. Flandin expressed his admiration of the chancery building which completed the original plan of the Place de la Concorde.

THEODORE MARRINER

800.51W89 France/1014

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

No. 1386

PARIS, November 27, 1934.

[Received December 5.]

SIR: With reference to my despatch No. 1379 of November 22, 1934, reporting a conversation I had with M. Pierre-Etienne Flandin, President of the French Council of Ministers, on November 21st, when he called on me without a previous appointment, I have the honor to inform the Department that at noon on November 23rd [22nd?] I in turn called on him by appointment.

M. Flandin referred to the question of debts which I had discussed with him the day before. I showed him a cabled despatch from Washington to the Paris edition of the *Chicago Tribune*, November 13th, reading as follows:

"Secretary of State Cordell Hull stated today that the attitude of the United States on the debt question remained unchanged. As in the past, the American Government soon will notify the debtor Governments of the payments due to America on December 15th."

I showed him this as evidence that the debts were not forgotten in the United States. He told me that it would be inadvisable to open up the question of debts at this time just before the Saar plebiscite: that the French people are now preoccupied with the plebiscite and are in no frame of mind to consider repayment of debts against which there is a strong feeling. He explained that the prevailing sentiment throughout France is to the effect that debts and reparations are tied together; that the French are receiving no reparations and therefore can pay nothing on the debt. I told him that, in my opinion, reparations and debts had no connection whatsoever, though I believed that there had been some misunderstanding of what had happened at Lausanne in 1932. With this he appeared to agree. He stated that after the Saar plebiscite he would, as soon as he could, consult with his Ministers: that he was interested in the suggestion that I had informally made in our previous talk with a view to a solution of this problem and of which a memorandum had been left by Mr. Marriner with M. Rochat, M. Laval's *Chef de Cabinet*. I left with M. Flandin a copy of this suggestion. He stated that he hoped to have an opportunity of discussing the possibility with me again in the future. He said, however, that he thought it would be impossible to send any different reply to the note from the United States regarding the December 15th payment⁵² than had been sent regarding the June 15th and previous payments. I asked him whether it might not be possible to

⁵² Department of State, *Press Releases*, December 15, 1934, p. 361.

add to that reply a suggestion that at some subsequent date there might perhaps be given consideration to debt payments. He replied that he thought no such intimation should appear in the reply but that there might be sent—and he would think it over—a separate communication giving intimation along the lines that I suggested. I told him that in the interest of more harmonious relations between our two countries it was most important to have the debt question settled. I stated that, in my opinion, as long as there was a feeling in the United States that France had repudiated her obligations, no French bonds could be floated in the United States; that France might at some time in the future have need for credit from the United States and that in her own interest, having regard for her future needs, she should not permit the opinion to prevail and be constantly repeated that she had repudiated. M. Flandin asked me whether I thought that Great Britain had any idea of changing her attitude in respect of debt payments to the United States. I told him that I had no knowledge on the subject.

M. Flandin then took up the question of the double taxation treaty about which I had, in our previous conversation, spoken to him. He had before him a memorandum, which memorandum stated that between 1930 and 1932, during the negotiation of the double tax treaty, there had been eliminated clause 10,⁵⁵ which had been in the original draft and which the French felt would have given an equivalent to the French for the exemption granted to Americans doing business in France. I told him that I was not conversant with clause 10, but would have it looked up. He asked whether it might not be reinserted, which would give a better opportunity for ratification of the treaty, and I told him that I would give that thought and might perhaps consult about it with Washington.

Respectfully yours,

JESSE ISIDOR STRAUS

800.51W89 France/1019

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

No. 1466

PARIS, December 21, 1934.

[Received January 7, 1935.]

SIR: I have the honor to inform the Department that at 5 p. m., on Thursday, December 20th, I called by appointment on the Minister for Foreign Affairs, M. Laval.

I spoke to M. Laval about the ratification of the double taxation treaty. He said that he had the matter on his mind and would do his

⁵⁵ See *Foreign Relations*, 1930, vol. III, pp. 6 ff.; *ibid.*, 1932, vol. II, pp. 262 ff. For final action by France on this treaty, see *ibid.*, 1934, vol. II, pp. 167 ff.

best to push it through. He explained that it was his own neglect, as well as parliamentary neglect, that nothing had been done. He did not know that Paganon had been substituted for Baréty as *Rapporteur* of the Finance Commission on the Double Taxation Convention. He denied lack of interest and said that he was favorable to ratification and would ask for a report from the Finance Commission at once. He said that he would let me hear from him again on the subject.

I then spoke of debts. His point of view has not changed since my last talk with him and though he said that at some time in the future my suggestions as to a refunding might be the basis of negotiation or tender on the part of the French Government, he felt that the present time was very inopportune to take the matter up. He stressed the connection between reparations and debts, referring to the Hoover moratorium and the Washington communiqué, stating that it had been initialed by him and President Hoover and that it represented the views of the then head of the Government of the United States which must be regarded as authoritative. He interpreted the moratorium as applying to debts as long as reparations were not paid to France by Germany and stressed the fact that the moratorium agreement had been ratified by Congress⁵⁶ with the sole proviso that the debts be not reduced in amount. He said that he recognized the obligations of France to the United States but that it was politically impossible to agitate the question at the moment; that were the Cabinet to open the subject at the present time he believed the Cabinet would fall and that there would not be ten favorable votes in Parliament towards seeking a settlement. He said that the Cabinet would be "pulverized" were they at this time to agitate the question. He hoped that with a better *rapprochement* with Germany he would be able at some future time to open up the question of reparations with them, but that if at the moment he were to discuss it with the German Government, Hitler would undoubtedly "hit the ceiling," but that the future might bring about a change. He said that under the Mellon-Bérenger Agreement (1926), France would have been obliged to pay the debts whether Germany paid reparations or not had it not been for the Hoover moratorium which he stated was forced upon France much against his objection (he was then Prime Minister but had not yet been to the United States), and that it had been forced upon France by Mr. Hoover because he, Mr. Hoover, felt that he was saving the world from a complete debacle and threatened that if France were not willing to agree to it, the moratorium, he would notify the world of France's intransigence.⁵⁷ He said that he had among his own per-

⁵⁶ For text of Joint Resolution of December 23, 1931, see *Foreign Relations*, 1931, vol. I, p. 248.

⁵⁷ For correspondence concerned with acceptance by France of the moratorium proposal, see *ibid.*, pp. 42 ff.

sonal notes a *procès-verbal* of his conversations when in America, and he believed that Mr. Ogden Mills⁵⁸ likewise had notes of the conversations. He had suggested to Mr. Hoover that a *procès-verbal* be formally prepared, to be initialed by both of them, but that Mr. Hoover had replied that that was unnecessary. He said that at some time when he could get at his papers he would show me his notes of the conversations and stated that there were no doubt many records in the files of the Embassy as to the whole transaction during the Mellon-Bérenger discussions and as to the moratorium discussions and that Mr. Marriner would doubtless have a very clear recollection of what had transpired during Mr. Marriner's trip to America with him. He considers the moratorium to be indefinite by inference if Germany doesn't pay.

He asked me what I thought of the suggestion that he had in mind that France should turn over to the United States the amount, approximately one billion francs, that France would, after the Saar plebiscite, receive from Germany. He stated this laughingly but apparently thought seriously of the idea. I replied that the suggestion was very interesting, not as a liquidation of the debt as he suggested, but as a payment on account and an earnest of good faith.

He reiterated the desire of France at some time to pay the full amount, explaining that he realized fully that France might at some time have to turn to the United States for financial aid and that he appreciated that under present conditions they could not, with any hope of success.

He stated that M. Léger had prepared for him, while he was in Geneva, a reply to the notification of our Government of the amounts due on December 15, 1934, but that the reply was in terms that displeased him exceedingly and that he had torn it up and on his return to Paris had himself drafted the reply.

My conclusion from the conversation, which was most pleasant and in a spirit of banter and good humor on his side, as well as on my own, is that Mr. Laval is more interested in the settlement of European questions than in the consideration at the moment of problems between France and the United States.

At the end of about forty-five minutes, his next visitor was announced and he told me that it was Mr. Raymond Patenôtre,⁵⁹ "who is half-American," and I left.

Very respectfully yours,

JESSE ISIDOR STRAUS

⁵⁸ Secretary of the Treasury, February 1932-March 4, 1933.

⁵⁹ Proprietor of the *Petit Journal*.

GREAT BRITAIN

[See Department of State, *Press Releases*, June 9, 1934, pages 354 ff. ; *ibid.*, June 16, 1934, page 395; *ibid.*, June 30, 1934, page 435; *ibid.*, December 15, 1934, page 355.]

HUNGARY

[See Department of State, *Press Releases*, June 16, 1934, page 400; *ibid.*, December 15, 1934, page 363.]

ITALY

800.51W89 Italy/255

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] June 11, 1934.

The Italian Ambassador⁶⁰ called to say that he had received cabled instructions to make certain inquiries in the State Department with respect to the application of the Johnson Act;⁶¹ he said he did not know why his Government had telegraphed him because he had given the information requested. The Ambassador said, however, that it was evident that his Government was still considering some sort of payment on account; he asked what would be our reply if on June 15th next the Italian Government made the same payment which it had made on the last two pay days, roughly \$1,000,000. In particular he wished to know whether we would receive it without any comment. I said that I would endeavor to answer his question today.⁶²

WILLIAM PHILLIPS

[See also Department of State, *Press Releases*, June 16, 1934, page 400; *ibid.*, December 15, 1934, page 366.]

LATVIA

800.51W89 Latvia/150

The Minister in Latvia (MacMurray) to the Secretary of State

No. 309

RIGA, May 24, 1934.

[Received June 6.]

SIR: I have the honor to inform the Department that in the course of a conversation which Mr. Cole, Counselor of the Legation, had with

⁶⁰ Augusto Rosso.

⁶¹ 48 Stat. 574; for correspondence on this subject, see *ante*, pp. 525 ff.

⁶² Marginal note in the original: "I called up the President and advised Rosso that we would send him a polite acknowledgment on receipt of the check (should he send one) and would receive the funds. W[illiam] P[hillips]"

Mr. Munters, Secretary General of the Ministry of Foreign Affairs, on May 18, 1934, Mr. Munters made the following statement:

Latvia will entirely follow the lead of England in the matter of the payment on the American debt in June, being ready either to make a token payment or withhold all payment.

In the Legation's despatch No. 274, dated May 7, 1934,⁶³ concerning the state budget for the 1935 fiscal year, the Department's attention was called to the fact that while an appropriation of 2,000,000 lats is authorized to cover payments due on foreign debts, no allocation is made of this sum.

Respectfully yours,

J. V. A. MACMURRAY

800.51W89 Latvia/157

*The Latvian Minister for Foreign Affairs (Ulmanis) to the American Chargé in Latvia (Cole)*⁶⁴

RIGA, June 12, 1934.

MONSIEUR LE CHARGÉ D'AFFAIRES: I have the honour to refer to the correspondence exchanged between the Ministry for Foreign Affairs and the American Legation regarding the indebtedness of Latvia to the United States and to refer, in particular, to the *Aide-Mémoire* of January 26th, 1933,⁶⁵ in which the United States Secretary of State announced that "the President would be glad to receive separately at Washington a representative or representatives of the Latvian Government for discussions having a similar scope and purpose (as those conducted with the British Government) after the proposed discussions with the British Government had been completed", and to the Note, dated June 21st, 1933,⁶⁶ in which Mr. William Phillips, Acting Secretary of State, stated that "the representations of the Government of Latvia with regard to the entire debt question between our two countries will be gladly heard at a date to be agreed upon between us."

As you are aware, the situation had undergone no change by the end of 1933, when a further instalment on the Latvian war debt to the United States Government was due, and for the reasons explained to you in the Note of my predecessor, dated November 22nd, 1933,⁶⁷ the Latvian Government offered a "token payment" on the instalment due on December 15th, 1933, which was accepted by the United States Government.

⁶³ Not printed.

⁶⁴ Transmitted to the Department by the Chargé in Latvia in his despatch No. 355, June 14, 1934; received June 26.

⁶⁵ *Foreign Relations*, 1933, vol. I, p. 893.

⁶⁶ *Ibid.*, p. 896.

⁶⁷ *Ibid.*

To prove their earnest desire to carry out their obligations, the Latvian Government would have been prepared to make a further "token payment" on June 15th, next, similar to those made on two previous occasions, in acknowledgment of their debt and without prejudice to their right to present the case for its readjustment, on the assumption that they would not be considered in default. They understand, however, that the course pursued by them on previous occasions is barred in consequence of recent legislation passed in the United States, and that the procedure adopted by common agreement in 1933 is no longer practicable.

On the other hand, the financial and economic situation of this country, reference to which was made in the *Aide-Mémoire* presented to His Excellency Monsieur Skinner on December 3rd, 1932,⁶⁸ and in various Notes at other times, has, so far, shown no signs of improvement. The foreign trade returns for 1933 and for the first quarter of 1934 reveal the effects of the universal economic difficulties to be still acutely felt, and the Latvian trade balance continues to be increasingly adverse in general, and in particular inasmuch as trade with the United States is concerned. Only at the cost of heavy sacrifices and by adopting restrictive measures of the utmost rigour has it been possible for my Government to maintain the stability of the currency and to protect the national economic system from dangerous shocks.

Such a state of affairs does not permit my Government to resume payment in full towards the settlement of a debt which cannot be compensated by goods or by services, and they are fully aware of the grave complications which are likely to be caused by the transfer of a sum as important as that falling due on June 15th, which would impose too severe a strain upon the national resources.

The Latvian Government therefore deeply regret that, having had no opportunity to discuss the question of their debt with the United States Government and it being impossible for them to contemplate a resumption of the payment of the instalment which becomes due on June 15th, they feel compelled, in view of the reasons stated above, to suspend all payments pending the final revision of the Debt Funding Agreement of September 24th, 1925.⁶⁹ They wish to reiterate that, having no intention of repudiating their obligations, they will be prepared to enter upon a further discussion of the subject at any time when such a discussion would be agreeable to the United States Government.

I avail myself [etc.]

K. ULMANIS

[See also Department of State, *Press Releases*, June 16, 1934, page 401; *ibid.*, January 12, 1935, page 20.]

⁶⁸ *Foreign Relations*, 1932, vol. I, p. 786.

⁶⁹ *Combined Annual Reports of the World War Foreign Debts Commission 1922-1926*, p. 184.

LITHUANIA

[See Department of State, *Press Releases*, June 16, 1934, page 403; *ibid.*, December 15, 1934, pages 368 ff.]

POLAND

800.51W89 Poland/118

The Ambassador in Poland (Cudahy) to the Under Secretary of State (Phillips)

WARSAW, March 27, 1934.

[Received April 11.]

DEAR MR. PHILLIPS: It will be of interest for you to know that I had a long talk with Mr. Janusz Zoltowski yesterday. He is the financial Counselor of the Polish Embassy in Washington. He told me that he had come to Warsaw for the purpose of stressing the necessity of some sort of token payment on the governmental debt owing to the United States. He left his meeting with me for one with the President of the Republic⁷⁰ and told me he had already taken the matter up with Władysław Zawadzki, Minister for Finance. He is leaving for America tomorrow and promised me that he would see Foreign Minister Beck or make a very determined effort to do so. Meanwhile he has left with Beck a memorandum covering the salient reasons why some form of acknowledgement should be made of the American debt.

It so happens that every argument he emphasizes in this memorandum is a re-statement of what I told Colonel Beck about two months ago when I saw him on other matters.

JOHN CUDAHY

800.51W89 Poland/123

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] June 4, 1934.

It was very difficult to know precisely what the Polish Ambassador has in mind with regard to negotiating a settlement of the Polish debt to the United States. The Ambassador called again today to remind me that, for a year and a half, he had been requesting the commencement of conversations on this subject and had received no reply. I reminded him that we were ready to listen to him at any

⁷⁰ Ignau Moscicki.

time and to receive any proposition which he had to make, but he still believes in the desirability of having someone come from Poland—some expert with a knowledge of the situation who would undertake “pourparlers” he himself remaining in the background, as he says, to facilitate the reaching of an agreement. I asked him who he had in mind for this purpose. He mentioned first “a minister”, but then he referred later to an expert who would not have a ministerial rank. I said that, in my opinion, it seemed a pity to bring an expert to this country to discuss the debt unless we had reason to believe that we could reach some sort of an agreement and that it would probably be better for him to put his cards on the table with us before asking for the help of some one from the Polish Government.

Finally the Minister seemed to accept this idea and welcomed the thought that we might have the preliminary “pourparlers” between the Embassy and the Department; he mentioned the importance of reaching some sort of an agreement before October, which was the date on which the budget had to be submitted to Parliament.

WILLIAM PHILLIPS

[See also Department of State, *Press Releases*, June 16, 1934, page 402; *ibid.*, December 15, 1934, pages 370 ff.]

RUMANIA

800.51W89 Rumania/201

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] May 24, 1934.

The Rumanian Minister⁷¹ said that he had noticed in the publicity given out following the Attorney General's decision⁷² with respect to “token” payments that Rumania was not included among those countries which had made “token” payments. He pointed out that his government had in fact made a payment on account during the last year and that he was even now discussing with his government the payment due on the Hoover Moratorium;⁷³ that his government had offered a payment of \$4,000 which he regarded as too little and which he was seeking to raise to \$8,000. It was merely a question, he said, of reaching a decision in this respect, and he asked, therefore, that in any debt message which the President might have in mind sending to Congress Rumania would not be classed among those who were actually in default at the present moment.

⁷¹ Charles A. Davila.

⁷² See footnote 20, p. 540.

⁷³ See *Annual Report of the Secretary of the Treasury*, 1932, p. 305.

I said that I would look into the subject and see if anything could be done.

WILLIAM PHILLIPS

800.51W89 Rumania/206

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray)*

[WASHINGTON,] June 14, 1934.

DAILY REPORT

Rumania. During a call from the Rumanian Minister yesterday he told me of his conversation with the Secretary last Wednesday when he delivered a note from his Government stating that it was obliged to suspend all further payments on its indebtedness to this Government pending a re-discussion of the entire problem.

Mr. Davila said he had been told by Mr. Arthur Krock of the *New York Times* that the President at his press conference yesterday had expressed no little annoyance at the emphasis given in the press to the reference to payments in kind contained in Mr. Hull's latest note to the British Ambassador. Mr. Davila said that the idea of payments in kind by Rumania interested him considerably and that he intended to discuss the matter with Mr. Titulescu, the Rumanian Foreign Minister, as soon as he reaches Rumania about July 1st. He stated that the Rumanian Government owns large virgin forest reserves that might be exploited for export to this country. He added that in view of the present deplorable state of Rumanian finances his Government could not afford to incur any large expenses in the exploitation of its forest reserves and hinted that an arrangement might be made through Mr. Peek's⁴ organization for the advancement of credit for the above purpose. He expressed the opinion that such shipments of Rumanian lumber in liquidation of the Rumanian debt to this Government might be useful in the President's housing program.

WALLACE MURRAY

[See also Department of State, *Press Releases*, June 16, 1934, page 402; *ibid.*, December 22, 1934, page 412.]

⁴ George Nelson Peek, president of Export-Import Bank of Washington, D. C.

YUGOSLAVIA

800.51W89 Yugoslavia/161

The Secretary of State to the Yugoslav Chargé (Stoianovitch)

WASHINGTON, May 28, 1934.

SIR: I am requested by the Secretary of the Treasury to transmit to you a statement of the amounts due from your Government June 15, 1932, June 15, 1933, and June 15, 1934, under the provisions of the Debt Agreement of May 3, 1926,⁷⁵ and to advise you that payment may be made either at the Treasury in Washington or at the Federal Reserve Bank of New York.⁷⁶

STATEMENT OF AMOUNTS DUE FROM THE GOVERNMENT OF THE KING-
DOM OF YUGOSLAVIA JUNE 15, 1932, JUNE 15, 1933 AND JUNE 15, 1934

Amount due June 15, 1932:

Principal of bond No. 7 due June 15, 1932.....	\$250, 000. 00
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Amount due June 15, 1933:

Principal of bond No. 8 due June 15, 1933.....	275, 000. 00
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Amount due June 15, 1934:

Principal of bond No. 9 due June 15, 1934.....	300, 000. 00
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Accept [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

⁷⁵ *Combined Annual Reports of the World War Foreign Debt Commission, 1922-1926*, p. 280.

⁷⁶ No reply from the Yugoslav Government has been found in the Department files.

INTEREST OF THE UNITED STATES IN CLEARING AND COMPENSATION AGREEMENTS AND THE GOLD BLOC

840.515 Gold Bloc/21

*The Director of the Economic Relations Section of the League of Nations (Stoppani) to the Economic Adviser, Department of State (Feis)*¹

GENEVA, 28 August, 1934.

DEAR FEIS: I very much regretted indeed to have been unable to meet you during your holiday in Europe. I should also have relished very much the chance of discussing with you the recent developments in commercial policy, both American and European.

I gather from your letter of August 21st that you are particularly interested in the meaning and consequence of the network of clearing, compensation and other very specialised commercial agreements which are being done almost daily between the countries of the Continent. I think it is very difficult to discover any general line in this intricate mass of individual actions which are merely prompted by urgent and daily necessities. Some of course maintain that we are in presence of a new commercial policy which is likely to remain in force and to be developed in the future. Personally I don't believe very much in it, although this might be true as to certain particular problems. In my opinion these arrangements, which hardly deserve the name of treaties, are merely concluded under the pressure of circumstances. They are to be attributed mainly to two principal causes, i. e. the monetary depreciation and the monetary and financial difficulties, the second taking the form of "devisen control". Very often these cause . . .² is exploited by the interests concerned. But it is certainly to these two facts that one must look in order to find the starting point of these specialised agreements. There is of course a difference between clearing agreements and compensation agreements. The first is generally made in order to obtain total or partial payment of sums due to the citizens of State A by giving State B the possibility of exporting certain quantities of goods. The second is merely the exchange of certain quantities of a given category of goods against a corresponding quantity of another. But of course the two things generally go

¹ Transmitted to the Economic Adviser by the Vice Consul at Geneva in his letter of August 29.

² Document mutilated at this point.

together and they prevail particularly whenever the difficulty of "devisen control" or the difficulty of payment exists. Clearing and compensation offices have been established and regular technique has been developed for their execution. The policy of quotas which is applied by most European States makes of course this sort of agreements the more necessary as they allow of overcoming the obstacle of quotas by ensuring to both parties a certain advantage. No sensible person can of course doubt that the sort of momentary and reciprocal equilibrium obtained by these arrangements can only be obtained by a further depression in international trade, even among two given countries. It is the suppression of the surpluses. Everybody seems to know that, but no particular country can, even [if] it were willing to, change the trend of things. We have been studying and following these developments so far as we could, but it is impossible for us to know in detail the exact working of these agreements, whose execution becomes a current and daily business of the Administration.

I do not think that much would be gained if all these different applications were published and it would hardly be possible.

I am sending you under separate cover a few documents (see list attached) ³ of a merely informative character. The Economic Committee in its last session, held in July, and at which Mr. Thorp,⁴ of the American Administration was present, has decided to go more thoroughly into the study of these so-called new methods of commercial policy. Besides, I understand that the French Government will raise this question at the Second Commission of the coming Assembly of the League of Nations which begins on September 10th. The discussion will certainly be interesting and we will certainly be asked to study the problem further, which we will be able to do pretty well since we can count upon the collaboration of the inventors and masters of this system such as the French, the Italians, the Dutch, the Swiss, the Austrians, etc.

I shall not fail to let you have anything that comes out of the discussion, and of our work. To make a long tale short, I personally believe that the time will have to come when some sort of international action will try to reestablish, with the help of an intelligent international collaboration, such monetary situations, particularly in the European countries, as will allow of placing their common trade on a different footing. A considerable movement is growing, even in the most protectionist countries such as France and Switzerland. Of course there is to be feared particularly in the case of Germany—who would participate both as subject and object of an international reconstruction

³ Not printed.

⁴ Willard Thorp, American member of the Economic Committee of the League of Nations.

action ("action d'assainissement"),—that political tendencies will go rather in the direction of further isolation than in the direction of international understanding and collaboration. If so, I really don't know what will come out of it. It is possible that at the given moment certain groups of countries, who are wanting to come back to sounder conditions in economic life, might begin to consult among themselves. That is why, in a certain note ⁵ which I have already sent (made on Mr. Child's ⁶ request), and also in a further note prepared for the Economic Committee (Hors-Série 84), I have put forward—as I shall continue to do—the idea of preliminary conversations between the Governments of the United States, Great Britain, and the five countries of the so-called "gold bloc".

I am afraid this is about all I can tell you at the present moment. You will of course receive anything that might be of interest for the study of the problem you are concerned with.

With best regards,

Yours sincerely,

P. STOPPANI

840.515 Gold Bloc/4 : Telegram (part air)

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

GENEVA, October 3, 1934—3 p. m.

[Received October 5—6:30 a. m.]

287. Consulate's 257, September 21, 2 p. m.⁷

1. Following the approval of the Second Committee's resolution by the Assembly the Council passed the following resolution on September 28th.

"The Council

In conformity with the resolution adopted by the Assembly on September 26th, 1934,⁸ on the unanimous proposal of the Second Committee.

Requests the economic and financial organization of the League to make an inquiry into the causes, scope, methods and results of compensation and clearing agreements.

Requests the Economic Committee and the Financial Committee of the League to create a joint committee composed of not more than ten persons members of these committees or others to supervise the inquiry and to report upon the conclusions to be drawn from it.

Authorizes the joint committee to secure whenever necessary the collaboration and advice of member[s] of any administration concerned or of qualified experts.

⁵ Not found in Department files.

⁶ Probably Richard Washburn Child, Special Adviser to the Secretary of State in his capacity as Chairman of the American delegation to the London Economic Conference.

⁷ Not printed.

⁸ League of Nations, *Official Journal*, Special Supp. No. 123, October 1934, p. 9.

Finally, in view of the importance of the enquiry, requests all governments to give the fullest assistance within their power to the joint committee.⁹

2. Stoppani informs me that the Economic Committee will probably select from its members the nationals of Great Britain, Italy, France, Switzerland and Austria to serve on the joint committee.

As it is expected that the commercial aspect of the investigation will predominate he hopes that the Financial Committee which is expected to meet in about 10 days will nominate its Polish, Czech, and only one other member leaving two additional places to be filled by the Economic Committee. For these he has in mind suggesting the Hungarian and the American members.

It is envisaged that the joint committee will meet toward the end of January and probably in Geneva.

It will be noted that no representation of overseas states is at present arranged although thought is being given to the inclusion of certain Latin American states, particularly Argentina and Chile, in the function of collaboration.

3. Stoppani states that he feels that the work would be aided by the presence of an American and that he sees an American interest possibly involved in that these questions although apparently technical may raise important general monetary issues which would interest the United States as a creditor nation. He asks that he be informed if possible confidentially and personally of the reaction of the Department in respect of its interest in this matter feeling that if the Department desires it arrangements might be made for American participation in some form in this work.

There are three ways in which participation might be effected:

(a) The Economic Committee might select for this service its American member and it would be useful to know if Rogers would wish to be present or send a substitute.

(b) It could probably be arranged at this end for an American official as a collaborator; the League would not bear the expenses of a government official.

(c) It might be arranged for an American national to be invited to collaborate in an expert capacity in which the League would pay his expenses.

While the question of the composition of the joint committee will shortly be concluded the entire matter of "collaboration" is still nebulous.

Please instruct as to what reply I may make to this inquiry.

GILBERT

⁹ League of Nations, *Official Journal*, November 1934, p. 1472.

840.515 Gold Bloc/21

The Economic Adviser (Feis) to the Director of the Economic Relations Section of the League of Nations (Stoppani)

WASHINGTON, October 4, 1934.

DEAR STOPPANI: I am greatly obliged to you for the trouble you took in writing your letter of August 28, in regard to the intricate system of clearing and compensation agreements that have come into existence, and for the material which you sent. We are endeavoring in the Department to systematically follow these agreements and their application and to study their effects on trade and upon our own commercial agreements policy. I therefore welcome most particularly the resolution of the Assembly looking towards the undertaking by the Secretariat of a thorough investigation of the subject.

I agree with your general characterizations. The system has been resorted to because of what governments had deemed necessities for the most part, although I believe that in the case of certain countries like Switzerland, which might well have afforded to pursue a more tolerant policy, it also has resulted from the direct wish of creditor groups to collect debts. I perceive also, as you point out, that in some instances it seems to furnish the means of getting around stringent quota restrictions that have been established.

That system, at any rate as it operates up to the present, means introducing complete uncertainty into not only international trade but also into the internal economic situation of the countries pursuing it, without a doubt. If a government office has at any time the power to cut down or to increase the volume of any particular goods that enters the country merely according to its judgment or as part of a trade bargain, I cannot figure how those engaged in the trade in that commodity can possibly make anything like the ordinary commercial calculations. Further, that large monopoly profits will result seems to me beyond doubt. Again, that under these agreements the tendency will be to wipe out the surpluses of trade between pairs of countries seems definitely indicated, as you say. For these and many other reasons, I must say the whole development leaves a sour taste in my mouth. The development seems to me a further desperate effort to find a way of operating the combined systems of exchange control and of quotas that have become dominant in the commercial policy of so many European countries; whether they will make these other arrangements more bearable or whether they will merely serve to embalm the other arrangements will be interesting to observe.

I would not vent my judgment with as much irritation as the above indicates if it were not for the fact that various countries in Europe will now force such arrangements on the Latin American countries.

This of course strengthens the support for the pursuit of similar policies by the United States and makes our problem more difficult. The further this development goes, the further it will dim the prospect of working out of our present difficulties by gradually getting rid of exchange controls, and by rebuilding international trade along the lines dictated by underlying economic conditions.

The arrangements seem to me to be supported by two sets of countries. First, those who are hopelessly unable to meet the payments due on short term capital which they have borrowed, e.g., Austria, Hungary and Germany. Second, the countries that have maintained the gold value of their currencies would appear to be determined to maintain it through thick and thin, and therefore they guard their balance of payments situations like dragons lest something should arise to threaten the stability of their currencies. These would retort, I suppose, that they are compelled to take such constrictive measures because of the cheapening of currencies elsewhere and the fluctuation of currencies. I presume this is behind your line of thought when you dwell on the difficulties of straightening out the situation before some arrangement is worked out between the United States, Great Britain, and the countries of the so-called gold bloc.

This will come, I am sure, but I don't believe it will be undertaken before more muddy water has gone over the dam. I will appreciate being kept informed of developments in the matters I touched on above.

Sincerely yours,

HERBERT FEIS

840.515 Gold Bloc/7

*Communiqué Issued by Gold Bloc States Following Meetings in Geneva*¹⁰

[Translation]

"The delegates of Belgium, France, Italy, Luxemburg, the Netherlands and Switzerland met in Geneva on the 24th and 25th of September, with the object of examining together how their respective countries could most efficaciously help in taking up again in the economic fields an international cooperation, which is unanimously agreed to be necessary.

They declared in the first place that the countries which have maintained the free functioning of the gold standard remain more than ever determined, as was affirmed by the declaration signed at London on the 3rd of July, 1933,¹¹ to maintain it completely at the present

¹⁰ Copy transmitted to the Department by the Consul at Geneva in his despatch No. 1027 Political, October 4, 1934; received October 13.

¹¹ John W. Wheeler-Bennett, *Documents on International Affairs, 1933* (London, 1934), p. 45.

gold parities, this maintenance seeming to them to be one of the essential conditions for the economic and financial restoration of the world.

They recognized on the other hand that in order to contribute fully to the work of general recovery, they should take as their common principal object the increase of international trade.

They were of the opinion that such an effort could be usefully undertaken first among those states which, by reason of the contiguity of their territory and the orientation of their activity, as well as their common monetary régime, have among themselves particularly important economic relations.

They wished to emphasize clearly that their initiative was not directed against any other countries. Holding to the project of general effort to fight against the depression, they affirmed their intention to remain in contact with other governments, being anxious to see them associate themselves as soon as possible in this work of recovery.

Desirous of quickly bringing about concrete results, they recognized the usefulness of entrusting to a commission composed of delegates of the respective governments the task of examining the principal problems which the development of economic and financial relations among the six nations presents, without losing sight of the interests of third parties and the necessity of a more extended collaboration on the international plane. The commission might at first devote its work to two essential objects; the increase of trade, and the development of tourism and transportation, the monetary question having already been made the object of an agreement signed at Paris on July 8, 1933¹² by the governors of the banks of issue of the participating countries. Steps will be taken to hasten its creation and to permit it to begin its activity without delay. Mr. Jaspar,¹³ its President, has been charged to take the necessary measures immediately."

840.515 Gold Bloc/4 : Telegram

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

WASHINGTON, October 5, 1934—7 p.m.

100. Your 287, October 3rd. Please inform Stoppani that this Government is distinctly interested in the work of the Joint Committee and wishes to participate.

Will communicate with you again next week in regard to the three alternative methods of participation which are suggested in your cable.

HULL

¹² Wheeler-Bennett, *Documents on International Affairs, 1933*, p. 45.

¹³ Henri Jaspar, Belgian Minister of Finance.

840.515 Gold Bloc/24

*Memorandum by the Secretariat of the League of Nations Concerning the Enquiry Into Compensation and Clearing Agreements*¹⁴

GENEVA, October 13, 1934.

(Drawn up by the Secretariat with a view to the preliminary meeting of the "Joint Committee" to be held on October 18th, in Paris)

I. DELIMITATION OF THE SUBJECT OF THE ENQUIRY

What is the precise category of agreements covered by the Assembly resolution?

The Second Committee's report does not define this point, but the character of the previous discussion provides valuable guidance for replying to this question.

1) The crisis has led countries to conclude two categories of treaties of a new type, namely:

a) agreements for establishing equality of commercial exchanges or compensation of various items of the balance of payments between the Contracting Parties, and

b) agreements for regulating payments in respect of commercial (and other) transactions between the Contracting Parties.

The term "compensation agreements" is used in many cases to describe both these categories of agreements, although they are quite different alike in origin and in aim.

2) *Agreements of the first category.*

On endeavouring to determine the requirements which have led to the conclusion of agreements of the first category, we note that many countries which in normal times were not particularly concerned with the fluctuations of their balance of trade, seeing that any debit items were compensated for by other items in the balance of payments (such as tourist traffic, earnings of merchant shipping, interest on capital invested abroad, etc.), have been compelled by the economic crisis, which has gradually dried up the whole or part of the receipts from these items, to concentrate their attention on the trade balance. This balance has been no longer regarded in its entirety, but in respect of each country with which commercial relations were maintained. Wherever these individual balances showed a deficit, efforts were made to redress and readjust them by means of commercial agreements based on the principle *do ut des*. This policy has in general been applied by fixing import quotas.

¹⁴ Copy transmitted to the Department by the Consul at Geneva in his despatch No. 1070 Political, November 5; received November 16.

In some cases a deficit in the balance of trade with a particular country has been accepted on account of equivalent compensation obtained in other spheres (payments, services, tourist traffic, etc.).

It is important to observe that agreements of this type are often concluded between two countries with a sound currency which do not in any way restrict foreign exchange transactions.

Such agreements, especially in Europe, are frequently called compensation agreements.

3) *Agreements of the second category.*

On the other hand, the second category of agreements owes its origin to the introduction of foreign exchange control, to which some countries resort with a view to safeguarding an unsteady currency, while continuing to effect the necessary imports and endeavouring entirely or partly to meet financial obligations towards foreign countries.

As the monetary machinery thus no longer runs smoothly on account of the introduction of foreign exchange restrictions, the time comes when it has to be replaced, at any rate in part, by bilateral accounting arrangements in which debit and credit items, resulting especially from imports and exports, are written off against each other until a balance is reached, so that the two countries are enabled to continue to sell and purchase without effecting any transfers of foreign exchange. The two countries are driven to this necessity by various causes relating to their monetary, financial and commercial position.

A debtor country, with a weak currency, endeavours by means of this system:

a) to continue to export to countries with sound currencies; this it would be unable to do unless it gave some guarantee for the payment of the goods which it purchases from those countries;

b) to continue to export to countries which are in a similar monetary position to itself and nevertheless to obtain payment for its exports;

c) if it has a credit trade balance, to procure a surplus which will as far as possible be at its entire disposal and will enable it, on the one hand, to purchase goods which are indispensable for its economic life from third countries and, on the other hand, to meet entirely or in part its financial obligation toward foreign countries.

A country with a sound currency (which is usually also a creditor country) regards the clearing agreement as a means:

a) of obtaining value in return for the goods which it exports to countries applying foreign exchange restrictions and of thus maintaining the corresponding production within the country;

b) of possibly obtaining, by drawing on the surplus established in favour of the other country, payment of commercial or financial claims, or the grant of foreign currency to tourists of the other country coming to its territory, or the payment of transport services, etc., etc.

The *two countries* aim at maintaining a certain trade level with each other in spite of the obstacles created by an abnormal monetary position. This abnormal monetary position—which is itself the result of a number of well-known causes—almost inevitably compels the two countries, in spite of the disadvantages of such a procedure, to replace the multilateral and automatic clearing arrangements existing in normal times by bilateral and compulsory clearing arrangements. These bilateral clearing arrangements are always established between two countries, one of which at any rate is compelled to apply foreign exchange restrictions. Agreements of this second category are called indifferently “compensation” or “clearing” agreements.

4) *Necessity of limiting the enquiry to the agreements of the second category described above.*

It is obvious that these two types of agreement are quite distinct, although they are undeniable related to each other and may even be combined in one and the same treaty. The first, which might be called “agreements of reciprocal commercial equilibrium”, are a matter of commercial policy; the second, for which the name “clearing or compensation agreements” might be reserved, are due to a defect in the working of the monetary machinery.

After due consideration it would appear inadvisable to extend the enquiry to the first category of agreements, as this would necessarily lead to an endless discussion on the various features of protectionism and economic nationalism.

It might therefore be agreed, if the Joint Committee shares this view, that the enquiry should relate in the first place to “clearing or compensation agreements”, these two terms being regarded as synonymous. (The field of enquiry might be subsequently extended should the necessity arise).

There is no reason to fear that if the field of enquiry were thus limited it would become too superficial or exclusive in character. It will soon be seen that the study of “clearing agreements” properly so-called necessarily raises the most important problems of monetary policy and, that moreover, the working of these agreements is closely connected with the policy of restricting imports and, in particular, of imposing quotas.

In the same way as the choice of an arbitrary rate of exchange, by raising the price of goods of the country which has the greatest need of exporting, may in a short time upset the balance of trade and thus defeat the very object of the clearing agreement, a clearing agreement may very soon be rendered inoperative by autonomous measures involving the establishment of quotas and the like during its period of validity. Lastly, as mentioned above, the two questions are frequently dealt with in the same agreement.

Consequently, there is no danger that, by limiting the enquiry to clearing agreements properly so called, any essential elements will be neglected. On the other hand, the danger of embarking on abstract and theoretical discussions would be avoided.

II. PROCEDURE

1. *Countries to which the request for information should be addressed in the first instance.*

It is already some time since, at least in so far as economic questions are concerned, a break was made with the tradition that when an enquiry was called for under a resolution of the Assembly or Council, the request for information should be addressed indiscriminately to all countries Members and non-Members of the League of Nations irrespective of whether they were interested in the problem under discussion or not.

That practice has given way to the idea that the procedure and scope of enquiries should be variable, and should in each case be determined after objective examination of the factors of the problem to be investigated. This point of view was expressly confirmed by the Council in regard to the Veterinary Conference which opened in Geneva on the 15th of this month, and also in regard to the draft international convention regarding commercial propaganda. In one of these cases the Council laid it down that co-operation should in the main be requested of such countries as were more especially interested in that type of question.

Furthermore, the terms of the Assembly resolution leave no room for doubt that the request for information should in the first place be addressed to countries which have themselves concluded numerous or important clearing agreements, though it was understood that the circle might subsequently be widened should that appear necessary. It is obvious that the co-operation of certain other countries (e. g. United States, Japan, the Argentine, etc.) might be necessary especially when they play a part of outstanding importance in international economic life, but it is above all when the time comes to draw up the conclusions of the enquiry, that is to say, just before or during the drafting of the report of the Joint Committee, that such co-operation would be of value. As regards the enquiry itself, it is difficult to see how countries which have not felt impelled to conclude clearing agreements on their own behalf, could be of great assistance to the Joint Committee in throwing light upon the "causes, scope, methods and results" of such agreements. The second part of the resolution lays down, moreover, in the most unequivocal terms that the Economic Committee is to proceed to an examination of the agreements actually concluded, inform itself as to the working of the bodies

set up to execute them and bring to light any difficulties experienced in their application, together with the results achieved. The Economic Committee can certainly not expect countries having no personal experience in the matter to shed any light on these questions.

Having regard to the considerations set out above, it would appear appropriate, at least in the initial stages, to limit the enquiry, and more especially the requests for information, to the following countries:

Germany	Hungary
Austria	Italy
United Kingdom	Latvia
Belgium	Norway
Bulgaria	Netherlands
Chile	Portugal
Denmark	Roumania
Estonia	Sweden
Finland	Switzerland
France	Czechoslovakia
Greece	Yugoslavia.

It was, moreover, to be understood that the above list would not necessarily be exhaustive and that, should such a course prove to be necessary, the Chairman of the Committee might decide that other countries also should be associated in the work of investigation.

[2.] *Request to be addressed to the countries concerned.*

The purpose of this request should be in the main to obtain a general statement on all the aspects of the problem under consideration.

In this connection the Assembly's resolution would appear to be sufficiently explicit and complete.

The discussions of the Joint Committee will show whether any comments need to be added.

At the same time, it might perhaps be useful to append a list of points similar to that annexed to the present note so that certain special aspects, the importance of which may vary according to the point of view of the investigator or the situation in the country concerned, will not be neglected.

3. *Summoning of the special sub-committees during the enquiries of the Joint Committee.*

(a) *Technical Sub-Committee.*

It is highly probable that, when the Joint Committee is in possession of the reports of the countries concerned, it will require—however complete these reports may be—to obtain additional information on some special point or on some question insufficiently dealt with in the material collected. Furthermore, various comments and interpretations regarding similar treaties may be found in the reports of

various countries. In the last place it must be constantly borne in mind that in the field under consideration new developments are constantly taking place and that each day may bring some fresh experience or some new contribution.

The Joint Committee will therefore have to make provisions for the necessity of summoning at the appropriate moment, a meeting of specialists such as directors of clearing offices, officials of banks of issue, etc. to enable them to discuss the problem among themselves, compare their methods and results, and place their experience at the service of the Joint Committee;

(b) Sub-Committee of expert economists.

On the other hand, a situation might arise in which it would be highly valuable to arrange for a meeting of a small committee, whose members would not belong to public administrations, clearing offices or banks of issue, but whose technical training, experience and importance in the world of economic affairs would qualify them to express general views on the problem as a whole. It would no doubt be valuable to consult such persons, more especially when the time comes for the Joint Committee to carry out its duty of drawing conclusions from the investigations undertaken.

ANNEX

Questions Bearing Upon an Enquiry Into Clearing Agreements

I. AIMS OF CLEARING AGREEMENTS

A. Countries having introduced control of foreign exchange dealings.

Have the various agreements been concluded with a view to:

- a)* maintaining the flow of trade with countries that have not resorted to such control;
- b)* maintaining, at least in part, trade in commodities with other countries which have also resorted to control of foreign exchange dealings;
- c)* making possible, at least in part, the payment of commercial or other debts to creditor countries in goods;
- d)* making control of foreign exchange effective;
- e)* finding a practical method of disposing of a stock of appreciated foreign exchange.

B. Countries not having introduced control of foreign exchange dealings.

Have the various agreements been concluded with a view to:

- a)* maintaining the exports of such countries to countries having introduced control of foreign exchange dealings and guaranteeing, if possible completely, that such exports will be paid for; such guarantee

being capable of extension, if the balance of trade allows of this, so as to provide for the payment of debts—both commercial and others—previously contracted.

b) ensuring as far as possible that commercial payments made in sound currencies shall not have as their counterpart payments in depreciated currencies.

c) bringing about a more or less even balance of trade between the two countries.

d) utilising their purchasing power as importers for the purpose of obtaining new outlets for exports.

The Committee thinks it important to ascertain :

Which of the objects enumerated above you had in mind in concluding your clearing agreements. Had you any other object in view?

II. PROVISIONS OF CLEARING AGREEMENTS

1. Do your clearing agreements relate exclusively to payments for commodities imported and exported, or do they also comprise the settlement of commercial or other debts (including tourist traffic and financial debts) ?

2. Through what bodies (national bank, special offices, monopolies, etc.) are the clearing operations carried out ?

3. Do your clearing agreements allow for "private compensation"? If so, to what extent and subject to what conditions ?

4. Are your clearing agreements linked to other special arrangements of a commercial, financial or other character ?

5. What is the basis adopted, for the purposes of clearing operations, for the reciprocal conversion of the currencies of the contracting parties (actual, legal or conventional exchange parity) ?

Is provision made in your agreements for accounts relating to goods imported and exported being kept in currencies other than the national currencies? In that event what are the bases of conversion provided for in respect of these currencies? Apart from the general rule, how are payments made in respect of invoices in foreign currencies?

6. What is the procedure laid down for the application of your clearing agreements ?

7. How is the question of surpluses dealt with :

(*a*) the surpluses (activity-peak) foreseen at the outset; how are these disposed of?

(*b*) unforeseen or temporary surpluses; how are these dealt with?

8. What is the duration of the agreements? Is revision provided for? If so, in what form?

9. Do your clearing agreements contain provisions regarding transit?

10. Treatment of colonies?

III. AS TO RESULTS

1. What has been the effect of each of your clearing agreements on the reciprocal movements of your commodities trade with the other contracting parties (increase, stabilisation or decrease)?
2. Can you point to any other characteristic modifications in such trade due to the application of clearing agreements?
3. Have the clearing agreements made it possible to relax the restrictions placed upon imports or exports?
4. To what extent have your clearing agreements modified your balance of trade in relation to the other parties?
5. In the event of your clearing agreements containing stipulations relating to other items in the balance of payments, to what extent has it actually been possible to carry out such stipulations and what have been their effects on the volume of trade in commodities?
6. What have been the effects of the clearing agreements on home economic policy?
7. Have the clearing agreements exercised any influence on the position of the currencies of the contracting countries? What has been the effect of the clearing agreements on the "exchange position"?
8. Have the aims which you had in mind in concluding your clearing agreements been achieved?
9. What conclusions does your experience enable you to draw from clearing agreements as regards international economic policy? Is the extension of the clearing system on a multilateral basis, in your opinion, possible and desirable?

840.515 Gold Bloc/12½ : Telegram

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

PARIS, October 19, 1934—3 p. m.
[Received October 19—1 p. m.]

777. Embassy's telegram No. 769, October 17, 4 p. m.¹⁵ The conference appointed by the League to conduct an inquiry into the causes, scope, methods and results of the compensation and clearing agreements adjourned sine die at the conclusion of its first meeting yesterday.

It has been learned from the French representative Monsieur Dayras that a decision of principle was reached that the special committee contemplated (but which has not yet been definitely constituted) should first of all examine "clearing" arrangements, properly speak-

¹⁵ Not printed.

ing; that is to say, those which tended to regulate actual payments for exchanges between countries. A questionnaire is to be sent to various countries upon the working of their "clearing" agreements as well as upon those created to establish equilibrium in the commercial exchange of commodities or compensation to achieve a balance of payments.

After examination of the report from the interested countries it is understood that the special committee in question will recommend either modification and amplification of the clearing regimes now in force or their pure and simple suppression. Dayras expressed the opinion that a decision one way or the other cannot be looked for for many weeks. Copy to Geneva.

STRAUS

840.515 Gold Bloc/19

*Protocol Signed at Brussels on October 20, 1934, by the Chiefs of the Belgian, French, Italian, Luxemburg, Polish, and Swiss Delegations*¹⁶

[Translation]

The undersigned Governments:

Convinced, as they affirmed in London in July, 1933, that currency stability is one of the essential conditions for a return to a normal economic situation;

Being of the opinion that by ensuring the stability of their currencies they are contributing to the restoration of the world economy;

Confirm their intention to maintain the present gold parity of their respective currencies;

Recognizing that their common monetary policy implies the development of international trade, which should be assisted between them by the similarity of the monetary conditions existing in their respective countries;

Agree: I. to form a *General Commission* composed of their respective delegates;

II. *With regard to commercial exchanges*: (1) to see in what manner it is at present possible to increase trade among their countries. They regard it as desirable to increase by 10% the global volume of trade effected from July 1, 1933, to June 30, 1934;

(2) to open bilateral negotiations to this end without delay with the object of completing them within a maximum period of one year;

¹⁶ Copy transmitted to the Department by the Ambassador in Belgium in his despatch No. 281, October 25; received November 9.

(3) to submit a draft international convention relating to commercial propaganda, to which they give their approval in principle, for study by a sub-committee composed of representatives of each of the Governments signing this protocol, with the aim of establishing a final text of the convention so as to permit of its signature in the near future;

III. *With regard to touring and transport*, to form two sub-committees composed of representatives of the Governments with the aim of reporting to the General Commission on the proposals which the Commission now has before it and which will be submitted to it later;

IV. To call together without delay the sub-committees here proposed and to convene a meeting of the General Commission in Brussels in three months' time to take note of the position reached and to settle the continuation of its programme without losing sight of the interests of third parties and the necessity of a more extensive collaboration in the international field.

840.515 Gold Bloc/13 : Telegram (part air)

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

GENEVA, October 26, 1934—11 a.m.

[Received October 27—5:08 p.m.]

302. Consulate's 287, October 3, 3 p.m. Stoppani who was in Paris at a recent meeting of the League Financial Committee informs me as follows:

1. The Economic Committee had previously designated five members to serve on the Joint Committee on Compensation and Clearing in line with paragraph 2 of telegram under reference. The Financial Committee, however, instead of appointing only three members, appointed five (Great Britain, France, Czechoslovakia, Belgium, the Netherlands) thus precluding the plan for possible American and Hungarian membership. Consulate's 291, October 6, 4 p.m.¹⁷

2. A meeting of the Joint Committee was held and Pospisil, Czechoslovakia, the Chairman, was given wide powers to arrange for collaboration with the Committee on the part of Government representatives of organizations or individual experts generally in line with alternatives B and C of my telegram in a future meeting about the first of the year to consider material now being collected. Stoppani perceives no difficulty in arranging for American participation at that time if it be desired.

GILBERT

¹⁷ Not printed.

840.515 Gold Bloc/16

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

No. 1059 Political

GENEVA, October 27, 1934.

[Received November 7.]

SIR: I have the honor to refer to my despatch No. 1027 Political dated October 4, 1934¹⁸ relating to the meeting of representatives of the gold bloc states in Geneva and to inform the Department that in a recent conversation with M. Stoppani, Director of the Economic Relations Section of the League Secretariat, I took occasion to ascertain his views on the results of the recent Conference of the gold bloc states in Brussels. M. Stoppani had just returned from Paris where he was in touch with a number of representatives of these states.

Referring to the decision of the Conference relating to the increase of trade within the gold bloc, M. Stoppani stated that the collaboration envisaged should be regarded merely as a transitional step and that while the Conference had been relatively successful, the actual measures which will result are unlikely in themselves to be of great importance. He said he thought the aim set by the Conference was modest and in view of this fact it could probably be attained. The concessions which will be made will no doubt be limited as far as possible to the characteristic products of the negotiating states. M. Stoppani is of the opinion that the collaboration of these states is limited not only by internal opposition to concessions but also by the fear of offending states outside the group, particularly Great Britain and Germany.

Questioned regarding the participation of Poland in the Conference, M. Stoppani said that the request of Poland to be represented at Brussels was not received until a few days before the Conference opened and that it caused the other states considerable concern. At the opening of the Conference, however, the Polish delegation explained that it merely wanted to be represented for the reason that its absence from a meeting of gold bloc states would be likely to give rise to misunderstandings in Poland. The Polish delegates therefore did not take part in the discussions and it is understood that Poland will not participate in the action contemplated by the other states to increase their reciprocal trade.

Respectfully yours,

PRENTISS B. GILBERT

¹⁸ Not printed.

840.515 Gold Bloc/13: Telegram

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

WASHINGTON, October 31, 1934—8 p.m.

109. Your 302, October 26, 11 a. m. This Government is willing to accept the opportunity to collaborate with the joint Committee and has in mind the appointment for this task of one of its Government officials. It will be prepared to have that Government official leave for Europe whenever the collaboration is desired. This Government is willing to pay the expenses.

You may inform Stoppani of the preceding. Tell him, orally, however, that it is doubtful whether we should wish to collaborate unless as a matter of fact the American representative would have as much opportunity to participate in the work of the Committee, and to express and have recorded his views, as the representative of any other Government, and we would welcome assurances from him or the joint Committee itself that such would be the fact. I assume an official invitation to collaborate will be forthcoming and should think that the form of this invitation should be such as to give the necessary assurances.

PHILLIPS

840.515 Gold Bloc/22

The Economic Adviser (Feis) to Mr. C. E. Smets of the Economic Relations Section of the League of Nations

WASHINGTON, November 8, 1934.

DEAR MR. SMETS: I am greatly obliged to you for your letter of the eighteenth¹⁹ and for its interesting enclosures with regard to the preparatory work for the Joint Committee on Compensation and Clearing Agreements.

As Gilbert has no doubt again informed you, this Government considers the matter under study of great importance not only because of the fact that the developments in this field are vitally affecting American trade and financial interests, but also because they seem to be seriously modifying both the course of trade throughout the world and the method of conducting trade and of arranging payment therefor. For these reasons, as has been indicated, we are desirous of participating in the work of the Committee. Naturally, as we have asked Gilbert to indicate to Stoppani, we didn't want to undertake participation unless it were so arranged that it could be effective—by which I mean that the American participant would have reasonable opportunity to

¹⁹ Not printed.

present his own judgments to the Committee and to have them reflected in the report. It may be, as your memorandum²⁰ indicates, that the time for such participation would be after the preliminary work of securing information has been carried pretty far forward and the collected material is before the Committee and its collaborators for analysis and report. If effective American collaboration is desired and is arranged for this Government is ready to send a representative over at its own expense.

On reading the memorandum it occurs to me that, probably unintentionally, the scope of inquiry is outlined in such a way as to give a freer invitation for the presentation of material and arguments in support or justification of existing agreements than for appraisal of the development as a whole. I may be unfair in this statement and ask you to consider it as a personal one. At all events, I think that it would serve a useful purpose if besides the request despatched to those countries having such agreements for the information designated in the memorandum, a request was also despatched to all governments (or at least to those not having any such agreements) asking such questions as the following:

(1) Have the clearing and compensation agreements which have come into existence affected the course of your trade relationships with other countries, and if so, how?

(2) Have they affected the problem of commercial treaty making, and if so, how?

(3) Have they produced discriminations in the treatment of creditors of different countries, and as among bondholders of different nationalities?

(4) Has the system the same tendency as seems to be characteristic of trade restriction methods to be self-extending; that is, does it by its nature tend to force countries wishing to abstain from such agreements to enter into them in the effort to protect their interests?

(5) Have they limited the power of governments to purchase the best available markets?

These are frankly a part of the questions the development has put before us here, and its importance would seem to be great enough to warrant most careful examination and perhaps are more likely to be thrown upon them by countries which are not parties to these compensation agreements than by countries which are.

I would appreciate any further information in regard to the program of the inquiry that your Section may be in a position to send me.

With best wishes,

Sincerely yours,

HERBERT FEIS

²⁰ Probably refers to the Memorandum by the Secretariat of the League of Nations Concerning the Enquiry into Compensation and Clearing Agreements, p. 601.

840.515 Gold Bloc/26a : Telegram

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

WASHINGTON, November 23, 1934—2 p.m.

122. Please tell Stoppani that reading of "Memorandum concerning the inquiry into compensation and clearing agreements"²¹ drawn up by the Secretariat for the preliminary meeting of the Joint Committee has created some misgiving here as to whether the subject will receive sufficiently rounded consideration in all its aspects. It is felt in particular that the sentence on page 4 which reads "As regards the inquiry itself, it is difficult to see how countries which have not felt impelled to conclude clearing agreements on their own behalf, could be of great assistance to the Joint Committee in throwing light upon the 'causes, scope, methods and results' of such agreements," creates misgiving as to whether there is full understanding of the position of these countries. As pointed out in some detail in Feis's letter to Smets of November 8 such agreements in their very nature affect the interests of outside countries and each in turn creates problems for and leads to action by outside countries. Therefore it is our opinion that a study of these indirect results, and of the problems created for third countries, deserves the most careful consideration simultaneously with all other aspects of the question and no less exhaustively.

HULL

840.515 Gold Bloc/35 : Telegram (part air)

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

GENEVA, December 15, 1934—10 a.m.

[Received December 17—7:05 a.m.]

387. 1. Stoppani now informs me he considers that Smets' letter to Feis dated November 20,²² a copy of which Smets has just shown me and which Stoppani it appears had not seen when I transmitted my 364, December 5, 5 p.m.,²³ answers the query raised by the Department's 122, November 23, 2 p.m.

2. If, however, the American Government desires to submit informally a memorandum on this subject particularly on the indirect results of clearing agreements and the problems they have created for the United States, the Secretariat would be pleased to circulate it to members of the Joint Committee.

GILBERT

²¹ *Ante*, p. 601.²² Not found in Department files.²³ Not printed.

ATTITUDE OF THE UNITED STATES TOWARD NEGOTIA-
TION OF AN INTERNATIONAL AGREEMENT ON RUB-
BER PRODUCTION

856D.6176/113

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

No. 832

THE HAGUE, November 18, 1933.
[Received November 29.]

SIR: With reference to my despatch No. 788, of October 10th, and No. 818, of November 4th, last,¹ I have the honor to report that the negotiations conducted in London on October 26th, between representatives of the British, French, and Dutch parties interested, led to an agreement concerning the conditions upon which the restriction of the output of rubber might be effected. The Commission for Rubber Restriction of the International Association wrote Dr. Colijn, the Prime Minister and Minister of the Colonies, a letter on November 3rd, a confidential translation of which is enclosed,² in which it is stated that in anticipation of the effecting of a definite agreement the Commission desired to inform the Minister of the basis of the agreement in order that he should be able to judge whether the conditions proposed for regulating the output of rubber are acceptable for the Dutch East Indies. The letter also stated that an effective provision with regard to native rubber production in the Indies, which can be fitted into the international agreement, is in course of preparation.

The Counselor of the Legation has been confidentially informed . . . that Dr. Colijn has already forwarded the above-mentioned letter to the Governor General of the Netherlands East Indies for comment. Moreover the Prime Minister has informed the Commission that he does not desire any further report about the desirability or non desirability of restriction because he has decided to have restriction unless it should prove to be unworkable.

Respectfully yours,

LAURITS S. SWENSON

¹ Neither printed.

² Not printed.

856D.6176/114 : Telegram

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

WASHINGTON, December 8, 1933—4 p. m.

34. Your despatches 788 of October 10th³ and 832 of November 18th regarding the international plan under discussion for the restriction of rubber output.

Kindly call upon the proper Dutch authorities and inform them that the American Government has a very great interest in any plan that may be worked out since the United States is by far the greatest consumer of rubber. Please ask for any further information that may be available as to the plans. This matter has not yet been discussed with the President and the American Government is not ready to formulate its attitude towards any agreement which may be reached. However, it is inevitable that that attitude will be much influenced by the terms of any agreement, particularly in respect to the degree of restriction imposed, the provisions for increasing production in the event of price change and all possible safeguards that there will be available adequate supplies at the lowest prices compatible with the satisfactory stabilization of the industry. These reflections you may tentatively, within your discretion, bring home to the authorities while avoiding the impression in any way that the American Government is willing to give its formal assent to any agreement. You may find it useful to refer to the resolution passed by the Economic and Monetary Conference⁴ embodying the statement of sound principles for international commodity agreements, particularly Section 3 (d) which emphasizes that such agreements "should as far as possible be worked out with the willing cooperation of the consuming interests in the importing countries."⁵

Repeat to London, *mutatis mutandis*, as No. 308.

PHILLIPS

856D.6176/119

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

No. 855

THE HAGUE, December 15, 1933.

[Received December 29.]

SIR: With reference to the Department's telegram No. 34, of December 8, 4 p. m., 1933, I have the honor to report that I called on the Minister for the Colonies, who is also Premier, yesterday, by ap-

³ Not printed.

⁴ For correspondence concerning this Conference, see *Foreign Relations*, 1933, vol. I, pp. 452 ff.

⁵ League of Nations, Monetary and Economic Conference, *Reports Approved by the Conference on July 27, 1933, and Resolutions Adopted by the Bureau and the Executive Committee* (II. Economic and Financial, 1933. II. Spec. 4), p. 19.

pointment, and informed him of the American Government's very great interest in the international plan under consideration for the restriction of rubber output.

After having called attention to the fact that present negotiations are not official, being conducted between the producers of the Netherlands and Great Britain, and stating that the Governments will have to approve or disapprove the plan in due time, adding that he had no definite opinion as to the success of the pending negotiations which might drag out for another year, Dr. Colijn expressed his views as follows:

"We adhere to the principles set forth in the resolution of the subcommittee of the Monetary and Economic Conference, and I am particularly in sympathy with Section 3 (*d*), referring to cooperation of the consuming interests in the importing countries. I may say in this connection that I insisted that Baron van Lynden, the director of the United States Rubber Plantations, be made a member of the Dutch committee of producers which conducts negotiations with the British producers. I did this because I wanted to indicate that I was disposed to give fair consideration to the consumers interests.

"As to the price of production, leaving out the less efficient estates, three pence gold would, in my opinion, be a fair figure of production cost, including depreciation. The producers have asked for a price of six pence gold. There is no agreement as yet to the price level but I consider four pence gold a fair selling price. I do not think that the British and French Governments are likely to insist on six pence gold. France being a larger consumer than producer, I should think she would be favorable to the lower figure. The plan being formulated will likely contain a provision preventing the rise of price above the level agreed upon, somewhat along the lines of the Chadbourne sugar plan."

Dr. Colijn told me that an agent of the Goodyear Rubber Company, accompanied by the local representative, was to see him at half past four o'clock. He did not know for what special purpose, but surmised that it was to discuss the possible establishment of a factory in Java, with a view to benefiting from an advantageous treatment under an international restriction plan of output. The Minister said that he would not be in a position to commit himself at the present time but simply take the matter under consideration.

Respectfully yours,

L A U R I T S S. S W E N S O N

856D.6176/124

The Minister in the Netherlands (Swenson) to the Acting Secretary of State

No. 864

THE HAGUE, January 4, 1934.

[Received January 18.]

SIR: With reference to my despatch No. 855, of December 15th, last, I have the honor to report that the Counselor of the Legation

was informed today by Baron van Lynden that in his opinion the international plan now under consideration for the restriction of rubber output will come into effect in April or May next. According to Baron van Lynden it is likely that the price of rubber for the first year of the plan will be four pence a pound. The Dutch are insisting on this figure rather than the six pence envisaged at first on account of the difficulty in organizing the restriction of the native output of rubber in the Netherlands East Indies. It seems probable that during the first year the native rubber will not be restricted but will be made subject to an export tax. After the first year it is planned to make the restrictive rules apply to all producers.

Several prominent producers here are, however, not in accord with the above opinion and are sceptical as to the prospects of a satisfactory solution of the restriction problem. There is, they declare, not only the controversy on plantation versus native rubber to be overcome, but the European producers are divided into two camps. The main difficulties are: (1) The question of which year of production is to be taken as the basis for the restriction quota; and (2) the matter of the sliding scale of export duties required to check clandestine exports of native rubber.

I brought both the above opinions today to the attention of Dr. Colijn, the Prime Minister and Minister for the Colonies, who made the following comments:

"I am not so sceptical as to finding a solution of the restriction problem. However, I do not believe that an agreement will be arrived at soon. I understand that conferences are still to be held in London for further discussion of the matter. As to the probability of four pence being agreed upon as a reasonable price, that is, in my opinion, likely to be the figure, as I have previously stated to you."

Respectfully yours,

LAURITS S. SWENSON

856D.6176/113 : Telegram

The Acting Secretary of State to the Minister in the Netherlands
(Swenson)

WASHINGTON, January 13, 1934—2 p. m.

2. Department's 34, December 8, 4 p. m. Have you any later information as to the present status of the plan for restriction of rubber output, particularly as to the chance that it will be put into effect?

As long as there is a substantial chance that it will never be realized, the Department does not want to take any step which might strengthen the position of those supporting it. However if it appears that the plan is to be made effective, the Department wishes to put before the Dutch and British Governments certain considerations regarding its

interest in the matter and the modifications in the plan deemed vital before it can be acceptable to this Government.

Department also would like to have you report urgently by cable any additional details you may have secured concerning the principles or terms of the plan.

PHILLIPS

856D.6176/123 : Telegram

The Chargé in Great Britain (Atherton) to the Acting Secretary of State

LONDON, January 16, 1934—7 p. m.

[Received January 16—3:11 p. m.]

11. Department's 5, January 13, 2 p. m.⁶ Press reports meeting in Amsterdam January 18th of Dutch, British and other foreign rubber growers.

Discreet inquiries have been made by the Commercial Attaché office of the trade here and the following appears to represent the British position.

While British rubber interests strongly favor a restriction scheme, it is believed the British Government would refuse to become party to any scheme which was not water-tight and which did not comprise all producing countries. Question now is largely dependent on whether or not Netherlands Government can effectively restrict production of native planters. If British Government were satisfied on this point it doubtless would be prepared to legislate accordingly in cooperation with the Netherlands and French Governments. It is doubtful if any legislation will result immediately from Amsterdam meeting.

It is the opinion of the trade, however, that the three Governments concerned will be able to put a restriction scheme in force within a few months to remain so for a period of years, and that any scheme adopted will adequately protect consuming countries from sharp rises or fluctuations in price. British interests favor six pence to nine pence per pound with frequently adjustable quotas for export.

Copy mailed to The Hague.

ATHERTON

856D.6176/126 : Telegram (part air)

The Minister in the Netherlands (Swenson) to the Secretary of State

THE HAGUE, January 19, 1934—4 p.m.

[Received January 20—9:05 a.m.]

1. Department's telegram No. 2, January 13, 2 p.m., and Legation's despatch 864 January 4th. Committee submitted to Confer-

⁶Not printed; substantially the same as paragraph 1 in telegram No. 2, January 13, 2 p. m., to the Minister in the Netherlands, *supra*.

ence International Rubber Association at Amsterdam yesterday restriction plan substantially as reported Legation's despatch No. 832; ⁷ no decision taken. Van Lynden, who attended, has expressed confidential opinion to me that agreement is likely to become effective April or May on a price basis of five or six pence gold. Dr. Colijn being abroad I have been unable to get his opinion which may be at variance with Van Lynden's. Department Chief Colonial Office stated to me today that advice from Governor of the East Indies was awaited and he did not consider an agreement as early as May possible. Colijn favored four pence but British Government might hold out for slightly higher figure.

Copy to London.

SWENSON

856D.6176/113 : Telegram

The Secretary of State to the Minister in the Netherlands (Swenson) ⁸

WASHINGTON, January 23, 1934—8 p.m.

5. Department's 2, January 13, 2 p.m. In regard to projected international agreement for restriction of rubber production, Department does not want to be faced with an accomplished fact towards which it would be relatively helpless, or have to assume a position barren opposition.

Unless you, as a result of further inquiries, are of opinion the plan still not likely to go through, you are instructed to discuss it with the Dutch Government.

Please begin by expressing the American interest in any such agreement because of importance of the United States as rubber consumer. Then the two following general considerations might be emphasized: (a) That this Government is not unaware of the great fluctuations in rubber production and of price that have occurred, nor does it dismiss possible advantages of stable conditions and of stable and equitable price, but on the other hand (b), action of producers carried on with aid and consent of Government for formation restriction agreement amounting virtually to monopoly agreement for the supply of a vital commodity such as rubber is an action of great moment. It is therefore important that any agreement reached should be carefully drawn in principle and guarded in operation so that it would not seem to be

⁷ Dated November 18, 1933, p. 615.

⁸ The same, *mutatis mutandis*, on the same date, to the Chargé in Great Britain, referring to Department's telegram No. 5, January 13, 1934, 2 p.m. (not printed), with the following inserted as the penultimate paragraph:

"Since the Prime Minister was the Chairman of the Conference that formulated the rules applicable to such agreements, this matter should if necessary be brought to his attention."

a threat to the economic and general welfare of the consuming countries. The history of the Stevenson plan⁹ is a warning as to the dangers.

In the light of the foregoing it is the opinion of this Government that any agreement should fulfill thoroughly the conditions of Section (d) of the general resolution adopted by the Monetary and Economic Conference in regard to international agreements for the regulation of production and marketing.

The procedure so far followed on rubber does not promise fulfillment these conditions. No information has been vouchsafed and representatives of consuming interests have been given so far no opportunities for discussion.

Furthermore, if our information is correct, the plan would provide for a pivotal price without prior consultation with consuming interests, and the operation of the agreement would be entirely in the hands of an international committee representative solely of producers groups. The allowable production and price might therefore be determined primarily with a view of securing a maximum profit by imposing on consumers all that the traffic might bear under monopoly conditions. A plan so devoid of safeguards naturally would be regarded with anxiety in this country.

It might also well work to the ultimate detriment of the producing regions themselves, as was the case of the Stevenson plan.

In the event discussions should lead to question of constructive suggestions as to what changes might improve the plan, you might put forward the following and see what response is secured:

- (1) That the consuming interests be given adequate representation on the international committee which operates the scheme.
- (2) That there be provision for full and periodic public reports regarding the operation of the plan.
- (3) That there should be set some maximum price at which consuming areas would be assured an adequate supply of rubber at all times.
- (4) In the event that wheat agreement¹⁰ should be cited to you as

⁹ For text of the Stevenson Plan, see Great Britain, Cmd. 1678 (1922): *Report of a Committee Appointed by the Secretary of State for the Colonies to Investigate and Report upon the present Rubber Situation in British Colonies and Protectorates*. A supplementary report containing recommendations for action is in Great Britain, Cmd. 1756 (1922): *Supplementary Report of the Committee appointed by the Secretary of State for the Colonies, to Investigate and Report upon the present Rubber Situation in British Colonies and Protectorates*.

For correspondence relating to the plan, see *Foreign Relations*, 1925, vol. II, pp. 245 ff.

¹⁰ League of Nations, Conference of Wheat Exporting and Importing Countries Held in London at the Offices of the High Commissioner for Canada, from August 21st to 25th, 1933; *Final Act Signed at London, August 25th, 1933, with Appendices and Minutes of Final Meeting* (II. Economic and Financial, 1933. II. B. 4).

precedence for the rubber agreement, you might emphasize two vital differences (*a*) in wheat agreement consuming countries consulted at all stages and represented fully on controlling board; (*b*) wheat raised practically world over and therefore there is great and easy expansibility of production which would take care of any inordinate increase in prices.

Report fully to Department.

HULL

856D.6176/134 : Telegram

The Secretary of State to the Minister in the Netherlands (Swenson)

WASHINGTON, February 12, 1934—6 p.m.

9. Within your discretion, please see Colijn upon his return from London and ascertain state of discussion regarding rubber agreement. Department will be interested to know whether its suggestions receive consideration in the London discussions.

Referring to your despatch No. 879 of January 26,¹² it seems to the Department that there is no possible way in which Section (*d*) of the London Conference resolution could be assured of effectiveness except by giving consuming countries representation on the International Committee. You are authorized to repeat that to Colijn.

Would you kindly advise Department by telegraph what is the significance under the agreement of the price which Colijn keeps emphasizing. In what sense is it a pivotal price?

HULL

856D.6176/136 : Telegram (part air)

The Minister in the Netherlands (Swenson) to the Secretary of State

THE HAGUE, February 14, 1934—2 p.m.

[Received February 15—9:35 a.m.]

4. Department's telegram 9, February 12, 6 p.m. Dr. Colijn has stated to me that the only important matter he discussed in London as to rubber restriction was Department's view communicated by me regarding consumers representation on international committee. It was agreed to provide for a committee of three appointed by consumers to give advice on price and other subjects of interest to the latter. They would constitute a separate body having no vote. I called attention to suggested representation on international committee (see my despatch 879¹²) and to Department's opinion on that point (cable February 12, 6 p.m., No. 9). I would suggest Department cable me regarding

¹² Not printed.

adequacy or inadequacy of proposed advisory committee so that I may inform Dr. Colijn. Colijn thinks that it will require a long time to conclude an agreement as there are still difficulties to overcome. Shall mail fuller report including question of pivotal price.

SWENSON

856D.6176/137 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, February 15, 1934—5 p.m.
[Received February 15—2: 50 p.m.]

59. Department's 43, February 12, 6 p.m.¹³ With the departure of Colijn from London the Colonial Office issued the following statement:

“Current reports to the effect that agreement has been reached for the regulation of rubber supplies are inaccurate and without authority. The above statement is made on the joint authority of His Majesty's Government in the United Kingdom and the Government of the Netherlands.”

I have twice seen the appropriate authorities since this statement was issued and received an assurance today from the Permanent Under Secretary of State that if and when any tentative plan was worked out by the Colonial Office in these preliminary discussions and presented for the consideration of the Foreign Office it would be studied and examined with full relation to the British obligations under the resolution of the Economic and Monetary Conference, and with particular reference to section D of that resolution which emphasizes the satisfaction and cooperation of the consuming interests in the importing countries. Vansittart¹⁴ informed me that the final plan would be a Government measure and not merely a plan prepared under governmental auspices and turned over to the producers to put into effect.

Copy mailed The Hague.

ATHERTON

856D.6176/137 : Telegram

The Secretary of State to the Minister in the Netherlands (Swenson)

WASHINGTON, February 23, 1934—6 p.m.

10. Department is informed confidentially that at meeting in London on February 20 producers in both British and Dutch territories expressed willingness to accept agreement. It might be signed before March 1 in order that the bill pass through the legislatures of Ceylon and Burma.

¹³ Not printed.

¹⁴ Sir Robert Gilbert Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

The Department has not secured either the Dutch or British Governments' adequate assurances looking towards the representation and protection of the consumers or assurances that the control cannot be used to unduly enhance prices (which would probably only be safeguarded by setting a definite maximum price at which all rubber required could be secured). The idea of a committee of three mentioned in your No. 4 of February 14 would not seem to take care of the situation unless it were provided that this committee, though possessing no vote, could participate in the meetings of the other committee or otherwise keep themselves currently and fully informed.

Department furthermore advised that price four pence gold accepted but still does not understand significance of that price. Please advise the Department by cable as it seems unadvisable to await arrival mail despatch.

Within your discretion, after you have sounded out the situation sufficiently to be sure that the Department's information is correct, you may make the Department's views of written record by submitting a note to the Dutch Government.

HULL

856D.6176/137 : Telegram

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

WASHINGTON, February 23, 1934—6 p.m.

61. Your 59, February 15. The Department is most confidentially advised that at meeting in London on February 20 much progress made towards rubber restriction agreement and that British rubber growers will sign agreement before March 1 and that Dutch growers have same disposition.

Without revealing that you possess this information please see British authorities again and inquire as to situation.

Neither the Colonial Office statement which you quote nor your assurances seem to the Department definite enough to represent any real assurance. If plan is on point of being effectuated the Government should be able to advise you definitely as to what measure if any of consumer representation is provided in this scheme. It should likewise be willing to inform you as to whether there is any definite price protection.

In short, you may bring home to the British authorities that the impression received by this Government is that the method being pursued of involving this agreement with the degree of secrecy that is being practiced is not in accord with the underlying idea of the resolution of the Economic Conference. Within your discretion, after having sounded out the situation sufficiently to be sure that the De-

partment's estimate is correct, you may make these views of written record, presenting them in writing to the British Government.

HULL

856D.6176/146 : Telegram

The Minister in the Netherlands (Swenson) to the Secretary of State

THE HAGUE, February 26, 1934—4 p.m.

[Received February 26—2:20 p.m.]

8. Department's telegram 10, February 23rd. In an interview with Doctor Colijn today I made known to him Department's views, adding that I would address a note to the Foreign Office as a matter of record. Doctor Colijn assured me that he would be favorable to Department's suggestion that the proposed International Committee, though possessing no vote, could participate in the meetings of the other Committee or otherwise keep themselves currently and fully informed. He did not want England to know that he had made this statement to me but assumed that the United States was bringing pressure to bear on the British Government. When as a consequence of representations in London as well as at The Hague the subject came up for consideration between the Dutch and British Governments he would support suggested provision. He said that he had just been informed that restriction agreement would be signed tomorrow by producers committees. He thought it likely that agreement would be adopted by Governments but thought it unlikely that the scheme could be put into operation before May 1st.

SWENSON

856D.6176/137 : Telegram

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

WASHINGTON, February 27, 1934—7 p. m.

68. Department's 61, February 23, 6 p. m. Swenson at The Hague informs Department that Colijn willing to favor idea of consumers committee which though having no vote could participate in the meetings of the other committee and keep themselves currently and fully informed.

Colijn did not want British Government to know of this statement, but is prepared to support the idea when it arises in discussion with the British Government.

Will you, therefore, again press the matter on the British Government, making it a matter of record unless in your discretion that seems unwise.

Department also informed that restriction agreement will be signed today by producers committees and that it is likely that this agreement will be adopted by the Governments.

It, therefore, seems to be essential at once to seek some price assurance. The best assurance, it seems to the Department, would be a maximum price at which any quantity of rubber desired could be secured. One aspect of the price control program that requires emphasis is that if the committee sets a far-reaching restriction percentage, such as the 50% restriction which has been discussed and stocks begin to decline, there is always a grave danger that a price panic will ensue and that those rubber manufacturers who happen to have very small stocks will bid the price up to a panic point, as was done under the Stevenson Plan. Subsequently a price collapse would then threaten the financial solvency of all manufacturing rubber interests as it did after the Stevenson collapse.

In view of the Prime Minister's part in the Economic Conference, I request you to take matter up directly with him.

There can be little doubt that if a restrictive rubber agreement is added to the already restrictive tin agreement¹⁵ and there is no adequate consumers protection there will be serious apprehension in this country. You may say this to MacDonald.

HULL

856D.6176/146 : Telegram

The Secretary of State to the Minister in the Netherlands (Swenson)

WASHINGTON, February 27, 1934—7 p. m.

11. Your 8, February 26, 4 p. m. Have informed London to again press matter with British Government, in order to secure rights for consumers committee, and in order to get price protection.

We have told London that it seems to be essential at once to seek some price assurance. The best assurance, it seems to the Department, would be a maximum price at which any quantity of rubber desired could be secured. One aspect of the price control program that requires emphasis is that if the committee sets a far-reaching restriction percentage, such as the 50% restriction which has been discussed and stocks begin to decline, there is always a grave danger that a price panic will ensue and that those rubber manufacturers who happen to have very small stocks will bid the price up to a panic point, as was done under the Stevenson Plan. Subsequently, a price collapse would then threaten the financial solvency of all manufacturing rubber interests as it did after the Stevenson collapse.

¹⁵ For text of tin agreements, see International Labour Office, *Intergovernmental Commodity Control Agreements* (Montreal, 1943), pp. 73-79.

There can be little doubt that if a restrictive rubber scheme is added to the already restrictive tin scheme and there is no adequate consumers protection, the development will be viewed with grave apprehension in this country. You may repeat this to the Dutch Government.

HULL

856D.6176/149 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, February 28, 1934—10 a.m.

[Received 10:45 a.m.]

82. As a result of an interview I had on February 25 with the appropriate officials of the Foreign Office in which I again strongly presented the American viewpoint particularly as set forth in the Department's 61, February 23, 6 p. m., I have today received a personal and confidential letter covering the two points raised in the Department's telegram. In the circumstances it seems advisable to telegraph the full text of this letter.

"I am writing to tell you that negotiations are still in the hands of the producers' organizations and that His Majesty's Government have no official cognizance at present as to the form which the regulation scheme will take. It is understood, however, that the producers' negotiations have reached an advanced stage and that it may be possible for them to sign an agreement in the near future. It is at this point that the Governments concerned will step in; they will have to decide whether 'restriction' is possible or not, and will have to secure that any scheme will be operated in accordance with the conditions which they 'the Governments' think should apply. One of these conditions is that stipulated in the resolution of the World Economic Conference, which laid down that any restriction scheme should be fair to all parties, both producers and consumers, and should so far as possible be worked with the willing cooperation of consuming interests in importing countries.

I cannot say at this date how this condition will be fulfilled; but I do not think it is too early to say that, if an agreement is reached, and if His Majesty's Government approve its terms, they will see to it that consuming interests are given reasonable and continuing opportunities to express their views.

This is as far as I can go at present in replying to the second question which you put.

As regards the first question, the object of any scheme which may be evolved would be to maintain prices at a reasonable level, and to secure price stability as far as that was practicable. There is, however, no idea of permitting rubber producers, even if it were possible, to form a monopoly agreement in order merely to exploit the consumers. Such a policy would not in our view be desirable, either in the interest of the industry itself, or for more general reasons; further, it seems to us wholly impracticable, for any price level above that giv-

ing a reasonable return to moderately efficient plantation producers (at a given rate of production and export) would almost certainly, on present information, lead to the gravest difficulties in holding the very large native production at the stipulated level of production and export. Put bluntly, if the price went really high, control over native production would prove impossible, and any restriction scheme would break down. Further the more able men in the industry are fully alive to the menace of native production, and they realize that the future of rubber, as a[n] 'eventuality' industry, depends primarily upon keeping the price low.

You must accept the above as an expression of my own personal opinion, after having gone very carefully into the present situation. The present negotiations being of a private character, it is impossible for us to give you any official reply which would be of satisfaction to yourself and your Government, but, as I fully appreciate their anxiety in this matter, I have dictated the above remarks in order to let you see the picture as I myself see it."

Department's telegram 68, February 27, 7 p. m. decoded after this message coded. I will not act upon it until after the Department has an opportunity to consider this letter and is able to instruct me further.

ATHERTON

856D.6176/150 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, February 28, 1934—6 p. m.

[Received February 28—2:45 p. m.]

85. Since my 82, February 28, 10 a. m., I had opportunity at the Foreign Office to discuss certain aspects of the Department's 68, February 27, 7 p. m. I was informed that this evening the Colonial Office has no information, official or private, that an agreement has been completed yet by the producers' committees, but that with the completion of this, the next step, according to the Foreign Office, will be for the Dutch Government to satisfy the Colonial Office that they can effectively control the native production in the Dutch East Indies. No further steps will be taken towards any restriction plan until this point has been satisfactorily settled in confidential discussions between the two Governments' experts. Subsequently Great Britain, Holland, Indo-China, Sarawak and probably Siam will have a somewhat protracted discussion as to (1) whether a general rubber restriction scheme is possible. If the decision is in the affirmative the next point, according to Foreign Office, will be (2) to formulate the restriction scheme. In view of the academic distinction between (1) and (2), I interposed at this point and stated that certainly subsequent to (1) the Embassy or American Government should be informed in detail as to the objectives of this restriction scheme and be allowed to

make its comments on it as the largest consumer of rubber before (2) took place. The Foreign Office point of view up to this time had been that (1) and (2) should be completed before the consuming countries were consulted as the producing countries were "pledged, etc. etc. etc." under the clauses of the World Economic Conference. However, I feel I have orally made my point with the Foreign Office and have been asked to continue the discussions later in the week.

I have discussed the situation today with Minister Emmet¹⁶ en route to Holland.

I have an appointment with the Prime Minister on another matter Friday noon. Failing contrary instructions from the Department, in my discretion I shall outline the situation to him.

ATHERTON

856D.6176/149 : Telegram

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

WASHINGTON, March 1, 1934—2 p. m.

75. Department's information as to stage of discussion of rubber restriction plan differs from that which the letter of your confidential correspondent quoted in your 82, February 28, 10 a. m. and the Colonial Office as stated in your 85, February 28, 6 p. m. pictures. For your information alone, Colijn told Swenson on the 26th that he had just been informed that the restriction agreement would be signed the following day by the producers' committees, and that he, Colijn, thought it likely that the agreement would be adopted by governments. From other sources Department's information is that the British rubber growers are about to sign agreement in order to secure action by Ceylon and Burma Governments before adjournment of their legislatures in the near future.

Department has had no definite word to the effect that agreement has been actually signed by the producers' groups but all signs would seem to indicate that point not far off. Therefore Department does not understand view of the Colonial Office that the business of formulating a restriction scheme is still a matter for the future, especially in the light of Department's information that matter has been discussed already between Colijn and the British Government.

The type of general assurance stated in the personal and confidential letter that you quote in your 82 seems to the Department unsatisfactory. The assurance that "His Majesty's Government would see to it that consuming interests will be given reasonable and continuing opportunities to express their views" would seem inadequate. The

¹⁶ Grenville T. Emmet, appointed Minister to the Netherlands January 15, 1934; assumed duties March 21,

mere power to express views would be of little practical importance. Consuming interests should have actual representation in the plan and be in a position to know from day to day what is going on.

As regards the price question mere assurances regarding future intention and general references to the World Economic Conference resolution would also seem inadequate. Experience with the first rubber restriction plan and our observation of the tin restriction plan support this judgment. Definite price protection is needed.

The Department approves your intention of putting the whole matter before the Prime Minister tomorrow. It also suggests that its position be made of written record by you in the Colonial Office. You may make clear with suitable firmness to both the Prime Minister and Government authorities that prospect that the flow of American supplies of tin and rubber, two vital raw materials, for the supply of which this country is dependent on foreign production might be subject both as to supply and price to the arbitrary decision of producers' groups in which the American consumer interest has no effective influence, causes serious apprehension here.

You will of course take care in discussing this matter with the British not to say anything which will embarrass Colijn. HULL

856D.6176/155 : Telegram

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

LONDON, March 2, 1934—4 p.m.
[Received March 2—11: 35 a.m.]

88. Department's 75, March 1, 2 p.m. I personally put the matter before the Prime Minister this morning. I further informed him that a written statement of my Government's views would be forwarded to the Foreign Office. By agreement with him I shall request the Foreign Secretary to forward a copy of my note to the Prime Minister as president of the World Economic Conference who upon receipt of it he has assured me will give the matter his personal attention.

BINGHAM

856D.6176/158 : Telegram (part air)

The Minister in the Netherlands (Swenson) to the Secretary of State

THE HAGUE, March 4, 1934—noon.
[Received March 6—7: 15 a.m.]

9. Department's views telegram No. 11, February 27, 7 p.m., communicated to the Netherlands Government February 28.

In a conference with Dutch Rubber Restriction Committee yesterday afternoon Colijn stated that he had decided on an export tax on

native Dutch East Indies rubber involving a maximum price of four pence gold. Replying to a question as to how long this system including the maximum price would be maintained he said:

"I will do away with it as soon as possible but I want to tell you frankly that the American Government has shown great interest in the question of price to consumers. There has been diplomatic pressure and I am obliged to reckon with the United States even after an eventual abandonment of the export tax system".

My informant Baron Van Lynden asked if Colijn did not consider it fair to make allowances for the big foreign manufacturers operating their own established estates such as the United States Rubber Company, Goodyear and Dunlop, the more so as these companies produce special grades of rubber which they cannot obtain in the market. Colijn replied that in his opinion it seemed almost impossible to discriminate between one producer and another. Van Lynden thinks that with pressure from the United States Government some concession may be obtained on this point. It is now expected that agreement will be signed by the Dutch and British committees before the 6th or 7th instant. Colijn expressed the wish that it might be put into effect by May 1st but intimated that it might require more time. SWENSON

856D.6176/156 : Telegram

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

WASHINGTON, March 5, 1934—6 p.m.

80. United States Rubber Company states that they are reliably informed that British and Dutch committees will sign restriction agreement on Wednesday March 7th and that actual restriction of rubber is planned to commence May 1st.

This would not seem to accord with general character of statements made by British Government to Atherton, according to which the two governments still have not given official consideration to the restriction scheme and that the way was still completely open for consideration of the proposals of the American Government.

Please report immediately by cable.

HULL

856D.6176/160 : Telegram

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

THE HAGUE, March 6, 1934—5 p.m.

[Received March 6—2:10 p.m.]

11. Department's No. 12, March 5, 6 p.m.¹⁷ See Legation's No. 9, March 4, noon. According to Dr. Colijn's statements and those of

¹⁷ Not printed.

Leendertz, chairman of the Dutch Restriction Committee, the British and Dutch Producers Committees are in agreement. Dr. Colijn also made it very plain that the Dutch Government would accept the Committee's draft and that it would be presented for approval to the Indies Volksraad provided it is accepted by the "other Governments". It may be that he has in mind Siam and that other difficulties may arise but by implication the agreement of the British Government seems to be taken for granted since it is extremely unlikely that the British Committee would accept or approve the plan without at least unofficial agreement and consent of its Government.

Am expecting reply to Legation's two notes to the Dutch Government¹⁸ in which our opinions and proposals were clearly set forth. I do not believe that unfavorable or definite decision has been made concerning the question of American or consumer representation on international restriction committee.

According to Baron Van Lynden the representations made by Mr. Swenson have been favorably received and have been effective. He is of course also of the opinion that representations in favor of special claims of the United States rubber and other manufacturers' estates would be effective.

WILSON

856D.6176/164a : Telegram

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

WASHINGTON, March 6, 1934—9 p.m.

86. The Department is informed that a rubber restriction agreement will be signed by the producers' committees March 7th. You are instructed to inform the British authorities that this Government understands that such agreement is in no sense binding upon the governments concerned. This Government will maintain its position with respect to proper protection of its legitimate interests in connection with the agreement and looks confidently for the necessary cooperation from the British Government.

For your information the Department feels that certain American manufacturer-growers have a legitimate claim to special consideration in connection with the production of special type rubbers which they produce and to the regular reception of which in chemically stable form their manufacturing plants are geared. The Department is informed by the American manufacturer-growers concerned that these special types are not in over-supply, and are not sold on public mar-

¹⁸ Notes of February 26 and 28, 1934; not printed.

kets, but only by private contract or order. In view of this situation, you are instructed to inform the appropriate authorities that the manufacturer-growers themselves will press for an exemption from restriction of the special types where produced on the plantations of manufacturer-growers, such exemption to be in connection with a voluntary agreement between the producers' committees and such manufacturer-growers establishing a mutually satisfactory basis for such exemption. The American manufacturer-growers producing such special types are transmitting to their representatives in The Hague and in London specific terms which they are proposing as such a basis for exemption.

HULL

856D.6176/162 : Telegram

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

LONDON, March 8, 1934—11 a.m.

[Received March 8—8:40 a.m.]

107. I have had a personal assurance from the Prime Minister that "the matter of rubber has now been taken up" in the light of what I said to him as reported in my No. 88, March 2, 4 p.m.

I feel with the above assurance any further representations would but weaken our position.

An *aide-mémoire* based on Department's 86, March 6, 9 p.m. was discussed with the Foreign Office yesterday who after consulting Colonial Office stated orally no rubber restriction agreement has been signed by producers' committee to date.

BINGHAM

856D.6176/167 : Telegram

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

THE HAGUE, March 10, 1934—noon.

[Received March 10—9:05 a.m.]

13. A note just received from Foreign Office contains the following:

"I have the honor to inform you the Dutch producers of rubber have no objection to the presence of a representative of the consumers of rubber at the eventual meetings of the commission for the restriction of production.

I wish to add that the Government of the Queen gladly supports this point of view and that it has the intention of instructing its delegation to the proposed commission to oppose any excessive increase in prices."

WILSON

856D.6176/177 : Telegram (part air)

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

THE HAGUE, March 15, 1934—4 p. m.

[Received March 16—11 : 25 a. m.]

17. According to Van Lynden the two formulas presented by him on behalf of the United States Rubber Company to the Dutch Producers' Committee were rejected Tuesday afternoon. He is to have an interview with Dr. Colijn on Monday and I expect to be able to cable the Department more fully at that time.

Regular meetings of the Producers' Committee are not being held for the moment due apparently to unexpected difficulties having arisen between the British and Dutch. The exact point of dissension cannot be ascertained for the moment but believe that it is either (1) the question of maximum price or (2) inability of the Dutch Government to give satisfactory assurances concerning the restriction in production of native growers.

Have ascertained that assurances of the Netherlands Government contained in the note of March 9th repeated in part to the Department in the Legation's number 13 of March 10, noon, do not involve inclusion in draft of agreement of any article concerning price. It may be assumed therefore that Dutch expectations of maintaining a maximum price may well be counted upon if British cooperation is assured on this particular point once the international restriction committee starts to function.

WILSON

856D.6176/175a : Telegram

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

WASHINGTON, March 15, 1934—6 p. m.

100. Please telegraph Department any available information which you may be able to secure on the following points and mail copy to The Hague :

(1) Reasons for the delay in final signature of the agreement by the producers' groups. Has this Government's position played a part?

(2) What part is being taken in the negotiations by representatives of the British and Dutch Governments?

(3) Does contemplated producers' agreement contain now or is it likely to establish maximum prices for the various types of rubber, including the special types of latex rubber and sprayed rubber? Further, does it contain or is it likely to establish specific means or machinery for preventing or checking price increases above the maximum?

(4) If price checking is not provided for in the producers' agreement, is it the expectation that this point will be taken up by the

Governments once the producers' agreement is completed? Is it thought that action on these points by the Governments concerned would in any way upset or endanger the producers' agreement?

(5) What provision for consumer representation is included in the agreement?

Similar instructions are being sent to The Hague¹⁹ with the request that copy of their reply be mailed to you.

Also submit by mail a report, in as great detail as possible, and drawing on all available sources of information, on negotiations for the restriction agreement to date, including the specific provisions of the proposed agreement. Transmit also, insofar as not heretofore transmitted, copies of all communications to and from the Embassy on the subject of rubber restriction.

HULL

856D.6176/183 : Telegram

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

LONDON, March 19, 1934—4 p. m.
[Received March 19—3:42 p. m.]

118. Your 100, March 15, 6 p. m. May I ask that the following information be kept strictly confidential. No copy has been forwarded to The Hague.

1. (a) It is expected a producers' agreement may be reached in about 10 days. The delay has been brought about in principal measure by the inaccessibility [*sic*] of the Dutch Government to give assurances acceptable to the British concerning control of the native growers. (It is believed here that it is for this reason Dutch sources have been willing "to leak information" impugning intent of British program).

(b) And secondly a similar control problem in Siam and Indo-China.

2. The British Government is not actually taking any part in the negotiations but nevertheless have in extended preliminary conversations with the producers' representatives before the Conference opened reserved its right to advise trades since any scheme can only be operated under Government accord. During producers' negotiations Government has informally expressed what its probable position would be on certain hypothetical questions which were asked.

3. I expect within 10 days a complete and full note in reply to the one I addressed to the Foreign Office based on Department's 75, March 1, 2 p. m. This note I understand will explain fully the reason why present agreement will not contain a maximum price as was the basis of the Stevenson Plan but will rather attempt to make "the curve of

¹⁹ As telegram No. 14, March 15, 6 p. m., not printed.

production coincide with the curve of demand." I am informed that British manufacturers are in accord with the Government's estimate that the danger in fixing a maximum price would be the speculative tendency to maintain the price of rubber at the maximum level, which would be contrary to the intent of the plan. Proposed British note of reply will give full assurances on second question in paragraph 3.

Answering questions 4 and 5 I understand that agreement provides for consumer representation in all committees that deal with the question of price or price fixing.

I have received informal assurance subject to the approval of Colonial Secretary that when the British Government's note of reply to my representations based on Department's 75, March 1, 2 p. m., is ready for delivery, presumably in 10 days, it will be handed to an Embassy representative at the Foreign Office. Cranmer the Government expert will also be present and the Embassy representative may raise any questions he desires in connection with the note itself or present to the Government expert a questionnaire previously prepared which the Government expert will endeavor to answer in the course of the conversations or failing so with the least possible delay. I venture accordingly to suggest that a questionnaire of desired information be prepared by the Department and forwarded the Embassy by telegraph or written instruction with the least possible delay.

BINGHAM

856D.6176/190 : Telegram (part air)

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, March 22, 1934—4 p.m.

[Received March 23—10:10 a.m.]

22. Department's 18, March 21, 6 p.m.²⁰ Van Lynden reports work of Dutch Producers' Committee concluded and that differences with the British being ironed out by Dr. Colijn. He believes that plan will go through despite delay. Best information concerning nature of differences confirms opinion expressed in the Legation's number 17, March 15, 4 p. m.

Although two formulas presented by United States Rubber Company were rejected by the Dutch Committee they are apparently being studied by the British Producers' Committee which must give consideration to similar position and interests of the Dunlop Company. In the meantime the Governor General of the Dutch East Indies has taken a favorable attitude towards the special claims of the manufacturer-growers and the situation from their point of view is not entirely unfavorable.

EMMET

²⁰ Not printed.

856D.6176/191 : Telegram

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

LONDON, March 23, 1934—5 p.m.

[Received March 24—8:55 a.m.]

127. I have been informed today that it is not expected now that producers' agreement (see paragraph 1 my 118, March 19, 4 p.m.) will be concluded for 2 or more weeks.

Conference with Government experts mentioned in last paragraph my telegram above referred to is now set for April 4th.

Following is text of Foreign Office note marked "Very Confidential" received today; see paragraph 3 my telegram first above referred to.

"I have the honor to inform Your Excellency that most careful consideration has been given to the representations and suggestions contained in Your Excellency's note number 360 of the 2d March²¹ with regard to the regulation of rubber production.

2. I hasten to assure Your Excellency, in the first place, that no regulation scheme has as yet been submitted for the consideration of His Majesty's Government; and that, if such a scheme were to be submitted to them, their first care would be to ascertain that it conformed to section D of the general resolution adopted by the Monetary and Economic Conference in regard to international agreements for the regulation of production and marketing.

3. Although no regulation scheme has as yet been communicated to them, His Majesty's Government are, however, aware that a draft of such a scheme has been under discussion between the private interests concerned in rubber production, and it is on the hypothetical commentaries that some scheme will be put into effect that I am addressing to Your Excellency the following observations on the rubber situation in general and on the points raised in Your Excellency's note in particular.

4. Your Excellency will remember that after the break-down of the Stevenson restriction scheme in April 1928, all restriction came to an end, and in 1929 largely increased supplies of rubber were available; the effect on prices would have been disastrous but for the marked expansion of the demand, both in the United States of America and elsewhere. During 1930 and 1931, however, demand was rapidly shrinking in consequence of the economic crisis. The fall in price naturally revived the question of control of output, and in 1931 the Netherlands Government approached His Majesty's Government, and the position was examined by an informal committee which found that the total world production was largely in excess of the estimated world consumption and that the existing stocks were considerably greater than those normally carried by the industry. A number of possible schemes were reviewed, and the committee unanimously agreed that the only scheme which would be practicable and acceptable

²¹ See telegram No. 88, March 2, 4 p. m., from the Ambassador in Great Britain, p. 630.

would be a quota scheme under which a basic tonnage would be fixed for each producing country and a production and export quota allotted. After careful consideration, His Majesty's Government and the Netherlands Government were forced at that time to the conclusion that an international scheme to regulate the production and export of rubber was not practicable. This conclusion was published in a joint communiqué. Since that date His Majesty's Government have had no official information about a rubber restriction scheme, but they are aware that negotiations have been going on without [*within?*] the industry—negotiations which were not initialed by His Majesty's Government. At a certain point in the course of these negotiations the representatives of the rubber industry established unofficial contact with representatives of His Majesty's Government; this contact has been of a spasmodic and occasional character.

It is therefore impossible to reply to Your Excellency's inquiries on a strictly official basis. I cannot even assume that the producers scheme is yet in its final form, but I know enough about its contents to be able to give to Your Excellency some degree of assurance with regard to certain points.

5. As regards price, the scheme as drafted does not aim at the fixing of a pivotal price, on the lines of the Stevenson scheme. It aims primarily at the adjustment of production and export to consumption, and the reduction of admittedly excessive stocks, and it contemplates that supplies adequate to world needs will be available at all times, at a price which is not more than reasonably remunerative to efficient producers. As consumption increases, the export quotas will be varied so as to follow the consumption curve as nearly as possible. Under this system it is anticipated that prices cannot vary greatly, and that, in fact, a stable price will be maintained, once the present excessive stocks have been liquidated.

6. I assume that Your Excellency's Government are not opposed in principle to a policy of raising commodity prices above their present uneconomic level, but that their main preoccupation is at the same time to guard against a sudden and excessive increase of prices, brought about through artificial scarcity or cornering operations. The objections [*objectives?*] of the scheme and the price raising policy of Your Excellency's Government would seem to be identical. The scheme precludes any idea of artificial scarcity, or cornering operations; and it seeks only a reasonable price. The large stocks of rubber now on hand and the well-known difficulties connected with native production, render any undue rise in prices well-nigh impossible. I think that I can safely assure Your Excellency that any apprehension your Government may feel with regard to the price question is unfounded. The fixing of a maximum price, however, would, as you will be aware from the foregoing paragraphs, be inconsistent with the scheme which I have explained. That scheme does not include provisions by which any definite price can be attained, or held; it leaves the price to be settled by the free play of the market, within the production limits fixed by the operation of the scheme. The fixation of a maximum price in these circumstances would, in my view, be unscientific and undesirable. There would probably be constant pressure on the body working the scheme to attempt to attain—and hold—any maximum price fixed. The objective should be stability in price at a reasonable level.

7. Your Excellency will have observed that the principle of the scheme is not unlike that of the tin-control plan, to which you referred in your note. The excessive stocks of tin existing at the outset of the scheme have, even after 3 years of control, not yet been reduced to a normal figure; all the tin required by the market has been readily forthcoming at all times; price has been left to the operation of the free market; and I understand that for the last 8 months the price has been practically stable—a position never, I believe, hitherto attained by the tin industry.

8. Your Excellency further inquires what measure of representation of the consuming interests is to be provided for and how this representation should function. His Majesty's Government understand that the rubber export quotas will be settled by the vote of the large producing countries (who must bear the main sacrifice inherent in the scheme), through the machinery of an international committee, as in the case of the tin scheme; and that this committee will consult a body or panel of consumer's representatives whenever they are considering questions affecting stocks and export quotas and cognate matters, these being the factors which affect prices. The consumer's representatives, therefore, will be kept fully informed of all developments which affect their interests, and will have full opportunity to express their views before changes are made by the International Committee. I have no doubt also that arrangements will be made for publishing the committee's decisions, and for reporting on the progress of the scheme although this is a point which has not yet arisen and will not arise until the committee meets.

9. Your Excellency will also have appreciated that if the producers succeed in reaching agreement on their part there can be no possibility of its going into immediate effect since the effective scheme must be one agreed, not by the private interests but by the Governments concerned. The Governments therefore (which in addition to His Majesty's Government include the Governments of the Netherlands, Indo-China, Sarawak, North Borneo and Siam) must first accept the scheme, and agree to put it into effect. It is the Governments, and not the producers, who will appoint the international committee that is to operate the scheme; this, in itself, is a safeguard against the possible formation of an international ring of producers to exploit the market, and there will be no risk, to quote the words of Your Excellency's note, 'of the flow of American requirements of these commodities being subjected both as regards price and supply of [to] the arbitrary decision of producers' groups in which the American consuming interests have no effective influence'.

The control scheme will be worked, not by producers, but by officials appointed by and truly responsible to the Governments mentioned above.

10. I trust that the foregoing assurances will satisfy the Government of the United States as to the objectives and machinery of any rubber restriction scheme which His Majesty's Government are prepared to countenance. Your Excellency will at the same time appreciate my difficulty in giving formal information regarding a private agreement which is still in draft form and has not yet been officially communicated to His Majesty's Government. It is only my anxiety to avert any misgiving in the United States that has pre-

vailed upon me to anticipate in this way the terms of a scheme of which I have as yet no official cognizance."

BINGHAM

856D.6176/191 : Telegram

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

WASHINGTON, March 28, 1934—7 p.m.

118. Your 127, March 23. Please follow up at once discussions regarding rubber restriction program, being guided by the following which you may present in the form of an *aide-mémoire*:

(1) My Government has instructed me to transmit the following informal observations on the note presented to me by the Foreign Office regarding the scheme for rubber restriction which is under consideration. It appreciates the willingness of the British Government fully to discuss this matter, believing that full discussion can most profitably be pursued, and necessary modifications can be worked out with the least difficulty and fewest complications, at this time, before the scheme is put in any final and official form.

(2) The Government of the United States notes with approval the statement regarding the main objectives of the restriction plan, as summarized in the note of the Foreign Office, to wit, "it aims primarily at the adjustment of production and export to consumption, and the reduction of admittedly excessive stocks and it contemplates that supplies adequate to world needs will be available at all times at a price which is not more than reasonably remunerative to efficient producers".

However, it ventures to express the opinion that the details of the plan as far as they have been made available do not give adequate assurances regarding the fulfillment of these principles. The safeguards provided in the plan as regards (a) the possible course of prices, (b) the provision of adequate supplies at all times without delay at a reasonable price, and (c) provision for continuous and full consultation between consuming interests and producing interests, seem to it distinctly insufficient.

(3) The Government of the United States has asked consideration for certain suggestions with regard to these matters. These suggestions, in its judgment, represent modifications of the plan which are essential in order to avoid the grave danger that the results of the restriction scheme will be out of accord with expressed intention, and will give rise to difficulties and damages such as resulted from the Stevenson Plan. It is prepared to discuss, of course, any variations of these suggestions that seem adequate.

(4) The Government of the United States wishes to avoid unnecessary exchange of contentions regarding the projected plan. It feels called upon, however, to make several observations in regard to the points presented in the Foreign Office note:

(a) The plan as outlined, in its judgment, contains no explicit safeguard against the possible operation of this scheme so as to elevate prices to, or beyond, the highest bearable point, or to pre-

vent large price fluctuations such as took place during the life of the Stevenson Plan. The whole responsibility of releasing the supplies of rubber would appear to be wholly subject to the unchecked decision of the International Control Committee. My Government is not heedless of the statement that the members of the Control Committee will be selected by governments; it is commonly understood, however, that these representatives will be selected from the circle of rubber producing interests.

(b) The plan itself should provide some explicit and quickly effective method of price protection, on which producers could with certainty rely. My Government does not perceive any feature of the scheme which in itself "precludes any idea of artificial scarcity". The statement contained in the note that the scheme was [as?] drawn "leaves the price to be settled by the free play of the market, within the production limits fixed by the operation of the scheme" carries no assurance against at least temporary creation of artificial scarcity. A market in which supply can be arbitrarily fixed and varied cannot be called a free market; it is considered by most commentators on the subject as the very opposite of a free market.

(c) The observation in regard to the place of the pivotal price in the Stevenson Plan is not in accord with the understanding of my Government. What appears to have happened under the Stevenson Plan is that there was no effective pivotal price or in fact any effective price control whatsoever; there was merely a tardy adjustment of supplies, so tardy as to give rise to enormous price movements.

(d) The reference of the British Government to the operation of the tin plan similarly does not alleviate the apprehension of my Government. The stocks of tin at the end of January 1934 had been reduced to, at the most, 3 months current consumption. My Government is not without apprehension lest the available stocks be reduced to a point that may produce extreme price movement. The increase in the price of tin has, in the judgment of many, already been inordinate. As of January 1934 the London price of tin in sterling had risen well above the 1929 price level and was only 22 per cent below the peak price of 1926; the prices of other commercial metals are, on the other hand, from 40 to 60 per cent below the price levels attained in the earlier period.

(5) As for the matter of representation of the consumers, a provision that merely gives consuming interests "opportunity to express their views" will be inadequate and would not carry out the intent of section (d) of the general resolution adopted by the Economic Conference. In the judgment of my Government the consumers would have to be given full and regular participation in the meetings of the Control Committee though perhaps without vote. They should have the right to follow and comment on all features of the scheme's operation.

(6) The American Government does not at this time request special consideration for those American interests which, after the failure of the Stevenson Plan, undertook plantation production, and have developed improved types of rubber. It hopes that as the scheme develops this matter may be worked out between the American and other producing interests in consultation with the governments concerned.

(7) The Government of the United States wishes to make clear that in its discussion of this matter it is not prompted merely by the wish to safeguard its rubber consuming interests. This question of control of vital supplies of raw materials has great importance in the public mind. The impression received by the American people as to whether the terms of the plan are fair, open, and well-balanced, will determine whether cooperation may be expected or whether there may grow a critical attitude and the beginning of an organized effort to offset the plan.

Confidential for the Ambassador. It would seem advisable to pursue informal discussions on this whole subject. If the British Government indicates a desire to receive more specific suggestions than have so far been put forward by us we will do our best to formulate them.

The Department assumes London and The Hague are keeping each other mutually advised and asks you to inform The Hague of this instruction.

HULL

856D.6176/191 : Telegram

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

WASHINGTON, April 2, 1934—8 p.m.

131. Your 118, March 19, 4 p.m., and your 127, March 23, 5 p.m. In conversations with the British authorities the following are points on which definite responses seem required :

(1) On what basis of calculation rests the idea of a price "reasonably remunerative to official producers" mentioned in the Foreign Office note?

(2) On what provisions of the plan as under discussion is dependence put for maintaining a stable price?

(3) What provisions of the plan would assure the rapid variation of export quotas in such a way as to make for both stable and moderate prices?

(4) Short of the suggestion the American Government has put forward, that there should be some specified price at which all consumers of rubber would be guaranteed as large a supply of rubber as they might require, how can there be adequate safeguards against extreme price movements?

(5) What is the reasoning behind the conclusion that the denomination of such a price as mentioned in (4) would foster speculation, or alternatively leave as large a field for speculation as an arrangement under which there was no specified price limit?

(6) In the absence of any denominated maximum price is there any provision under consideration for the creation of reserve supplies that might become immediately available to the market if and when signs of undue shortage of supply or extreme price movements might occur?

(7) What are the details of the provisions for giving the consumer interests effective representation in the operation of the scheme, as regards method of selection of consumer representatives, rights to participate in meetings of control bodies, and rights to make their views of written record?

(8) What provisions are under consideration for a systematic and continuous statistical service for the information of consuming interests and the public?

Please make clear to the British authorities this Government invites discussion of matters reviewed above. You may also explain that the more this Government knows about the scheme the better directed its remarks and suggestions might be.

HULL

856D.6176/208 : Telegram

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

LONDON, April 4, 1934—6 p.m.

[Received April 4—4:40 p.m.²²]

151. As suggested in the Department's 127, March 31, 4 p.m.,²³ the *aide-mémoire* was presented to the Foreign Office yesterday and today this, with the Department's 131, April 2, 8 p.m., were discussed with the Foreign Office and Colonial Office representatives. In due course I expect a written reply to the *aide-mémoire*, but the following oral information was offered by Sir John Campbell, the Colonial Office representative, in reply to Department's questionnaire.

Question 1. Campbell's only answer to this question was "the very nature of the scheme itself".

Question 2, also involved a reference to the scheme itself and to "current adjustment of the production and export to consumption needs". He explained at this point, in regard to the first three questions, that under the proposed scheme producers may hold stocks equivalent to from 6 to 8 weeks' production; dealers in the producing countries may hold stocks equivalent to one-eighth of the annual world production (say 100,000 tons); also it envisages the probable creation of a pool managed by the Control Committee, similar in character and design to the pool operating under the Tin Convention. However, unlike the Tin Committee, the International Rubber Committee will be made up of plenipotentiaries, not delegates, and the members will have the power to bind their governments. There will be no arbitrary restrictions on the frequency of meetings although

²² Telegram in two sections.

²³ Not printed.

Campbell was of the opinion that normally they will take place once a month. Those provisions would in his opinion insure quick action and an adequate safeguard against extreme price movements.

As regards Question 5 he believed that if a maximum price is set it will be interpreted as a minimum price and that the governments represented on the Control Committee will be subjected to continuous pressure from the producer and speculative interests to maintain it at the maximum level. He added that none of the current international commodity stabilization schemes contain such a price declaration.

Question 6, is covered by the producer, dealer and pool stock provisions, together with the fact that the Control Committee might at any time increase the production quotas even beyond immediate demand.

Question 7, the International Rubber Committee will consist of some 17 to 20 members, of whom 7 will represent the governments of the producing countries, and these 7 are the only ones who will have voting power. Within a few days after the constitution of the initial committee, the scheme provides for the appointment of three consumer representatives, presumably an American, an Englishman, and a continental European. It is anticipated the British member will be appointed through the good offices of the Board of Trade, in all probability a Dunlop Tire Company official, and the Department of State would have the opportunity to nominate the American consumer representative if it wished to do so.

The Colonial Office representatives were unwilling to accept the American interpretation of clause 4-D of the resolution of the World Economic Conference, but nevertheless they stressed the point that this scheme was the first occasion that consumer interests had been represented solely as consumer on such a committee.

Question 8. While the present scheme does not provide for such statistical services, it was stated that figures would be available at frequent intervals, as in the case of tin.

I surmised that the initial restriction would be at about 60 percent and that the native Dutch production question is still troublesome. Campbell stated that native Dutch production capacity now totals some 200,000 tons or approximately one-fourth of the total annual production and that, by next year, according to the Dutch Government, native production capacity will aggregate some 350,000 tons.

Campbell, who is obviously directing the Colonial Office policy in this connection, is also the Chairman of the International Tin Committee. He was at one time connected with the League of Nations and known to Atherton in Greece as an outspoken critic of the United States. This mentality was obvious in his remarks today, partic-

ularly with reference to a continuous stable price level. He took exception to our references to the tin scheme contained in the *aide-mémoire* and explained that practically all of his difficulties in this connection were from the uncertain speculative character of American buying. He further defended the tin price level, using as a basis 1913 price computations and citing the fact that informal consultations with large American tin consumers had elicited the information that they were primarily interested in price stability, that the present level was not in their opinion too high, and that they were in fact not opposed to a slightly higher price. In this connection he raised the Administration's policy of cotton restriction which a Foreign Office representative pointed out might well be the subject of British Embassy representations to the Department of State.

Campbell was obviously impressed by the measure of stability introduced in tin prices through the International Committee and I estimate his endeavor in this rubber situation will be very clearly based on his experience in tin. Needless to say, in this conversation with the obvious chief British Government negotiator I stressed—

- (1) the points set forth by the Department,
- (2) the difference in the production character of tin and rubber,
- (3) doubts as to whether any scheme would be considered fair, open, and well balanced if the mechanics of the consumer price protection were entirely a reliance upon the good faith of individual members of a control committee.

BINGHAM

856D.6176/208 : Telegram

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

WASHINGTON, April 7, 1934—noon.

140. Your 151, April 4, 6 p. m. The Department is not at all satisfied that Campbell and the Colonial Office are making a genuine effort to adapt the actual terms and operation of their plan to the purposes stated. It believes it wise to exhaust all possible means of discussion with the British and Dutch authorities with a view to bringing the scheme in assured conformity with these principles before considering an attitude of opposition. Please, therefore, immediately follow up your discussions with the Foreign Office and present the following observations in regard to Campbell's observations:

- (1) As regards the view that a maximum price would tend to become the minimum price, the likelihood of this would depend primarily on the nature of the plan and the actions taken by the Control Committee. If the release of supplies were properly adjusted to the idea of a reasonably remunerative price that result would be avoided. It

would be the task of the Control Committee to meet the pressures on which Campbell dwells, which are the very pressures in fact that this Government feels will in the absence of any price provisions create a supply situation that will lead to large price movements.

(2) Hence the emphasis of this Government on definite price protection whether in the form of a specified maximum price (possibly variable every 6 months or every year) or certain specified provisions regarding the release of supplies in relation to price. In this matter the Department is open to consideration of all alternative suggestions that may serve the purpose effectively.

(3) The Department is pleased to note the concern of the Foreign Office with respect to the possible influence of speculative buying on price and is encouraged to hope that a mutually satisfactory system of price protection will be elaborated. It is exactly "the uncertain speculative character of American buying" which Campbell complains of in relation to the tin plan that this Government would anticipate in regard to a rubber plan which had no provisions of the type which the Department is proposing. It should not surprise the Foreign Office that such a situation arose in regard to tin and effort should be directed towards giving the consumers such assured protection that it could not arise in regard to rubber.

(4) As to the reference to cotton the Foreign Office will recognize that the American action is limited to part of the world supply, that cotton is raised in many other places, that its production is readily expansible (it is reported that the Egyptian acreage this year will be record acreage) and that in the event that the American price of cotton is increased unduly it would speedily lose its share in the export market. The situation gives assurance to consumers which they cannot have in regard to a complete world supply arrangement as is contemplated in the field of rubber.

(5) If the suggested rubber pool is to be considered as a serious proposal in this regard, the Department should be informed as to (a) the extent of the stocks to be held, (b) how and from what sources they will be secured, (c) how and under what circumstances they will be released, and (d) how and by whom control over them will be exercised.

(6) The Department still lacks vital information regarding the following points:

(a) A price only "reasonably remunerative to efficient producers";²⁴ since the plan evidently is designed to assure such a price, it would aid the Department in its evaluation of the plan if it could learn what this price is considered to be, at least approximately, and what factors are taken into consideration in determining it (even though it is not to be established as a maximum price in the plan).

(b) Production of export quotas; how and on what basis will they be adjusted to demand in the first instance, and on what basis and how frequently will they be readjusted.

(c) Consumer representatives; specifically what would be their status and their powers.

²⁴ See paragraph No. 5 of the British Foreign Office note of March 23, quoted in telegram No. 127, March 23, 5 p. m., from the Ambassador in Great Britain, p. 637.

Confidential for the Ambassador. Department also wants this matter presented in same fashion at The Hague and therefore asks you to inform The Hague fully as regards recent interchanges with the Department and the British Government. It is informing The Hague that you will do so.²⁵

HULL

856D.6176/213 : Telegram

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

LONDON, April 10, 1934—1 p. m.
[Received 2:25 p. m.²⁶]

158. Department's 140, April 7, noon. It seems advisable to telegraph in full a Foreign Office letter of April 9th "to confirm the answers given to the questions enumerated at the meeting held on April 4th" (Embassy's 151, April 4, 6 p. m.). The character of that discussion was such that I do not think that any useful purpose will be served by further oral observations unless accompanied by a written statement. The answer to this letter could conveniently embody the appropriate points of your 140, April 7, noon, and any other comments desired. An answer to my *aide-mémoire* of April 3rd²⁷ is promised "in due course". The Hague is being kept currently informed.

"Nearly all the questions are concerned with the anxiety of the United States Government that the price of rubber may be unduly enhanced. Before dealing with these questions in detail it will be convenient to explain that the scheme itself is, in our view, the best guarantee against artificially high prices. It provides for the close adjustment of supply to demand (once excessive stocks have been disposed of, over the reasonable period). In such circumstances, and with the price fixed by a free market working under this adjustment of supply to demand, it is difficult to see how artificially high prices can be attained or held. The scheme will be under the control of a committee appointed by the governments concerned and composed, therefore, of responsible individuals. The voting power will almost certainly rest in the hands of government officials. It contains no machinery whatever for the fixing or holding of any particular price, but is designed simply to adjust production to consumption and at the same time to get rid of the excessive stocks of rubber which exercise such a depressing effect on the market. The producers have no interest in causing an artificial scarcity; on the contrary, their aim must be to sell as much rubber as they can, at any reasonably remunerative price. Indeed, the real problem will probably be to induce the producers to concur in measures designed to cut down world stocks sufficiently.

²⁵ Telegram No. 19, April 7, noon; not printed.

²⁶ Telegram in two sections.

²⁷ See first paragraph of telegram No. 151, April 4, 6 p. m., from the Ambassador in Great Britain, p. 643.

The difficulties which would inevitably result from increased native production in the case of an excessive (or even moderately high) price being reached have already been explained in our official note numbered W 2742/89/29 of 23rd March.²⁸ It seems therefore that the United States have nothing to fear from excessive prices, while they will reap all the advantages of that price stability, which should be secured by the operation of the scheme, when stocks have been reduced to normal dimensions.

And now to turn to the detailed points in your questions which are not dealt with above:

1. The price "reasonably remunerative to efficient producers" was mentioned in the explanatory preamble as being the ultimate objective of the scheme. Actually, as explained above, that objective has to be attained indirectly; there is no machinery in the scheme for arriving at any particular price nor is any particular price mentioned.

2. The maintenance of a stable price will be secured by the accurate adjustment of supply to demand, once stocks are at normal; and minor fluctuations round this stable price level will be damped down by those provisions of the plan which allow both dealers and producers to hold stocks of a considerable size, the former up to a total of one-eighth of the annual output, and the latter something like 6 weeks—or possibly 2 months—current production.

3. The rapid variation of export quotas will be insured by the action of the Rubber Regulation Committee. Committees of this kind usually meet once a month, but there is, of course, no reason why they should not meet more frequently, if necessary. Unlike the members of the Tin Committee, the members of the Rubber Committee will be plenipotentiaries, and will accordingly be able to increase export quotas without appreciable delay. It is also not improbable that some sort of buffer pool may be set up on the lines of the proposed tin buffer pool. This is, however, for the moment, only speculation since such a pool would have to be decided upon by the Rubber Committee, a body which has not yet been constituted.

4. The question of safeguards against extreme price movements has already been dealt with above. The dangers of increased native production at even moderately high prices, the desire of producers to reduce costs by producing as much as they reasonably can, and the existence of considerable stocks and possibly of a pool render these movements highly unlikely.

5. The reason for saying that the denomination of a maximum price would foster speculation is that, as is well known, a maximum price always tends to become a minimum price; speculators would buy at low levels in the hope that the maximum price would be attained; and the mere fixation of a maximum price would evoke constant agitation and pressure, political and otherwise, on the part of powerful producing interests, to force the adoption of measures designed to result in that maximum price being reached and held.

6. The existence of adequate stocks and the possible formation of a pool should ensure that reserve supplies are immediately available to

²⁸ See telegram No. 127, March 23, 5 p. m., from the Ambassador in Great Britain, p. 637.

the market if and when signs of undue shortage of supply or undesirable wide price movements occur.

7. The scheme provides for the setting up of a panel of three representatives of consumers' interests who will, from time to time, tender advice to the committee. This panel must be formed within 1 month of the entering into operation of the scheme. Although it has not yet been decided how exactly these representatives will be selected, it is probable that they will consist of one United States member, one Continental member and one English member and the first and third will presumably be selected in consultation with the governments concerned.

8. Voluminous statistics with regard to rubber in all its aspects are already in existence, in addition to this, the Rubber Committee will almost certainly arrange to publish the fullest possible information regarding the statistical side of its work."

Copy mailed to The Hague.

BINGHAM

856D.6176/213 : Telegram

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

WASHINGTON, April 12, 1934—8 p.m.

148. Your 158, April 10. In accordance with your suggestion present *aide-mémoire* along following lines to Foreign Office. It should be in form of observations on points brought up for discussion at the meeting of April 4 and treated in the Foreign Office letter of April 9 as transmitted in your 158.

(1) The Department notes with extreme interest the expression of intention to fully safeguard against undue enhancement in the price of rubber. It however still does not believe that a plan resting solely on the discretion of the Control Committee offers sufficient safeguard. The market will be in no sense free since the amount of supplies released at any given time and the promptness of the supply adjustment to the price and stock situation would still remain entirely within the discretion of the Committee. The Department would reiterate its view that the experience of the Stevenson Plan, which rested on a similar arrangement, does not dispel its uneasiness. In order that the consumers may have publicly known assurance it seems to the Department that the scheme itself should to some measure contain specific terms for the provision of adequate supplies.

Then use the points enumerated from (1) to (5) in the Department's No. 140, then continue:

(7) The contemplated provision in the scheme for the setting up of a panel of three representatives of consumers' interests who will, from time to time, tender advice to the Committee, likewise seems to the Department insufficient representation. Unless the consumers' rep-

representatives are in a position to participate fully in all discussions in regard to the scheme and to keep themselves fully informed as to every detail of its operation it cannot be expected that they will play a very effective part. Hence the Department trusts that their status will be much more considerable than that suggested in the note of April 7 [9?].²⁹

Confidential for the Ambassador. It does not seem to the Department as if British officials are showing any strong disposition to meet this Government's point of view, and it is by no means certain that if the scheme that is constituted is left entirely a matter of discretion with the Control Committee and the consumers representatives are given such a subordinate part in its operation, that this Government would assume the responsibility for nominating any consumers representatives. You may orally suggest that to the British Government.

HULL

856D.6176/213 : Telegram

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

WASHINGTON, April 20, 1934—noon.

154. Department's 148, April 12, 8 p.m. Have you presented this *aide-mémoire* and made any further presentation of the American case? Department's information is that present moment may be opportune.

If Campbell seems unwilling at least to modify position, have you any suggestions as to alternative method of securing shift of British position? Should matter be carried to Prime Minister again. Should our position be explained to the press?

HULL

856D.6176/225 : Telegram

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

WASHINGTON, April 24, 1934—7 p.m.

160. Mr. Harvey Firestone³⁰ informs the Department that information received from London indicates the rubber restriction agreement will be signed April 28 to enter into effect almost immediately.

PHILLIPS

²⁹ See *supra*.

³⁰ Chairman of the Board of Directors of the Firestone Tire & Rubber Co.

856D.6176/228 : Telegram

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

LONDON, April 26, 1934—2 p.m.
[Received April 26—11:50 a.m.]

203. In view of confirmation received here of Department's telegram 160, April 24, 7 p.m., it seems advisable to make an oral statement today to Sir Robert Vansittart the substance of which he was informed would be cabled to Washington and was along the following lines:

For some time past the Embassy has presented the considerations of its Government in regard to the alleged negotiations between rubber producers in formulating a restriction agreement. Early in the course of these discussions Vansittart had, as reported in the Embassy's 59, February 15, 5 p. m., stated that the final plan would be a Government measure. Concurrently and subsequently the replies received from the British Government to American representations had been predicated on the allegation that since the contemplated producers' agreement was in process of deliberating by an unofficial body on which the British Government was not represented no official or final answers could be given until in fact the producers' agreement had been concluded and presented for the consideration and possible acceptance by the Governments concerned. It was pointed out to Vansittart that according to information available to this Embassy the producers' agreement was about to be signed and the second and envisaged state of the negotiations was at hand: namely, that the moment in which the British Government, being in full possession of the producers' agreement, would have it under advisement and would also have under consideration therewith the American views as expressed by this Embassy. Presumably, therefore, subsequent to the presentation of the producers' agreement to the interested Governments and before it went into effect the British Government would wish to review the scheme not only in the light of its own undertakings but also in the light of comments made by the most important consuming country. According to the Embassy's opinion as expressed to Vansittart it would seem ill-considered that, upon the signing of the producers' agreement that it should enter into effect until such time as this important cooperative step had been completed, which might involve further consultations with the Government of the United States.

Vansittart said he would invite to the attention of the appropriate British authorities the oral statement which the Embassy made.

Answering paragraph No. 2 of your 154, April 20, noon, the promised replies referred to in my 191, April 23, 6 p.m.³¹ have just been given but the attitude of Foreign Office authorities who have been dealing with the rubber negotiations do not lead me to press for a further consultation until your comment thereon has been received. Since the Prime Minister has conferred with the Foreign Office as to the British position under the resolution of the World Economic Conference I do not feel he is any further in the picture.

I have no opinion as to any press statement made for American consumption but in conversations here it would seem amply evident that the British are prepared to defend their position before the British public if they feel called upon to do so, especially in the light of recent American legislation.

The Ambassador has been asked to call at the Foreign Office on Monday morning to see the Assistant Secretary of State dealing with these negotiations.

BINGHAM

856D.6176/228 : Telegram

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

WASHINGTON, April 26, 1934—6 p.m.

164. Your 203, April 26. The oral statement you made to Vansittart seems to the Department well advised. Assume you are cabling reply received from the Foreign Office to your earlier communications.

HULL

856D.6176/245

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

No. 661

LONDON, April 27, 1934.

[Received May 9.]

SIR: I have the honor to refer to telegram No. 204 of April 26, 4 p. m.,³² and to transmit herewith, for the information and files of the Department, copies of the Foreign Office's note of April 26 regarding the rubber restriction scheme, together with a single copy of the memorandum³¹ on the tin regulation scheme.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

³¹ Not printed.

³² Not printed; it contains pertinent excerpts from the British note of April 26, enclosed with this document.

[Enclosure]

The British Secretary of State for Foreign Affairs (Simon) to the American Ambassador (Bingham)

No. W 3750/89/29

LONDON, 26 April, 1934.

YOUR EXCELLENCY: I have the honour to refer to the *aide-mémoires* regarding the rubber regulation scheme which were left at this Department on the 3rd April, and the 13th April³³ and to state that they have received the most careful consideration of His Majesty's Government in the United Kingdom.

2. His Majesty's Government note with appreciation that the United States Government approve the general objectives of the scheme; they hope to convince the United States Government that the scheme, if adopted, will re-act beneficially, rather than detrimentally, upon United States consuming interests.

3. In Your Excellency's *Aide-Mémoire* of 13th April reference is made to the meeting held at the Foreign Office on the 4th April, at which representatives of Your Excellency's Embassy and officials of His Majesty's Government attended, in order that the United States representatives might have an opportunity to discuss informally the bearing of the scheme on United States consuming interests, and to put questions on any points which were not clear to them. Supplementing this discussion, and giving greater precision to the points then examined, I have the honour to submit the following further remarks with reference to Your Excellency's *aide-mémoires*.

(a) The United States Government state that the plan contains no explicit safeguard against the scheme operating in such a way as "to elevate prices to, or beyond, the highest bearable point, or to prevent large price fluctuations such as took place during the life of the Stevenson plan". No maximum price is laid down in the scheme, because no machinery exists in the scheme for fixing or holding any particular price. The object of the scheme is that, once excessive stocks have been gradually reduced, producers should be able to sell as much rubber as the world will take at a reasonably remunerative price. It is clearly contrary to producers' interests to attempt to hold or force prices too high, not only because of the danger which this would make as regards native production in the Netherlands East Indies as explained in my Note No. W 2742/89/29 of 23rd March last,³⁴ but also because unduly high prices or excessive price fluctuations would tend to decrease the demand. His Majesty's Government believe that the apprehensions of the United States Government are unduly influenced by the experience of the Stevenson plan. The conditions of the rubber industry are now fundamentally different from those that existed at that time as the

³³ See telegrams No. 118, March 28, 7 p. m., and No. 148, April 12, 8 p. m., to the Ambassador in Great Britain, pp. 640 and 649.

³⁴ See telegram No. 127, March 23, 5 p. m., from the Ambassador in Great Britain, p. 637.

potential supply of rubber now greatly exceeds demand and, in such cases, as the experience of the United States Government and of other Governments with regard to wheat and sugar has shown, the difficulty lies rather in securing an adequate measure of restriction than in any risk of undue curtailment of supplies. Nor does the scheme enable producers to force or hold a high price. Supply will be adjusted as closely as possible to demand; all the rubber which consumers require will be forthcoming.

Producers working to a higher percentage of their potential output can produce at a lower cost; and it seems probable that part at least of the increased profits thereby obtained would be passed on to the consumer in the form of a lower market price.

While it is true that the responsibility for releasing supplies of rubber will rest entirely with the Rubber Regulation Committee, it must be borne in mind not only that members of this Committee will, as Your Excellency is aware, be selected by the Governments concerned, but also that the voting power will almost certainly be placed in the hands of Government officials; as we understand is the case in some of the United States control schemes. In these circumstances, it cannot be said that the decisions of the Committee will be "unchecked", nor is there any reason to think that they will not be made with a full sense of responsibility.

(b) There are several factors in the scheme on which the United States can rely for rapid price protection in the event of temporary fluctuations occurring. In the first place, both dealers and producers will be allowed, under the plan, to hold stocks of very considerable size. In the second place, it would be open to the Committee if the scheme comes into operation, (when stocks are approaching normal) to set up a buffer stock analogous to the proposed tin buffer stock. The members of the Committee, who it should be noted will be plenipotentiaries, and therefore able to vary the export quotas at short notice, would then have ample resources on which to draw in order to deal with temporary price movements. The existence of considerable stocks in the hands of producers and dealers, the power of the Committee to increase the quotas rapidly, the possible creation later of buffer stocks, the pressure from producers to be allowed larger export quotas, and the constitution of the Committee, should, as I am sure Your Excellency's Government will agree, provide adequate safeguards against any artificial scarcity.

(c) As will have been clear from the foregoing considerations, a cardinal feature of the scheme now proposed is its flexibility. There will therefore be no danger of any situation arising such as occurred under the Stevenson plan, the rigidity of which was one of the causes of its breakdown. Under the Stevenson plan the release of further supplies of rubber was contingent on prices reaching a certain level, and was attended by considerable delay and consequent inconvenience to consuming interests. Under the present scheme, on the other hand, exports will be determined by demand. The Committee will be able to vary the export quotas, without delay, in accordance with the increase or decrease in demand, and the working of the scheme should be such as to prevent any violent price movements.

(d) With regard to the observations on the working of the tin plan contained in paragraph (d) of Your Excellency's *aide-mémoire* of 3rd

April, I have the honour to enclose a memorandum ³⁶ dealing in some detail with the criticisms advanced.

As regards the representation of consumers' interests under the proposed scheme, His Majesty's Government are of opinion that the provisions of the scheme (setting up a panel of consuming interests to tender advice from time to time to the Committee) go considerably beyond any obligation assumed by His Majesty's Government under section (d) of the General Resolution adopted by the Economic Conference and are indeed an innovation without parallel in national or international restriction schemes now in force. In the resolution of the Economic Conference it is stated that any scheme relating to the co-ordination of production and marketing should be "fair to all parties both producers and consumers . . . and that it should as far as possible be worked with the willing co-operation of consuming interests in importing countries who are equally concerned with producers in the maintenance of regular supplies at fair and stable prices". His Majesty's Government consider that these conditions are amply fulfilled by the scheme as it stands.

In this connexion His Majesty's Government would observe that the United States Government have recently taken action drastically to restrict the production of cotton in the United States with a view to raising the market price. This action related only to American cotton production and not to world supplies, but the import of American cotton is as essential for certain British industries as the import of rubber is for certain American industries. So far as His Majesty's Government are aware, the United States Government did not enter into any consultations with foreign consumers' interests before framing their measures of restriction of cotton production and far less did they offer those interests any share in the future control of operations under the scheme.

4. Your Excellency's Government will, I hope, agree that the foregoing observations, referring primarily to the points made in Your Excellency's *aide-mémoire* of the 3rd April, also meet the general objections advanced in your further *aide-mémoire* of the 13th April. The function and constitution of the Regulation Committee have been fully explained above and His Majesty's Government are confident that it would be impossible to elaborate in advance a hard and fast scheme limiting the decisions of this Committee. His Majesty's Government are equally confident that the safeguards inherent in the scheme against excessive price-movements are the most effective which can be devised.

5. With reference to Your Excellency's request for information as to the extent of the stocks to be held by the possible buffer pool, the

³⁶ Not printed.

source from which these are to be drawn and the nature of the control to be exercised over them, I have the honour to remind Your Excellency that, as I have already explained, the setting up of such a buffer pool is at present only a possibility dependent on the action of a Committee which has not yet been constituted. Your Excellency will therefore appreciate that it is quite impracticable for His Majesty's Government to work out any details concerning such a plan, especially at a time when the regulation scheme has not yet been officially put before them.

6. Your Excellency further inquires what His Majesty's Government consider to be a price "reasonably remunerative to producers" and how this price is to be determined. As was made clear at the discussion referred to in the third paragraph of this Note, the level of a "reasonably remunerative price" depends on the degree of restriction and this in turn depends on the demand and the cost of production, factors which it is clearly outside the power of His Majesty's Government to control. In fact, such a price has not been "determined" nor is it possible to do so.

7. I have the honour to express the hope that the foregoing observations will suffice to convince Your Excellency's Government that the scheme now proposed provides adequate safeguards and will, in fact, operate beneficially for United States consuming interests.

I have [etc.]

(For the Secretary of State)

GEORGE MOUNSEY

856D.6176/229 : Telegram

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

WASHINGTON, April 28, 1934—2 p.m.

166. Your 204, April 26, 4 p.m.³⁷ The British reply does not substantially lessen the Department's doubts regarding the rubber restriction plan as outlined. Therefore please in your inquiry Monday put forward again the points conveyed to you in previous instructions, emphasizing particularly the extreme desirability of getting the assurance that would be conveyed by some specific price protection in some form or other (you may make it clear again that this Government is not seeking to bring about any particular arrangement for price protection by merely seeking the assurance of having some definite know-in-advance price protection arrangements), in the absence of which this Department fears speculative price movements and injurious price situations. If the American consumer of rubber has no explicit protection, how can he be expected to feel assured in the face of restrictive arrangements the operation of which is completely

³⁷ See footnote 32, p. 652.

at the discretion of a small committee drawn from the producing countries. Emphasize also the fact that the arrangement merely for a panel of consuming interests to tender advice to the committee from time to time seems inadequate both for the purpose of assuring consumers a full knowledge of the plan's operation and also to carry out the obligations assumed by His Majesty's Government under section (d). This Government regrets that it must continue this exchange of contentions. If the plan is put through as it stands at present, the British Government must not be surprised if critical opinion forms in this country. This Government would regret such an eventuality and is anxious to avoid it. It appears that the two Governments are in substantial agreement as to the desirable objectives of the rubber plan and this Government hopes some way can be found to reach agreement on those details of the plan which would be of importance in obtaining the objectives.

HULL

856D.6176/230 : Telegram

The Minister in the Netherlands (Emmet) to the Secretary of State

THE HAGUE, April 28, 1934—4 p. m.

[Received 6 p. m.]

30. Rubber producers' restriction agreement was signed this morning and a copy, handed me in strict confidence, going forward in pouch arriving Washington May 9th.⁸⁸ Agreement is in keeping with outline given by British Government unofficially to London Embassy. Here follow certain provisions :

(a) Restriction includes all kinds of rubber and latex, in any state of concentration, also all articles and things manufactured wholly or partly of rubber.

(b) Restriction includes French Indo-China and Siam.

(c) Representatives to be appointed by Governments, in eventual international regulation committee, are for Great Britain 11, including Ceylon 2, India 1, North Borneo 1, Sarawak 1, the Netherlands 5, Indo-China 1, Siam 1. Basic quotas established for each year 1934 to 1938, and vote in regulation committee based on respective proportion of tonnage in basic quotas.

(d) Governments involved are invited forthwith to enact legislation for the purpose of carrying provisions into effect. Such legislation to be reciprocal and must cover minimum period from 1st of June, 1934 to 31st December, 1938.

(e) Governments to have complete control over new planting.

Foreign Office also sent me a confidential note this morning, enclosing the copy of the agreement and replying to the *aide-mémoire* left

⁸⁸ Despatch No. 19, April 30, not printed.

with the Minister for Foreign Affairs on April 10th³⁹ pursuant to Department's telegraphic instruction number 19, April 7, noon.⁴⁰ This note states:

(a) That the arrangement contained in the agreement for the protection of consumers far exceeds requirements of section D of general resolution of the London Conference in that it provides for a panel of three European and American representatives of rubber manufacturers to tender advice to the regulations committee.

(b) The agreement mentions "a fair and equitable price" but not "a stable price" since, by its very nature, the agreement should provide a stable price. The powers accorded the international committee permit it to make rapid changes in export quotas and this should guarantee against "extreme price movements." The international committee may also undertake the creation of "supply reserves."

The note also contains reassurances concerning the instructions to be given the Netherlands delegates on the international committee, i. e., that they will be in favor of giving fullest possible attention to the interests of consumers, have agreed that they will support the plan of "supply reserves" and that, insofar as price control is concerned, the successful carrying out of the restriction plan in the Netherlands Indies demands that extreme high prices shall be avoided.

Under Secretary will supply further confidential information Monday morning. Press to be informed Monday.

EMMET

856D.6176/232: Telegram

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

LONDON, April 30, 1934—1 p. m.
[Received April 30—10:35 a. m.]

210. I called by appointment at the Foreign Office this morning and was handed a copy of the Rubber Producers' Agreement, together with a memorandum on the draft of the intergovernmental agreement.⁴¹ It was stated confidentially that Simon would make a state-

³⁹The Minister in the Netherlands stated in his despatch No. 8, April 11, that he used the Department's telegram No. 131, April 2, 8 p. m., to the Ambassador in Great Britain (p. 642), as a guide in writing this *aide-mémoire*, a copy of which he enclosed (856D.6176/218).

⁴⁰Not printed; see last paragraph of telegram No. 140, April 7, noon, to the Ambassador in Great Britain, p. 645.

⁴¹Neither printed. The memorandum contains the draft of the intergovernmental agreement and analyzes and compares it with the Rubber Producers' Agreement, which is substantially the same. (856D.6176/244)

ment in the House of Commons shortly that the British Government is prepared to take the necessary measures for putting the Producers' Agreement into effect subject to similar undertakings being given by other Governments concerned. Subsequent to further few remarks from the Assistant Secretary of State, I very strongly presented the views expressed in the Department's telegraphic instruction 166, April 28, 2 p. m. and in conclusion pointed out that American consumers of rubber had no explicit protection under the scheme either through a maximum price or adequate consumer representation; that although my Government, as had already been stated, was in substantial agreement as to the objective of the rubber plan it could not regard the situation created by the contemplated putting into effect of the Producers' Agreement other than with apprehension. In reply to his further remarks I again stressed the fact that even though the plan was administered in the spirit in which he was speaking, as long as the possibility remained that American rubber consumers were at the mercy of the decisions of a government committee of producing countries I felt confident the attitude of my Government would remain unchanged.

I am forwarding by the pouch text of the draft of agreement and the memorandum referred to above, together with a copy of an *aide-mémoire*,⁴² also handed me, the substance of which I am setting forth in a later telegram.

Cipher text mailed The Hague.

BINGHAM

856D.6176/244

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

No. 665

LONDON, April 30, 1934.

[Received May 9.]

SIR: I have the honor to refer to my telegram No. 210, April 30, 1 p. m., and to transmit herewith copies of the *Aide-Mémoire* of April 30, 1934, regarding the proposed rubber restriction plan, together with the original enclosures⁴³ which accompanied this memorandum, handed me by Sir George Mounsey to-day.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

⁴² For text of *aide-mémoire*, see *infra*.

⁴³ Not printed.

[Enclosure]

The British Foreign Office to the American Embassy

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom are confident that United States consumers of rubber need have no fear of the Rubber Regulation Scheme being detrimental to their interests. The objectives of the scheme were set out in paragraph 5 of Sir John Simon's Note, No. W. 2742/89/29, of March 23rd last⁴⁴ and His Majesty's Government are glad to note the approval of these objectives expressed in paragraph 2 of the United States *Aide-Mémoire* of April 3rd.⁴⁵ His Majesty's Government are sure that, now that they have the scheme before them, the United States Government will agree that it is well calculated to secure these objectives.

Most of the aspects of the scheme which affect the United States had been fully dealt with in Sir John Simon's Note No. W. 3750/89/29 of April 26th.⁴⁶ Now, however, that the actual producers' Agreement is available, it is possible still further to elaborate these points.

His Majesty's Government are anxious to make quite clear the essential difference between this Scheme and the Stevenson Scheme. Under the Stevenson Scheme supplies depended entirely upon price, and the machinery for increasing and decreasing supplies according to price was clumsy, tardy, and rigid. The present Scheme seeks to adjust supply to demand, without direct reference to price; supply will also be adjustable at very short notice, since it will be regulated entirely by the International Committee, the members of which will be plenipotentiaries and will not have to refer to their Governments before taking action. They will naturally work under a sense of grave responsibility.

The United States Government will be familiar, from previous explanations, with the nature of the provisions made for the representation of consumers on the International Regulation Committee. These provisions are contained in Clause 12 of the Producers' Agreement and in Article 18 of the Intergovernmental Agreement. It will be noted that the Agreement provides that a panel of three persons, one of whom will be a representative of manufacturers in the United States, will be appointed within one month of the Committee's formation to tender advice as to world stocks, the fixing and varying of the permissible exportable amount of the basic quotas, and cognate mat-

⁴⁴ See telegram No. 127, March 23, 5 p. m., from the Ambassador in Great Britain, p. 637.

⁴⁵ See telegram No. 118, March 28, 7 p. m., to the Ambassador in Great Britain, p. 640.

⁴⁶ *Ante*, p. 653.

ters. It has now been agreed between the United Kingdom Government, the Netherlands Government, and the British producers that after their appointment this panel of manufacturers' representatives should always be present at all meetings of the Committee while any matter affecting their interests is under discussion. This decision expressly meets the point made in paragraph 5 of the United States *Aide-Mémoire* of April 3rd.

As has been explained in the immediately preceding paragraph, it is intended that one of the three representatives of manufacturers should represent United States interests. His Majesty's Government are anxious to obtain the appointment of influential and suitable representatives and they would welcome suggestions from the United States Government as to the most suitable person to represent United States interests.

His Majesty's Government desire to point out that this provision to safeguard the interests of consumers goes beyond the conditions laid down at the World Economic Conference, and far beyond the provisions of any regulation scheme yet formulated in the United States, or outside it, so far as His Majesty's Government are aware.

It is not the intention of His Majesty's Government that there should be any undue rise in the price of rubber. His Majesty's Government are themselves immediately interested in the welfare of consumers as well as of producers, since 80,000 tons of rubber were consumed in the United Kingdom last year, and they are anxious to foster the development of rubber manufacture in any way possible. They are also convinced that any undue rise in price would not be in the long-term interests of the industry. They understand that the Netherlands Government share this view. In any case, were the price of rubber to rise too high, the control of the export of native rubber from the Netherlands East Indies would, in the opinion of His Majesty's Government, prove an insuperable administrative problem.

[LONDON,] 30 April, 1934.

856D.6176/244 : Telegram

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

WASHINGTON, May 14, 1934—7 p.m.

195. Your 212, April 30⁴⁷ and despatch No. 665 of same date. As regards paragraph in British Government's *aide-mémoire* in which it is stated that that Government would welcome suggestions from the United States Government as to the most suitable person to represent

⁴⁷ Not printed.

American interests, as provided in Article 18 of the intergovernmental agreement,⁴⁸ Department tentatively is of the opinion that it is preferable to retain liberty of action. It is decidedly to be desired that the American consuming interests be represented on the consumers' committee of three but Department is of the opinion that it is preferable that nomination should be made directly by these interests through the most suitable organization. Therefore unless difficulty arises as regards this direct nomination Department does not plan to respond to the invitation cited above.

It is transmitting to the Rubber Manufacturers' Association a copy of the plan, calling attention to the pertinent article providing for consumer representation and stating that the Department anticipates that the Rubber Manufacturers' Association will be consulted directly.

All of the preceding is for your information in the event that the British authorities should raise the subject again.

HULL

856D.6176/311

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

No. 120

THE HAGUE, December 3, 1934.
[Received December 13.]

SIR: I have the honor to inform the Department that the rubber restriction which has been in effect some six months has proven, in so far as the Netherlands is concerned, fairly successful. Little difficulties have arisen in regard to the method of control of native rubber production but these are being ironed out and as they have been reported on in full by the Consulate General in Batavia, I do not believe it is necessary to discuss them in detail. The Colonial Office here is very confident that the present plan will work to the benefit of all concerned and that abuses of all kinds will be avoided which might have made the restriction an unbearable burden to the consuming nations.

In my despatch No. 19, of April 30, 1934,⁴⁹ I reported to the Department the Netherland Government's assurances, among other things, that as a member of the International Restriction Committee it would oppose all efforts to manipulate the Restriction for the purpose of bringing about excessive rubber prices. I am pleased to be able to report that there is no change in Dutch policy, which was convincingly

⁴⁸ For text of agreement, signed at London, May 7, 1934, see Great Britain, Cmd. 4583 (1934): *Agreement Between the Governments of France, the United Kingdom, India, the Netherlands and Siam, to Regulate Production and Export of Rubber.*

⁴⁹ Not printed.

reaffirmed during Premier Colijn's recent visit to London. He informed Mr. Emmet and me, in confidence, that the British members of the Committee had wished to raise the percentage of restriction to thirty percent but that the Dutch had insisted on twenty and that after what amounted to a threat of withdrawal he obtained a compromise of about twenty-five per cent, effective until January 1, 1935. Dr. Colijn apparently feels that the British will continue to make every effort to raise the price of rubber, even to a shilling a pound, their actual objective, however, being nine pence. He feels confident that he will be able to prevent them from doing so. The attitude of the Dutch Government remains firm and is based, of course, chiefly on its own special desires in respect to the East Indies and the control of native rubber. I do not believe that he considers a shilling a pound too high a price for the consuming-manufacturing interests to bear nor do I think he is impressed with the dire possibilities predicted by various American interests concerning "reclaimed" rubber or synthetic rubber.

We may, I think, place confidence in the Netherland members of the International Committee and count on a firm attitude on the part of the Netherland Government provided the methods adopted for restriction control and price control prove effective. So far there seems to be good reason to believe that they will work, in so far as the Dutch East Indies are concerned. Complaints from native growers that they have been discriminated against, and a study of the question reveals that they have been, will not be listened to by the Netherland Government, which wishes to discourage the growing of non-plantation rubber.

Respectfully yours,

WARDEN McK. WILSON

PARTICIPATION OF THE UNITED STATES IN THE LONDON PRELIMINARY CONFERENCE ON SUGAR, MARCH 5-10, 1934

561.35E1/2 : Telegram (part air)

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

GENEVA, January 4, 1934—10 a.m.

[Received January 5—2 p.m.]

1. Reference report of Monetary and Economic Conference 1933 sugar.¹

(1) Avenol has received in his capacity as Secretary General of the Monetary and Economic Conference a letter from the International Sugar Council² the salient features of which are:

(a) International Sugar Council decided at its meeting in Brussels on December 19 that as any action envisaged by the parties to the Chadbourne plan³ is necessarily dependent upon action taken by other countries, particularly the United Kingdom and the United States, the best step to take next would be to arrange for discussions between British and American representatives and representatives of the parties to the Chadbourne plan as to the possibility of concluding a world sugar convention. These discussions would be of a preliminary and exploratory nature for the purpose of deciding if a general conference of sugar-producing countries would lead to satisfactory results.

(b) The Council proposes that the Bureau of the Conference should invite representatives of the United Kingdom, of the United States and of the parties to the Chadbourne plan to attend a meeting as soon as can be conveniently arranged at a place which suits all parties, possibly London.

(c) The Council suggests that the Bureau should intimate that the British and American representatives should be government delegates with real power to speak for their governments and that inasmuch as any eventual world sugar convention which might result from a subsequent general conference would necessarily be an instrument between governments, it might be advisable to inform the governments of the

¹ League of Nations, Monetary and Economic Conference, *Reports Approved by the Conference on July 27, 1933* . . . , p. 25. For correspondence relating to the Monetary and Economic Conference, see *Foreign Relations, 1933*, vol. I, pp. 452 ff.

² The executive body of the Chadbourne Agreement.

³ Thomas L. Chadbourne, New York attorney; author of the so-called Chadbourne Agreement, signed at Brussels, May 9, 1931, by producers of the chief European sugar exporting countries, Java and Cuba. For text of agreement, see International Sugar Council, Document C. D. 242: *Memorandum on the Aims and Provisions of the International Sugar Agreement of 9th May, 1931*, Annex I.

various parties to the Chadbourne plan of the invitations sent to the latter.

(2) Powell, chairman of the International Sugar Council, in a private letter to Stoppani ⁴ states that the Sugar Council has been in touch with Cunliffe-Lister ⁵ and gives the following summary of the latter's views:

(a) The British Government is prepared to send representatives to a preliminary meeting and subsequently to a general conference;

(b) He hopes that the proposed discussions will be on a practical basis and that the American representative will have authority to speak for his Government;

(c) The meeting should be held as soon as possible and the British Government would favor London. Powell's letter stated that the Council had been in communication with the Departments of State and Agriculture on the sugar question.

(3) The Secretariat is handling the foregoing proposal solely in Avenol's capacity as Secretary General of the Monetary and Economic Conference who would probably issue any invitations in the name of the Bureau of the Conference.

(4) The foregoing has been made available to me on a strictly confidential basis with the request that it be informally communicated to Washington. I have been urgently requested to obtain if possible the American Government's reaction to this project which will be awaited before additional steps are taken.

Please instruct.

GILBERT

561.35E1/6 : Telegram

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

WASHINGTON, January 13, 1934—11 a. m.

3. Your No. 1, January 4, 10 a. m. You may inform Mr. Avenol that this Government recognizes the desirability and is prepared to support the general idea of an international agreement for the regulation of production and world trade of sugar; and is ready to take part in "preliminary and exploratory" discussions "for the purpose of deciding if a general conference of sugar-producing countries would lead to satisfactory results." Please make it perfectly clear that this Government cannot take any position with respect to an international agreement until its policy embracing the areas supplying the American domestic market has been developed. By this is

⁴ Pietro Stoppani, director of the Economic Relations Section of the League of Nations.

⁵ Sir Philip Cunliffe-Lister, British Secretary of State for the Colonies.

meant, in particular, action by Congress on certain administration proposals which may be submitted to it in the near future.

It is noted that in the opinion of the International Sugar Council the American and British delegates should represent their respective governments. You may also inform Mr. Avenol that this Government concurs with this view and, in fact, believes it both desirable and essential that the representatives of the other supply areas likewise be government delegates. Moreover, since a world agreement is the ultimate objective, you may suggest to Mr. Avenol the desirability of inviting to the preliminary meeting the other exporting nations and the principal importing nations besides those mentioned by the Sugar Council.

PHILLIPS

561.35E1/13 : Telegram (part air)

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

GENEVA, January 25, 1934—2 p. m.
[Received January 25—12:55 p. m.]

22. Consulate's 9, January 15, 6 p. m.⁶

1. Secretariat has received a communication from the British Colonial Office explaining unofficially its views after being apprised of the American suggestions as set forth in the Department's 3, January 13, 11 a. m. The substance of this letter is as follows:

(a) Considering the immediate issue to be the form and scope of the proposed meeting it is explained that the original reason why preliminary conversations were proposed was that it was believed that the "full dress conference" of all interested countries with the concomitant publicity would have little prospect of success unless a preliminary agreement could be reached between the Chadbourne countries, Great Britain and the United States. It was also desired that these preliminary conversations be held with a minimum of formality and publicity.

(b) It appears essential that Great Britain and the United States be represented by government delegates in the absence of industrial organizations fully representative of the respective sugar industries while the Chadbourne countries could be sufficiently represented by industrial organizations signatory to the Chadbourne plan and represented on the International Sugar Council.

(c) The Colonial Office requests that the foregoing considerations be explained to the American Government and expresses the opinion that the combination of the two American suggestions would have the effect of bringing about immediately the type of conference which

⁶ Not printed.

they feel should await the results of more informal exploratory conversations.

The Colonial Office made it clear, however, that it did not desire to be obstructive on matters of form and if the American Government insisted it would probably not object to government representatives for the Chadbourne countries. It would on the other hand be strongly opposed to enlarging the representation at the preliminary meeting by inviting countries immediately to those originally envisaged.

2. The Secretariat is anxious to advance this matter in the most practical way and is inclined to favor preliminary conversations with limited representation as done in the case of wheat. They would appreciate being informed of the degree of importance which the Department attaches to each of the two suggestions relative to the character of the meeting which it has put forward.

The Secretariat would like to avoid all unnecessary publicity for the present in order not to be subjected to pressure from countries to participate which were not originally included in the proposal.

GILBERT

561.35E1/14 : Telegram

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

GENEVA, January 26, 1934—5 p. m.

[Received January 26—1:30 p. m.]

24. Secretariat has just received a communication from the International Sugar Council setting forth its views following a meeting in Brussels commencing January 20 wherein American suggestions were considered. The Council's opinion coincided in substance with that expressed by the British Colonial Office as set forth in my 22, January 25, 2 p. m., paragraph 1, to the effect that while the Council still favors its original suggestions it has no fundamental objections to government representatives from the Chadbourne countries; the Council, however, is strongly opposed to enlarging the representation at the preliminary meeting.

Stoppani will leave here for London on Monday next to see MacDonald⁷ at which time final decisions will probably be made. He would appreciate any further advices respecting the American position which may reach him before he leaves Geneva (my 22, paragraph 2). He will, however, while in London keep in touch with the Secretariat by telephone and Secretariat will keep me informed.

GILBERT

⁷J. Ramsay MacDonald (British Prime Minister). chairman of the Monetary and Economic Conference.

561.35E1/15: Telegram

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

WASHINGTON, January 27, 1934—4 p.m.

9. Your 22, January 25; and 24, January 26.

1. The Department considers it most desirable that the preliminary conference be composed of government representatives. This, of course, does not preclude any government from designating as representatives persons engaged in the sugar industry.

2. The Department, as a matter of principle, believes it important that the consumer's point of view be given ample consideration. Obviously, those nations dependent upon imports are in the best position to present the consumer's side. However, if the Sugar Council and Great Britain, after consideration of the Department's point of view, decide that it is preferable to restrict invitation to the preliminary conference, the Department will participate, but only on the clear understanding that the importing nations (and of course the other exporting nations) be invited to the full conference.

The Department desires to reiterate that it cannot enter any international agreement until its domestic policy has been developed, and assumes that its participation on this basis has been accepted.

HULL

561.35E1/19: Telegram

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

GENEVA, February 6, 1934—noon.

[Received February 6—11:30 a. m.]

28. 1. Consulate's 26, January 31, 11 a. m.⁸ Stoppani having informed McNaught [*MacDonald?*] and Colijn⁹ of American position they agree to the holding of a conference within what they understand to be the scope of that position.

2. Formal invitation dated February 6 addressed to the Secretary of State signed by Avenol as Secretary General of the Monetary and Economic Conference is being forwarded through the American Legation at Bern. The text is as follows:

"In my capacity as Secretary General of the Monetary and Economic Conference and at the request of Monsieur Colijn, president of the Economic Commission, acting in agreement with the president

⁸ Not printed.⁹ Hendrik Colijn (Netherland Prime Minister), president of the Economic Commission of the Monetary and Economic Conference.

of the Conference, I have the honor to invite your Government to send a representative to preparatory meeting to consider the problem of coordinating the production and marketing of sugar. This meeting will be held in London on March 5th next. The hour and place will be communicated to you later.

The following countries are invited to take part: Germany, Belgium, Great Britain, Cuba, United States of America, Hungary, Netherlands, Peru, Poland, Czechoslovakia, Yugoslavia. In addition the honorary president¹⁰ and the president of the International Sugar Council¹¹ are being requested to attend in an advisory capacity.

The object of the meeting is to resume the examination of the sugar question on the lines on which it was begun at the London Conference by the subcommittee for the coordination of production and marketing and to ascertain whether the convening of a subsequent meeting of a wider scope, to which the principal importing and exporting countries concerned would be invited, might facilitate the conclusion of a general agreement for insuring a better organization of the production and marketing of sugar.

I should be obliged if you would inform me as soon as possible of the name of the delegate who will be appointed to take part in this meeting."

3. In view of the genesis of this project Secretariat officials believe that all invited governments will accept.

GILBERT

561.35E1/46 : Telegram

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

WASHINGTON, February 21, 1934—6 p.m.

14. Your telegram No. 7 and despatch No. 3239, February 7.¹² You are directed to address the following letter to Mr. Avenol as Secretary General of the Monetary and Economic Conference:

"The Secretary of State has requested me to inform you that he has received your letter of February 6, 1934,¹³ and desires me to transmit to you his reply. 'I have received your letter of February 6, 1934, extending to this Government an invitation to participate in the preparatory meeting to consider the problem of coordinating the production and marketing of sugar. It is noted that the object of this meeting is to "ascertain whether the convening of a subsequent meeting of a wider scope, to which the principal importing and exporting countries concerned would be invited, might facilitate the conclusion of a general agreement for insuring a better organization of the production and marketing of sugar."

¹⁰ Lucien Beauvain.

¹¹ Francis E. Powell.

¹² Neither printed.

¹³ See telegram *supra*.

In the name of the American Government I am pleased to accept this invitation, although I desire to make it perfectly clear that until its policy embracing the areas which supply the domestic market has been developed, the American Government cannot assume any position respecting an international agreement.

It is noted that in case it is decided to convene a meeting of wider scope, the principal importing as well as exporting nations will be invited.

This Government will be represented at the conference to be held at London, March 5, next, by Mr. Ray Atherton, Chairman, Chargé d'Affaires, American Embassy, London; Major General Frank McIntyre, Philippine Trade Commissioner in the United States, and Mr. Edward A. Foley, Agricultural Attaché, Embassy, London.['']”

HULL

561.35E1/42

The Secretary of State to the Chargé in Great Britain (Atherton)

No. 260

WASHINGTON, February 21, 1934.

SIR: With reference to the Department's telegram of February 21, 1934,¹⁵ informing you that the President has approved your designation as the Chairman of the American Delegation to the preliminary and exploratory conference on sugar to convene at London, March 5, next, there is attached hereto a "Memorandum of Basic Instructions", with VIII annexes, by which the Delegation will be guided at this conference.

You are requested to keep the Department informed by telegram of all important developments at the conference, and to refer to it for further instructions any matters not covered in the attached Memorandum, with annexes, or by subsequent telegraphic instruction.

Very truly yours,

CORDELL HULL

[Enclosure]

Memorandum of Basic Instructions

According to the letter of invitation dated February 6, 1934, received from the Secretary General of the Monetary and Economic Conference

"The object of the meeting is to resume the examination of the sugar question on the lines on which it was begun at the London Conference by the subcommittee for the coordination of production and marketing and to ascertain whether the convening of a subsequent meeting of a wider scope, to which the principal importing and exporting countries concerned would be invited, might facilitate the conclusion of a general agreement for insuring a better organization of the production and marketing of sugar."

¹⁵ Not printed.

The following countries have been invited to take part: Germany, Belgium, Great Britain, Cuba, United States of America, Hungary, Netherlands, Peru, Poland, Dominican Republic, Czechoslovakia, Yugoslavia. In addition the honorary president and the President of the International Sugar Council have been requested to attend in an advisory capacity.

This Government has agreed to participate in this Conference on the understanding that it cannot take any position with respect to an international agreement until its policy, embracing the areas supplying the American domestic market, has been developed. By this is meant in particular action by Congress on certain proposals supported by the President, which it now has before it. (Copy attached to Annex 1.) The attached Annex No. 1 with regard to the sugar situation as it affects the areas supplying the American domestic market, sets forth the reasons for, and the nature of the bill ¹⁶ now before Congress regarding sugar. This bill, if enacted into law, will provide a method whereby this Government may take steps tending to control the production of sugar in the various areas under its jurisdiction. According to the President's message to Congress,¹⁷ a copy of which is attached to Annex No. 1, this legislation will facilitate steps by which the marketing of sugar produced in these areas will be very materially reduced. This program will have the "three-fold object of keeping down the price of sugar to consumers, of providing for the retention of beet and cane farming within our continental limits, and also to provide against further expansion of this necessarily expensive industry". In addition, it should contribute to the economic rehabilitation of Cuba, by allocating to Cuban sugar a quota in the American market considerably in excess of marketing during the last two calendar years. The tariff on Cuban sugar will be reduced substantially, and in order that the Cuban sugar industry may derive a greater benefit from the sales of its sugar in the American market the President indicated in his message to Congress that he is prepared to give "favorable consideration" to a proposal to increase the existing preferential on Cuban sugars, "to an extent compatible with the interests of the two countries".

As has already been stated, however, the President's plan has not yet received the approval of Congress, and until this is forthcoming, the American Government is unable to enter into any international commitments.

You should confine yourself, therefore, to following closely the proceedings at the Conference in order that you may report fully to this Government. If called upon by the Conference for indications

¹⁶ H. R. 8861, *Congressional Record*, vol. 78, pt. 5, p. 5691.

¹⁷ Department of State, *Press Releases*, February 10, 1934, p. 77.

as to the preliminary and tentative ideas of the American Government, you may base your remarks upon the following observations, but the Conference should clearly understand that these are subject to change, since they are entirely dependent upon the outcome of the plan now before Congress.

I. Provided the legislation before mentioned is enacted into law, it will permit this Government to pursue the following policies.

(a) *Continental United States*. In this area this Government will be able to pledge that once the plan becomes fully operative production will not exceed the amount required for consumption as determined by the Secretary of Agriculture, taking into account supplies from other areas producing for the American market.

(b) *Insular areas (exclusive of the Philippines)*. This Government believes that the administration of its sugar plan will operate so as to bring into equilibrium production and marketings in the United States of sugars produced in Hawaii, Puerto Rico and the Virgin Islands, taking into account supplies from other areas producing for the United States market. As a first step in this direction, this Government is willing to undertake that production in Hawaii and Puerto Rico be limited to the 1933-34 crop level.

In the event that the preliminary conference canvasses the possibility of a tentative agreement for the disposal of surplus crops (by which is meant the difference between the quotas set for the above-mentioned areas and the amounts produced), and desires to learn the views of this Government, you are requested to refer the matter to the Department for instructions.

(c) *Philippines*. Instructions will be forwarded by telegram.¹⁸

II. This Government believes that the plight that exists in the sugar industry today arises in large part from the governmental stimulants to production. The protective and preferential duties, subsidies, bounties, rebates, et cetera, under which seven-eighths of the world sugar supply is produced or marketed, have stimulated local uneconomic production, have diverted and twisted the channels of international trade in sugar from their normal course, have brought about differentials in local prices above world prices, but collectively have depressed the world price so that the effect has been to lower returns to the industry generally.

It cannot be expected that national action can solve a problem essentially international in character. For this reason the American Government strongly urges that steps to curtail the use of these devices be agreed upon and put into effect as rapidly as possible. So important is this to the American Government that it is prepared to proceed immediately and unilaterally, after receiving the approval of Congress of the sugar plan now before it, to lower its sugar tariff in order to permit a neighboring country to sell a substantially greater

¹⁸ See *infra*.

amount of sugar within its confines than during recent years and insure increased marketings from that country by quota provision. At the same time, it will make certain payments to sugar beet and cane sugar farmers in return for the agreement by them to limit production.

Moreover, this Government believes that at least a partial solution of the present difficulty lies in a further and more rapid increase in consumption. In this connection the matter of excise duties on sugar is important, for even though import duties be lowered, high excise duties may prevent an increase in consumption. It is pointed out lowered excise taxes may stimulate sugar consumption, thereby augmenting and not diminishing revenues derived from these taxes. It is suggested that the governments concerned may desire to give careful study to this matter.

III. The American reply to the invitation to participate in the preliminary conference states in part:

“It is noted that in case it is decided to convene a meeting of wider scope, the principal importing as well as exporting nations will be invited.”¹⁹

The American Government considers it highly desirable that to international conferences designed to elaborate plans to control production to the end that prices may be raised or prevented from falling, there be invited the principal nations, which would bear the brunt of such relative or absolute price increases.

In this connection there may be cited the action of the Monetary and Economic Conference in London last summer in establishing the principles to which all agreements concerning the coordination of production and marketing should conform. Particularly under 3 (d) of Section II of the Report of the Economic Commission, as adopted by the Conference, the following principle was laid down regarding such agreement:

“(d) It should be fair to all parties, both producers and consumers, it should be designed to secure and maintain a fair and remunerative price level, it should not aim at discriminating against a particular country, and it should as far as possible be worked with the willing co-operation of consuming interests in importing countries who are equally concerned with producers in the maintenance of regular supplies at fair and stable prices.”²⁰

There are attached hereto eight annexes, providing factual and statistical data, and interpretative analysis with regard to both the world situation and that of the areas supplying the American domes-

¹⁹ See telegram No. 14, p. 669.

²⁰ League of Nations, Monetary and Economic Conference, *Reports Approved by the Conference on July 27th, 1933*, p. 19.

tic market. Should any particular problem arise not covered by these annexes or for which additional data is necessary, the Department will endeavor, upon your request, to secure the desired information.

ANNEXES

I Memorandum with regard to the sugar situation as it affects the areas supplying the American domestic market, dated February 21, 1934, prepared by the Department of Agriculture.

II Memorandum on sugar prepared for the Economic Committee of the League of Nations by Dr. Prinson Geerligs, Mr. F. O. Licht and Dr. Gustav Mikusch, dated, April 15, 1929—Geneva. (Official No. C. 148.M.57)

III The World Sugar Situation, a report by the Economic Committee of the League of Nations, July 4, 1929, Geneva. (Official No. C.303.M.104)

IV Memorandum on the Aims and Provisions of the International Sugar Agreement of May 9, 1931, prepared by the International Sugar Council. (Document C. D. 242)

V Documents Relating to Sugar of the International Monetary and Economic Conference—London, 1933.

VI Report of Secretary of Agriculture on World Trade Barriers in relation to American Agriculture; June 7, 1933, pages 266–288; (Senate Document No. 70; 73d Congress, 1st Sess.)

VII United States Tariff Commission Statistics on Sugar—August 1933.

VIII United States Department of Agriculture Tabulations showing the world production of sugar and international trade of all important sugar exporting and importing countries, 1928 to 1933 inclusive, and average for years 1921 to 1925. Compiled February 14, 1934.

561.35E1/50 : Telegram

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

WASHINGTON, March 2, 1934—8 p. m.

79. For Atherton: Department's instruction No. 260 of February 21, 1934. On page 4 of basic instructions, Section I (c), regarding the Philippines, insert the following:

"This Government believes that the provisions of its sugar plan as embodied in the legislation now before the Congress will operate so as to assist the Philippines in bringing into equilibrium the production and marketing of Philippine sugar. Under Section 8 of this legislation, the taxes collected upon the processing continental United States of Philippine sugar may in the discretion of the President be used 'for the benefit of agriculture, and/or paid as rental or benefit

payments in connection with the reduction in the acreage or reduction in the production for market, or both, of sugar beets and/or sugarcane . . . through agreements with producers or by other voluntary methods.'

By means of this arrangement, this Government believes that the Philippine Government will be in a position to do its share towards bringing about world stabilization of the production and marketing of sugar. Philippine cooperation must be dependent, however, upon the cooperation of the other producing areas, particularly those embraced in the British Empire. Moreover, crop restrictions will work a far greater hardship in the case of the Philippines where the economy is based on the production of sugar than in that of the British producing areas in the Pacific (Australia, South Africa, and India), where sugar production is of secondary importance.

In recognition of this obstacle facing Philippine readjustment, and in view of the desire of the other producing countries to bring the Philippines into an international agreement, this Government desires you strongly to urge the granting to Philippine sugar of a certain share in the world market. If requested to name the amount of the share desired, you should use your own judgment, although this Government has in mind a figure of 200,000 long tons.

In case of adamant opposition, please refer to the Department for further instructions.

For the present there is a problem of surplus sugars, with regard to which this Government is prepared to support any agreement that is satisfactory both to the Philippines and to the other producing countries interested in this problem."

HULL

561.35E1/51 : Telegram

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

LONDON, March 5, 1934—6 p.m.
[Received March 5—2:10 p.m.]

97. From Atherton. Sugar conference met today without representation from Germany or Dominican Republic. Several countries made opening statements. British and American statements scheduled for tomorrow morning. Latter I shall base on Department's despatch 260 of February 21 and telegraph instruction 79, March 2, 8 p.m.

BINGHAM

561.35E1/63 : Telegram

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

WASHINGTON, March 7, 1934—7 p.m.

90. For Atherton: Your 101, March 7, noon.²² President's message of March 2²³ regarding Philippine independence recommends to the

²² Not printed.

²³ *Congressional Record*, vol. 78, p. 3580,

Congress two amendments to the Hawes-Cutting Act; ²⁴ the first modifies the provisions concerning military and naval bases and the second extends the time limit for acceptance of the Act by the proper authorities and by the people of the Philippine Islands. No change suggested in the provisions affecting the marketing of Philippine sugar in the United States.

Furthermore, the President states:

"I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples. . . . To change, at this time, the economic provisions of the previous law would reflect discredit on ourselves."

HULL

561.35E1/62 : Telegram

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

LONDON, March 8, 1934—noon.

[Received March 8—8:40 a.m.]

108. From Atherton: Informal conferences began yesterday continuing late into night developed that Chadbourne countries wanted dictum commitment that surplus crops particularly in the Philippines would be disposed of in five annual installments preferably in the United States.

Pending instructions we have taken position that disposal of initial Philippine surplus could be discussed with other exporting countries in the hopes of reaching terms that might be satisfactory to the American Government.

BINGHAM

561.35E1/68 : Telegram

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

WASHINGTON, March 10, 1934—3 p. m.

95. For Atherton: Your 108, March 8, noon. Although this Government recognizes the importance of regulating the disposal of surplus crops, it will not be in a position to undertake any commitment regarding them until Congress has acted on the sugar bill now before it.

Your position with regard to disposal of initial Philippine surplus is approved.

HULL

²⁴ 48 Stat. 456.

561.35E1/73

*The American Delegation to the Preliminary Conference on Sugar to
the Secretary of State*

LONDON, March 12, 1934.

[Received March 22.]

SIR: I have the honor to refer to my despatches No. 551, March 6th, and No. 558, March 9th, 1934,²⁵ transmitting reports of the meetings of the preliminary and exploratory conference on sugar, held in London March 5th-10th, 1934, and to supplement these enclosures with the attached reports²⁶ of the proceedings through Saturday, March 10th, when the conference adjourned.

As reported in my telegram No. 113, March 12, 12 noon,²⁶ the American delegation were very much of the opinion that the representatives of the Chadbourne countries were pleasantly surprised at the statement made on behalf of the United States. These representatives were likewise relieved by the very modest production in the Philippines suggested in the Proclamation of the Governor-General of the Philippines dated February 17th last.²⁷ However, these countries wished an assurance that neither the preliminary surplus in the Philippine Islands, nor excess production at any time during the life of a proposed Convention, should be sold on the world market.

It was obvious that the necessity of disposing of any sugar produced in the Philippine Islands on the world market would arise only from the admission into the United States of increased quantities of sugar from Cuba, thus withdrawing from the world market an amount of sugar at least equal to the amount which would be rendered surplus in the Philippine Islands. The reduction in the production of sugar under the American flag lost much of its appeal to the Chadbourne countries other than Cuba because its principal benefits were to accrue to Cuba. Furthermore, Philippine sugar thrown on the world market would be more directly in competition with Javan than other sugars. The Cuban delegates were naturally most grateful to the United States, but their gratitude did not go to the extent of accepting a diminution of its quota on the world market by such amounts as the Philippines might be forced to sell on the world market.

Even had it been possible categorically to say that no Philippine sugar would be sold on the world market it would not have brought about a condition of complete agreement, whereas it would have weakened the position of the United States in any future Conference on this subject.

²⁵ Neither printed.

²⁶ Not printed.

²⁷ Philippine Islands, *Official Gazette*, March 20, 1934, p. 776.

The Netherlands' position that no beneficial agreement could be made unless it included reductions in tariffs and bounties was really the rock on which the meeting was wrecked. Practically all of the other delegates pointed out the impracticability of bringing about changes in the tariffs and bounties designed to insure home production of sugar in the European countries, and it was even pointed out that the Netherlands itself was under the apparent necessity of adopting such methods to protect its home beet industry, notwithstanding its large production of cane sugar in Java. The insistence of the Dutch delegates on the necessity of adjusting tariffs and bounties at the next meeting made it evident that a great deal of preliminary work must be done before a new meeting could be contemplated.

The final conclusions of the Meeting, as stated in the minutes²⁸ thereof, were obviously the only conclusions possible.

Respectfully yours,

RAY ATHERTON, *Chairman*

FRANK McINTYRE

EDWARD A. FOLEY

[Enclosure—Extract]

Report on Preliminary Meeting on the Coordination of Production and Marketing Sugar, London, 5-10 March, 1934

The Meeting was thus compelled regretfully to conclude that there was not at present sufficient prospect of agreement among the Chadbourne countries to justify them in recommending at the moment the summoning of a further meeting. At the same time, they urged most strongly that the situation should continue to be watched carefully by the Bureau of Monetary and Economic Conference and by Lord Plymouth, as chairman of this meeting. Lord Plymouth expressed himself willing at any time to consider communications which might be made to him and to recommend appropriate further action if at any time it appeared to him that the following two conditions were fulfilled:

1. That the pending legislation on sugar had been passed²⁹ by the United States Congress; and
2. That as a result of further negotiations or any new developments, there appeared to be a real prospect of agreement on the division of quotas among the Chadbourne countries after the coming into operation of a general world agreement.

²⁸ Enclosure, *infra*.

²⁹ Jones-Costigan Act, approved May 9, 1934; 48 Stat. 670.

561.35E1/87

*Memorandum by the Chief of the Division of Latin American Affairs
(Wilson)*

[WASHINGTON,] December 28, 1934.

It will be recalled that there was a conference in London in March, 1934, to consider the international sugar situation, attended by the United States, Great Britain and the Chadbourne countries. There follows a summary of developments since that conference.

At the March conference, its Chairman, Lord Plymouth, laid down two conditions which would have to be fulfilled before a further meeting could usefully be held. These conditions were: (1) that the legislation then pending with regard to sugar be passed by the American Congress, and (2) that as a result of further negotiations the Chadbourne countries reach an agreement among themselves as to the division of quotas for the "free" market.

On June 25, 1934, Lord Plymouth wrote Senator Beauvuin, Honorary President of the International Sugar Council, stating that the first condition had been fulfilled and inquiring whether the Chadbourne countries had made any progress in their negotiations. Apparently this communication caused Senator Beauvuin to call a meeting of the International Sugar Council which was held in Brussels July 30-August 2. Although there was agreement that the "free" market had declined to about 2,800,000 long tons, there was a wide divergence of opinion as to the division of this amount among the various participating countries. Some countries, such as Cuba and Peru, insisted that the quotas be directly related to exports of the previous year, while other countries, such as Czechoslovakia, insisted that the quotas be based upon the original Chadbourne quotas established in 1931, proportionately reduced. The Java delegation at no time stated what quota it desired, but merely undertook to consult its government. In view of the inability of the Council to reach an understanding, it was agreed that each delegation should consult its own government regarding the share of the 2,800,000 tons it considered itself entitled to and should notify Senator Beauvuin of the decision. If Senator Beauvuin, after receiving advice from each delegation, thought that there was a possibility of reaching an agreement, then another meeting was to be called in October. At the same time each delegation was to inform Senator Beauvuin of its opinion as to whether another world conference should be convened, even though the Chadbourne countries had not been able to reach an agreement among themselves.

The negotiations of the Chadbourne countries making no further progress during the next two months, Senator Beauvuin wrote Lord

Plymouth on October 15, 1934, informing him of this fact and stating that "the Council feels that the further progress which is necessary to reach a World Convention can only be made at a wider conference and not by continuing discussions in the Council". He requested Lord Plymouth to waive the conditions laid down at the conference in March regarding the prior agreement of the Chadbourne countries on a division of quotas and to summon a further conference.

Even before this letter was written, however, a complicating situation had arisen out of a personal letter dated September 20 from Dr. Colijn to J. Ramsay MacDonald raising certain questions, the nature of which is not disclosed in the data before the Department. The British Empire being by far the largest "free" market today is in a strategic position in any effort to stabilize markets and bring supply and demand into equilibrium. Its sugar subsidy law expires this year and a parliamentary commission has been studying for several months the sugar situation and is due to report to Parliament any day. It is known that the British Minister for Agriculture³⁰ is favorable to home production of agricultural products, including sugar beets. The Chadbourne countries believe, therefore, that the time to reach a world convention is before the British Parliament definitely fixes the sugar policy of the British Government for the coming years.

The British Government has not been unfavorable to a world agreement. At the same time, it is not disposed to convene a conference unless there is substantial ground for an agreement. At the conference in March Java was the stumbling block, being unwilling to accept an accord which did not provide for the immediate and drastic reduction of tariff barriers, et cetera. Dr. Colijn's letter to Mr. MacDonald opened the way for the British Government to ascertain exactly the desires of Java. Apparently Mr. MacDonald's letter in reply requested specific and detailed information from the Dutch on a number of points.

There the matter rests. All efforts are now being bent to hasten Dr. Colijn's reply to the British and to make it as satisfactory as possible. The opinion among sugar circles seems to be that if the reply is satisfactory the British will then convene another world conference.

³⁰ Walter E. Elliott.

PROTESTS BY FOREIGN GOVERNMENTS AGAINST THE
NRA SHIPPING CODE; PROJECT FOR AN INTERNA-
TIONAL SHIPPING CONFERENCE

195 Code/5

The Secretary of State to the Danish Minister (Wadsted)

WASHINGTON, October 28, 1933.

MY DEAR MR. MINISTER: Referring to your call upon me last week when you inquired about the effect of the new shipping code on tramp steamship lines, I am pleased to advise you that I have received some information as a result of inquiries made of the appropriate officials. I understand that the code for the shipping industry in its present form is only suggested and has not been approved. A hearing will be held on or about November 6 when interested parties will be given an opportunity to express their views regarding the code. In substance, the code in its present form provides that parties interested in foreign trade shall form a conference to determine freight rates and various other questions relating to the trade. This conference shall consist of two sections, one representing the United States steamship lines and the other representing foreign lines. These two sections are to have equal voting power, but if the two sections fail to agree, the National Relief Administration¹ has a final deciding vote.

I am [etc.]

CORDELL HULL

195 Code/3

The Secretary of State to the National Recovery Administration

WASHINGTON, November 8, 1933.

Attention: Mr. Joseph Scott²

SIRS: I have received Mr. Scott's letter dated November 7, 1933,³ stating that a public hearing on the General Shipping Code⁴ proposed by the American Steamship Owners Association will be held on November 9, 1933, at 10 a. m., in the auditorium of the Department

¹ The National Recovery Administration, established by the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195).

² Assistant Deputy Administrator of the National Recovery Administration.

³ Not printed.

⁴ U. S. National Recovery Administration, *Proposed Code of Fair Competition for the Shipping Industry, as Revised October 25, 1933, and Set for Public Hearing on November 9, 1933* (Washington, Government Printing Office, 1933).

of Commerce Building. As certain provisions of this Code may affect the conditions of employment and other aspects of the business of certain divisions of foreign flag steamship companies engaged in the foreign and domestic commerce of the United States, you request this Department to delegate a representative to attend the hearing. You also state that you would like to discuss the development of this Code with this Department's representative.

I have instructed Mr. William R. Vallance of the Legal Adviser's Office to attend the hearing on November 9, 1933. He will cooperate with you in the development of the Shipping Code and will render such assistance as you may desire.

Very truly yours,

For the Secretary of State:
GREEN H. HACKWORTH

195 Code/7

The Acting Secretary of State to the National Recovery Administration

WASHINGTON, November 18, 1933.

Attention: Mr. Joseph Scott

SIRS: Reference is made to your letter dated November 7, 1933,⁵ concerning the public hearing on the general shipping code proposed by the American Steamship Owners Association which was held in the auditorium of the Department of Commerce Building on November 9 and 10, 1933, and to this Department's letter dated November 8, 1933, designating a representative of this Department to attend the hearing.

On account of the important bearing which the provisions of the proposed code will apparently have on foreign vessels carrying on operations in American ports, I shall appreciate it if you will be so good as to have the code as finally proposed for the shipping industry transmitted to this Department for consideration before it is sent to the President for his approval.

Very truly yours,

For the Acting Secretary of State:
WILLIAM PHILLIPS

195 Code/8

The Assistant Deputy Administrator of the National Recovery Administration (Scott) to the Secretary of State

WASHINGTON, November 21, 1933.

MY DEAR MR. SECRETARY: Reference is made to your communication, Le 195 Code/7, dated November 18.

⁵ Not printed.

The cooperation of the Department of State with our office in the construction of a code for the shipping industry is appreciated, and I assure you that we shall continue to inform you of all developments.

Very truly yours,

JOSEPH SCOTT

195 Code/20

The Danish Minister (Wadsted) to the Secretary of State

No. 12

WASHINGTON, February 12, 1934.

SIR: I have the honor to address myself to you in the following matter.

The Danish Minister for Foreign Affairs has directed me to invite your attention to the proposed General Shipping Code which is now before the National Recovery Administration for consideration. I beg to enclose a copy of "Proposed Code of Fair Competition for the Shipping Industry as revised for a public hearing on January 31, 1934",⁶ submitted at the said hearing which hearing I understand is to be considered as the final one. Although not being fully aware whether this draft has been approved by the National Recovery Administration as the final text to be presented for the approval of the President I may take the liberty in my following remarks, touching some of the essential points, to refer to this draft:

1) Article III contains a general provision to the effect that the Code "shall apply to (a) all owners, operators, and agents of all vessels of all flags engaged in foreign and domestic commerce of the United States . . ." and would consequently apply to Danish vessels.

2) The Code, as drafted, imposes on foreign vessels the labor provisions contained in Section 7 of Title I. of the National Industrial Recovery Act with reference to the right of employees to organize and bargain collectively through representatives of their own choosing etc. (Art. V., Sec. 1. (1)).

3) It provides that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President (Art. V., Sec. 1. (3)).

4) The draft Code further provides that no minor under the age of 16 years shall be employed in any class of labor (Art. V., Sec. 2).

These labor provisions under 2)-4) would seem to apply to Danish shipowners and to Danish seamen engaged under the provisions of Danish law on board Danish vessels. The provisions mentioned under 3) with regard to hours of labor, rates of pay etc. may, perhaps, lack somewhat in clarity. In Art. V., Sec. 3, specific rules are stated regarding seamen on American vessels but in the following clause it

⁶ Not reprinted.

is "provided that the minimums and conditions contained in Schedule A . . . shall be incorporated in divisional Codes of the Divisions and Subdivisions of Group I" which Group embraces both American and foreign vessels. Art. VII, Sec. 2. (a) requires the members of each Division and Subdivision to adopt supplemental Codes and also provides that those Codes may "prescribe . . . rules and regulations . . . and may provide for the regulation of any other matter with which the Division or Subdivision may be especially concerned". This provision would seem to cover the wages of foreign seamen.

5) The draft Code does not contain any specific definition of the words "rules and regulations" in Art. VII, Sec. 2. (a), but those words have been defined in previous drafts as follows:

" 'Rules and Regulations' may include, among other things, provisions covering matters of service frequency, limitations of tonnage, duplication of services, and excess competition, if approved by the Code Authority". (See draft submitted Sept. 25, 1933,⁷ Sec. 2 (o)).

As the Code is now drafted, it would seem that under the broad terms of Art. VII, Sec. 2 (a) all of these matters could still be regulated for foreign ships, if the Code should be finally approved.

6) The supplemental Codes mentioned in Art. VII, Sec. 2 (a) "may prescribe minimum rates, fares and charges". It would seem that under Art. III this provision would apply to all foreign vessels and that such "minimum rates, fares and charges" could thus be fixed for passengers and cargo loaded abroad as well as in the United States.

Under the authority of Sec. 3 (a) of the National Industrial Recovery Act the President may approve Codes for fair competition which will be binding not only upon such members of the "industry"—in the present case, "shipping"—who may voluntarily have assented to the Code but also on such members who may not have done so. As a consequence it would seem that a Code, once approved, has for all practical purposes to those members of the industry, who have not consented to it, the same effect as an Act passed by Congress and approved by the President.

The Danish Government has followed with the greatest interest the efforts of the American Government to restore prosperity by the different Acts passed during the last year, but it has assumed that this legislation, in particular the "National Industrial Recovery Act" and the Codes approved under its authority, would apply only within the jurisdiction of the United States. The proposed Shipping Code, if approved, would, however, seem to extend in its operation outside of American jurisdiction, inasmuch as it contains provisions, enumerated

⁷ U. S. National Recovery Administration, *Proposed Code of Fair Competition for the Shipping Industry, as Submitted on September 25, 1933* (Washington, Government Printing Office, 1933).

above, which would necessarily have effect upon Danish ships engaged in trade with the United States, far beyond its boundaries. Moreover, the said provisions, if imposed upon owners of Danish vessels, without their voluntary consent, would appear not to be in accordance with rights secured by treaty and generally recognized principles of international law granting free access to ports for purpose of international trade.

My Government has viewed with concern the serious consequences that the approval of a Code, such as drafted, would involve for Danish shipping with the United States, and referring to the considerations outlined above I have the honor acting upon the instructions of the Danish Minister for Foreign Affairs to request that, through your good offices, the attitude of the Danish Government towards the proposed Shipping Code be brought to the early attention of the appropriate branch of the American Government with a view that such Shipping Code as may be approved be so worded as to eliminate foreign (Danish) vessels.

I avail myself [etc.]

OTTO WADSTED

195 Code/23

The Norwegian Legation to the Department of State

MEMORANDUM

The attention of the Norwegian Government has been called to the proposed "Code of Fair Competition for the Shipping Industry", submitted by the American Shipowners Association and which was subject to hearings by the National Recovery Administration on January 31st and February 1st 1934. The submitted code, in Article III, states that it shall not only apply to American ships but to vessels of all flags engaged in foreign and domestic commerce.

The Norwegian Government which has presumed that the National Industrial Recovery Act and the codes set up under the Act were only intended to apply to American industry, has learned with much concern that it would seem to be the intention to make a shipping code, established under the said act, to a great extent applicable also to foreign shipping. A study of the submitted code has given the impression that several provisions of same will interfere with the hitherto free development of trade and navigation between the two countries in a way that will prove detrimental to Norwegian legitimate shipping and commercial interests.

Without going into a detailed discussion of all those code provisions which affect foreign ships the Minister of Norway begs to point out some of the principal provisions which deal with foreign vessels.

The general code and every Division Code—such as Foreign Trade Division Codes—supplemental thereto, when approved by the President, will be binding upon every foreign shipowner trading with the United States, whether he does or does not assent thereto by signing either the General Code or a Division Code, but those who do not file an assent are barred from participating in the “Self-Government” set up under the Code. (Article I, Section 1; Article III, Section 1; Article VII, Section 2 (a).)

Foreign shipowners assenting to the Code and joining the Foreign Trade Division, will be forced to accept the ruling of the Division Code Authority on any question upon which American and foreign flag owners may differ. Moreover, the Division Code Authority has the power, upon the complaint of any owner, to overrule any action taken by the Foreign Trade Division. (Article IV, Sections 7, 10 (d) (e).)

The members of the Division Code Authority in the Foreign Trade Division will be elected, one-half by the foreign flag owners, and one-half by the American flag owners. (Article IV, Section 9 (a)). If the members of the Code Authority should divide equally on any question and so reach a deadlock, decision shall be given by the Administrator.

As regards the labor provisions—Article V—it seems to be the intention that minimum wages for seagoing personal hours of labor and conditions of employment shall only apply to American ships. With regard to the other labor provisions—such as the collective bargaining clause—the jurisdiction of the Divisional Labor Boards and the National Labor Board, no distinction is made between American and Foreign vessels.

Article VII, Stabilization and Regulation, provides for the fixing of minimum rates and fares, and rules and regulations, and authorizes the Division Code Authority to provide for the regulation of any other matter with which the division or subdivision is especially concerned. This would seem to imply that the Code Authority could fix not only minimum rates and fares, but minimum wages. Previous drafts contained a clause to the effect that under rules and regulations would come “among other things provisions covering matters of service frequency, limitation of vessels’ tonnage, duplication of services and excess competition.” Though this definition has been left out of the last draft, it would seem that the Code Authority might possibly maintain a right to regulate these matters under the general clause: “provide for the regulation of any other matter with which the division or subdivision is especially concerned.”

The Norwegian Government having received information to the effect that the American Government may contemplate acceptance of a shipping code mainly on the lines of the submitted code, and conse-

quently, applicable to foreign vessels, feels seriously concerned over the possibility of such policy being adopted by the United States which would thereby abandon its traditional policy of freedom of navigation, so clearly evinced on earlier occasions, and which has been recognized in a number of treaties signed by the United States.

The Treaty of Friendship, Commerce and Consular Rights between Norway and the United States, of June 5, 1928,⁸ contains, *i. a.* the following provision regarding shipping:

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."

Freedom of navigation is thus secured by the treaty and it is the view of the Norwegian Government that the proposed code could hardly be compatible with the treaty and the principle underlying same inasmuch as it would infringe on the freedom of navigation by subjecting Norwegian ships to *i. a.* minimum rates and fares, possibly minimum wages and possibly also limitation of sailings and tonnage.

As it is known Article VII of the Treaty further indicates those limitations of the freedom of navigation which the Contracting Parties regarded as natural and necessary when the Treaty was signed. It is stated that each Contracting Party reserves itself the right to impose, on such terms as it may see fit, regulations for the protection of human life, animal or plant health or regulations for the enforcement of revenue and police laws, including laws prohibiting or restricting the importation or sale of alcoholic beverages or narcotics. The provisions of the submitted code go considerably further than the reservations taken in Article VII.

WASHINGTON, February 14, 1934.

195 Code/28

The National Recovery Administrator (Johnson) to the Under Secretary of State (Phillips)

WASHINGTON, February 16, 1934.

MY DEAR MR. PHILLIPS: In reply to your letter of February 14, 1934,⁹ enclosing therein a copy of a memorandum from the Norwegian

⁸ *Foreign Relations*, 1928, vol. III, p. 646.

⁹ Not printed.

Minister,¹⁰ relative to the proposed Code of Fair Competition for the Shipping Industry, your attention is invited to the following facts:

The National Industrial Recovery Act declares it to be the policy of Congress to provide for the general welfare (of the United States) by promoting the organization of industry for the purpose of cooperative action among trade groups.

The Merchant Marine Act of 1920¹¹ declares that it is necessary for the National defense and for the proper growth of its foreign and domestic commerce, that the United States shall have a Merchant Marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a Naval or Military auxiliary in time of war or National emergency; and declares it to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a Merchant Marine.

This has not yet been attained.

One of the greatest obstacles to the growth and development of the American Merchant Marine has been lack of stabilization in Ocean freight rates and the inability of American Flag vessels to obtain in competition with Foreign Flag vessels, not a greater portion of its commerce but even half of the commerce of the United States. No other country has willingly and voluntarily offered to share on an equal footing the transportation of its Foreign commerce with other Nations, and the provisions of the proposed General Shipping Code impose nothing on Foreign Flag vessels that it does not impose upon vessels of the United States.

In nearly all Foreign trade routes to and from the United States, Foreign lines predominate, both in number of lines and in vessel tonnage; surely, with this advantage, there should be no objection to regulations, which are imposed on all with equal force.

It is true that the proposed Code for the Shipping Industry will be binding on every Foreign shipowner trading with the United States, but only so far as that trading consists of export trade from the United States. This is true whether or not a Foreign shipowner assents to the general Code or any sub-division Code. By assenting to the Code he may participate in the self-government set up under the Code.

This Code, in giving to the Foreign Flag owners equal voice with the American Flag owners in the selection of a Division Code Authority, is eminently fair, and surely no objection can be made to placing in the hands of the Administrator the final determination on any question in the case of a dead-lock. It certainly could not be expected that we should turn over to Foreign shipping interests the right to

¹⁰ *Supra.*

¹¹ 41 Stat. 988.

prescribe our minimum rates and fix rules and regulations to govern the Industry.

It is not the intention of the Code to interfere with the Nationals of other countries on Foreign Flag vessels. The language of the Code, to this extent, will be clarified before approval.

With reference to the language included in a previous draft of this Code, relative to "service frequency, limitation of vessels' tonnage, duplication of service, and excess competition", you are assured that the General Shipping Code will contain nothing to upset the rights guaranteed by the Treaty.

It is not conceivable that any provision of this proposed Code will interfere with the traditional policy of freedom of navigation. Nothing contained therein bars vessels coming to United States ports, but it is intended and desirable that when Foreign Flag vessels elect to engage in the Foreign commerce of the United States, that they observe such rules and regulations, including fair minimum rates, as are imposed on vessels flying the Flag of the United States.

With reference to the provisions of Article VII, of the Treaty of Friendship, Commerce, and Consular Rights, it should not be considered a violation of this Treaty for the United States to ask the vessels of its friendly Foreign nations to observe, when engaged in the carrying of the Foreign commerce of the United States, such rules and regulations, equitable to all, as may be adopted to carry out the policy of the United States, which policy tends to reserve to vessels of the United States only their rightful portion of its Foreign commerce.

Sincerely,

HUGH S. JOHNSON

195 Code/47

The Secretary of State to the Danish Minister (Wadsted)

WASHINGTON, February 17, 1934.

SIR: Reference is made to the note that you left with me on February 12, 1934, regarding the "Proposed Code of Fair Competition for the Shipping Industry".

I have brought a copy of your note to the attention of the officials of this Government having the matter in immediate charge, and I am informed that the draft code has not as yet been placed in final form and consequently has not been approved by the National Recovery Administration. I am also informed that, while it is intended that the code in certain respects shall apply to ships flying foreign flags, as, for example, provisions regarding minimum rates on cargoes car-

ried from the United States, it is not intended that these provisions shall apply to commerce originating in foreign countries and destined to the United States; nor is it intended that provisions regarding wages and working conditions aboard ship, and employer relationship with such labor, shall apply to officers and crews of foreign vessels.¹²

Accept [etc.]

For the Secretary of State:
FRANCIS B. SAYRE

195 Code/102

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] February 26, 1934.

In the proposed code for the shipping industry, as revised for a hearing on January 31, 1934, provision is made that the "stabilization and regulation of minimum rates, fares and charges and rules and regulations to be charged and enforced in the trades of the various divisions shall be accomplished". (Article 7, Section 1). This provision is applicable to foreign, as well as American, ships. The code therefore undertakes to provide that foreign and domestic ships carrying passengers and cargoes from American ports may be prohibited from carrying for less than minimum rates fixed under the supplemental codes. This code has not yet I believe been reduced to final form or signed by the President.

So far as I know, this is the first attempt which has been made to provide for the fixing of minimum rates for cargoes carried by foreign ships sailing from American ports. It is a new departure in policy.

Upon the publication of the proposed code, the Danish and Norwegian Governments have sent in protests claiming that the code, if enacted, would constitute a violation of their treaty rights.

I. NATURE OF THE PROBLEM

The heart of the problem is the fact that due to the sadly shrunken amount of international trade in the world today there are too many ships afloat and too few cargoes to pay for the operation of the existing ships. It is impossible for all of them to carry at a profit and as a result cut-throat competition is rife. Established lines find themselves menaced by non-conference ship lines and by tramp steamers which, without the overhead of the established lines, can cut rates to a point which makes competition with them by the established lines exceedingly difficult. The proposed code is an attempt largely fos-

¹² This paragraph was also sent to the Norwegian Minister in a note dated February 19 in reply to the Norwegian note of February 14, p. 685.

tered by the conference lines to stabilize rates at the expense of non-conference lines and tramp steamers. The stabilization of rates of established lines is highly desirable and every assistance should be given them. American ships, owing to the high cost of construction in the United States, to the operation of the Seamen's Act,¹³ and to other factors, find it difficult to compete with cheaper built and more cheaply run foreign ships and, without help of some kind, must continue to run at a very serious loss. It is to be borne in mind, however, that they receive very substantial help in the form of mail subventions. The attempt to regulate minimum cargo and passenger rates on foreign ships carrying cargoes from American ports by the unilateral enactment of American law raises very serious problems of policy which should be carefully weighed before the enactment of the code.

II. POSSIBLE VIOLATION OF TREATY RIGHTS

The Danish Government, by a note sent to the Department of State on February 12, 1934, has objected to the application of the provisions of the proposed code to Danish vessels on the ground that it would constitute a violation of the Treaty of 1826 between Denmark and the United States.¹⁴ The Danish Government contends "that the proposed shipping code, if approved, would . . . seem to extend in its operation outside of American jurisdiction, inasmuch as it contains provisions . . . which would necessarily have effect upon Danish ships engaged in trade with the United States, far beyond its boundaries. Moreover, the said provisions, if imposed upon owners of Danish vessels, without their voluntary consent, would appear not to be in accordance with rights secured by treaty and generally recognized principles of international law granting free access to ports for the purpose of international trade".

In referring to treaty rights, the Danish Government doubtless has in mind the Treaty of 1826 between Denmark and the United States, under which most-favored-nation treatment is promised "in respect to commerce and navigation". This provision might be regarded as extending to Danish shipping the rights of freedom of commerce and navigation secured to shipping of other countries by treaties with the United States. The Government of Norway has also objected to the proposed code on the ground that "it could hardly be compatible with the treaty (of June 5, 1928) and the principle underlying same inasmuch as it would infringe on the freedom of navigation . . ." The question of whether or not the proposed code would violate treaty rights presents a legal problem of some uncertainty.

¹³ Approved March 4, 1915; 38 Stat. 1164.

¹⁴ Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 3, p. 239.

III. PROBLEMS OF POLICY INVOLVED

(a) The enactment of the proposed code raises a far more serious question of commercial policy. It is the object of the code to raise and stabilize existing shipping rates on cargoes carried from American ports. If the object of the code is attained, it would seem to result in a higher cost of cargoes carried from American ports than from other ports, so that there would be the danger that cargoes could be carried more cheaply, for instance, from British ports than from American ports. In the severe competition between British cargoes and American cargoes in the Far East or in other parts of the world, the result of the proposed enactment might be to enable British shippers to undersell American shippers; and if this were the result of the enactment of the proposed code it would naturally be very much to the ultimate detriment of American shipping. It would seem, therefore, that this fundamental problem of policy should be faced and thought through before the proposed code is enacted.

(b) The American Manufacturers Export Association have prepared a strong statement addressed to the Secretary of State in opposition to the proposed provision in the shipping code and state "We urge you to do everything within your power to prevent the proposals as now prepared from becoming effective. They are impracticable and dangerous to our export trade and to our national prosperity".¹⁵ In addition to other objections, American shippers state that if the proposed code becomes effective they will direct their shipments through Canadian rather than through American ports.

(c) The regulation of ocean rates on foreign as well as American ships should be accomplished by international agreement. If it were possible, the ideal method would be to secure an international agreement for the limitation of shipping charges with perhaps an allotment of shipping to various countries so as to prevent cut-throat competition caused by an excess of shipping in relation to cargo. To attempt to secure this method by unilateral legislation on the part of a single country entails a grave risk that foreign countries will resent such an enactment and will take action inimical to American shipping. Such action against American shipping might injure American shipping far more than the present cut-throat competition. If the United States undertakes to regulate minimum rates on cargoes carried from American ports, foreign countries can and probably will do the same. If they regulate the rates of cargo carried from their own ports they might undertake similarly to regulate minimum rates of cargoes carried to their ports; and if such a movement once begins it will spell the same kind of chaos in the field of international shipping which now

¹⁵ Letter dated February 19; not printed.

exists in the field of tariff and quota regulations. Nothing could be more unfortunate than the initiation of such a movement.

588.C1/4

*Mr. Charles S. Haight*¹⁶ to the Assistant Secretary of State (*Sayre*)

NEW YORK, March 2, 1934.

[Received March 3.]

MY DEAR MR. SAYRE: During our conference on the General Shipping Code, which was held at Mr. Weaver's¹⁷ office on February 19th, you stated that the right way to handle the present shipping emergency appeared to you to be by an international agreement, and at our further discussion on February 20th you suggested that I write giving you my views regarding such an agreement. I am sending you this letter in compliance with that suggestion.

1. PRESENT SHIPPING CONDITIONS

(a) *World tonnage.* I am attaching hereto, marked Schedule A,¹⁸ a tabulation showing the tonnage of the leading commercial nations and the total tonnage of the world, for the various years stated. As you will see, the total tonnage in 1920 was 57,314,065 gross tons; in 1929—68,074,312; in 1931 (the highest point) 70,131,040; and in 1933—67,920,185.

(b) *World trade.* Schedule B, also attached, gives the foreign water-borne commerce of the United States from 1866 to 1933. From this you will see that the value of our water-borne exports and imports reached the highest point in 1920 and then amounted to \$11,874,997,809. In 1929 the figure was \$8,170,834,328., and in 1933 \$2,291,883,026.

I have not available, at the moment, the water-borne figures for world trade in general, but the total world trade and the share of the United States therein are shown in Schedule C. Taking the exports only, to avoid duplication, (since the exports of one nation must, necessarily, be the imports of another), the total for 102 countries in 1929 was \$33,165,000,000. The same figure in 1932 was \$12,183,000,000.

The obvious fact is that, while American water-borne foreign commerce (both export and import) has dropped in four years over 70%, and while world exports have dropped, from 1929 to 1932, over 60%,

¹⁶ Member of the New York legal firm of Haight, Smith, Griffin & Deming, representing the tramp shipping interests of Denmark, Finland, Holland, Belgium, Norway, Sweden, Great Britain, and Greece, the American Association of Tramp Operators in Canadian and West Indies Trades, and the Association of Ship Brokers and Agents of New York.

¹⁷ Joseph B. Weaver, Deputy Administrator of the National Recovery Administration.

¹⁸ Schedules not printed.

the tonnage of the world (as proved by Schedule A) stands at almost exactly the same figure in 1933 that it did in 1929.

(c) *Idle tonnage.* Under such circumstances, obviously the ships which continue to run must find it difficult to secure cargoes and many ships must be laid up. Schedule D shows the idle tonnage of the world for the years 1930-33, inclusive, which reached a total of 14,115,000 gross tons in 1932. Schedule E shows the employment of American merchant vessels and the American tonnage laid up, as of September 30th, 1933. The total tonnage employed in our overseas foreign trade (both private and government-owned), on that date, was 289 ships of 1,960,080 gross tons, while the laid-up vessels numbered 550 to 2,854,000 gross tons.

(d) *No early revival possible.* I do not think that anyone can expect a quick revival in international trade. High tariffs, quotas, exchange restrictions and other trade barriers, as well as a general loss in purchasing power, have been responsible for the serious conditions now confronting us, and those causes obviously cannot be removed for many months, and perhaps for several years, to come. It is to be hoped that the increase in the movement of ocean cargoes which has occurred during the last year will continue, but, in the ordinary course of events, we cannot hope for any substantial increase in freight rates until all of the surplus idle tonnage which is capable of operation has been absorbed. Obviously, just as fast as the business offered makes it possible for an owner to operate his ship at a loss which is less than the lay-up cost, that ship will be added to the active tonnage, thus acting as a sure prevention of any substantial increase in freight rates before all of the idle tonnage is in operation.

2. THE PROBLEM PRESENTED AND THE POSSIBLE REMEDY

There appear to be only two alternatives offered in the present emergency: (1) to let matters drift indefinitely and wait until (through bankruptcy of steamship owners and the scrapping of surplus tonnage) the supply of ships has been reduced to equal the demand; or (2) to take some action which will remove the surplus tonnage from the freight market, until trade revives. If such action is to be taken, it must, I think, be on the lines of your suggestion, i. e., an international agreement. The surplus tonnage is to be found in every country and, unless all countries join, it is obvious that the problem cannot be solved.

The question which you have put to me is whether such an international agreement would be possible. My answer is that it will not be possible unless the United States is prepared to take the initiative and lead the way. If, on the other hand, the United States is prepared to take the lead, I think that such an agreement would be possible.

As you probably know, this subject has been under discussion for the past two years and has been studied both by the International Chamber of Commerce and by the British Chamber of Shipping. The Maritime Association of the Port of New York also appointed a special committee (of which I am a member) to study the problem, and the general discussion, both here and abroad, has been helpful. I have also made inquiries on my own account from the persons in several countries who appeared to me to be best qualified to express an opinion, and my conclusion is that, in the countries where subsidies exist and where government control is therefore a real factor, it would be possible, under government guidance, to handle the situation so far as the ships flying those particular flags are concerned.

United States, Italy, France and Germany. To be more specific, most of the steamship owners of these four countries are, today, definitely dependent upon government support and they can, therefore, be brought under government control. Under such control, it seems to me that the way could be found to require the shipowners of these nations to join in any reasonable plan, internationally arrived at, for the tying-up of that proportion of the world's tonnage which cannot possibly find employment, and keeping it tied up while the emergency lasts.

Norway, Sweden, Denmark and Holland. There is also good reason to believe that these countries, which are without the control afforded by subsidies, would join in an international plan for the lay-up of surplus tonnage. Since I saw you, I have had the advantage of discussing this problem with Lord Essendon, who, as you undoubtedly know, is, today, the most active and successful operator of British tonnage. As Chairman of Furness, Withy & Company, of the White Star Line and of that portion of the Royal Mail fleet which is engaged in trade between the U. K. and South America, he is responsible for the operation of about 1,600,000 tons of ships. His influence in the solution of shipping problems in Great Britain would, I think, be greater than that of any other single man, and he has long favored some international lay-up agreement. Lord Essendon has told me that, not long ago, representatives of the Steamship Owners' Organizations of Norway, Sweden, Denmark and Holland came to London to see him, when it was first proposed that Great Britain grant a subsidy to British owners for the purpose of saving them from ruin during the present difficult period. The owners of these four countries stated that they were prepared to urge their governments to join in any reasonable international agreement for the rationalization of ocean tonnage. I understand that all four of these governments have been approached by their owners, or will be so approached in the near future, and that it is expected that they will then make official representations to the British government.

Lord Essendon is of the opinion that such an approach from governments which do not themselves grant a subsidy, will not have very much weight with the British Foreign Office or the Board of Trade, but he feels that, if the United States should take the initiative in an effort to work out an international agreement, the British government would give the subject very serious consideration and probably would follow the American lead. Heretofore, the British owners have been divided among themselves as to whether it would be worth while to attempt an international agreement. The majority, headed by Lord Essendon, have been in favor of such an attempt, but the minority has been too large to indicate success. In Lord Essendon's opinion, however, that situation might well be changed if the United States should favor the plan and take the lead.

If the answers to my personal inquiries have been reliable, it would then seem possible to secure the co-operation of the United States, Great Britain, Italy, France, Germany, Norway, Sweden, Denmark and Holland, and, in that event, I should think that it ought to be possible to persuade the other commercial nations to join in the movement.

3. THE GENERAL PRINCIPLES UNDERLYING THE AGREEMENT

Assuming that the United States should decide to take the lead in the solution of this problem, I think that it would be desirable, in the first instance, to agree upon certain general principles to be adhered to, and those principles should, I think, include the following:

(a) The United States should, I believe, abandon all ideas of discrimination, such as are found in Sections 28 and 34 of the Merchant Marine Act, 1920, and were also put forward in the Cruise Bill and the Fighting Ship Bill,¹⁹ offered two years ago. In other words, I think that we should adhere definitely to the principle of freedom of the seas for which the United States has contended ever since our Colonial days.

(b) I also believe that it would be wise for the United States to act upon the theory that we, alone, are responsible for the high cost of shipbuilding in American yards, and for the high cost of ship operation under the American flag. The first is due to our high tariff policy and the second to the La Follette Act²⁰ and other similar legislation. We cannot blame the foreigners for these natural consequences of our own legislation and we must, I think, offset them ourselves by the payment, out of our own funds, of an equalizing subsidy. I would also call a subsidy by its real name and not resort to the subterfuge of so-called "mail contracts".

(c) Obviously, the basic purpose of the agreement would be the general benefit of all owners of all flags, without any attempt to secure a special advantage for any one.

¹⁹ S. 3501 and S. 3502, *Congressional Record*, vol. 75, p. 3354.

²⁰ La Follette Seamen's Act, approved March 4, 1915; 38 Stat. 1164.

(d) Of course, the owners of idle ships would have to be compensated out of the increased earnings of the ships which are in operation. I shall not go into details on this point except to say that such a plan has been adopted, of course on a small scale, and appears to have worked out satisfactorily, in the lay-up and pooling agreements entered into by the owners of tankers and of whale factory ships.

(e) It might simplify the situation if, at least at the start, the international agreement were confined to cargo tonnage and if passenger vessels, refrigerator vessels and tankers were omitted. The owners of such special tonnage can much more easily make their own agreements and arrange for their own protection, although, of course, passenger-rate wars do occur and are generally disturbing.

(f) Of course, nothing in the nature of a boom should be allowed to take place, i.e., the tonnage in operation should not be reduced unduly and as soon as the movement of cargo increases more ships should be released, so as to keep the market adequately supplied at all times and at reasonable rates.

(g) I think that the proposed lay-up agreements should, in the first instance, be discussed between the governments rather than between the shipowners of the different nations, leaving it to each government to undertake to bring its own owners within the terms of the agreement.

4. THE NEGOTIATOR

If the United States should take the initiative, it seems to me that it would be wise if we were represented by someone who is not, even remotely, identified with any steamship line nor with the steamship business. Personally, I hope that it will be possible for you to handle the matter yourself. You will be free from suspicion and no one will have any just cause for worry lest you attempt to secure an advantage for some particular owner, and you can make it abundantly clear that you have no bias in favor of American flag ships. The importance of having the right man open the negotiations seems to me very real and, as already suggested, I would open them directly with the foreign governments.

5. CONFERENCES

In actually working out an international agreement in each country, I think that full advantage should be taken of Conferences which are now in existence. It is through those Conferences that the decision should be arrived at as to how many ships are needed to handle, economically, the trade which exists today, and it is also, I believe, through those Conferences that unreasonable price-cutting must be stopped.

6. DIFFERENTIALS

The obvious difficulty, if the problem in each country is handled through the Conferences, will be to find some formula under which all owners can be brought into the Conferences on fair terms which will give to each class of owner a reasonable differential. Any attempt to

drive tramp owners out of international trade seems to me to be ill-advised and doomed to failure, but it should be possible to so distribute the existing business that the slow cargo boats will be given their fair share of the bulk cargoes and allowed to charge appropriate rates. The present non-Conference liners also will have to be dealt with fairly, but it does not seem to me unreasonable that they should also be required to deal fairly with other carriers engaged in the same trade.

7. PRELIMINARY STEPS

Before the United States officially embarks upon the enterprise, I believe that it would be wise to ascertain, by an informal approach, what the attitude of the governments named above is likely to be. I am also sure that the precaution should be taken to ascertain that any such international agreement, if arrived at, would be ratified promptly by the Senate, i. e., if the agreement takes the form of an international treaty. I need hardly remind you that many of the treaties which have been signed by duly authorized representatives of the United States never have been ratified. If an international shipping agreement should merely produce another unratified treaty, it would be most unfortunate from every standpoint.

8. SPEED

My final suggestion would be that a start in the direction of an international agreement should be made very soon. Steamship owners, the world over, are in a critical position today. It will do no one any good if their distress results in world-wide government ownership or international competition in the matter of government subsidies.

I hope that I shall not appear to you to be presumptuous in having answered your question at such length. I have really only been thinking out loud, but upon a subject which has given me much concern ever since the collapse of the world's foreign trade. Had you wished it, I should have been glad to come to Washington to discuss the matter with you, personally, but two or three emergency matters have come up which force me to go to the other side for a few weeks and I am sailing on March 7th.

Very sincerely yours,

CHARLES S. HAIGHT

P. S. Since dictating the above, I have learned that Lord Essendon has devised a complete lay-up agreement for international adoption and that, in his opinion, his plan will work without any necessity for keeping complicated accounts and paying the owners of laid-up tonnage out of the earnings of the ships which are in operation. According to my understanding, under his plan, everybody is allowed to operate a portion of the time and the benefits of the agreement are shared in that way.

If you should be interested, my secretary can secure a copy of Lord Essendon's plan and place it at your disposal. CSH

195 Code/103

The Assistant Secretary of State (Sayre) to the National Recovery Administrator (Johnson)

WASHINGTON, March 5, 1934.

Attention: Mr. Weaver

MY DEAR GENERAL JOHNSON: May I venture to send you herewith a copy of a memorandum²¹ concerning the proposed code for the shipping industry. The question of including in the proposed code a provision for regulating minimum rates on cargoes carried out of American ports by foreign as well as by American ships was discussed by the Executive Committee on Commercial Policy at a recent meeting. The Committee approved of the enclosed memorandum and was of the opinion that the promulgation of a code thus applicable to foreign ships might have very serious consequences in the development of American shipping and commerce.

Very sincerely yours,

FRANCIS B. SAYRE

195 Code/83

The National Recovery Administrator (Johnson) to the Assistant Secretary of State (Sayre)

WASHINGTON, March 14, 1934.

MY DEAR MR. SECRETARY: Referring to your letter of the 5th instant, enclosing a memorandum concerning the proposed code for the shipping industry, in which attention is drawn to the possible conflict with treaties that may result upon application of this code, and also commenting upon the possible injury to American commerce resulting from the stabilizing or fixing of minimum rates for cargoes destined for foreign ports, I beg to inform you that the proposed General Code for Shipping covers not only the foreign commerce but all domestic commerce which includes inland waterways, coastwise and intercoastal shipping, and service vessels.

The General Shipping Code is not mandatory with regard to the fixing of rates. Rate schedules and regulations will be considered in connection with the formulation of the divisional codes which will be developed to cover specific trade routes or services. Therefore, there can be no possible conflict of treaty rights or injury to American foreign commerce until the divisional codes are effective. When these

²¹ *Ante*, p. 690.

divisional codes are under consideration the deputy in charge, Mr. Weaver, will be glad to discuss with the State Department all matters affecting treaties and policies.

The Deputy Administrator in charge of this code has written to you calling your attention to this provision and asking that steps be taken to determine definitely the question of what actually will conflict with treaties in order that when the divisional codes are under consideration conflicts with treaties may be prevented.

In the light of the above discussion, it seems proper to proceed with the preparation and approval of the General Shipping Code and defer the consideration of treaty questions until the divisional codes are prepared.

Sincerely yours,

HUGH S. JOHNSON

195 Code/106

Memorandum by the Secretary of State

[WASHINGTON,] March 29, 1934.

The Danish Minister called and handed to me the annexed statement,²² signed by him, and in the nature of a complaint against certain code provisions relating to foreign shipping and to the effect that such code provisions would be in conflict with treaties and generally recognized principles of international law. The specific complaint in this respect seemed to relate to rates on commerce originating in the United States and destined to foreign countries. I told the Minister that I would have the matter given careful consideration. He then offered an oral request that the recent Joint Resolution²³ passed through Congress and providing that all United States freight should be carried on American bottoms, could and should be well looked into by us, and that he hoped we would do so on account of its possible reactionary effects of an unfavorable nature upon other countries with Merchant Marines. I replied that I would be glad to see just what the status of that matter was.

C[ORDELL] H[ULL]

195 Code/107

The Danish Minister (Wadsted) to the Secretary of State

No. 40

WASHINGTON, March 29, 1934.

SIR: With reference to your note of February 17, 1934 regarding the "Proposed Code of Fair Competition for the Shipping Industry" I have the honor to inform you that, having communicated contents

²² *Infra.*

²³ Approved March 26, p. 706.

of same to the Danish Minister for Foreign Affairs I am now in receipt of a communication to the following effect.

The Danish Government has taken due note that it is not intended that the contemplated code shall contain provisions regarding minimum rates on commerce originating in foreign countries and destined to the United States, and further that it is not intended that provisions regarding wages and working conditions aboard ship and employer relationship with such labor, shall apply to officers and crews of foreign vessels.

The Danish Government must, however, maintain that also as far as trade outgoing from the United States is concerned, inclusion under a Code of foreign (Danish) vessels would be in conflict with treaties and generally recognized principles of international law.

In support hereof I beg to refer to a memorandum elaborated by Messrs. Haight, Smith, Griffin & Deming dated February 18, 1934 of which I take the liberty to enclose a copy.²⁴

Referring to my note of February 12, 1934 I have the honor to request that through your good offices the contents of this note be brought to the attention of the appropriate authority with a view that such Shipping Code as may be approved be so worded as to eliminate foreign (Danish) vessels.

I avail myself [etc.]

OTTO WADSTED

195 Code/120

The Secretary of Commerce (Roper) to the Assistant Secretary of State (Sayre)

WASHINGTON, April 2, 1934.

MY DEAR MR. SECRETARY: I desire to refer again to your letter of March 10,²⁴ accompanied by the letter from Mr. Charles S. Haight,²⁵ of New York City, setting forth Mr. Haight's views regarding the advisability of holding an international shipping conference. I indicated to you in my reply of March 19,²⁴ that I would be glad to give you my views in regard to this suggestion at the earliest practicable date.

After careful consideration of the views expressed by Mr. Haight, and of other aspects of this matter, it is the opinion of this Department that the United States Government should not take the initiative in bringing together an international conference involving the rationalization of shipping tonnage. It is believed, however, that if other nations more vitally concerned in the laying up of tonnage should initiate such a conference the United States Government should give sympathetic consideration to its participation therein.

²⁴ Not printed.

²⁵ Letter of March 2, p. 693.

The substance of Mr. Haight's communication is that there should be held an international conference to be entered into for the rationalization of ocean tonnage. To give proper consideration to present world shipping conditions, the figures submitted by Mr. Haight, should be clarified by further analysis in order to convey a proper perspective.

Eliminating from Mr. Haight's figures of the world's tonnage—stated as nearly 68,000,000 gross tons—tanker tonnage, miscellaneous types, wood, composite and sailing vessels, vessels trading on the Great Lakes of North America and vessels less than 2,000 gross tons, there are available 40,000,000 gross tons of ocean-going types of iron and steel steam and motor vessels for cargo and passenger carrying purposes. Of such tonnage the United States has 6,700,000 gross tons. Of this, 1,500,000 tons comprise the government-owned laid-up fleet, which cannot be considered commercially competitive. This leaves 5,200,000 tons of active vessels; 3,200,000 tons operating in the foreign carrying trade, the other in the coastwise trade.

These figures emphasize the relatively inferior position which the United States—a leading export nation—occupies in the international carrying trade, participating to the extent of only 8 per cent of the total tonnage. The tonnage so employed is confined to services in essential United States foreign trade routes, and none of these ships is employed in the tramp-carrying trade.

The adverse conditions prevailing in the ocean-carrying trade today, resulting from the over-tonnage situation, is believed to be attributable to two principal causes. One of these is the fact that during the last 10 years there has been a considerable amount of ship building throughout the world without a satisfactory accompanying amount of scrapping. Foreign countries eager to modernize their fleets have scrapped comparatively little and disposed of much of their old tonnage in quarters where they constitute a difficult competitive factor in the international shipping situation. In this period, the United States has materially decreased the size of its merchant fleet by scrapping more and building less tonnage than any other maritime nation. This country has also reduced schedules to minimum requirements in our regular services by laying up active tonnage. In fact, if other maritime countries, in proportion to their tonnage, had scrapped as much and built as little as the United States during this period, the supply of ships would not have been so excessive today and there would probably be fewer idle ships at the present time.

Since the United States has already made such a material contribution toward the reduction of world ship tonnage, it would appear an inopportune time to ask the United States to make any further concessions.

The Congress, in the Merchant Marine Act of 1920, decreed that the United States shall have a merchant marine of the best equipped and most suitable types of vessels, sufficient to carry the greater portion of its commerce. The attainment of this objective, which has never been reached, would require the constant employment of the comparatively small fleet of serviceable American ships available today unless our present position in the international shipping situation is to be jeopardized.

This Department will be pleased to furnish any additional information which may be required in connection with this matter.

Sincerely yours,

DANIEL C. ROPER

195 Code/126

The Secretary of State to the Secretary of Commerce (Roper)

WASHINGTON, April 5, 1934.

MY DEAR MR. SECRETARY: Referring to previous correspondence concerning the suggestion of Mr. Charles S. Haight that an international shipping conference should be held, I quote for your information the following telegram dated March 29, 1934, received from Mr. Haight through the American Embassy at London:

"International shipping agreement. Have made inquiries Hamburg, Copenhagen. Managing Director Hamburg American Line believes Germany would welcome international agreement. President Danish Steamship Owners Association confirmed readiness all Scandinavian countries consider any reasonable plan. Baltic Maritime Conference held Hamburg March 23rd at which British, German, Italian, Danish, Dutch, Swedish, Norwegian and Greek owners represented passed strong resolution supporting rationalization²⁷ but expressing view that governments must cooperate and should take initiative and proposing that British Government be invited to call shipping conference at which both governments and private owners should be represented. Have conferred also with Lord Essendon who is strongly of opinion that British Government would welcome approach from our State Department and would be particularly glad if such action could be taken before Baltic Conference resolution needs to be acted upon."

In a later telegram dated March 29, 1934, Mr. Haight made the following statement:

"Referring my separate message have definite reason believe invitation to hold shipping conference in Washington would be welcomed by British Government."

Sincerely yours,

For the Secretary of State:
FRANCIS B. SAYRE

²⁷ See the *London Times*, March 26, 1934, p. 12.

195 Code/118

The Danish Minister (Wadsted) to the Secretary of State

No. 46

WASHINGTON, April 10, 1934.

SIR: With further reference to correspondence regarding the "Proposed Code of Fair Competition for the Shipping Industry"—your last note dated April 7, 1934²⁸—I have the honor to address myself anew to you in the matter.

I have been acquainted with a new draft code of which I take the liberty to enclose a copy.^{28a} This draft contains in Art. III, Section 1, a provision to the effect that the code shall apply to all owners of all vessels of all flags. Furthermore, it contains, with regard to the points especially enumerated in my note of February 12, 1934, several provisions which would seem contrary to the statements, referring to these points, in your reply-note of February 17, 1934.

In my two former notes of February 12th and March 29th, 1934, I have had the honor to convey to you at length the views of the Danish Government and to request your good offices in order that a code which may be approved be so worded as to eliminate foreign (Danish) vessels. Referring to the said notes and the considerations set forth in same I beg leave, acting upon the renewed instructions of my Government, to reiterate this request.

I avail myself [etc.]

OTTO WADSTED

195 Code/177

The Legal Adviser (Hackworth) to the Secretary of State

[WASHINGTON,] April 10, 1934.

THE SECRETARY: Referring to your memorandum of conversation of March 29, 1934, with the Danish Minister, I attach a copy of the Joint Resolution 207, approved March 26, 1934, to which the Minister referred.

It will be noted that the resolution states it to be the sense of Congress that, in any loans made by the Reconstruction Finance Corporation or any other instrumentality of the Government to foster the exporting of agricultural or other products, provision shall be made that such products shall be carried exclusively in American vessels, except when the Shipping Board Bureau certifies to the Reconstruction Finance Corporation or any other instrumentality of the Government that vessels of the United States are not available in sufficient numbers, or in sufficient tonnage capacity, "or on necessary sailing schedule, or at reasonable rates".

²⁸ Not printed.^{28a} Not attached to file copy of this document.

As I understand the situation, the resolution is not a law in the ordinary sense of the term, but is merely an expression of the Congress as to what the policy should be with respect to such matter[s]. It did not require approval by the President but apparently was approved by him, thus indicating that it has been adopted as the policy of the Government. Except as such an indication of policy, it is not obligatory, although I presume that no administrative official would feel free to disregard its provisions.

Article VII of our Treaty of 1932 with Norway²⁹ provides that:

“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 Norwegian 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”.

It is believed that enforcement of the resolution would be violative of this treaty provision, since it would not allow Norwegian vessels national treatment as regards such exports which it was the purpose of the treaty to accord with respect to all exports. Similar provisions are contained in a number of our treaties with foreign countries.

Article III of the Convention of 1826 with Denmark³⁰ provides in part that:

“. . . whatever may be lawfully exported or re-exported, from the one country in its own vessels, to any foreign country, may, in like manner, be exported or re-exported in the vessels of the other country.”

When the bill S. 2401,³¹ providing “That at least 50 per centum of the commodities purchased by or on behalf of any foreign country with the proceeds of any loan hereafter made by the Reconstruction Finance Corporation or any other governmental agency and which are exported from the United States shall be exported in vessels of the United States, and each contract or agreement for any such loan shall contain a condition to that effect” was under consideration, the Department on March 3, 1934, sent a letter³² to Senator Stephens, Chairman of the Senate Committee on Commerce, calling attention to the treaty provisions with Norway and suggesting that the bill be not passed. (File No. 195/1385) That bill did not pass and the present resolution was apparently substituted for it.

I would suggest that a letter should be sent to the Reconstruction Finance Corporation and the Secretary of Commerce calling attention

²⁹ The treaty was signed June 5, 1928; for text, see *Foreign Relations, 1928*, vol. III, p. 646.

³⁰ Miller, *Treaties*, vol. 3, p. 239.

³¹ *Congressional Record*, vol. 78, pt. 1, p. 851.

³² Not printed.

to these treaty provisions in order that they may not apply the resolution in such way as to violate our treaty obligations.

GREEN H. HACKWORTH

[Enclosure]

*Joint Resolution of Congress, Approved March 26, 1934*³³

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of Congress that in any loans made by the Reconstruction Finance Corporation or any other instrumentality of the Government to foster the exporting of agricultural or other products, provision shall be made that such products shall be carried exclusively in vessels of the United States, unless, as to any or all of such products, the Shipping Board Bureau, after investigation, shall certify to the Reconstruction Finance Corporation or any other instrumentality of the Government that vessels of the United States are not available in sufficient numbers, or in sufficient tonnage capacity, or on necessary sailing schedule, or at reasonable rates.

Approved, March 26, 1934.

195 Code/143

The Norwegian Minister (Bachke) to the Secretary of State

WASHINGTON, April 14, 1934.

SIR: With reference to previous correspondence, terminating by my note of March 14, 1934,³⁴ concerning the proposed code of fair competition for the Shipping industry, I have the honor, under instructions from my Government, to submit to the consideration of the United States Government some further observations regarding the proposed code.

In the memorandum I handed to the Under Secretary of State on February 14, 1934, the Norwegian Government pointed out its main objections to the submitted code. I have now been instructed by my Government especially to call your kind attention to those provisions of the submitted code which relate to labor, only briefly mentioned in the memorandum of February 14, 1934:

A new draft of the proposed code contains the following provision:

"SECTION 13. The provisions of this code shall not affect the internal discipline of foreign flag vessels, or the regulation of rights and duties

³³ H. J. Res. 207 (Pub. Res. No. 17), 73d Cong., 2d sess.; 48 Stat. 500.

³⁴ Not printed.

of officers and crews of foreign flag vessels towards their vessels or among themselves, or their relations with their owners under contracts made without the United States.”

I presume that the correct interpretation of this provision would be that contractual relationship between the shipowner and the officers and crew of a foreign flag vessel would not be affected by the labor provisions of the code, and not subject to jurisdiction of the Divisional and National Shipping Labor Boards, when the contracts are made without the United States. Where, however, an officer or a member of the crew signs on in an American port, the provisions of the code and of the subdivision code are intended, it would seem, to apply to the contract, which would be subject to the jurisdiction of the above mentioned boards.

My Government has instructed me to inform you that it feels gravely concerned over the possible consequences of this provision, which would be that even when a Norwegian seaman signs on a Norwegian vessel in an American port, the labor provisions of the code would probably apply. In frequent cases a Norwegian shipowner engages seamen in Norway to be sent to the United States to complete the crew of a ship temporarily situated in an American port. As the actual signing on in such cases takes place in an American port, it might possibly be maintained that even such contracts were made in the United States, and a large number of contracts between Norwegian shipowners and their Norwegian crews initiated in Norway would thus come under the jurisdiction of the Divisional and National Shipping Labor Boards.

I am aware, of course, that the new draft only reflects the proposal of the American Shipping Industry and can not be regarded as having received the approval of the appropriate branch of the United States Government. I am also aware that it is stated in your note of February 19th³⁵ that it is not intended that provisions regarding wages and working conditions aboard ship and employer relationship with such labor shall apply to officers and crews of foreign vessels, this statement not containing any such limitation with regard to the country where the contract is made, as contained in the new code draft. As opportunity to file objections to the code soon expires it would, however, seem that final approval of a code is near, and I therefore beg to apply again for your kind intermediary in order that the above observations may be brought to the attention of the appropriate authority.

Accept [etc.]

H. H. BACHKE

³⁵ See footnote 12, p. 690.

195 Code/184

The French Ambassador (Laboulaye) to the Secretary of State

[Translation]

WASHINGTON, April 19, 1934.

MR. SECRETARY OF STATE: In conformity with instructions which I have received from my Government, I have the honor to invite Your Excellency's attention to the serious injury which would be caused the French shipping companies, particularly the Compagnie Générale Transatlantique (French Line), by the putting into effect of the "general code of fair competition for the shipping industry".

As Your Excellency can observe from reading the enclosed note, several provisions of the code in question give rise to the most decided objections on the part of the French shipping companies. It is to be noted, in fact, that this code does not limit itself to requiring the application of certain rules to the operations performed by foreign navigation companies on the territory of the Union; it undertakes likewise to subject to these rules contracts for passage and freight applying to travelers or merchandise coming to the United States from Europe. There would be danger of this innovation having serious repercussions on international trade relations, which are already so difficult.

I should be much obliged if Your Excellency would be good enough to call the attention of the competent authorities to the foregoing considerations and to those contained in the enclosed note and inform me of the action which may have been taken with respect to this communication.

Please accept [etc.]

ANDRÉ DE LABOULAYE

[Enclosure]

The French Embassy to the Department of State

[WASHINGTON, April 19, 1934.]

The proposed General Shipping Code is objectionable in that:

1) *Organization and Administration*—It establishes an artificial and arbitrary basis of organization and administration, placing all American flag Lines in a given service in one group and all foreign flag lines, irrespective of nationality, in the same service in another single group. Each group votes as a single unit, irrespective of the number of lines in the group. This classification is being imposed on the foreign flag Lines without their agreement or consent—a voting arrangement which is contrary to the spirit of the voluntary agree-

ment filed under U. S. Shipping Act 1916 as amended and which does not appear to be supported by the National Industrial Recovery Act itself. Certain treaties, either by their own provisions or under the "most favored nation" treatment, provide that the vessels of each country must receive equal rights and privileges with those of the other country, but the method of organization provided for denies such equal protection of the law and is, therefore, discriminatory.

2) *Rates and Fares.* It permits the United States Government, through the Administrator, finally and without judicial review, to fix minimum freight rates and passenger fares and establish rules of business conduct for all foreign flag Lines—in the event that such Lines and the American Flag Lines in a given trade are unable to agree voluntarily upon such rates, fares and rules—despite any special requirement as to such matters which an individual foreign flag Government may make on vessels flying its own flag.

3) *Inward Trade.* It brings within the jurisdiction of the Recovery Administration inward as well as outward trade and raises the question as to how far the Recovery Administration may operate outside the jurisdiction of the United States.

4) *Cost of Administering Code.* It requires a Line, whether or not it files a written assent to the Code, to contribute to the cost of maintaining the extensive administrative machinery established thereunder, in such proportion as the Lines who have assented to the Code may determine. Should a foreign flag Line find it inadvisable, from the viewpoint of its own national interests, to file a written assent to the Code, although it may voluntarily agree to abide by its provisions, such foreign flag Line may be required to pay a substantial share of the expense of administration without having a voice in determining either the policies or activities under the Code or the amount involved—a form of taxation without representation./.

195 Code/198

Mr. Charles S. Haight to the Assistant Secretary of State (Sayre)

NEW YORK, April 19, 1934.

[Received April 20.]

MY DEAR MR. SAYRE: I have landed today and have wired you asking if it will be convenient for you to see me on Saturday. That may not be a wholly "convenient" day for you, nor is it for me, but I feel that we should meet as soon as possible, in order that I may inform you of the latest developments which occurred in London after our conversation over the 'phone.

For your examination before we meet, I am enclosing two copies of a memorandum ³⁶ which I prepared in London at the request of Lord Essendon. My purpose was to allay the alarm which was caused by the announcement of the Joint Resolution of March 26th and to prevent hasty action abroad, in the direction of retaliation. Norway, Sweden, Denmark and Holland were quick to cable the British Chamber of Shipping, proposing joint action in the way of retaliation, and the best way of retaliating was also discussed by high officials in London, of which I will tell you when we meet.³⁷ I am glad to say that the Scandinavian countries and Holland were quieted and that nothing of this kind was started, thanks largely to the assurance which you gave me over the 'phone that the State Department was opposed to both the Joint Resolution which was passed and to the one pending. The day before I sailed (April 11th) I was asked to attend a meeting of the chief executives of the most important British Liners and they agreed to use their best efforts to prevent any hasty action or heated debate and I now hope that there will not even be any questions put in the House of Commons, certainly until there has been time to consider the situation further and, if possible, find a way out.

I am enclosing also two copies of the address ³⁸ which Sir Alan Anderson ³⁹ was scheduled to make today at the annual meeting of the Association of British Chambers of Commerce. He is the leader in a very determined effort to bring together, for mutual trade, the different countries which believe in a free exchange of goods without quotas, high tariffs, exchange restrictions and subsidies, especially shipping subsidies. Probably you are better informed than I was when I sailed, but I did not realize the strength of this movement nor the progress which has, apparently, been made towards its realization. If the more important countries of Europe and South America join the British Empire in such a plan, our position, if we remain an outsider, will be distinctly more difficult.

I do hope that, under your leadership, we may find a solution for our most immediate and pressing shipping problem. If so, that should be the first step towards a better and more friendly understanding.

On the chance that you may not have seen it, I am also enclosing a copy of the report on "Ship Subsidies and the Future of World Shipping", issued by the Foreign Policy Association under date of March

³⁶ Not printed.

³⁷ See memorandum *infra*.

³⁸ Not attached to file copy of this letter.

³⁹ President of the Association of British Chambers of Commerce; head of the Orient Line.

14th, 1934.⁴⁰ The discussion of possible international shipping agreements (pp. 11-12) is very much in accord with our discussion.

Very sincerely yours,

CHARLES S. HAIGHT

P. S. I ought to add that I gave a copy of my memorandum to the American Ambassador and posted him as to the situation before I left London.

Since dictating the above I have your wire and will be at your office about 2:15 tomorrow, Friday.

C. S. H.

588.C1/¼

Memorandum of a Conversation Between the Special Assistant to the Secretary of State (Hewes) and Mr. Charles S. Haight, in Washington, April 20, 1934

STATEMENT BY MR. HAIGHT

1. On the afternoon of March 7th—the day I sailed for the other side—Mr. Vallance⁴¹ telephoned and asked if I had any objection to having a copy of my letter of March 2nd to Mr. Sayre, or the substance of it, submitted to the Secretary of Commerce. I told him that I had not, and at the same time asked whether the Department would care to have me make discreet inquiries in the countries which I was planning to visit or would prefer to have me maintain complete silence. Mr. Vallance said that it would be entirely proper for me to continue my discussions with Lord Essendon and suggested that I also obtain additional information in the other countries and submit it.

(a) *Hamburg*. I accordingly discussed the feasibility of a possible international shipping agreement, in Hamburg, with Mr. Obousier, the Managing Director of the Hamburg-American Line and, according to my understanding, a man who is influential in government circles. He said that, in his opinion, Germany would be only too glad to co-operate in an international agreement, although he doubted the possibility of persuading the world to adopt any such joint action.

(b) *Copenhagen*. I saw the Directors of the Danish Steamship Owners' Association, in Copenhagen, and they confirmed the statement made by Lord Essendon that the steamship owners of Norway, Sweden, Denmark and Holland had offered to urge upon their governments the acceptance of any reasonable international agreement for the rationalization of tonnage, if Great Britain could be dissuaded thereby from voting a subsidy for tramp tonnage.

⁴⁰ Not reprinted.

⁴¹ William R. Vallance, Assistant to the Legal Adviser.

(c) *Baltic Conference*. On March 25th the Baltic International Maritime Conference met in Hamburg. I am attaching a press clipping⁴² which gives in full the resolution passed at that meeting, from which you will see that the Conference reached the conclusion that in the solution of the present shipping crisis "no measures can successfully be taken by individual shipowners or by national shipping associations unless the governments concerned lend their co-operation and help". Action was accordingly taken to persuade the British government to call an international shipping conference.

(d) *London*. I found the general feeling in London one of opposition to the calling of another international conference by Great Britain, even though requested to do so by the resolution of the Baltic Conference. Everyone seemed to feel very keenly the failure of the Economic Conference,⁴³ and the shipping men were sure that without the unqualified support of the United States a shipping conference would also fail, and they were unwilling to initiate any action merely upon the supposition that the United States would favor it. Lord Essendon saw various government officials and discussed with them, informally, my letter of March 2nd to Mr. Sayre. The general consensus of opinion was that, for the success of the undertaking, it would be altogether better if the United States would call the conference. There was also, as was natural, a definite unwillingness to act upon information coming from a wholly unofficial source.

When this information had been secured, I cabled Mr. Sayre through the London Embassy. Copies of my cables are attached hereto,⁴⁴ for convenience.

2. *Joint Resolution, March 26th*.⁴⁵ Almost immediately after my cables were sent, announcement was made in the press of the approval by the President of the above Joint Resolution, and all of the shipping men in London were much disturbed. Some also were disposed to act upon the theory that a shipping war with the United States was unavoidable and that immediate retaliatory measures were called for. The Scandinavian interests telegraphed London, suggesting joint retaliation through the international shipping conference, and I was told that, but for the adjournment of the House of Commons, there would have been every likelihood of an angry debate there.

I felt certain that the Joint Resolution did not indicate a reversal in the declared policy of the Administration, and so stated, and after some argument I quieted the fears of the British Chamber of Shipping and its various members. At the request of Lord Essendon, I pre-

⁴² From the *London Times*, March 26, 1934; not reprinted.

⁴³ See *Foreign Relations*, 1933, vol. I, pp. 452 ff.

⁴⁴ Telegrams are quoted by the Secretary of State in letter to the Secretary of Commerce dated April 5, p. 703.

⁴⁵ *Ante*, p. 706.

pared a memorandum ⁴⁶ giving my views of the situation and, in particular, urging against heated comment in the press and in the House of Commons and against hasty retaliation. A copy of that memorandum has already been submitted to the State Department. Lord Essendon and the officials of the British Chamber, at a general conference, agreed to use their influence to quiet the excitement caused by the publication of the Joint Resolution and copies of my memorandum were submitted to various government officials. A general conference of the chief executives of the most important British lines was also called and I was asked to attend.

3. *Liner Conference.* This conference was attended by Lord Essendon, Chairman; Sir Alan Anderson, head of the Orient Line and President of the Association of British Chambers of Commerce; A. B. Cauty of the White Star Line; L. C. Harris, representing the Ellerman interests; Sir Norman Hill, for many years the Secretary of the Liverpool Steam Ship Owners' Association; T. Harrison Hughes, representing the Harrison Line; Martin Hill, Joint Secretary of the Liverpool Steam Ship Owners' Association; P. Maurice Hill, Assistant General Manager of the Chamber of Shipping. Lord Essendon posted the meeting fully as to the most recent developments. The Joint Resolution of March 26th was examined, which [*and it was?*] stated that some information had been received suggesting that it would be applied only to shipments made to China, Cuba and Russia. The language of the Resolution, however, appeared to be too broad to justify such a construction and it was proposed that the British Ambassador at Washington ⁴⁷ be directed to ask for assurances on the subject from the American government.

On the subject of a possible international conference, Sir Alan Anderson urged that, at any conference which was held, shipping should be treated as part of the general problem of trade restoration, which problem he thought must be handled on the lines of the agreed British policy. Sir Alan thought that there might be some danger in dealing with the shipping question first, before the general principles for trade restoration were established.

Sir Norman Hill was also of the same opinion.

Lord Essendon argued that a shipping agreement for the rationalization of tonnage could be taken up first and that it need not prejudice a wider trade agreement later. He favored a conference on the lines suggested in my letter to Mr. Sayre and argued that even if trade should improve in the immediate future, there would still be too many ships to handle the cargo moving. After discussion, the meeting agreed (*a*) that all agitation against the Joint Resolution, both in the

⁴⁶ Not printed.

⁴⁷ Sir Ronald Lindsay.

press and in the House of Commons, should be avoided; (b) that retaliation should be kept in reserve; (c) that action by the British lines on the question of an international conference should await a disclosure of the American attitude. If the purpose of the American government was to seek a solution which would be for the general good of all shipping, the British owners would be more than glad to co-operate. If, on the other hand, the suggestion of a shipping conference, even if called by the United States, were to be based upon the theory that the United States must carry at least 50% of the entire trade, it would be far better not to have any conference at all.

I was specially questioned on three points:

(a) "*Continuity*" of U. S. Government action. The obvious fear was lest, in the quick change of American officials, it should prove impossible to work out an international conference satisfactorily, even if it were called. I replied that the personnel of the State Department was not as transitory as that of the National Recovery Administration and that, in my opinion, if the American government saw fit to take the initiative in the settlement of the present shipping crisis, there need be no worry about carrying the project through to a finish.

I also urged that action should be through governments and not through private steamship owners.

(b) *Fifty percent of American trade*. I was also asked about the attitude of the American government, in view of the numerous statements contained in the press that American steamship owners would never agree to carry less than 50% of America's foreign trade. As already suggested, it was felt that if that position were to be persisted in, an agreement would be impossible. My answer was that I did not believe that the State Department would take as extreme a position as that declared in the press by the American Steamship Owners' Association.

(c) *International free trade agreements*. Sir Alan Anderson's plan was also explained to me, under which the various commercial nations of the world are to be invited to combine with Great Britain and engage in free exchange of goods, without the restrictions of high tariffs, quotas, subsidies or other barriers. I answered that, in my judgment, it seemed wise to take one step at a time, and that the settlement of the shipping crisis would be a very useful step. I expressed the opinion, however, that the United States was serious in its purpose to lower tariffs; that we were shaping our policy on the theory that we could not sell abroad if we did not also buy, and that the Joint Resolution would be overcome in some way, since I had been assured that the State Department was opposed to it and was convinced that the other Departments, also, did not favor it.

I also called attention to the fact that the reciprocal trade agreements⁴⁸ which the President is to be authorized to enter into will be "executive agreements", not requiring the ratification of the Senate, and that I hoped that a shipping agreement—if ever one were arrived at—would be handled in the same way. I asked for a more full statement of Sir Alan Anderson's plan and, as a result, was furnished with a copy of the address which he was to deliver, as President of the Association of British Chambers of Commerce, at their annual meeting on April 19th. A copy of that address has already been forwarded to the Department.

At the close of the meeting I was requested (a) to report the general situation to the State Department, (b) to inquire if the American government would be prepared to approach the British government on the subject of an international shipping conference, and (c) to emphasize the need for general trade restoration.

Before leaving London I saw the American Ambassador and explained to him fully what I had done and gave him a copy of the memorandum which I had prepared on the subject of the Joint Resolution.

This completes my report to the Department on the subject of my informal activities abroad. Perhaps I may be permitted, however, to say that there are one or two points which really need fairly prompt action:

(1) *Joint Resolution, March 26th.* I doubt if anything could cause more instantaneous trouble than this Joint Resolution, if it is put into effect. I know that within a few days after the announcement was made in the press, a large part of Europe was so stirred up that retaliatory action was a real danger. I also know that British officials are already prepared to advocate the passage of an Act by the House of Commons under which all British subjects purchasing goods in the United States will be required to buy them f. o. b. American ports and to bring them to Great Britain in British bottoms. Surely nothing could be more utterly destructive of the business of all international carriers than legislative warfare of this character. If assurance can be given to foreign governments that this Joint Resolution is not to be enforced in accordance with its broad language, that will be infinitely useful. Of course, the best thing possible would be to have it repealed, but that probably is not feasible before Congress adjourns.

(2) *American initiative.* It is my conviction that no action which we are in a position to take will be more effective in restoring friendly relations with foreign countries than the calling by the United States

⁴⁸ Reciprocal Trade Agreements Act, approved June 12, 1934; 48 Stat. 943.

government of an international shipping conference, for the declared purpose of seeking a solution which will benefit all nations equally. At the moment, many owners and a good many governments feel that the very heavy subsidies which we have paid to American operators have worked a real injustice to them, and that the world's shipping ills have been substantially intensified thereby. We are now carrying approximately 35% of our foreign trade in American bottoms. If we could declare ourselves in favor of prompt rationalization, based upon the *status quo*, so as to keep surplus tonnage tied up, and operate such tonnage as is needed, at a profit, it would do much to relieve the tension in shipping matters, which is, today, pretty high. It is, of course, necessary to move advisedly and to consider the problem fully, but if any action looking towards an international conference is to be taken, the sooner that it can be taken the better it will be.

195 Code/176

*The Secretary of State to the National Recovery Administrator
(Johnson)*

WASHINGTON, April 20, 1934.

MY DEAR GENERAL JOHNSON: Referring to your letter dated February 16, 1934, concerning the memorandum from the Norwegian Minister relative to the proposed code of fair competition for the shipping industry, I transmit herewith for your consideration a copy of a note dated April 14, 1934, received from the Norwegian Minister calling attention to the provisions of Section 13 of the new draft of the proposed code and stating that the Norwegian Government "feels gravely concerned over the possible consequences of this provision, which would be that even when a Norwegian seaman signs on a Norwegian vessel in an American port the labor provisions of the code would probably apply".

In your letter of February 16, 1934, you made the following statement:

"It is not the intention of the code to interfere with the nationals of other countries on foreign flag vessels. The language of the code, to this extent, will be clarified before approval."

It is believed that the phraseology used in Section 13 of Article 5 should be amended to make it clear that the section does not apply to cases such as those mentioned in the Norwegian Minister's note. It is understood that foreign vessels employ only a small number of seamen in ports of the United States and such employment is frequently of an emergency nature to replace seamen who become sick or injured or who desert from the vessel. The newly employed seamen are usually

necessary for the safe navigation of the vessel and as Section 13 now reads their contract of employment because entered into in the United States would place them in a different status and would be on a different basis from the officers and other members of the crew in so far as the application and enforcement of the provisions of the code to them are concerned.

As no practical advantage would seem to be gained by American shipping interests by the inclusion of the words "under contracts made without the United States" in Section 13, I recommend that these words be eliminated from the code. The retention of these words may lead to retaliatory measures with respect to seamen employed under similar circumstances by American vessels in foreign ports.

I shall be grateful if you will be so good as to send me a statement of your views with regard to these matters for use in replying to the note received from the Norwegian Minister.

Sincerely yours,

CORDELL HULL

195 Code/190

The Secretary of State to the Minister in Canada (Robbins)

No. 322

WASHINGTON, May 4, 1934.

SIR: The Department transmits herewith a copy of the proposed General Shipping Code⁵⁰ which received consideration at a public hearing held by the National Recovery Administration on April 26-28, 1934. You will note that the proposed Code would be applicable to shipping on the Great Lakes. A copy of the brief^{50a} filed with the Deputy Administrator by Mr. Newton D. Baker⁵¹ in opposition to the inclusion of the Great Lakes shipping interests in any General Shipping Code is also transmitted herewith. Your attention is particularly invited to the statements set forth under the heading "Competition" in the brief, and the following item from the *Daily Freight Record* of April 13, 1934:

"W. H. Coverdale, President of Canada Steamship Lines, Ltd., at the annual meeting of the C. S. L. in Montreal declared that the company had been given a competitive advantage over United States lake steamship companies, as the United States industrial code legislation has raised operating costs of American companies. Mr. Coverdale was recently elected President of Export Steamship Corporation."

As it has been alleged that the proposed General Shipping Code would cause cargoes intended for export from the United States to

⁵⁰ Not attached to file copy of this instruction.

^{50a} Not printed.

⁵¹ Of the legal firm of Baker, Hostetler, Sidlo & Patterson, Cleveland, Ohio.

be sent by rail to Canadian ports in order to avoid the minimum ocean freight charges which could be established under a Division or Subdivision Code by Article VII entitled "Stabilization and Regulations of Rates, Fares, and Charges", you are requested to forward to the Department any information you may obtain concerning the effect of the proposed Code, including press reports or statements of Canadian officials.

Copies of this instruction and its enclosures are being forwarded to the American Consul General at Montreal with a view to obtaining additional information on this subject from that source.

Very truly yours,

For the Secretary of State:
FRANCIS B. SAYRE

195 Code/193

Memorandum by the Assistant Secretary of State (Sayre) of a Conversation With the Greek Minister (Simopoulos)

[WASHINGTON,] May 7, 1934.

The Greek Minister called in order to express the concern of the Greek Government with reference to the proposed insertion in the shipping code of provisions concerning the fixing of minimum rates for the carriage of cargoes on foreign ships departing from American ports. He expressed the feeling that not only would this be detrimental to foreign commerce in general but that it would be extremely unsettling in the shipping world and would be too likely to result in recriminatory action by various foreign countries. He therefore expressed the strong hope on the part of his government that no such provisions would be inserted in the shipping code.

F[RANCIS] B. S[AYRE]

195 Code/202

The National Recovery Administrator (Johnson) to the Secretary of State

WASHINGTON, May 15, 1934.

MY DEAR MR. SECRETARY: I am in receipt of a letter dated April 22 [21] 1934, from the Undersecretary of State, William Phillips,⁵² enclosing a letter from the French Ambassador, André de Laboulaye.⁵³ The Ambassador's letter raises several objections to the proposed General Shipping Code. Before answering the specific objections raised by the Ambassador's letter I should like to outline the general position

⁵² Not printed.

⁵³ Dated April 19, p. 708.

taken this far by the National Recovery Administration regarding the General Shipping Code.

Much has been said about the General Shipping Code conflicting with the rights granted under our various commercial treaties. I do not interpret the Code as being in derogation of the rights granted under treaties as all of them carry with them provisions to the effect that any restrictions and rules and regulations placed on American flag vessels may also be placed on foreign flag vessels providing there is no discrimination. Indeed, the development of minimum rates for the outbound foreign commerce of this country is in my opinion parallel to the establishment of any port rule or regulation which, if applied equally to foreign and native vessels, do not constitute discriminatory practices.

Is it not a fact that in the development of such rules and regulations there is nothing in the treaties that provides that foreign interests shall be given an opportunity to be heard in connection therewith? In my opinion it should distinctly be appreciated that the opportunity granted the foreign flag lines to be heard in respect to the General Shipping Code, is not a right to which they are entitled by law or treaty, but merely the extension of a courtesy. The General Shipping Code, moreover, gives foreign flag lines an equal vote with the American flag lines in the establishment of such fares and other rules and regulations. It would certainly appear to me that the allegation that this proposed Code violates treaty rights is entirely out of order. I would appreciate your views on this point in particular. I believe you will agree that with this code being drawn up in a foreign country, American flag lines would have little, if anything, to say in its formulation and still less in its application.

It is my understanding that your Department is interested not only in the international aspect of this Code but also in protecting the interests of exporters. The stabilization of rates, fares and charges, through the establishment of minimum tariffs, should give the exporters of this country greater protection than they now receive, and especially the smaller exporters who heretofore have not been able to bargain for special low rates as have the larger exporters. A great many objections have been raised to the Code by shippers and exporters, a number of which have come to the attention of your Department. The National Recovery Administration has definite proof that a substantial portion of the exporters' and shippers' objections to the Code have been fostered by propaganda of foreign interests which seek to defeat the purposes of the Code and this propaganda has very definitely misrepresented the facts of the case. The vast majority of the protests made to the stabilization provisions would appear to arise from a lack of understanding of how the Code will operate.

The details of the administration of the Code and the division codes thereunder, have been tentatively worked out and the Shipping Board Bureau figures prominently in the administration of the rate stabilization features. This should give additional assurances to the exporters that their position will be adequately safeguarded.

Specifically, in answer to the four points raised in the memorandum from the French Ambassador, the position taken by the National Recovery Administration thus far is as follows:

1. The organization and administration of the foreign trade divisions of the General Shipping Code only divides the groups into foreign and American separately when a failure to agree as a body is apparent. It has taken some time to work out this method of voting and it is apparently the only practical method possible. To be sure this voting arrangement is at variance with that now prevailing under conference agreements. However, it has not been the desire of the National Recovery Administration to place a code on the foreign trade shipping of this country which would give foreign flag lines an advantage over American flag lines. In the event of disagreement, foreign and American lines are separated and have equal votes regardless of the predominant interest in the trade, and there can be no accusation of discrimination against foreign flag vessels. In the event of the majority of each of these groups failing to concur, the decision rests with the National Recovery Administration. Equal voting rights and powers are granted between the two groups.

2. As to the minimum rates, fares and charges which may be adopted under the Code, it appears to me that this is the only logical solution to bring order out of chaos in the Shipping Industry. Every care and consideration will be given to all parties in interest when the actual rate schedules are discussed and before their adoption. Foreign and American lines will have an equal voice in the making of rates, fares and charges. It is hardly conceivable that we should impose minimum rates on American flag vessels while their foreign competitors carry commerce of this country and are left free to quote any rates they desire.

3. As far as inward freight is concerned we have taken no definite stand, although it will probably develop that no attempt will be made to cover minimum rates of trade from foreign countries to this country. It may well be that the President, in working out his reciprocity treaty agreement, which power he is now seeking from Congress, will be glad to avail himself of the power to control inbound freight rates, and it is not my opinion that we should at this time concede any of our rights, or possible rights, to foreign nations.

4. The administrative machinery established under this Code is not as complex as it may appear. It will be spread over a very large number of groups, such as, inland water carriers, towboats, service vessels, etc., and the share of this particular company will be, at most, nominal. The cost of the divisional codes will doubtless be less than the cost of the present conference agreements.

I have endeavored briefly to give you the position the National Recovery Administration has taken thus far. There can be no doubt

but that the Code, as drawn, is nationalistic, but only to the extent that it provides for equality in foreign trade shipping that thus far has been denied American flag vessels. As written the Code provides a firm control over shipping.

The issue has been clearly drawn by the proponents of the Code. In view of the highly controversial points raised in connection with the Code I would appreciate a full expression of the views of your Department in the subject matter of this letter, and I would especially appreciate your bringing to my attention any of the above points which you believe to be in conflict with either the domestic or foreign policy of the Administration.

Sincerely,

HUGH S. JOHNSON

195 Code/212

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

No. 396

WASHINGTON, May 23, 1934.

SIR: The Department refers to the statement on page nine of your despatch No. 611, dated April 9, 1934,⁵⁴ entitled "Suggested Shipping Conference", and notes with interest that the Danish, Norwegian, Swedish and Netherland Ministers in London have made representations to the British Government on this subject.

A copy of a proposed general shipping code prepared by the National Recovery Administration is transmitted herewith⁵⁵ for your information. You will observe that foreign shipping lines carrying cargoes from the United States would be made subject to the provisions of the code. The Department has received notes from the French Ambassador and from the Danish and Norwegian Ministers at this capital protesting against certain provisions of the code, and the Greek Minister has orally stated that his Government objects to some of its provisions.

As an alternative to the proposed general shipping code, representatives of foreign shipping lines have suggested that an international shipping conference should be held for the purpose of stabilizing rates and taking other measures for the protection of shipping interests. The Secretary of Commerce has stated that he considers it inadvisable for the United States to issue invitations for such a conference.

Please keep the Department fully advised of any further developments with respect to the possibility that the British Government may issue invitations to an international shipping conference.

Very truly yours,

For the Secretary of State:
FRANCIS B. SAYRE

⁵⁴ Not printed.

⁵⁵ Not reprinted.

195 Code/224

Memorandum by the Assistant to the Legal Adviser (Vallance) of a Conversation With the Second Secretary of the German Embassy (Lohmann)

[Extract]

[WASHINGTON,] May 31, 1934.

Mr. Paul Culbertson of the Western European Division advised me over the telephone that Mr. Lohmann was in his office and desired to get information regarding the present status of the Shipping Code. Mr. Culbertson brought Mr. Lohmann to my office, and Mr. Lohmann stated that the Embassy was disturbed about the Shipping Code on three points, as follows:

1. The proposed Code provided for a Code Authority to be composed of representatives, one-half of whom would be chosen by American shipping interests and the other half by foreign shipping interests. In case of disagreement an appeal could be taken to the National Recovery Administrator, General Johnson. This arrangement would normally result in having the questions generally decided in favor of the American point of view rather than that of the foreign ship owners.

2. Mr. Lohmann stated that he believed stabilization clause fixing rates on cargoes exported from the United States was in contravention of the terms of the Commercial Treaty between the United States and Germany.⁵⁶

3. The restrictions on shipping operations of foreign vessels in American ports proposed by the Code might lead to retaliatory provisions against American vessels and it would be difficult to oppose them with resultant hampering of the improvement of world trade conditions.

W[ILLIAM] R. V[ALLANCE]

588.C1/3

The Special Assistant to the Secretary of State (Hewes) to Mr. Charles S. Haight

WASHINGTON, June 22, 1934.

MY DEAR MR. HAIGHT: Replying to yours of June 13:⁵⁷

I understand that the Attorney General has rendered an opinion⁵⁸ to the effect that the Resolution of March 26 is not mandatory but was intended as a rule of guidance.

⁵⁶ Signed at Washington, December 8, 1923, *Foreign Relations*, 1923, vol. II, p. 29.

⁵⁷ Not printed.

⁵⁸ 37 Op. Atty. Gen. 546.

I think the matter of an International Shipping Conference is progressing. The new Committee⁵⁹ has been at work every day this week to attempt to devise the various facts which must be considered preliminary to developing matters of policy. The question of the advisability and practicability of accomplishing results through an International Conference is being actively pursued.

Sincerely yours,

THOMAS HEWES

195 Code/244

*The Secretary of State to the Danish Minister (Wadsted)*⁶⁰

WASHINGTON, July 5, 1934.

SIR: I have the honor to refer to your notes of March 29 and April 10, 1934, and to this Department's note dated April 7, 1934,⁶¹ concerning the provisions contained in the proposed code of fair competition for the shipping industry. The President did not approve the draft of the shipping code which it is understood was forwarded to him for consideration. No information is available as to what action the proponents of the code now intend to take with regard to this matter.

Accept [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

588.C1/11

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

No. 836

LONDON, July 18, 1934.

[Received July 28.]

SIR: I have the honor to enclose a memorandum, forwarded by the Foreign Office, dealing with the situation in shipping, which, it states, has for some time been causing the gravest concern to His Majesty's Government in the United Kingdom. The covering Foreign Office note and memorandum are self-explanatory, and I venture to point out the request that His Majesty's Government in the United Kingdom may be furnished with the views of the American Government, not only on the situation generally, but also on the matters to which special attention has been invited in the memorandum.

Respectfully yours,

For the Ambassador:

RAY ATHERTON

Counselor of Embassy

⁵⁹ Interdepartmental Shipping Policy Committee.

⁶⁰ Substantially the same note was sent to the Norwegian Minister, July 5.

⁶¹ Note of April 7 not printed.

[Enclosure]

The British Secretary of State for Foreign Affairs (Simon) to the American Ambassador (Bingham)

No. W 6652/291/50

[LONDON,] 16 July, 1934.

YOUR EXCELLENCY: I have the honour to enclose herein a Memorandum on the shipping situation, which has for some time been causing the gravest concern to His Majesty's Government in the United Kingdom. The Memorandum is being communicated to the representatives of the principal maritime countries, including those referred to in paragraphs 7 and 8.

2. His Majesty's Government have endeavoured in the Memorandum to set forth briefly the position as regards world shipping in general and British shipping in particular, and have called attention to some of the remedies which have been proposed for the present situation.

3. I have the honour to request that His Majesty's Government in the United Kingdom may be furnished with the views of Your Excellency's Government, both on the situation generally and on the matters to which special attention has been invited in the Memorandum.

I have [etc.]

JOHN SIMON

[Subenclosure]

Memorandum by the British Foreign Office on the Shipping Situation

The fundamental cause of the existing shipping depression is to be found in the great reduction which took place in the volume of overseas trade at a time when the expansion of the mercantile fleets of most maritime countries (due in certain cases to subsidies or other artificial assistance given by the Government) had brought the volume of world tonnage up to a figure never previously attained. It has been estimated that, when increased speed and other improvements are taken into account, the capacity of the world's shipping is nearly twice that required to carry the reduced volume of trade. The results of this disparity are seen in the depression which now lies heavy on the industry.

2. In these circumstances, the position of the British Mercantile Marine has called for serious consideration. The great increase in shipping under other flags which continued generally up to a year or two ago was not accompanied by any comparable increase in British shipping, and since 1931 the British Mercantile Marine has declined more heavily than world tonnage as a whole. It now represents a smaller proportion of world tonnage than has hitherto been the case under modern conditions. In view of the vital importance of sea

transport to the British Commonwealth generally and to the United Kingdom in particular a strong Mercantile Marine is a fundamental necessity. The present situation is, therefore, a matter of serious concern to His Majesty's Government in the United Kingdom; and they find themselves forced to seek means of safeguarding the British Mercantile Marine and securing for it employment on a more profitable basis.

3. The tramp shipowners of the United Kingdom, who had been particularly affected by the present depression, have addressed an urgent request to His Majesty's Government that, pending the establishment of more favourable trading conditions, Government assistance may be granted to enable them to maintain their ships in trade and prevent further depletion of their fleets. His Majesty's Government are satisfied that British tramp ships require assistance to enable them to secure employment in competition with subsidised ships of other countries. They have, therefore, announced that they are prepared to consider the grant of a defensive subsidy for this purpose and they have asked their shipowners to formulate an appropriate scheme. As was made clear in the announcement, the subsidy would be subject to withdrawal if the circumstances which led to its introduction were altered. His Majesty's Government are, therefore, ready to enter into individual discussion with the Governments of countries which at present subsidise their cargo shipping, in order to ascertain whether, so far as those Governments are concerned, conditions could be established which would enable His Majesty's Government to contemplate the withdrawal of the defensive subsidy granted to British tramp ships.

4. His Majesty's Government in the United Kingdom have also received strong representations as to the difficulties experienced by British liners through the competition of foreign liners supported by subsidies on particular routes; and they have expressed their willingness to examine such cases with a view to rendering assistance (where assistance is found to be justified) either by way of a defensive subsidy or in such other form as may be most likely to remove those difficulties. In all such cases, His Majesty's Government would endeavour so far as practicable to arrange that the position should be discussed with representatives of the country or countries to which the subsidised foreign liners belong, in order to reach a satisfactory solution.

5. The foregoing decisions were announced by the President of the Board of Trade⁶² to the House of Commons on the 3rd July, 1934, in the course of a statement of which a copy is enclosed herewith.⁶³

⁶² Walter Runciman.

⁶³ Great Britain, *Parliamentary Debates*, House of Commons, 1933-34, 5th ser., vol. 291 (London, 1934), pp. 1720-1724.

6. His Majesty's Government regret that the subsidising policy followed by the Governments of other countries should have forced them to adopt similar measures in defence of the British Mercantile Marine. This possibility was, however, foreseen at the Monetary and Economic Conference held last year, and was referred to in the Memorandum⁶⁴ circulated by the United Kingdom Delegation, in which they called attention to the effects which the continuation of subsidies to shipping on competitive routes would have and pointed out that "countries which do not at present subsidise will have to resort either to protection of their shipping or to subsidies."

7. As regards the general position of shipping, His Majesty's Government in the United Kingdom find that there is agreement among a number of maritime countries as to the remedies which ought to be applied. The Governments of Denmark, the Netherlands, Norway and Sweden addressed towards the end of March last identic notes to His Majesty's Government, expressing their deep regret at the failure of the Monetary and Economic Conference to arrive at an economic disarmament and particularly at the failure of its efforts to remove or to limit the practice of shipping subsidies. These Governments are of opinion that such artificial State aid to shipping, whether direct or indirect, is harmful to the sound economic operation of the shipping trade in particular, and to world trade in general, besides involving a heavy burden on the national exchequers. They view with apprehension, therefore, the consequences which in their opinion must surely follow from a continuation of this policy. They realise that the precarious state of shipping is chiefly due to the shrinkage of world trade, the over-production of ships in past years and the uneconomic competition of subsidised vessels. They express their willingness to co-operate with His Majesty's Government in any attempt to find remedies for the evils from which the shipping industry is suffering; and they undertake that if His Majesty's Government should convene a maritime conference for this purpose they themselves would be willing to send delegates to such a meeting. They suggest that its object should be to discuss—

- (a) the abolition or limitation of subsidies;
- (b) the restoration of equilibrium in the shipping trade by adjusting the supply of tonnage to actual world requirements;
- (c) any other measures that may be submitted to the Conference which would help to combat depression and have for their ultimate aim the restoration of this important international industry to its former condition of sound economic competition.

8. A note to the same effect was subsequently received from the Greek Government; and a note couched in more general terms was

⁶⁴ League of Nations, Monetary and Economic Conference, *Reports Approved by the Conference of July 27th, 1933* (London, 1933), p. 36.

also received from the German Government expressing their readiness to take part in a conference, and adding that they shared the view that co-operation between the shipping countries offers the possibility of a thorough improvement in the position of the entire shipping trade of the world.

9. His Majesty's Government feel that no useful purpose would be served by an international conference of maritime Governments until it is clear that all the countries interested are ready in principle to join in international measures for remedying the present difficulties and are in general agreement as to the measures to be taken. The first of the two specific subjects suggested for discussion, the abolition or limitation of subsidies, was one of the matters discussed at the Monetary and Economic Conference of 1933, but unfortunately no progress was made towards an agreement on the subject. The present position of His Majesty's Government in the matter is stated in the earlier part of this memorandum.

10. As regards the second subject suggested for international consideration, namely, the restoration of equilibrium in the shipping trade by adjusting the supply of tonnage to actual world requirements, His Majesty's Government consider that the formulation and discussion of schemes for this purpose should be undertaken, in the first instance at least, by the shipowners of the chief maritime countries. The history of schemes of this kind shows the difficulty of framing a scheme likely to find general acceptance, particularly so long as the question of subsidies has not been disposed of. His Majesty's Government have, however, urged the shipowners of the United Kingdom that they should, through their international organisations and in any other ways open to them, press upon the shipowners in other maritime countries the framing of proposals tending to adjust the supply of tonnage in the world to the demand; and they hope that the Governments of other maritime countries will similarly urge their shipowners to co-operate to this end.

[LONDON,] July 13, 1934.

588.C1/8

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

No. 907

LONDON, August 24, 1934.

[Received August 31.]

SIR: I have the honor to refer to the Department's instruction No. 396 of May 23, 1934, with reference to a "Suggested Shipping Conference", to the Embassy's despatch No. 771 of June 14, 1934,⁶⁵ and to

⁶⁵ Not printed.

despatch No. 836 of July 18, 1934, forwarding a note and memorandum from the Foreign Office on the shipping situation.

The press has for the past week carried statements to the effect that an international shipping conference is contemplated, to be held in London early in October. In reply to inquiries made of the Foreign Office, the information was obtained that this proposed conference, while having the approval of the Government, is not a Government undertaking, and that no invitations are being extended by the Government. It appears that the conference is to be one of representatives of international shipping interests. According to the Foreign Office, an invitation to attend has been sent by the British organizers of the conference to the American Steamship Association, although no reply has yet been received.

The press reports that the suggestions which are being put forward for this conference are in full accord with the proposals of the British Government, as outlined by the President of the Board of Trade in the House of Commons on July 3. This statement appears in full in the Foreign Office memorandum forwarded with despatch No. 836 of July 18, above referred to. Mr. Runciman at that time indicated the readiness of the Government to grant a subsidy for one year of not more than two million pounds for defensive purposes and for the assistance of vessels carrying tramp cargoes. The willingness of the Government to grant this subsidy was stated to be dependent on the fulfilment of certain conditions, one of which was that there should be a real measure of organisation of tramp shipping. Another condition was that British ship owners, through international organisations and in other ways open to them, should press on ship owners in other maritime countries the framing of proposals tending to adjust the supply of tonnage in the world to the demand, thus helping to raise freight rates once more to a profitable level. On the same occasion Mr. Runciman indicated that the Government intended to communicate with foreign countries to ascertain their views on the possibility of international measures to facilitate the abolition or reduction of subsidies, and the formulating of schemes for laying up or scrapping superfluous tonnage, or for undertaking both measures. The view of the Government was, however, that the task of preparing the ground for, and of formulating such schemes must in the first instance fall on the ship owners of the chief maritime countries. It is this task, apparently, which British ship owners are now attempting, and the forthcoming conference will undoubtedly be watched with close and sympathetic interest by the British Government.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

588.C1/16

*The Chairman of the American Steamship Owners' Association
(McAuliffe) to the Secretary of State*

NEW YORK, November 14, 1934.

[Received November 15.]

SIR: The American Steamship Owners' Association respectfully submits the following considerations bearing upon the suggestion that an international conference of shipowners be convened in London to undertake the negotiation and formulation of an agreement providing for a reduction in world tonnage in international trades, a process popularly termed "rationalization of tonnage," namely:

1. Inasmuch as American ships in their international operations are almost exclusively confined to American foreign trades, the Association's comments herein have reference only to such trades.

2. Conditions prevailing in world shipping are economically unsatisfactory owing to the world-wide depression and excessive competition; freight rates are unremunerative and there is an excess of ship tonnage over present transportation requirements, in many trades. The result is that the earnings of shipowners throughout the world are inadequate properly to support shipping on a self-sustaining basis.

3. In addition to suffering from low rates and insufficient cargo, American ships have within the past year had their expenses materially increased through increases in costs of fuel, repairs, supplies, labor, etc., in the United States, as substantially eighty-five per cent of the total earnings of American ships are expended in American ports. At the same time there has been no material increase in freight rates.

4. Most of the services in which American ships are operated were established by the Government as essential foreign trade services and were operated for many years by the Shipping Board and Emergency Fleet Corporation at large public expense. American shipowners have been able to take over the services and the ships and to operate them only through the Government aid partly provided by the Merchant Marine Act, 1928.⁶⁶ Without Government aid these services cannot be continued or developed. Unless, therefore, the aid provided by the Merchant Marine Act, 1928, or substituted aid, is continued by the Government, American ships cannot continue to operate in American export and import trades, with possibly a few exceptions, and in no case can there be a replacement of the existing ships.

5. The continued attacks upon American shipowners and Government aid, which have not always correctly stated the facts, have necessarily created a feeling of great distrust and uncertainty in

⁶⁶ 45 Stat. 689.

American shipowners as to whether Government aid is to be continued; whether the privately-owned American Merchant Marine is to live and develop, or is to be destroyed, or return is to be made to the more costly experiment of Government ownership and operation.

6. Foreign shipping interests are fully informed as to the present situation of American shipping. There is a strong hope and even expectation on the part of some that the critical attitude towards the American Merchant Marine signals its approaching end in foreign trade. While others recognize the right and necessity of America having a merchant marine adequate to her needs, and are prepared to cooperate with American shipowners in an effort to stabilize competitive conditions, nevertheless the uncertainty which exists as to the future policy of the Government places American shipowners in a position where they can make no definite plans for the future, and hence cannot intelligently enter upon any international negotiations for a correction of existing conditions with any certainty of feeling that any plans made could be carried out or be made effective.

7. Obviously there can be no sound development in American shipping until confidence as to the future is restored by some definite action taken by the Administration, which will make certain that a privately-owned American Merchant Marine is to have the continued and effective support of the Government. This includes a reorganization of the Shipping Board Bureau, or the creation of a new shipping administrative department, on a permanent basis which will enable it to function efficiently. It requires a clear definition of the character of aid to be accorded in the future, which will make clear that American ships are to have such backing of the Government as will assure their successful operation if efficiently and economically managed, and as will provide for adequate replacements. No such result has yet come from the investigations and numerous questionnaires with which American shipowners have been concerned. There is, however, opportunity for this to be accomplished from the present hearings before the Post Office Department and by the Special Interdepartmental Committee now at work, if Government officials concerned with the shipping problem will constructively cooperate with the shipowners to find a basis of sound future operations.

8. It has been suggested that the shipowners of all nations meet in conference and endeavor to find a basis upon which, or a formula by which, there can be arranged by international agreement a proportionate reduction of all ship tonnage in all world trades, thus automatically providing larger cargoes and for increasing the revenues of the ships that continue to operate. The suggestion of certain foreign interests is that compensation be made to laid-up ships from a fund to be collected by the governments of the nations interested, the payments therefrom to be determined and supervised by an international com-

mittee of shipowners. Whether this would be effective in attaining desired results it is impossible to say until it has been further developed as to its method of operation. It would require special legislation by Congress to put it in operation here, and, of course, no one can prophesy the attitude of Congress on the proposal. Nevertheless it may be worthy of further preliminary examination with a view to sounding its practical possibilities.

9. To the end that nothing may be left undone which might prove helpful in extricating American and foreign shipping from its present unsatisfactory state, and in order that we may be as helpful as possible to the government in solving the problem which confronts all shipping, our Association is prepared to send representatives to a preliminary conference of a small committee of the International Shipping Conference for the purpose of determining whether an agenda for a full meeting of the International Shipping Conference can be worked out, which will give reasonable promise of rationalizing shipping in world trades and prove acceptable to the governments of the nations concerned. Our Association would make two conditions to such a meeting: (1) that the policy of granting subsidies shall not be considered; and, (2) that the protected trades of the United States shall not be a subject for discussion, for we regard these as matters of national concern alone. If an agenda could be agreed upon, then a later full meeting of the Conference should be planned.

10. It is quite clear, however, that while steps may be taken by American shipping interests to join in the preparation of an agenda, nevertheless agreement to participate in a further conference, to consider the agenda and with a view to accomplishing definite action by the parties to the Conference, cannot be made until American shipowners are advised as to whether they are to have the continued support of the Government in the operation, maintenance and upbuilding of the American Merchant Marine, and, if so, as to the definite form which such aid is to take, so that uncertainty in this phase of the shipping problem may be removed.

11. Without the firm and certain support of the Government, and without a clear understanding of the character of international arrangement which would be approved by the Government, it would be futile for American shipowners to enter into a general international conference. Nor would it be fair to encourage the shipowners of other nations to take their time for and incur the expense of such a conference unless American shipowners were in position to make a definite commitment if terms satisfactory to them and to the Government could be agreed upon with the foreign interests.

12. For American shipowners to enter into a general international conference on any other basis would place them in an undignified position which would make it impossible to exercise an influence among

world shipowners commensurate with the position which America holds among the nations and in world trade.

The American Steamship Owners' Association views with highest appreciation the splendid efforts which the Secretary of State and his associate officials are making in the negotiation of international trade agreements, and it is confident that if, in the course of such negotiations, opportunity presents for the furtherance of the interests of American shipping advantage thereof will be taken.

We have [etc.]

JOHN McAULIFFE

588.C1/1642

The President of the American Steamship Owners' Association (Baker) to the Special Assistant to the Secretary of State (Hewes)

NEW YORK, November 24, 1934.

[Received November 26.]

DEAR MR. HEWES: I have your letter of November 23.⁶⁷ I have received this morning a cable from Mr. Cleminson,⁶⁸ stating that the preliminary meeting for a discussion of the agenda of the proposed conference on international rationalization of shipping will be held Monday, January 14.⁶⁹ Mr. Cleminson was hoping that a meeting might be held December 10, but this was too early for us to be prepared and have our delegates in London. We are having a meeting of the General Foreign Trades Group on Tuesday for a further discussion of the subject.

We are very grateful for your interest in shipping affairs, and I can assure you that this Association and its members will cooperate with you in any manner possible to the fullest extent.

With kind personal regards [etc.]

R. J. BAKER

⁶⁷ Not printed.

⁶⁸ Henry M. Cleminson, secretary of the International Shipping Conference, general manager of the Chamber of Shipping of the United Kingdom, and secretary of the Shipowners' Parliamentary Committee.

⁶⁹ At a meeting of the American Steamship Owners' Association, December 27, 1934, Mr. Baker was instructed to proceed to London to attend this meeting.

ACCEPTANCE BY THE UNITED STATES OF INVITATION
TO JOIN THE INTERNATIONAL LABOR ORGANIZA-
TION

500.C115/324 : Telegram

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

GENEVA, June 15, 1934—5 p. m.
[Received June 15—1:05 p. m.]

167. Consulate's 155, June 11, 10 a. m.¹ American Delegation to the Labor Conference ² desire to be informed insofar as may be possible on the following points:

(a) The status of the Robinson resolution ³ respecting the United States and the International Labor Organization.

(b) In the event of favorable Congressional action on the resolution, what action is contemplated by the Executive and when would this take place?

(c) If action respecting joining the labor organization is contemplated, the procedure as envisaged from here would be that an informal intimation would be conveyed to the Director of the Labor Office that an invitation to join the organization would be acceptable to the United States Government. He would then initiate the necessary procedures for the issuance of an invitation.

There is apparently no question here but that the competent bodies of the labor organization would authorize him to issue an invitation were he in possession of such an intimation.

(d) Were the foregoing procedures realized during the presence here of the American observers what would be their status under the new situation created?

In the foregoing state [*sic*] it is desired that it be clearly understood that no suggestions are implied respecting the taking of any action. This information is merely desired for guidance in the face of situation which from press accounts appears to be a possibility.

GILBERT

¹ Not printed.

² Eighteenth session of the International Labor Conference, which opened at Geneva, June 4.

³ S. J. Res. 131 (Pub. Res. No. 43, 73d Cong., 2d sess.), approved June 19, 1934; 48 Stat. 1182, or Department of State Treaty Series No. 874, p. 28.

500.C115/326 : Telegram

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

GENEVA, June 21, 1934—2 p. m.

[Received June 21—noon.]

178. For Secretary of Labor ⁴ from Andrews.⁵ The International Labor Conference is having some difficulty although unemployment insurance and occupational disease convention seem to be going fairly well. Employers refuse to serve on 40-hour week committee engendering bitter feeling between workers and them. Workers are consistently outvoted by bloc of employers and majority of government representatives.

Workers say that they are fed up with treatment during past years and believe this conference definitely proves uselessness of their presence. Lewis ⁶ believes that the American Federation of Labor may feel likewise.

My personal hope is that if we become members of the International Labor Organization our influence on government representatives of other countries would result in more progressive attitude at future conference with benefit to our labor because of higher standards in competing nations.

International Labor Office officials are very much embarrassed by action of reactionary delegates.

In view of this situation you may wish to consider the desirability of awaiting the return of the delegation which will permit of fuller explanation and review of situation before taking the definite step of joining the labor organization.

With best wishes for a successful settlement of steel controversy from all of us.

GILBERT

500.C115/327 : Telegram

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

WASHINGTON, June 21, 1934—12 midnight.

73. On behalf of the Secretary of Labor thank Butler ⁷ for his telegrams of June 18 and inform him that the United States would wel-

⁴ Frances Perkins.

⁵ Elmer F. Andrews, industrial commissioner for the State of New York and unofficial U. S. observer at the International Labor Conference.

⁶ John L. Lewis, president of the United Mine Workers of America and unofficial U. S. observer at the International Labor Conference.

⁷ Harold Butler, director of the International Labor Office.

come an invitation to join the labor organization. In the absence of an appropriation at the present to cover the expenses connected with the organization we do not contemplate accepting the invitation until we see our way clear to paying our share.

It would be desirable if steps could now be taken by the International Labor Organization so that if such invitation is accepted the United States could promptly take its place as a member of the Governing Body.

Miss Perkins also requests that you tell Andrews he may formally transmit the text of the resolution signed by the President on June 19 to the conference or to Butler, as a basis for such action as the conference may take. In the event an invitation is extended the observers should confine themselves to an expression of this Government's appreciation.

HULL

500.C115/329 : Telegram

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

GENEVA, June 22, 1934—3 p. m.
[Received June 22—12:10 p. m.]

179. Department's No. 73, June 21, midnight.

1. At the request of Andrews I transmitted formally to Butler the resolution of June 19.⁸

2. All other information destined for Butler was conveyed to him orally with stipulations that certain portions were for his personal information and particularly not to be the subject of any official announcements.

3. Butler presented the resolution to the Conference this morning and made the following statement:

"I further understand that the United States would be disposed to consider favorably an invitation to accept membership of the International Labor Organization.⁹ I am sure that the Conference will warmly welcome this important communication, which marks a great turning point in the history of the organization."¹⁰

GILBERT

⁸ Transmitted in letter of June 22; both the letter and the resolution are printed in Treaty Series No. 874, pp. 28-29.

⁹ The director's letter of June 22 to the American Consul at Geneva transmitted a resolution of the International Labor Conference inviting the United States to accept membership in the organization. Treaty Series No. 874, pp. 29-30, or Department of State, *Press Releases*, June 23, 1934, p. 419.

¹⁰ League of Nations, International Labour Conference, 18th Sess., Geneva, 1934, *Record of Proceedings* (Geneva, 1934), p. 457.

500.C115/345

Memorandum by the Assistant Secretary of State (Carr)

[WASHINGTON,] June 29, 1934.

In further relation to the acceptance on the part of the United States of the invitation to become a member of the International Labor Organization, Mr. Mackey¹² telephoned me this morning at the request of Mr. Douglas, Director of the Bureau of the Budget, to say that Mr. Douglas had addressed a memorandum to the President in which he had said substantially that membership in the Organization was estimated to cost approximately \$300,000 a year; that the resolution adopted by Congress does not authorize an appropriation; that in the absence of an appropriation he doubted the legality of accepting membership and thereby creating an obligation; that, moreover, Congress passed the resolution upon the understanding that no expenditure be involved during the fiscal year 1935 and that he recommended that acceptance of the invitation be deferred until the legislative body has an opportunity to determine whether the expenditure necessary should be incurred.

Subsequently, Mr. Sayre¹³ and I had a conference with the Secretary of State, and placed these facts before him, and the Secretary stated that in view of Mr. Douglas's attitude, the fact that Representative McReynolds¹⁴ had assured the House that there would be no cost to the Government in 1935,¹⁵ and that the resolution contained no specific authorization of an appropriation and under Mr. Douglas's interpretation would necessitate the adoption of a new authorizing resolution, the acceptance should go over until next winter, after Congress shall have had an opportunity to determine whether it will authorize the expenditure which membership in the organization would entail.

W[ILBUR] J. C[ARR]

500.C115/346a : Telegram

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

WASHINGTON, July 11, 1934—noon.

77. Please inquire with the greatest discretion what would be the annual contribution of the United States toward the expenses of the International Labor Organization in the event that the United States should accept the invitation to join. A brief statement of the total

¹² J. H. Mackey, assistant to the Director of the Bureau of the Budget.

¹³ Francis B. Sayre, Assistant Secretary of State.

¹⁴ Sam D. McReynolds (Tennessee), Chairman of the House of Representatives Committee on Foreign Affairs.

¹⁵ *Congressional Record*, vol. 78, pt. 11, p. 12240.

is desired by telegram and a full statement by mail showing method of computing this total.

HULL

500.C115/347: Telegram

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

GENEVA, July 12, 1934—5 p. m.

[Received July 12—2:45 p. m.]

196. Department's 77, July 11, noon. A financial arrangement peculiar to the Geneva organizations¹ is that their budgets are not determined by funds available from arbitrary national contributions but that these contributions are fixed as shares of a total predetermined budget.

The contributions of League states are based upon the total budget requirements of the League, the International Labor Organization and the Permanent Court. By a precedent set in the case of Brazil states members of the organization and not members of the League pay into the Labor Organization direct, the amount thus received being subtracted from the labor office share of the total budget of the three organizations mentioned.

The plan followed with Brazil and the one envisaged for the United States is that the contribution to the organization is determined by negotiations between the governing body and state concerned and may be either some determined proportion of the total organization budget or a fixed sum. In the case of Brazil both arrangements have been followed.

The governing body meets in January, April, May and October. Labor office officials view it as impracticable for procedural reasons as well as perhaps presenting an equivocal aspect for the United States to negotiate its contribution before becoming a member. This however could undoubtedly be arranged were the United States to regard it as essential. While in theory the governing body could take any position it desired respecting what it regarded as an adequate American contribution it is felt that no difficulties would be found in the United States agreeing to pay the British contribution which is approximately 10 percent of the total budget estimated with reasonable confidence for 1935 at \$310,000 at the current exchange between the Swiss franc and the dollar or a fixed sum in about that amount.

Certain details in Consulate's despatch 951, political, dated July 2¹⁶ and further details in despatch being prepared.

GILBERT

¹⁶ Not printed.

500.C115/342 : Telegram

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

WASHINGTON, August 18, 1934—4 p. m.

86. Your 949 Political June 25, 1934.¹⁷ The President has approved the acceptance of the invitation of the International Labor Organization for the United States to become a member.¹⁸ You are requested to deliver the following note to the Director of the Organization on August 20, 1934:

"Geneva, Switzerland, August 20, 1934.

Harold Butler, Esquire,
Director of the International Labor Office,
Geneva, Switzerland.

Sir: In your letter to me of June 22, 1934,¹⁹ you advised that the International Labor Conference had unanimously adopted a Resolution inviting the Government of the United States of America to accept membership in the International Labor Organization and there was transmitted with your letter a copy of the Resolution, which in extending the invitation states 'that such acceptance involves only those rights and obligations provided for in the constitution of the Organization and shall not involve any obligations under the Covenant of the League of Nations.'

I am now writing to say that, exercising the authority conferred on him by a Joint Resolution of the Congress of the United States approved June 19, 1934, the President of the United States accepts the invitation heretofore indicated, such acceptance to be effective on August 20, 1934, and, of course, subject to the understandings expressed in the Conference Resolution, and has directed me to inform you accordingly.

Yours respectfully,

Prentiss B. Gilbert"

For your information in discussing the matter with the Director of the Labor Office, it may be added that instructions concerning financial arrangements will be shortly transmitted to you. Please mail to the Department at your earliest convenience a certified copy of the portions of the Treaty of Versailles which make up the constitution of the International Labor Organization, together with such amendments as have been adopted thereto.

Please arrange for simultaneous press release of your letter, taking care that there is no release in Geneva prior to time it is given out here. Department prefers to treat it as nearly routine as practicable. Telegraph Department immediately after delivering the letter.

PHILLIPS

¹⁷ Not printed.¹⁸ Proclamation of September 10, 1934, accepting the invitation to be effective August 20, 1934; 49 Stat. 2713, or Treaty Series No. 874, p. 1.¹⁹ *Ibid.*, p. 29.

500.C115/374 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*GENEVA, September 8, 1934—11 a. m.
[Received September 8—7: 19 a. m.]

225. Consulate's 188, July 2, 10 a. m.,²⁰ paragraph 2; Department's 86, August 18, 4 p. m. Butler informs me today that there are numerous precedents for the financial obligations of states becoming members of the International Labor Organization not being regarded as effective until January 1 of the year following admission.

While such a matter rests entirely with the governing body presumably in connection with the "negotiations" respecting the United States contribution it could probably be adjusted if it would facilitate the budgetary arrangements of the United States for liability for the American contribution to begin January 1, 1935.

GILBERT

500.C115/405

*The Director of the International Labor Organization (Butler)
to the Assistant Secretary of State (Carr)*

WASHINGTON, October 29, 1934.

SIR: Following on the conference which took place in your office today with reference to the contribution of the United States to the expenses of the International Labor Organization, I am writing to inform you that in accordance with the resolution adopted by the International Labor Conference in June of this year inviting the Government of the United States to acquire membership in the Organization, it was agreed that the question of the contribution should be settled by negotiation between the United States Government and the Governing Body of the International Labor Office. It is hoped that this negotiation may be brought to a satisfactory conclusion at the next meeting of the Governing Body which opens on January 31st, and an invitation is extended to the United States Government to be represented at that meeting.

In the meanwhile, however, I am authorized to commence the negotiation and have been instructed to suggest that in accordance with the principles laid down in our financial regulations the amount of the United States contribution, having regard to the economic and financial importance of the United States, should be so calculated as to amount to the equivalent of the contribution payable by Great Britain to the expenses of the Organization. As to the period to be covered by the American contribution, it is not expected to begin to run until

²⁰ Not printed.

the first of January 1935, which is the beginning of the first full fiscal year of the Organization after the United States joined it.²¹

I should be very glad to receive your observations in the matter and if necessary I can consult the officers of the Governing Body by cable in order to obtain their views which will in all probability be accepted by the Governing Body as a whole.

I am [etc.]

HAROLD BUTLER

500.C115/405

The Assistant Secretary of State (Carr) to the Director of the International Labor Organization (Butler)

WASHINGTON, November 2, 1934.

SIR: I have received your letter of October 29, 1934, with regard to the contribution to be paid by the Government of the United States to the International Labor Organization in connection with this Government's membership in that body.

I have noted your statement that, having regard to the economic and financial importance of the United States, the amount of this Government's contribution might very well be calculated as an amount equivalent to the contribution payable by Great Britain to the expenses of the Organization and that it is expected that this Government's contribution will be payable in the first instance for the calendar year 1935, which is the first full fiscal year of the Organization after the United States has joined.

This Department will be very glad to proceed with the steps necessary for a request to the next Congress for an appropriation to pay the contribution of this Government in the amount and for the period mentioned in your letter.

Very truly yours,

WILBUR J. CARR

500.C115/411

The Acting Secretary of State to the Secretary of Labor (Perkins)

WASHINGTON, November 8, 1934.

MY DEAR MISS PERKINS: I have read over the memorandum²² of the meeting we had in your office on Tuesday, October 23, which was enclosed with your letter to me of October 24,²² and I find that the

²¹ The Governing Body of the International Labor Organization, which met at Geneva, January 29 to February 2, 1935, approved this arrangement. The sum to be paid by the United States was to be equal to that paid by Great Britain, namely, 105 out of 1,011.38903 units in the budget of the organization. The United States' contribution during the calendar year 1935 was set at \$174,630, which was appropriated by Congress in an act approved March 22, 1935 (49 Stat. 67, 73).

²² Not printed.

memorandum sets forth correctly the agreements we reached on various points in connection with our joining the International Labor Organization.

I feel I should point out, however, that with regard to point No. 4, with reference to channels of communication between this Government and the I. L. O., the method to be followed in carrying on such communications does not exactly include the participation of the Secretary of State in these communications which I had in mind. In my opinion it is important that this Department should be kept closely informed of not only the instructions which are given to the American representatives during the conferences or meetings of the I. L. O. at Geneva, but should be kept informed at all times of matters of policy and of importance, action upon which is contemplated through our participation in the I. L. O. I think you will no doubt recognize that there are times when questions might be considered in the I. L. O. which would seem to have no apparent political aspect, but which, through information which may have come to this Department, we might realize would require a particular treatment in order to avoid any international difficulties on our part. The manner of keeping us informed is something that I feel sure can very easily be worked out between our two departments.

I know from what you said during our meeting the other day that you are as anxious as we are that any action we take in Geneva receive the full support of all of our Departments here, in order to make more effective our participation in the I. L. O., and to assist in obtaining as great a benefit as possible from our association with that Organization. I feel sure that you will understand that my idea in bringing this to your attention is solely to accomplish those purposes.

Sincerely yours,

WILLIAM PHILLIPS

500.C115/422

The Secretary of Labor (Perkins) to the Under Secretary of State (Phillips)

WASHINGTON, November 10, 1934.

MY DEAR MR. PHILLIPS: Thank you for your letter of November 8, in which you state that the memorandum transmitted in my letter of October 24 "sets forth correctly the agreements we reached on various points in connection with our joining the International Labor Organization." I agree with the further thought that you express that the Department of State should be kept closely informed not only of the instructions which are given to the American representatives during the conferences or meetings of the ILO at Geneva, but also

of matters of policy and of importance, action upon which is contemplated through our participation in the ILO.

Indeed, I hope that the Department of State will cooperate with this Department in establishing a standing interdepartmental committee, such as that which functions in connection with the relations between the Ministry of Labor in Great Britain and the International Labor Organization. The cordial cooperation between your Department and this Department in the preliminary steps gives promise that our future cooperation in International Labor Organization matters will be eminently satisfactory.

Sincerely yours,

FRANCES PERKINS

DISINCLINATION OF THE UNITED STATES TO PARTICI-
PATE IN A DRAFT CONVENTION FOR THE SUPPRES-
SION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS AND
IN PROPOSED LEGISLATION TO PROSECUTE AMERI-
CANS ENGAGED THEREIN

500.C1197/618

The Secretary of State to the Secretary General of the League of Nations (Avenol) ¹

The Secretary of State of the United States of America submits the following observations in response to the note of the Secretary General of the League of Nations, dated August 29, 1933 (No. C. L. 159. 1933. XI.),² transmitting a draft Convention for the Suppression of the Illicit Traffic in Dangerous Drugs³ and an explanatory memorandum⁴ which were submitted to the Council of the League of Nations by the Advisory Committee on Traffic in Opium and Other Dangerous Drugs. The Secretary General requests the Government of the United States to inform him of its views in regard to the preliminary draft Convention.

The draft Convention under reference appears to be substantially similar to the draft Treaty embodied in League of Nations document No. O.C. 1369, dated January 30, 1931. The principal provisions of that draft were considered by the Government of the United States in response to specific inquiries incorporated in League of Nations document No. O.C. 1392, dated July 11, 1931, and transmitted to this Government by the Opium Traffic and Social Questions Sections of the League of Nations with a request for its views.

In response to that request, the views of this Government were embodied in a memorandum which was sent, under date of February 23, 1932, to the American Legation at Bern,² for transmission to the Opium Traffic and Social Questions Sections of the League of Nations. The views thus communicated may be summarized briefly as follows:

1. The acts proposed to be made offenses by the draft Treaty are already prohibited and punishable under the laws of the United States.

¹ Transmitted to the Minister in Switzerland in Department's instruction No. 2500, April 13, 1934.

² Not printed.

³ For text of this draft, see League of Nations, *Official Journal*, July 1933 (pt. I), Annex 1449, p. 925.

⁴ *Ibid.*, p. 924.

2. With respect to attempts to commit the offenses contemplated by the draft treaty, the Government of the United States has not considered it necessary or desirable to punish attempts as such unless attempts grow out of a conspiracy to violate the law.

3. Subject to the statements contained in the preceding paragraph, this Government considers that all the offenses contemplated by the draft treaty could be treated as extraditable.

4. With respect to the provisions of the draft treaty relating to international cooperation for suppression of the illicit traffic in narcotic drugs, the Government of the United States is of the opinion that the existing arrangements for international cooperation, if given full effect by all the countries concerned, would ensure adequate cooperation.

5. In the opinion of this Government, the provisions of existing treaties for the suppression of illicit activities connected with the traffic in narcotic drugs, if given proper effect by all the interested Governments, are adequate to accomplish the purpose of the treaties, and this Government would not, therefore, feel disposed to participate in the proposed convention.

The draft treaty to which the foregoing observations relate did not provide for prosecution in one country for offenses committed in another country or countries, and accordingly no inquiry on that point was included in the questions propounded in League of Nations document No. O. C. 1392. However, the second paragraph of Article 1 of the draft treaty which accompanied the note of August 29, 1933, of the Secretary General of the League of Nations (League document No. O.C. 1369 (c)-1) provides expressly that the offenses mentioned in the first paragraph of Article 1 "shall be punishable even when the various acts forming the elements which constitute the said offenses have been committed in different countries". In view of this provision, it is deemed appropriate to refer to the note of July 27, 1932, from the Acting Secretary General of the League of Nations (No. C. L. 105. 1932.XI.), requesting that consideration be given to the possibility of making it an offense against the United States for a person within its jurisdiction to procure or take part, as an intermediary or otherwise, in procuring dangerous drugs to be supplied to any other country without due authorization. The reply of this Government to the note above mentioned was sent to the American Legation at Bern, under date of March 23, 1933,⁶ for transmission to the Secretary General of the League of Nations and sets forth in some detail the practically insuperable difficulties which would be encountered in attempting to prosecute American citizens for the unauthorized procurement and supply of narcotic drugs outside the United States and impel the conclusion that it would not be feasible to provide for the prosecution of such cases in the United States.

⁶ Not printed.

While the Government of the United States is, of course, favorable to any action which would be likely to render more effective the international effort to suppress the abuse of narcotic drugs, it believes that the desired result would be accomplished if the Governments of all of the nations which are parties to the existing treaties would give full effect to the purpose and provisions of those treaties.

The American Government, therefore, sees no reason to change the view expressed in previous communications to the Secretariat of the League of Nations to the effect that the Government of the United States would not feel disposed to participate in the proposed convention.

WASHINGTON, April 13, 1934.

500.C1197/727 : Telegram

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

GENEVA, May 20, 1934—2 p. m.

[Received May 20—12:05 p. m.]

87. From Fuller.⁷ Department's instruction to Bern dated March 23, 1933,⁸ in regard to impracticability of prosecuting Americans in the United States for unauthorized procurement and supply of narcotic drugs outside of the United States.

1. The fact that impracticability of enforcement arising from constitutional requirements in respect of witnesses is the only reason so far advanced by the American Government for inability to consider legislation to penalize such procurement has created an undesirable impression.

2. Please reply by telegraph as soon as possible brief résumé of some of the reasons involving constitutional difficulties which were considered when the American reply of March 23, 1933, was drafted and authorize me to present that résumé in order to show that legislation of the character proposed would, in addition to being impracticable to enforce, be in contravention of the Constitution.

3. May I cite in this connection the provisions of the Sixth Amendment prescribing trial in the State and district where a crime is committed.

4. Subject will probably come up again for discussion on Thursday or Friday.

GILBERT

⁷ Stuart J. Fuller, Assistant Chief of the Division of Far Eastern Affairs and representative in expert and advisory capacity to the League of Nations Advisory Committee on Traffic in Opium and Other Dangerous Drugs at Geneva.

⁸ Not printed.

500.C1197/727: Telegram

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

WASHINGTON, May 23, 1934—7 p.m.

43. For Fuller. Your 87, May 20, 2 p.m. You will recall that discussion of the constitutionality of the proposed legislation was deliberately avoided in Department's reply to League of Nations' inquiry. Department is not disposed to contend that proposed legislation would contravene the Sixth Amendment of the Constitution, but the Department is not aware of any judicial determination of the question and prefers to avoid expressing any definite opinion thereon.

The Department considers that as between the United States and European or Asiatic countries, for example, the proposed plan would not be practicable. If prosecutions were to be undertaken in the United States, it would be necessary to bring all material witnesses from foreign countries to testify before the Grand Jury and to keep them here or have them return at a later date for the trial, the period of time varying in length according to the condition of the court's docket and the ability of the defendant by technical pleas to defer a hearing. It would seem to be obvious that few persons, if any, would voluntarily submit to the personal sacrifice, inconvenience and possible loss of business interests which would be involved in this situation. Accordingly, the attendance of such witnesses could be effected only through compulsory process and it may be doubted whether such process could legally be made effective so as to compel private persons in foreign countries to proceed to this country. Even if it be assumed that some foreign countries could and would enforce attendance of such witnesses, the Department considers that it would be unfair and unreasonable to make such a request and it is extremely doubtful if Congress would sanction it. Moreover, there is grave doubt whether an American citizen could legally be compelled to go to a foreign country as a witness and it is practically certain that Congress would not authorize such compulsion.

In addition to the very serious objections set forth above, the enforcement of the proposed legislation would be enormously expensive and it may be doubted whether the possible advantages of the proposal are sufficiently important to outweigh its manifest disadvantages.

You are authorized to communicate to the Committee the substance of the foregoing except the first paragraph.

HULL

ENTRY OF ALIEN SEAMEN INTO THE UNITED STATES
FOR PURPOSE OF TRANSFERRING TO ANOTHER VESSEL
FOR SERVICE AS MEMBERS OF CREW

811.111 Vessels/5108 : Telegram

*The Acting Secretary of State to the Consul General at Hamburg
(Erhardt)*

WASHINGTON, December 14, 1933—8 p. m.

Repeat following to Consul General at Berlin :

“Advise by mail supervisory consular officers in European countries and at London for information offices under their supervision as follows: Labor Department holds alien seamen traveling as passengers or transients for purpose transferring at American port to another vessel for service as members of crew are not admissible for this purpose. Therefore visas, crew list visas, or transit certificates should not be issued by American consuls, except as provided in Notes 84 and 85 section 361 Consular Regulations. Any alternate plan which may be suggested by a steamship company should be reported to the Department for instruction.”

PHILLIPS

811.111 Vessels/5123

The Danish Legation to the Department of State

MEMORANDUM

It has been brought to the knowledge of the Royal Danish Government that it is under consideration, by the United States Authorities concerned, to issue certain regulations by which in the future a special class of foreign seamen would be excluded from admission into the United States. The said class comprises, as far as the Legation has been able to ascertain, foreign seamen (both ships' officers and regular seamen) coming from abroad and who intend joining foreign vessels, temporarily in this country, with the exception of foreign seamen who are sent forward by the owners (of a vessel) to take delivery of a vessel and to navigate it (directly) to its foreign home port (Executive Order No. 4648 of May 13, 1927).

The Royal Danish Government are of the opinion that regulations to the said effect would not only be of the greatest inconvenience to

Danish vessels trading to the United States but that they would also be felt as unequitable in consideration of the fact that American vessels may ply in Danish waters without restrictions of the said nature and may even trade coastwise in such waters.

WASHINGTON, January 20, 1934.

811.111 Vessels/5124

Memorandum by the Assistant Chief of the Visa Division (Coulter)

[WASHINGTON,] January 24, 1934.

A letter dated January 16, 1934¹ was addressed to Mr. Hodgdon² by Mr. McCormick-Goodhart of the British Embassy regarding the regulations of the Department of Labor relating to seamen.

Mr. Coulter telephoned Mr. McCormick-Goodhart to explain that the Department does not have a copy of the regulations of the Department of Labor but that the whole subject is now being considered by the Solicitors of that Department and that a final decision is expected to be reached within the next ten days. Mr. McCormick-Goodhart asked that he be advised when a decision is reached in order that the matter may then be considered further. He stated confidentially that a communication had been received from the British Consul General at New York reciting a number of instances in which the Furness-Withy and other British steamship lines had encountered difficulties owing to the regulations. He said that the suggestion had been made to the lines to bring the matter to the attention of the Foreign Office but that it would be desirable to avoid any formal communication of protest. Mr. Coulter explained that pending the conclusion of the matter an arrangement had been agreed upon whereby the Department of State would authorize consular officers to issue visas or transit certificates in individual cases if satisfied of the *bona fides* of the seamen and that two of the cases mentioned by him had already been taken care of in this way. Mr. McCormick-Goodhart inquired whether the Consul General in London would issue visas without referring the matter to the Department. Mr. Coulter said that the procedure had been to have the cases brought to the attention of the Department by the Foreign Mission or by the steamship company or its agent or by the Consul in order that instructions might be issued in each case and he suggested that the Embassy might wish to bring to the attention of the Consul General at New York the arrangement under which particular cases are being taken care of.

¹ Not printed.

² A. Dana Hodgdon, Chief of the Visa Division.

Mr. Coulter promised to inform Mr. McCormick-Goodhart when a decision is reached by the Department of Labor in the matter.

E[LIOT] B. C[OULTER]

811.111 Vessels/5123

Memorandum by the Assistant Chief of the Visa Division (Coulter)

[WASHINGTON,] January 24, 1934.

Mr. Leonhard C. P. Offerdahl, First Secretary of the Norwegian Legation, called at the Department on several occasions to express anxiety regarding the regulations of the Department of Labor which are understood to have the effect of not permitting foreign seamen to come to the United States as passengers or transients for the purpose of joining Norwegian vessels. Mr. Offerdahl has called at the Department of Labor to see Mr. Shaughnessy³ on this subject.

Mr. Coulter informed Mr. Offerdahl that the Department has been advised by the Department of Labor that the regulations in question are receiving further consideration by the Solicitors of that Department and that an opinion is expected to be reached within the next ten days. (Mr. Wyzanski⁴ told Mr. Coulter at a recent conference on another subject that a decision has been delayed until Mr. Reitzel,⁵ who rendered the previous opinion on the subject, returns to the Department after his present illness and can again go into the matter carefully. Mr. Wyzanski stated that he was inclined to agree with Mr. Reitzel's former opinion on many points but that he wishes to have the matter gone into very carefully. Mr. Coulter mentioned the fact that inquiries and protests had been received from a number of foreign countries against the regulations which would have the effect of preventing their nationals from coming to the United States to join their ships, especially since under the laws of many foreign countries, the officers and a proportion of the crew must be nationals of the countries. Mr. Coulter also mentioned the fact that such regulations might lead to retaliatory measures by foreign countries which would prevent American ships, which are required to have American officers and a certain proportion of American crews, in meeting the requirements of the law by sending replacements to join the vessel in a foreign port. Mr. Wyzanski said that he thought that there would be no difficulty in straightening the matter out or meeting the necessities of the situation).

Mr. Coulter informed Mr. Offerdahl that consular officers had been advised regarding the ruling of the Department of Labor since it would

³Edward J. Shaughnessy, Deputy Commissioner of Immigration and Naturalization.

⁴Charles E. Wyzanski, Jr., Solicitor for the Department of Labor.

⁵Albert E. Reitzel, Assistant Solicitor for the Department of Labor.

be highly undesirable for a Consul to issue visas to seamen who would be excluded upon arrival.

Mr. Coulter stated, however, that pending the final conclusion of the matter arrangements have been made with the Department of Labor whereby the Department of State will, in individual cases, authorize American Consuls to issue appropriate visas to permit the foreign seamen to come to this country. Two instances of this kind have already come up in which particulars have been furnished the Department regarding Norwegian seamen. The Department authorized the Consul General at Oslo to issue visas or transit certificates in these cases.

Mr. Offerdahl requested Mr. Coulter to advise him when a final decision is reached by the Department of Labor in order that the situation may then be considered in the light of the proposed regulations.

E[LIOT] B. C[OULTER]

811.111 Vessels/5129

The Swedish Legation to the Department of State

MEMORANDUM

It has been brought to the knowledge of the Royal Swedish Government that it is under consideration, by the United States authorities concerned, to issue certain regulations by which in the future a special class of foreign seamen would be excluded from admission into the United States. The said class comprises, as far as the Legation has been able to ascertain, foreign seamen (both ships' officers and regular seamen) coming from abroad and who intend joining foreign vessels, temporarily in this country, with the exception of foreign seamen who are sent forward by the owners (of a vessel) to take delivery of a vessel and to navigate it (directly) to its foreign home port (Executive Order No. 4648 of May 13, 1927).

The Royal Swedish Government are of the opinion that regulations to the said effect would be of great inconvenience to Swedish vessels trading to the United States.

WASHINGTON, February 2, 1934.

811.111 Vessels/5153

The Secretary of State to President Roosevelt

WASHINGTON, May 24, 1934.

MY DEAR MR. PRESIDENT: There is enclosed a proposed Executive Order⁶ to supersede Executive Order No. 4648 of May 13, 1927, en-

⁶ Not printed. For summary of this Executive Order (No. 6722), signed by the President on May 26, 1934, see *infra*.

titled "Documents Required of Bona Fide Alien Seamen Entering the United States as Passengers," and Section II (5) of Executive Order No. 5869 of June 30, 1932, entitled "Documents Required of Aliens Entering the United States."

The present Executive Order No. 4648 which prescribes the documents required of bona fide alien seamen entering the United States as passengers, and not as members of the crew of the vessel upon which they arrive at a port in this country, provides in Section II that alien seamen arriving at a port in the United States as members of a crew sent forward by the owners to take delivery of a vessel in such port, and for the purpose of navigating such vessel to its foreign home port, may present a group transit certificate issued by a consular officer in accordance with Section 3 (3) of the Immigration Act of 1924⁷ under such regulations as the Secretary of State and the Secretary of Labor may prescribe.

The Executive Order does not cover specifically the cases of alien seamen sent forward as passengers by the owners of a foreign vessel to join such vessel as members of the crew for the purpose of navigating such vessel on its voyage to foreign ports and not as provided in Section II to its foreign home port. Alien seamen have been and are being permitted to come to the United States for this purpose as passengers, but a technical difficulty has arisen regarding the authority to issue transit certificates to such seamen in the absence of specific provision for their issuance to alien seamen coming to the United States for the purpose indicated. It has been recognized that the owners of foreign vessels should be permitted to send forward to a port in the United States alien seamen as passengers to join such foreign vessel as members of the crew. A number of the principal maritime countries have requested that the facility heretofore extended should not be withdrawn. The provisions of Executive Order No. 4648 are included in the proposed Executive Order. The wording of Section II has, however, been altered to provide that passport visas, transit certificates or group transit certificates, may be issued by a consular officer to cover members of a crew sent forward as passengers by the owners of a foreign vessel to join such vessel as members of the crew, irrespective of the destination of the vessel.

It is considered desirable to include in the new Executive Order all the provisions relating to the documentation of bona fide alien seamen and it is, therefore, proposed to include in the new Order the provisions of Section II (5) of Executive Order No. 5869 of June 30, 1932, relating to the documentation of bona fide alien seamen arriving in a port of the United States as members of the vessel's crew.

⁷ 43 Stat. 153.

Other than as mentioned above the terms of the present Orders are unchanged. The proposed Order has the approval of the Secretary of Labor. The Order has also been approved by the Director of the Budget as to form and the Attorney General with respect to form and legality. It is hoped that the proposed Order will meet with your approval.

I am [etc.]

CORDELL HULL

811.111 Vessels/5163a : Telegram

*The Acting Secretary of State to the Consul General at London
(Frazer)*

WASHINGTON, June 1, 1934—7 p. m.

Repeat following by mail to supervisory consular officers in European countries for information officers under their supervision :

“Executive Order No. 6722 dated May 26, 1934, entitled ‘Documents Required of Bona Fide Alien Seamen Entering the United States’ provides for issuance passport visas, transit certificates, or group transit certificates to cover alien seamen sent forward by ship owners to American ports for the purpose of transferring to foreign vessels as members of the crew regardless of the destination of the foreign vessel. The Executive Order referred to also embodies provisions of Executive Order No. 4648 of May 13, 1927 and the provisions of Section II (5) relating to crew list visas contained in Executive Order No. 5869 of June 30, 1932. The provisions of the Department’s telegram of December 14, 1933, to American Consul at Hamburg repeated to your office prohibits the issuance of visas or transit certificates to seamen coming to the United States as passengers for transfer to another vessel as members of crew are hereby canceled in so far as such provisions relate to seamen sent forward by ship owners as passengers to transfer to foreign vessels as members of the crew. The provisions of the Department’s telegram of December 14th referred to continue in effect in so far as they prohibit the issuance of passport visas or transit certificates to alien seamen being brought by ship owners to United States as passengers to join American vessels as members of the crew. Text of Executive Order being forwarded by circular instruction.”

PHILLIPS

REPRESENTATIONS BY FOREIGN GOVERNMENTS REGARDING CONGRESSIONAL BILLS FOR THE DEPORTATION OF CERTAIN ALIEN SEAMEN ¹

150.071 Control/168

The Canadian Legation to the Department of State

MEMORANDUM

Bill No. H. R. 3842, "to provide for the deportation of certain alien seamen and for other purposes", was reported to the House of Representatives by the Committee on Immigration and Naturalization on February 7th 1934. This Bill is identical with measures for the same object which have been introduced in previous Congresses; a similar Bill is pending before the Senate.²

The Canadian Legation desires to direct attention to its memorandum of January 27th 1932,³ in which the views of the Government of Canada on this measure were brought to the attention of the Department of State. The terms of this memorandum may be considered as applying to H. R. 3842.

[WASHINGTON,] February 13, 1934.

150.071 Control/169

The Italian Embassy to the Department of State

MEMORANDUM

The attention of the Italian Embassy has been called upon a Bill (H. R. 3842) recently passed by the House of Representatives "to provide for deportation of certain alien seamen and for other purposes".

Since the Italian Embassy has already had opportunity of making some remarks on the same Bill which had been discussed by the Committee on Immigration of both branches of Congress on a previous

¹ Continued from *Foreign Relations*, 1933, vol. I, pp. 985-991. Those representations were transmitted by the Department to the Chairmen of the Senate Committee on Immigration and the House Committee on Immigration and Naturalization.

² S. 868.

³ *Foreign Relations*, 1932, vol. I, p. 956.

session, the Embassy begs to refer to the memorandum handed to the Department of State on the subject on December 28, 1931.⁴

The Italian Embassy would respectfully point out again on this occasion that the provision of the Bill dealing with the so-called "full crew question" is bound to create, if adopted, an unnecessary hardship for the Italian shipping with the United States.

Section 6 of the Bill provides "that all vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on [in] foreign ports, shall, when departing from United States ports, carry a crew of at least equal number, and any such vessel which fails to comply with this requirement shall be refused clearance."

With regard to this provision, it is pointed out that Italian ships are manned with crews the number of which is usually somewhat larger than that which is required by the regulations concerning the safety of human life at sea. This is particularly true of the newly built Italian passenger boats, the servant-personnel of which is large enough to ensure to the passengers the amplest measure of comfort.

It is evident therefore that any vacancy in the personnel arising from death, hospitalization or other causes, can easily be balanced by the surplus of personnel which is kept available by the Italian Companies precisely to face such cases of emergency.

This being the situation, the provision contemplated by the "full crew clause" appears to be superfluous in case of Italy, while it would be bound to cause considerable difficulties to the Italian Line, owing to the fact that, in cases of desertions occurring at the last minute, the prescribed replacement of deserters might result in a serious loss of time.

As a matter of fact it might happen that, if men possessing the necessary requirements were not found on the spot, the ship would be forced to remain in port much longer than scheduled, which would upset the regularity of the service.

There are other features of the Bill—namely those concerning the inspection of seamen on the part of Immigration and medical authorities at the Quarantine—which appear to the Italian Embassy as adding to the present practice an unnecessary rigor. With regard to these provisions it is pointed out that the existing Italian regulations are such as to provide the means for establishing, in the strictest and surest manner, the identity of each single member of the crews of national ships. In fact no one is allowed to embark for service on Italian ships unless he has first been entered in the Register of one of the Branches of the Maritime Service and unless he has been furnished with a regular Seaman-Service-Book (*Libretto di Navi-*

⁴ *Foreign Relations*, 1932, vol. 1, p. 948.

gazione) containing all data relative to the personal identity (including photograph) of the holder and to the duties specifically performed by him in the merchant Marine or in the Royal Navy.

Moreover, the final permission for which every seaman must apply before embarking in an Italian port is granted by the Italian authorities only when they have ascertained that the record of the applicant is fully satisfactory both on criminal and moral grounds. Such a procedure confers to the *Libretto di Navigazione* the character and value of a passport and as such is always accepted where seamen are concerned.

It seems to the Italian Embassy that the Bill in question, aside from the inconveniences it would cause to the maritime traffic with the United States, would also be inconsistent with the well established custom and international practice in relation to shipping which place the crew of a vessel in a foreign port—as long as this does not interfere with conditions existing in the country to which it has temporarily come—in charge of the Master with the cooperation of the proper consular authorities.

WASHINGTON, March 6, 1934.

150.071 Control/170

The Netherland Minister (Haersma de With) to the Secretary of State

No. 737

WASHINGTON, 7 March, 1934.

SIR: I have the honour to respectfully draw Your Excellency's attention to the contents of Bill H. R. 3842, for the deportation of alien seamen, which was passed by the House on March the 5th of this year.

As already pointed out by my predecessor in office, the late Dr. van Roijen, in his memoranda to the Department of State of the 10th of May 1933⁵ and the 2nd of January 1932,⁶ numbered 1469 and 8 respectively the proposed legislation if enacted, would have a most detrimental effect on the Netherland mercantile marine in general and in the case of certain companies would even seriously jeopardize the position of their services to United States ports.

The first provision which, if passed by Congress, would affect Netherland shipping interests is that of section 7 of the bill in question which prohibits any vessel except in case of distress from bringing into a United States port among her crew certain aliens who are racially excluded from coming to this country as immigrants.

Now a considerable number of Netherland steamships, especially those which ply between the Netherland East Indies and Western

⁵ *Foreign Relations, 1933*, vol. I, p. 988.

⁶ *Ibid.*, 1932, vol. I, p. 949.

ports, are to a great extent manned by Javanese, Malays etc. all subjects of the Netherlands and by Chinese and other Asiatics, who are in most cases also Netherland subjects.

These vessels would, if the provision in question should come into force, be compelled to either cease calling at United States ports or discharge all the Asiatic members of their crew even those who are Netherland subjects and replace them by non-Asiatics, which would in many cases be impossible as there are not always a sufficient number of white seamen obtainable in the Netherland East Indian home ports of the ships in question.

Apart from the hardships and injustice the application of this provision would cause it would hardly seem reasonable that a vessel flying the Netherland flag and being governed by the Netherland laws should not be allowed to have certain of the subjects of her own country among her crew when entering a port of the United States.

The second clause which will affect, if enacted, Netherland shipping is that, contained in section 6, prescribing that clearance will be refused to any ship manned with a crew the majority of whose members have been engaged and taken on at foreign ports, which on leaving the United States carries a smaller crew than at the time the vessel arrived in this country.

It is obvious that this provision will in many cases cause delay and considerable pecuniary loss to Netherland vessels and it would seem hardly fair to force the latter to engage a number of, in certain cases, undesirables, merely in order to bring the crew up to its full complement, the more so as it is impossible for the masters of the ships to guard against the desertions which cause these vacancies, the United States law not allowing them to take legal action against the culprits.

In view of the above stated reasons the Royal Netherland Government would highly appreciate it if full consideration could be given by the United States Government to the very important Netherland interests which would be endangered by the enactment of the bill in question.

I beg leave to add that the above representations apply in equal measure to Bill S. 868, which is similar to Bill HR 3842, and which has been introduced in the Senate by Senator King.

Please accept [etc.]

H. M. VAN HAERSMA DE WITTE

150.071 Control/171

The Swedish Legation to the Department of State

MEMORANDUM

Swedish shipowners operating vessels on the United States have voiced their deep concern on account of House Bill 3842, introduced

by Mr. Dies, March 20, 1933, and passed by the House of Representatives, March 5, 1934, regarding the deportation of certain alien seamen ("Alien Seamen Act"). The provisions of the bill seem to give room for such a strict interpretation as to exclude seamen of a kind that masters of ships very often have to employ in traffic between North and South America on account of a shortage of such seamen as would ordinarily come within the category "bona fide seamen".

The passage of the bill would undoubtedly create great difficulties in securing the necessary crews and cause many hardships and considerable losses to Swedish shipowners.

The provisions in the bill which prescribe that all vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on at foreign ports shall, when departing from the United States ports, carry a crew of at least equal number, may also create great difficulties for the Swedish shipowners.

From an international point of view objection can also be raised against the provision of the bill, according to which a seaman, even if he never went ashore, could be taken off a foreign ship and sent home on another ship. It would cause particular hardship to this individual if he, as the bill authorizes, should be deported as an immigrant, although he never intended to enter the country as an immigrant, thereby being prevented from legally entering the United States at any future time.

Furthermore, in case a seaman deserted the ship immediately before its departure, the ship would be forced, according to the provisions in the bill, to postpone its departure until another seaman was signed on to fill his place, which might take a long time and cause considerable loss.

WASHINGTON, March 9, 1934.

150.071 Control/166

The Secretary of State to the Chairman of the Senate Committee on Immigration (Coolidge)

WASHINGTON, March 10, 1934.

MY DEAR SENATOR COOLIDGE: In view of the erroneous impression which may have arisen in the minds of persons who heard or read the debate on the House floor immediately preceding the passage on March 5, 1934, of H. R. 3842, concerning the deportation of alien seamen, regarding the attitude of the present administration of the Department of State towards this bill, I believe that it might be of interest to you, as Chairman of the Senate Committee on Immigration, at which committee the bill in question is understood to have been

referred, to have the following discussion in regard to the bill in question.

The basic argument in favor of this bill, as shown both by committee reports on this and similar bills, and by the testimony of its advocates, is that large numbers of alien seamen have entered the United States illegally. It is, therefore, of particular interest in considering the necessity for the passage of such legislation to consider what the situation is as regards desertions of alien seamen. Annual reports of the Secretary of Labor covering this point give the following total figures for annual desertions of alien seamen at American ports during each of the past seven fiscal years ended June 30th:

<i>Fiscal Year</i>	<i>Alien Seamen Desertions</i>
1927	23,447
1928	12,357
1929	11,314
1930	9,117
1931	3,341
1932	1,344
1933	664

The Department of Labor's testimony at previous hearings on similar bills is to the effect that approximately two-thirds of the total alien seamen reported as deserting at American ports eventually reship on other vessels for foreign destinations. It would, therefore, seem that the problem which the present bill is intended to solve has diminished to the point where it may no longer be said to be a serious one.

The Department is in sympathy with the principle that desertions of alien seamen arriving on vessels at ports of the United States should be prevented in so far as possible and that seamen unlawfully or improperly here should be required to leave the country. The Department is of the opinion, however, that there are serious objections to certain provisions of the bill from the standpoint of our relations with foreign countries. It is also of the opinion that other provisions of the bill, such as those relating to the examination of alien seamen to determine their *bona fides*, are unnecessary, since this purpose can be accomplished under the provisions of existing law, and that the bill will not have the effect of preventing an increase in the number of alien seamen residing here illegally.

The bill provides in general that every alien employed on board of any vessel arriving in the United States from foreign places shall be examined to determine (1) whether he is a bona fide seaman, (2) whether he is racially ineligible to United States citizenship and, if so, whether he is a citizen or subject of the country of the vessel's registry, excluding the colonies, dependencies, or mandates of such

country, and (3) whether he is suffering from any disabilities or diseases specified in Section 35 of the Immigration Act of 1917.⁷

The bill provides that any alien found not to be a bona fide seaman, or if racially ineligible to citizenship, found not to be a national of the country of the vessel's registry, as defined in Section 7, shall be removed from the vessel to an immigration station and that the various provisions of the proposed act and of the immigration laws applicable to immigrants shall be enforced in his case. It is provided that the alien may appeal to the Secretary of Labor on certain questions. If the alien is found to be inadmissible, or if he is racially ineligible to citizenship and is not a national of the country of the vessel's registry, as provided in Section 7 of the bill, the alien is to be deported as a passenger on a vessel other than that by which he was brought to the United States.

It is also provided that all vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on at foreign ports shall, when departing from United States ports, carry a crew of at least equal number except in the case of death or hospitalization of any member of the incoming crew.

The provision for the examination of alien seamen upon arrival at a port of the United States would seem to be unnecessary in view of the provisions of Sections 19 and 20 of the Immigration Act of 1924⁸ which are adequate to provide for the examination of alien seamen to determine whether they are bona fide seamen and whether they are not inadmissible upon medical grounds. The provision for removing an alien to an immigration station for further examination and for possible deportation would seem to be unnecessary as a means of preventing the illegal entry of the alien into the United States in view of the fact that under the provisions of Sections 19 and 20 of the Immigration Act of 1924 any alien found not to be a bona fide seaman by the immigration inspector, who apparently would be the inspecting officer under the proposed bill, could be required to be held on board the vessel by the owner, charterer, agent, consignee, or master of the vessel. The proposed bill requiring removal to a detention station might create difficulties at ports at which facilities for detention are not provided. If in the absence of such facilities the seaman should be confined in a common jail, complaints would undoubtedly be received from foreign governments. If under the proposed procedure a case is not disposed of prior to the sailing of the vessel, an awkward situation would arise if it should be found that the alien was in fact

⁷ 30 Stat. 874.

⁸ 43 Stat. 158.

a bona fide seaman. The alien might be stranded in the United States without facility for rejoining his ship.

The provision that vessels shall take out a full crew would be onerous upon the vessel in the absence of provisions to meet the practical shipping needs of vessels due to last minute desertions, necessary seasonal changes in the size of the crews and the fact that vessels having a certain composition of their crews with a view to preserving internal peace and discipline on board may find that it is difficult or impossible to procure suitable additions to the crews. The provision that vessels carry out full crews would not be entirely effective to accomplish the apparent object of preventing an increase of illegal residents of the United States through desertions of seamen, because the additions to the crew would not necessarily be made up of other illegal residents, but could be composed of American citizens or aliens admitted for permanent residence, with the result that the illegal resident population of the country would continue to be increased by the number of deserting seamen who are not replaced by persons of the illegal resident seamen class.

The provision that members of a crew racially ineligible to citizenship who are not nationals of the country of the vessel's registry may be removed from the vessel for deportation as passengers upon a different vessel, is decidedly objectionable in that it would violate international comity because it would constitute a departure from the general international understanding and practice that when private ships of a foreign state are in port, the territorial authorities refrain from interference with their internal economy. The provision would require the removal, by force if necessary, from a foreign vessel of aliens who are citizens, subjects, or inhabitants of a colony, dependency, or mandate of the nation of the vessel's registry. The provision would, accordingly, discriminate between different countries by preventing the inclusion of nationals of a country in the crews of its vessels. For example, Lascars, who are British nationals, could not serve as seamen on British vessels, and, similarly, Javanese, who are Netherland nationals, could not serve on Netherland ships. On the other hand, Japanese and Chinese vessels could have on board nationals of these countries who are equally ineligible to United States citizenship. The provision might tend to impede trade and commerce and might cause vessels which have heretofore come to American ports to change their routes to ports in nearby countries with resulting loss to American ports and railway and other transportation lines. The provision might also react unfavorably against the American merchant marine as a result of possible reprisals. In this connection it may be mentioned that where the laws of a country require that a certain composition of the crew shall be made up of nationals of the country,

as in the case of the United States under the Act of May 22, 1928,⁹ it might be difficult to procure replacements which would comply with the laws of the country of the vessel's registry.

In brief, the bill, if enacted in its present form, would violate international comity, would affect unfavorably our relations with foreign countries, and would not add provisions more effective than those at present available to verify the *bona fides* of arriving seamen.

Bills similar to this one have come up for consideration a number of times in the past and have been the subject of protests by the principal maritime nations of the world.

Sincerely yours,

CORDELL HULL

150.071 Control/167

Memorandum by the Chief of the Division of Western European Affairs (Moffat) of a Conversation With the British Ambassador (Lindsay)

[WASHINGTON,] March 12, 1934.

The British Ambassador came in this morning to renew his protest against the Seaman's Bill (King-Dies Bill) now under consideration at the capitol. He said that he had expressed so fully and so forcibly the objections of his Government to the inequities of this legislation in years past that he did not feel that it was incumbent on him to go over the same arguments a second time. Nevertheless, he wished to make it a matter of record that the objections of the British Government expressed in earlier years had in no degree abated.

PIERREPONT MOFFAT

150.071 Control/175

Memorandum by the Chief of the Division of Western European Affairs (Moffat) of a Conversation With the Swedish Minister (Böstrom)

[WASHINGTON,] March 15, 1934.

The Swedish Minister called this morning to inquire about the prospects of passage of the King-Dies Seaman's Bill. He renewed the protests which his Government had made in previous years, and which, he said, applied with equal, if not greater, force today.

I told him of the steps taken by the Department to bring to the attention of the Senate Committee the opinions both of the Secretary of State and of foreign countries, and also read him some excerpts from the hearings of 1932.

PIERREPONT MOFFAT

⁹ Merchant Marine Act of 1928; 45 Stat. 689.

150.071 Control/179

The French Ambassador (Laboulaye) to the Secretary of State

[Translation]

[WASHINGTON,] May 2, 1934.

MR. SECRETARY: The Chargé d'Affaires of France in the United States had the honor, in conformity with instructions from his Government, to invite the attention of the United States Government, on October 6, 1931,¹⁰ to the disadvantages which would result, for French navigation companies, from the passage of a bill which was presented for introduction in the Senate of the United States by Senator King, under the title "Alien Seamen Act of 1931".¹¹

A bill containing provisions analogous to those of the "King bill" was passed by the House of Representatives under the name of the "Dies bill" and transmitted to the Senate which has referred it to the Immigration Committee.

I have the honor to beg Your Excellency to be so kind as to invite the attention of the Federal authorities to the serious prejudice which would be caused to the interest of the French merchant marine by the adoption of the "Dies bill".

Please accept [etc.]

ANDRÉ DE LABOULAYE

150.071 Control/181

The Belgian Ambassador (May) to the Secretary of State

[Translation]

No. 1812

WASHINGTON, May 11, 1934.

MR. SECRETARY OF STATE: The King's Embassy had the honor, in the course of the month of January, 1932,¹² of inviting Your Excellency's sympathetic attention to certain provisions of a bill entitled "A Bill to Provide for the Deportation of Certain Alien Seamen and for other Purposes".

The enactment of this bill threatened to create serious difficulties for the Belgian vessels frequenting American ports. Furthermore, it seemed to be in opposition to customs generally accepted in international law.

This law was not voted at the time, but since then, a new bill, sponsored by Mr. Dies, a member of the House of Representatives, is said

¹⁰ *Foreign Relations*, 1931, vol. I, p. 819.¹¹ S. 202, *Congressional Record*, vol. 74, pt. 5, p. 5263.¹² January 15, 1932, *Foreign Relations*, 1932, vol. I, p. 955.

to have been submitted to the examination of the Senate Immigration Committee.

I have been instructed and I have the honor to recall to Your Excellency how regrettable would be any measure prejudicing the prerogatives of our maritime legislation, particularly in so far as concerns composition of our crews. Such legislation could not, indeed, be subjected to other rules than those provided by the Belgian laws and regulations in force.

I would, therefore, be particularly grateful to Your Excellency for whatever you might find it possible to do with a view of taking into account objections of my Government.

I take this opportunity [etc.]

PAUL MAY

150.071 Control/182

The Acting Secretary of State to the Secretary of Labor (Perkins)

WASHINGTON, June 4, 1934.

MADAM: The receipt is acknowledged of Mr. Shaughnessy's¹³ letter of May 26, 1934,¹⁴ addressed to Mr. Simmons,¹⁵ of this Department, with its enclosure, in which the request was made for an expression of this Department's opinion concerning a proposed seamen's bill embodying the changes suggested at a conference held May 22nd between representatives of the Departments of State, Commerce and Labor.

Before commenting on the proposed bill enclosed in Mr. Shaughnessy's letter, which is understood to be a substitute for S. 868 and similar bills previously introduced, I would point out that the Department of State is in sympathy with any proper and practicable plan for the protection of wage earners in the United States and for ensuring the welfare of American seamen.

It is believed that existing legislation provides practical and adequate safeguards to protect the United States against the illegal entry into this country of mala fide seamen who may seek to remain here after deserting from vessels arriving at American seaports.

If, however, it should be deemed necessary by Congress to enact legislation of the type contemplated, the Department agrees to the proposed substitute bill, a copy of which was enclosed with your letter under reference, as preferable to S. 868 and other similar bills which have been proposed.

Very truly yours,

WILLIAM PHILLIPS

¹³ Edward J. Shaughnessy, Deputy Commissioner of Immigration and Naturalization.

¹⁴ Not printed.

¹⁵ John F. Simmons, Chief of the Visa Division since February 12, 1934.

150.071 Control/188

Memorandum by the Assistant Secretary of State (Carr)

[WASHINGTON,] June 16, 1934.

The British Ambassador called to see me today in regard to the so-called Seamen's Bill, S. 868, which Senator King reported to the Senate from the Committee on Immigration and Naturalization yesterday, June 14. The Ambassador was very much concerned about it.

I told the Ambassador that I was not quite able to understand the action of the Senate Committee in reporting the bill as S. 868, because the Committee already has before it another bill, H. R. 3842, which has passed the House and has been referred to the Senate Committee on Immigration and Naturalization and which is substantially the same bill as S. 868. The normal course would have been to report H. R. 3842 with such amendments as were necessary. In this situation it is doubtful that S. 868 has any chance of favorable consideration, since if it passes the Senate it must go to the House. The Ambassador stated that he would inquire again tomorrow after I had had an opportunity to get a copy of the bill as reported.

Meanwhile I called Senator Joe Robinson's secretary and asked him to call the Senator's attention to S. 868 and to state that both the State and Labor Departments felt the bill, not only unnecessary but highly undesirable in its present form. I suggested that the Senator might find it desirable to object if it should come up for consideration.

W[ILBUR] J. C[ARR]

Since the foregoing was written my confidence that the bill will not pass has been confirmed.

W. J. C.

PROPOSAL BY THE UNITED STATES THAT CERTAIN
OTHER GOVERNMENTS AGREE TO RELAX CERTAIN
RESTRICTIONS ON AMATEUR RADIO STATIONS¹

811.7400 Amateur/1

*The Acting Secretary of State to the Chairman of the Federal
Radio Commission (Sykes)*²

[WASHINGTON,] November 22, 1933.

SIR: There is enclosed a copy of a letter dated November 14, 1933,³ which the Department has received from the American Radio Relay League, suggesting that this Government enter into agreements with certain other Governments under Article 8 of the General Radio Regulations annexed to the International Telecommunication Convention of Madrid.⁴ The purpose of the desired agreements would be partially to relax the restriction upon the handling by amateur radio stations of messages for third parties.

The Department of State would appreciate an expression of your views as to the desirability of compliance by this Government with the request contained in the enclosed letter.

Very truly yours,

WILLIAM PHILLIPS

811.7400 Amateur/2

*The Chairman of the Federal Radio Commission (Sykes) to the
Secretary of State*

WASHINGTON, December 2, 1933.

MY DEAR MR. SECRETARY: Receipt is acknowledged of your letter dated, November 22, 1933, concerning a proposed agreement with certain other Governments under Article 8 of the General Radio Regulations Annexed to the Telecommunication Convention of Madrid.

It will be recalled that at the Madrid Conference, the final wording of Article 8 was the result of a compromise between the views of the

¹ See section entitled "Participation of the United States in the International Radiotelegraph Conference, Madrid, September 3-December 9, 1932," *Foreign Relations*, 1932, vol. i, pp. 865 ff.

² The same letter was sent, November 22, to the Secretaries of War, Navy, Treasury, and Commerce. Their responses were favorable.

³ Not printed.

⁴ For text of Convention signed December 9, 1932, see *Foreign Relations*, 1932, vol. i, p. 873; for text of Regulations, see Department of State Treaty Series No. 867, or *Treaties, Conventions, etc.*, vol. iv, pp. 5379, 5392.

American delegation, whose attitude was inclined to be liberal toward amateur radio, and the views of certain European delegations whose tendencies were to restrict amateur radio as much as possible.

It was largely through the efforts of the American delegation that a compromise providing for the negotiation of agreements for the permissive handling of third party traffic between countries interested in fostering amateur radio was adopted. At the Madrid Conference, the desires of the United States to bring about the adoption of such agreements were clearly manifested, and it now appears that the consummation of such desires by suitable negotiations would be most appropriate.

It may also be mentioned parenthetically, that active steps in this direction by the Department of State would tend to overcome any apprehensions manifested by representatives of amateur radio prior to the ratification of the new Convention by the Senate, because of the more restrictive terms of Article 8 of the General Radio Regulations.

The Federal Radio Commission is, therefore, in sympathy with the suggestion contained in the letter from the Department of State and approves the exchange of agreements between this country and such other countries as may be willing to enter into such agreements in accordance with the provision of Article 8 of the General Radio Regulations Annexed to the International Telecommunication Convention of Madrid.

Very truly yours,

E. O. SYKES

ARGENTINA

811.7435 Amateur/1

*The Acting Secretary of State to the Ambassador in Argentina
(Weddell)*⁵

No. 42

WASHINGTON, January 19, 1934.

SIR: Article 6 of the General Regulations annexed to the International Radio Convention of Washington, 1927,⁶ to which both Argentina and the United States are parties, provides in part as follows:

⁵ Similar instructions were also sent to the Embassies in Brazil, Chile, Cuba, Great Britain, Mexico, Peru, and Spain; and to the Legations in Canada, China, Irish Free State, Portugal, and the Union of South Africa. No reply from the Brazilian Government has been found in the Department files. Instruction No. 210 of May 4, 1935, to the Ambassador in Belgium was altered, since by that date the United States had ratified the Madrid Telecommunication Convention (1932), and the instruction was to apply only to the Belgian Congo and Ruanda-Urundi and not to Belgium itself. The Belgian reply was unfavorable. (811.7445A Amateur/5, 7)

⁶ For text of Convention signed at Washington, November 25, 1927, see *Foreign Relations, 1927*, vol. I, p. 288. For text of Regulations, see Department of State Treaty Series No. 767; or 45 Stat. 2760; or *Treaties, Conventions, etc.*, vol. IV, p. 5039.

“§ 1. The exchange of communications between private experimental stations of different countries shall be forbidden if the Administration of one of the interested countries has given notice of its opposition to this exchange.

“§ 2. When this exchange is permitted the communications must, unless the interested countries have entered into other agreements among themselves, be carried on in plain language and be limited to messages bearing upon the experiments and to remarks of a private nature for which, by reason of their unimportance, recourse to the public telegraph service might not be warranted.”

The International Radio Conference of Madrid, 1932, recognized amateur stations and private experimental stations as constituting different classes of stations. An important restriction upon the international exchange of messages by amateur stations on behalf of third parties was incorporated in Article 8 of the Radio Regulations annexed to the International Telecommunication Convention of Madrid, of which Sections 1 and 2 read as follows:

“§ 1. The exchange of communications between amateur stations and between private experimental stations of different countries shall be forbidden if the Administration of one of the countries concerned has given notice of its opposition to this exchange.

“§ 2. (1) When this exchange is permitted, the communications must be carried out in plain language and be limited to messages having to do with experiments and remarks of a private nature for which, by reason of their unimportance, there could be no question of resorting to the public telegraph service. Owners of amateur stations shall be strictly prohibited from transmitting international communications emanating from third parties.

“(2) The above provisions may be modified by special arrangements between the interested countries.”

The Radio Regulations of Madrid were signed on behalf of Argentina and the United States. They have not yet been ratified by the United States, and, so far as the Department is aware, have not been ratified by Argentina. In view of the possible future ratification of the Regulations, however, it is believed desirable to keep the prohibition above quoted from applying at the time of such ratification to messages transmitted by amateur radio stations on behalf of third parties.

In recognition of the important part which radio amateurs have played in the development of radio, the Department is suggesting to a number of other governments the conclusion of agreements which would give radio amateurs some relaxation from the restriction introduced at Madrid. Such a relaxation of the restriction, however, would be of a kind which would not permit radio amateurs to compete with public or commercial radio or telegraph systems.

The Embassy is requested, therefore, unless it perceives objection, to suggest to the Argentine Government an exchange of notes in the following terms:

“Amateur radio stations of Argentina and of the United States may interchange messages on behalf of third parties, provided that such messages shall be of the character that would not normally be sent by any existing means of electrical communication or except for the availability of the amateur stations, and on which no compensation must be directly or indirectly paid.

“This arrangement shall apply to the United States and its territories and possessions including Alaska, the Hawaiian Islands, Puerto Rico, the Virgin Islands, the Panama Canal Zone and the Philippine Islands.

“This arrangement shall be subject to termination by either government on sixty days’ notice to the other government, by further arrangement between the two governments dealing with the same subject, or by the enactment of legislation in either country inconsistent therewith.”

It will be observed that the proposed agreement refers only to messages exchanged on behalf of third parties. This is because under both the Washington and Madrid Regulations operators of amateur stations may exchange international messages on their own behalf in the absence of a prohibition upon such exchange by one of the interested governments.

In view of the important services which radio amateurs have rendered and of the narrow limits within which the exchanges of messages on behalf of third parties would be authorized the Department hopes that the Argentine Government will agree to the proposed exchange.

Very truly yours,

WILLIAM PHILLIPS

811.7435 Amateur/4

*The Argentine Ministry for Foreign Affairs to the American Embassy in Argentina*¹

[Translation]

The Ministry of Foreign Affairs and Worship addresses the Embassy of the United States of America, and with reference to its note *Aide-Mémoire* dated February 28 last, concerning the proposed modification of Radio Regulations of Madrid in so far as it concerns amateurs, takes pleasure in enclosing copy of the report issued by

¹ Copy transmitted to the Department by the Ambassador in Argentina in his despatch No. 401, August 29; received September 10.

the office in charge of the control of radio communications in the country, which the pertinent Department has adopted in all its parts.

BUENOS AIRES, August 7, 1934.

[Enclosure—Translation ^a]

Memorandum by the Argentine General Administration of Post and Telegraph

The Government of the United States of America proposes to the Argentine Government, an agreement substantially modifying the stipulations contained in article 8 § 2 (1) *in fine* of the General Regulations on Radio Communications, which states: “. . . Owners of amateur stations shall be strictly prohibited from transmitting international communications emanating from third parties.”

This stipulation which our regulations in force at present extend, even more strictly, to private experimental stations—see articles 111 and 116, folio 7—was not contained in the Washington Regulations. In effect, the comparison between article 6 of the latter and article 8 of the Madrid Regulations contained in the *aide-mémoire*, stresses this latest provision.

In order to grasp the meaning of this provision, it is fitting to study the origin and the circumstances which led to its adoption.

In the Conference of Madrid, upon considering the proposals and observations to which article 6 § 2 of the Washington Regulations gave rise, the Netherland delegation informed the Assembly that it had recently received a copy of a formula used by a federation of radio amateurs. This formula indicated that “the owner of amateur station offers the public free service to any part of his country or of foreign countries where radio amateurs may be found. It may be considered that rapid service is secured in all the countries whose internal legislation authorizes exchange of messages on the part of amateurs.”

The aforementioned delegation stated: “It seems necessary to call the attention of the Assembly to the suggestion implied by that text which we believe to be absolutely contrary to the international regulations. Article 6 of the Washington Regulations stipulates that when the exchange of communications is permitted, it must be limited to the messages bearing upon the experiments and remarks of a private nature . . .”

In this respect the same article foresees the possibility of reaching other agreements between countries; “but”, the delegation added,

^a File translation revised.

"we do not know that there exists any agreement permitting amateurs to make use of public communications gratuitously".

According to the opinion of the Netherland delegation, if amateurs wish to supply information concerning the possibility of accepting public communications, they must limit themselves to the enumeration of countries—if they exist—among which such communications are permitted.

The delegation then pointed out the necessity that doubts must not be entertained as to the significance of "messages bearing upon the experiments and remarks of a private nature". "This expression"—it added—"evidently excludes all messages received from other persons. Only the messages emanating from the owner of the license are admitted. Consequently, it is prohibited for amateur stations to repeat messages, unless there is a private agreement among countries".

The representative of the "International Amateur Radio Union" declared that they "did not think that the object of the article in question was to prohibit the transmission, in the amateur's language, of unimportant personal remarks in favor of a third party" and were therefore opposed to the interpretation in question.

The Italian delegation was of the opinion that the matter was extremely important from the international point of view and proposed the following addendum to avoid mistakes:

"Il est absolument interdit aux titulaires des stations d'amateur de transmettre des communications émanant de tierces personnes."

This addendum, strongly supported by the delegations of Germany, Belgium, France, the Netherlands, Netherland East Indies, and the Soviet Union, was adopted, in spite of the request for a further study advocated by the United States delegation.

This General Administration does not consider appropriate an agreement of the nature which is solicited, and, on the other hand, the regulations in force do not permit private experimental and amateur stations to transmit and/or receive messages emanating from or addressed to third parties (articles 111 (3), 116).

Neither does it consider it timely to encourage the modification of the aforementioned regulation in the sense of effecting the agreement proposed by the United States Government, among other reasons, because:

1. In many cases such transmissions and/or receptions would take place in detriment of the National Telegraph revenues and of "private exploitations" which are authorized to accept public messages.

2. Difficulties would be added in the control of radiocommunications which is complex in itself, owing to the different aspects it includes in our country.

3. On the other hand it would not afford perceptible advantages in favor of communications or of the scientific advancement of research.

4. The basic purpose of studying and testing the radio electric technique might be relegated [to a secondary position], awakening a sort of rivalry in transmitting and/or receiving messages addressed to third parties, not always bearing on experiments made or to be made.

JULY 17, 1934.

CANADA

Executive Agreement Series No. 62
811.7442 Amateur/41

*The American Minister in Canada (Robbins) to the Canadian Secretary of State for External Affairs (Bennett)*⁹

No. 219

OTTAWA, April 23, 1934.

SIR: Pursuant to the provisions in Article 6 of the General Regulations annexed to the International Radiotelegraph Convention signed at Washington on November 25, 1927, there was effected by an exchange of notes between the United States of America and the Dominion of Canada, dated October 2, 1928, December 29, 1928, and January 12, 1929,^{9a} an arrangement governing radio communications between private experimental stations in the two countries.

The International Telecommunication Convention and the General Radio Regulations annexed thereto, signed at Madrid on December 9, 1932, will, when effective, abrogate and replace in the relations between the contracting governments the International Radiotelegraph Convention and the General Regulations of Washington, 1927.

I have the honor, therefore, for and in the name of my Government and by its direction, to propose that the above-mentioned arrangement governing radio communications between private experimental stations, effected by an exchange of notes, shall be deemed and understood by the two Governments to continue to apply to private experimental stations and to amateur radio stations, without change, under Sections 1 and 2 of Article 8 of the General Radio Regulations annexed to the International Telecommunication Convention of Madrid, 1932, when the said Convention and Regulations shall have been ratified by both Governments.

The Government of the United States will be pleased to consider the above-stated understanding to be effective on the date of the receipt of a note from the Government of the Dominion of Canada stating its acceptance of such understanding.

I avail myself [etc.]

WARREN D. ROBBINS

⁹ Copy transmitted to the Department by the Minister in Canada in his despatch No. 598, May 28; received May 31.

^{9a} For texts of these notes, see *Foreign Relations*, 1929, vol. II, pp. 114 ff.

Executive Agreement Series No. 62
811.7442 Amateur/41

*The Canadian Secretary of State for External Affairs (Bennett) to
the American Minister in Canada (Robbins)*¹⁰

No. 40

OTTAWA, 2 May, 1934.

SIR: I have the honour to acknowledge your note No. 219 of the 23rd April, 1934, relating to an arrangement effected by an exchange of notes between Canada and the United States of America, dated October 2, 1928, December 29, 1928, and January 12, 1929, governing radio communications between private experimental stations in the two countries.

It is noted that the International Telecommunication Convention and the General Radio Regulations annexed thereto, signed at Madrid on December 9, 1932, will, when effective, abrogate and replace in the relations between the contracting governments the International Radiotelegraph Convention and the General Regulations of Washington, 1927.

It is noted that it is proposed, for and in the name of the United States Government and by its direction, that the above-mentioned arrangement governing radio communications between private experimental stations, effected by an exchange of notes, shall be deemed and understood by the two Governments to continue to apply to private experimental stations and to amateur radio stations, without change, under Sections 1 and 2 of Article 8 of the General Radio Regulations annexed to the International Telecommunication Convention of Madrid, 1932, when the said Convention and Regulations shall have been ratified by both Governments.

It is also noted that the United States Government will consider the above-stated understanding to be effective on the date of the receipt of a note from the Canadian Government, stating its acceptance of such understanding.

I have the honour to state that the Canadian Government accept such understanding and will consider it effective on the date of the receipt of this note as stated in the preceding paragraph.

I avail myself [etc.]

O. D. SKELTON
for Secretary of State for
External Affairs

¹⁰ Copy transmitted to the Department by the Minister in Canada in his despatch No. 598, May 28; received May 31.

Executive Agreement Series No. 62
811.7442 Amateur/41

*The American Minister in Canada (Robbins) to the Canadian
Secretary of State for External Affairs (Bennett)*¹¹

No. 226

OTTAWA, May 4, 1934.

SIR: I have the honor to acknowledge the receipt this morning of your note No. 40 of May 2, 1934, in which you convey your approval of an arrangement governing radio communications between private experimental stations in Canada and the United States. In accordance with the understanding reached in your note under acknowledgment and the Legation's note of April 23, 1934, the arrangement is considered to be effective as of today's date.

I avail myself [etc.]

WARREN D. ROBBINS

CHILE

Executive Agreement Series No. 72
811.7425 Amateur/6

*The American Ambassador in Chile (Sevier) to the Chilean Minister
for Foreign Affairs (Cruchaga T.)*¹²

No. 127

SANTIAGO, August 2, 1934.

EXCELLENCY: In view of the important services rendered by amateurs in the development of radio communication and the desirability of liberalizing the restrictions dealing with such amateurs, I have the honor to confirm to Your Excellency the terms of the following understanding between our respective governments, as provided for in Article 8 of the Radio Regulations annexed to the International Telecommunication Convention of Madrid, 1932:

Amateur radio stations of Chile and of the United States may interchange messages on behalf of third parties, provided that such messages shall be of the character that would not normally be sent by any existing means of electrical communication or except for the availability of the amateur stations, and on which no compensation must be directly or indirectly paid.

This arrangement shall apply to the United States and its territories and possessions including Alaska, the Hawaiian Islands, Puerto Rico, the Virgin Islands, the Panama Canal [Zone] and the Philippine Islands.

¹¹ Copy transmitted to the Department by the Minister in Canada in his despatch No. 598, May 28; received May 31.

¹² Copy transmitted to the Department by the Ambassador in Chile in his despatch No. 219, October 30; received November 8.

This arrangement shall be subject to termination by either government on sixty days' notice to the other government, by further arrangement between the two governments dealing with the same subject, or by the enactment of legislation in either country inconsistent therewith.

It is understood that the above stated arrangement will be effective on the date of the receipt of a note from the Chilean Government stating its acceptance thereof.

I avail myself [etc.]

HAL SEVIER

Executive Agreement Series No. 72
811.7425 Amateur/6

*The Chilean Minister for Foreign Affairs (Cruchaga T.) to the American Ambassador in Chile (Sevier)*¹³

[Translation]

No. 04976

SANTIAGO, August 17, 1934.

MR. AMBASSADOR: I have the honor to reply to Your Excellency's courteous note no. 127 of the 2d of the current month. Having in view the important services rendered by amateurs in the development of radio communications and with the desire of liberalizing the restrictions dealing with them, I confirm to Your Excellency the terms of the understanding between the two Governments which modifies the provision of article 8 of the radio regulations annexed to the International Telecommunication Convention of Madrid of 1932:

Amateur radio stations of Chile and of the United States may interchange messages of third parties provided that such messages are of such a character that they would not normally be transmitted by any existing means of electrical communication if it were not for the availability of the amateur stations, and with respect to which no compensation whatever can be collected.

This arrangement shall apply to the United States and its territories and possessions, including Alaska, the Hawaiian Islands, Puerto Rico, the Virgin Islands, the Panama Canal Zone, and the Philippine Islands.

This arrangement can be terminated by either of the two Governments by giving 60 days' advance notification to the other Government, by agreement between the two Governments dealing with the same subject, or because of legal provisions in either of the two countries which are incompatible with this provision.

¹³ Copy transmitted to the Department by the Ambassador in Chile in his despatch No. 219, October 30; received November 8.

This agreement takes effect from the date of the present communication.

I avail myself [etc.]

MIGUEL CRUCHAGA T.

CHINA

811.7493 Amateur/3 : Telegram

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

PEIPING, January 23, 1934—3 p. m.

[Received January 23—7:15 a. m.]

54. Department's 3, January 5, 6 p. m.¹⁴ Counselor of Legation at Nanking¹⁵ was directed to sound out Chinese authorities. An official of the Ministry of Communications stated that officially there are no amateur radio operators in China although some amateurs have availed themselves of the protection of extraterritorial privileges or the protection of a foreign concession in utter disregard of the prohibition of the National Government against amateur radio operators.

In answer to a query he said that China had nothing to lose by signing the Washington convention; that it felt it might as well sign even though the regulations would have no direct application to conditions in China. He repeated that concessions and extraterritoriality were insurmountable obstacles to the extension of amateur radio privileges; that there are practically no Chinese amateur enthusiasts; that the so-called amateurs who operate in China are foreigners who usually have an ulterior motive; that while they can control amateurs who operate in strictly Chinese territory they are helpless so far as others are concerned. He expressed the belief that any extension of privileges to amateurs would be of no benefit to Chinese nationals but would result in more administrative troubles for the Chinese authorities. He concluded by saying that the Ministry of Communications would disapprove entering into proposed agreement at this time.

In view of this attitude of the official of the Ministry of Communications the Legation does not believe it desirable to pursue the matter further at the present time. However, the Legation does not believe that the conclusion or otherwise of the agreement contemplated in the Department's instruction under acknowledgment will materially affect amateur radio activities in China.

JOHNSON

¹⁴ See footnote 5, p. 766.

¹⁵ Willys R. Peck.

CUBA

811.7437 Amateur/3

*The Cuban Under Secretary of State (de Blanck) to the American Ambassador in Cuba (Caffery)*¹⁶

[Translation]

[No.] 1691

HABANA, October 22, 1934.

MISTER AMBASSADOR: In relation to our previous correspondence regarding Your Excellency's valued note No. 65, of May 3 of this year, concerning an interchange by amateur radio stations of Cuba and the United States of America, of messages on behalf of third persons, I have the honor to inform Your Excellency that the Secretary of Communications has informed us, by communication No. 1495 of the 11th instant, that the new Radio Law is being studied by a Commission on the approval of which that Department will resolve everything relative to this subject, which we will be pleased to bring to the attention of Your Excellency as soon as information has been communicated to us by the said Secretary.

I avail myself [etc.]

G. DE BLANCK

GREAT BRITAIN

811.7441 Amateur/2

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

No. 709

LONDON, May 16, 1934.

[Received May 25.]

SIR: I have the honor to refer to the Department's instruction No. 206 of January 19, 1934,¹⁷ directing me to enquire whether the British Government would be willing to make an agreement by an exchange of notes with the United States Government to permit the international exchange of radio messages by amateur stations on behalf of third parties.

A note in the sense of the Department's instruction under reference was at once addressed to the Foreign Office, and I am now in receipt of a reply, a copy of which is enclosed herewith, stating that His Majesty's Government in the United Kingdom does not see its way clear to enter into such an arrangement. The note adds that the Foreign Office will communicate with the Embassy further in due course with regard to the attitude of His Majesty's Governments in

¹⁶ Copy transmitted to the Department by the Ambassador in Cuba in his despatch No. 1706, October 25; received October 29.

¹⁷ See footnote 5, p. 766.

Australia and New Zealand, and the Government of India, to this proposal.

The Embassy will not fail to inform the Department of anything which it may receive in this relation.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Simon) to the American Ambassador (Bingham)

No. W 4111/118/50

LONDON, 14 May, 1934.

YOUR EXCELLENCY: With reference to Mr. Atherton's Note No. 331 of the 17th February last regarding the licensing of third party messages by amateur wireless transmitting stations under the International Radiocommunication Convention of Madrid, 1932, I have the honour to lay before Your Excellency the following observations.

2. Before a license for an amateur transmitting station in this country is issued, the owner is required to produce satisfactory evidence that the station is to be used for the purpose of pursuing experiments of scientific value; and it is only for this object that the station is authorised. In view of the congested state of the ether it is considered important that all unnecessary wireless signalling should be avoided. Moreover it is undesirable that those companies which conduct regular cable or wireless services with other countries should be exposed to loss of revenue by the use of amateur stations for messages of third parties.

3. His Majesty's Government feel that it would be extremely difficult to say whether any private message sent by an amateur for a third party (for example, a birthday greeting, or a message concerning a birth, marriage or death) would or would not "normally be sent by any existing means of electrical communication." It would be difficult and expensive to keep any effective check on transmission, and there would be a strong temptation to amateurs to transmit on behalf of interested persons messages or important items of commercial information, prices, sporting results, or other news.

4. It was for these reasons that the Madrid Conference inserted in the international regulations the provision:

"Il est absolument interdit aux titulaires des stations d'amateur de transmettre des communications internationales émanant de tierces personnes."

5. His Majesty's Government in the United Kingdom while anxious to afford all necessary facilities for genuine experimental wireless work,

regret that they must adhere to the view that this provision is sound, and that so far as amateur wireless stations in this country are concerned, they do not see their way to enter into an arrangement such as that suggested by the United States Government.

6. I shall have the honour to address you further in due course with regard to the attitude of His Majesty's Governments in Australia and New Zealand, and of the Government of India to this proposal.¹⁹

I have [etc.]

(For the Secretary of State)

P. LEIGH-SMITH

IRISH FREE STATE

811.7441D Amateur/3

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 84

DUBLIN, August 15, 1934.

[Received August 29.]

SIR: I have the honor to refer to my despatch No. 16, of April 21, 1934,²⁰ and to previous correspondence respecting the proposal for the conclusion of an agreement between the United States Government and the Government of the Irish Free State, to provide for a relaxation from the restrictions imposed on amateur radio stations by the International Telecommunication Convention, 1932.

Enclosed herewith for the records of the Department in this relation, is a copy of a Note No. 33/84, of August 14, 1934,²⁰ addressed to me by Mr. Sean Murphy, Assistant Secretary of the Department of External Affairs of the Free State Government, to the effect that the Free State Government has not altered its attitude and wishes to continue to defer a final decision on the subject.

Respectfully yours,

JAMES ORR DENBY

MEXICO

811.7412 Amateur/4

The Mexican Minister for Foreign Affairs (Torreblanca) to the American Chargé in Mexico (Norweb) ²¹

[Translation]

[No.] 2098

MEXICO, May 14, 1934.

MR. CHARGÉ D'AFFAIRES: I refer to that Embassy's courteous note number 472 of March 29th last, in order to advise you that the com-

¹⁹ The negative attitude of the Indian, New Zealand, and Australian Governments was indicated by notes of June 1, August 4, and September 14 to the American Ambassador.

²⁰ Not printed.

²¹ Copy transmitted to the Department by the Chargé in Mexico in his despatch No. 1434, May 18; received May 22.

petent authorities have informed this Ministry that they would view with great satisfaction the conclusion of the agreement proposed by the American Government,²² relative to radio communication, on behalf of third parties, between amateur stations of Mexico and the United States; but that, it being impossible to do this under the terms of the laws in effect, the authorities in question are considering the manner of broadening the restrictions governing the matter with a view to rendering possible the acceptance of the proposal of that Embassy.

I avail myself [etc.]

F. TORREBLANCA

PERU

Executive Agreement Series No. 66
811.7423 Amateur/4

*The American Ambassador in Peru (Dearing) to the Peruvian
Minister for Foreign Affairs (Polo)* ²³

No. 562

LIMA, February 16, 1934.

EXCELLENCY: Upon instructions from my Government, I have the honor to bring the following matter to Your Excellency's attention:

An important restriction upon the international exchange of messages by amateur radio stations on behalf of third parties was incorporated in Article 8 of the Radio Regulations annexed to the International Telecommunication Convention of Madrid, of which Sections 1 and 2 read as follows:

"§ 1. The exchange of communications between amateur stations and between private experimental stations of different countries shall be forbidden if the Administration of one of the countries concerned has given notice of its opposition to this exchange.

"§ 2. (1) When this exchange is permitted, the communications must be carried out in plain language and be limited to messages having to do with experiments and remarks of a private nature for which, by reason of their unimportance, there could be no question of resorting to the public telegraph service. Owners of amateur stations shall be strictly prohibited from transmitting international communications emanating from third parties.

"(2) The above provisions may be modified by special arrangements between the interested countries."

This prohibition upon the exchange of third party messages was not contained in the earlier Radio Regulations, and in deference to

²² An agreement by an exchange of notes was suggested similar to the negotiations between the United States and Canada in 1928 and 1929 (*Foreign Relations*, 1929, vol. II, pp. 114 ff).

²³ Copy transmitted to the Department by the Ambassador in Peru in his despatch No. 3513, July 25; received August 9.

the wishes of those governments which might wish to permit the international exchange of such messages, the provision permitting the relaxation of the prohibition by special arrangements was introduced.

The Radio Regulations of Madrid were signed on behalf of Peru and the United States, but they have not yet been ratified by the United States, nor so far as my Government is aware, have they been ratified by Peru. In view of the possible future ratification of the Regulations, however, it is believed desirable to keep the prohibition above quoted from applying at the time of such ratification to messages transmitted by amateur radio stations on behalf of third parties.

In recognition of the important services which amateurs have rendered in the development of radio, my Government is suggesting to a number of other governments the conclusion of agreements which would give radio amateurs some relaxation from the restriction introduced at Madrid by authorizing, within narrow limits, the exchange of messages on behalf of third parties. Such relaxation of the restriction, however, would be of a kind which would not permit radio amateurs to compete with public or commercial radio or telegraph systems.

The proposed agreement refers only to messages exchanged on behalf of third parties, for, under the Madrid regulations, operators of amateur stations may exchange international messages on their own behalf in the absence of a prohibition upon such exchange by one of the interested governments.

I therefore suggest to Your Excellency, and my Government hopes that that of Peru will agree to, an exchange of notes in the following terms:

“Amateur radio stations of Peru and of the United States may interchange messages on behalf of third parties, provided that such messages shall be of the character that would not normally be sent by any existing means of electrical communication or except for the availability of the amateur stations, and on which no compensation must be directly or indirectly paid.

“This arrangement shall apply to the United States and its territories and possessions including Alaska, the Hawaain Islands, Puerto Rico, the Virgin Islands, the Panama Canal Zone and the Philippine Islands.

“This arrangement shall be subject to termination by either government on sixty days’ notice to the other government, by further arrangement between the two governments dealing with the same subject, or by the enactment of legislation in either country inconsistent therewith”.

I avail myself [etc.]

FRED MORRIS DEARING

Executive Agreement Series No. 66
811.7423 Amateur/4

*The Peruvian Minister for Foreign Affairs (Polo) to the American
Ambassador in Peru (Dearing)* ²⁵

[Translation]

No. 50

LIMA, May 23, 1934.

MR. AMBASSADOR: I have the honor to refer to Your Excellency's kind note No. 562, in which you were good enough to suggest an interchange of notes between the Embassy under your worthy charge and this Ministry, concerning the transmission of messages of third parties by amateur radio stations in the following form:

"Amateur radio stations of Peru and of the United States may interchange messages on behalf of third parties, provided that such messages shall be of the character that would not normally be sent by any existing means of electrical communication or except for the availability of the amateur stations, and on which no compensation must be directly or indirectly paid.

"This arrangement shall apply to the United States and its territories and possessions including Alaska, the Hawaiian Islands, Puerto Rico, the Virgin Islands, the Panama Canal Zone and the Philippine Islands.

"This arrangement shall be subject to termination by either government on sixty days' notice to the other government, by further arrangement between the two governments dealing with the same subject, or by the enactment of legislation in either country inconsistent therewith."

I take pleasure in advising Your Excellency that my Government gladly accepts the proposal that you have been good enough to make in your note above mentioned, in the foregoing terms.

I avail myself [etc.]

SOLÓN POLO

PORTUGAL

811.7453 Amateur/5

The Minister in Portugal (Caldwell) to the Secretary of State

No. 784

LISBON, November 9, 1935.

[Received November 25.]

SIR: Referring to the Department's instruction No. 91 of March 11, 1935,²⁶ in regard to a proposed exchange of notes with the Portuguese Government on the subject of amateur radio stations, and to later correspondence on the same subject, I now have the honor to report that after repeated informal conversations on this subject

²⁵ Copy transmitted to the Department by the Ambassador in Peru in his despatch No. 3513, July 25; received August 9.

²⁶ See footnote 5, p. 766.

with the appropriate officials in the Ministry for Foreign Affairs and in reply to my note of October 14, of which I enclose a copy herewith,²⁷ I am now in receipt of a communication from the Minister for Foreign Affairs in which he expresses regret that the Portuguese Government cannot accept the proposed exchange of notes on account of difficulties foreseen in supervising messages between American radio stations and those in Portugal. I am enclosing herewith a copy of the note on this subject from the Minister for Foreign Affairs, together with a translation thereof.

Respectfully yours,

R. G. CALDWELL

[Enclosure—Translation]

The Portuguese Minister for Foreign Affairs (Monteiro) to the American Minister (Caldwell)

Process No. 435,13

LISBON, November 7, 1935.

MR. MINISTER: With reference to the subject of your note No. 189 of the 14th instant and to that of the memorandum of March 30, last, regarding the exchange of radio telegraph messages in the name of third parties or entities, between private experimental stations, I have the honor to inform you that the Portuguese Government regrets that it cannot accept the proposal contained in the aforesaid communications, owing to the inconveniences which this acceptance would unavoidably cause to the service of radio-communications, resulting particularly in prejudice to the Treasury, inasmuch as it is practically impossible to maintain a strict supervision over the messages exchanged between the American stations and the large number of Portuguese amateur stations.

I avail myself [etc.]

ARMINDO MONTEIRO

SPAIN

811.7452 Amateur/5

*The Spanish Ministry of State to the American Embassy in Spain*²⁸

[Translation]

No. 90

NOTE VERBALE

The Ministry of State has the honor to inform the Embassy of the United States of America with reference to its *Note Verbale* No. 703

²⁷ Not printed.

²⁸ Transmitted to the Department by the Ambassador in Spain in his despatch No. 1163, June 12, 1936; received June 27.

that the proposition of the United States Government regarding the exchange of messages by amateur radio stations of Spain and the United States was again submitted for study to the competent authorities, and that they have decided that the proposed agreement can not be made, as it is not possible to make an exception in the absolute prohibition which is maintained with all other countries as provided in Par. 2 of Article 8 of the General Radiocommunications Regulations which were signed in Madrid in 1932.

MADRID, June 6, 1936.

UNION OF SOUTH AFRICA

811.7448A Amateur/1

The Minister in South Africa (Totten) to the Secretary of State

No. 671

PRETORIA, April 20, 1934.

[Received May 23.]

SIR: I have the honor to refer to the Department's Instruction No. 168 of January 19, 1934 (File No. 811.7400 Amateur [811.7448A Amateur/1])²⁹ setting forth the terms of a proposed exchange of notes between the United States and the Union of South Africa to provide for the transmission of messages by amateur radio stations on behalf of third parties.

I am now in receipt of a communication from the Department of External Affairs of the Union Government stating that whilst the Union Government recognizes the important part which amateur wireless experimenters have played in the development of the science of radio, it is averse to departing from the principle laid down in Article 8 § 2 (1) of the General Radio Communications Regulations annexed to the International Convention of Madrid, 1932, which provides that the licensees of amateur stations are absolutely forbidden to transmit international communications on behalf of third parties.

The interested officials of the Union Government are of the opinion that the transmission of international messages on behalf of third parties by radio amateurs would be of no real benefit to the latter, especially in view of the prohibition against making any charge, either direct or indirect, for such messages.

In view of the Union Government's attitude, it is thought best to make no further representations in the matter unless instructions to that effect are received from the Department.

Respectfully yours,

RALPH J. TOTTEN

²⁹ See footnote 5, p. 766.

UNION OF SOVIET SOCIALIST REPUBLICS

811.7461 Amateur/1

The Chief of the Division of Eastern European Affairs (Kelley) to the Assistant Secretary of State (Moore)

[WASHINGTON,] March 19, 1934.

DEAR MR. MOORE: The attached note to the Soviet Ambassador ³⁰ proposes the conclusion of an agreement between the United States and the Soviet Union making provision for the relaxation of the restriction on the exchange of messages on behalf of third persons between amateur radio stations in the United States and the Soviet Union, contained in the Radio Regulations of Madrid, of which both countries are signatories.

I feel that it would be unwise to take such a step at the present time, in view of the endeavors being made by the Communist International leaders to utilize the radio amateur movement for agitation and propaganda purposes, specially as a means of direct communication between the communist groups in the various countries. Efforts have been made to form a so-called Workers Radio International, with a view to developing the radio amateur movement as a means of international communication in the interests of communist revolutionary propaganda. The communists in the United States, for instance, have been organizing so-called Workers Short-Wave Radio Clubs for the purpose of establishing communication with similar organizations in the Soviet Union.

The radio in Russia is regarded not so much as a source of amusement and recreation as an instrument for the political and cultural education of the masses, and the masses which it is desired to enlighten are not only those in the Soviet Union. Various European countries, such as Germany and England, have had difficulties with Moscow with respect to the radio broadcasts in foreign languages because of the objectionable nature of the subject matter of such broadcasts. The British Government in 1930 formally protested against communist propaganda in English emanating from Moscow radio broadcasting stations.

It seems to me that it would be advisable to await further clarification of the position of the Communist leaders at Moscow with regard to the use of the radio as a channel of international revolutionary propaganda before proposing the agreement in question.

ROBERT F. KELLEY

³⁰ Not printed; the note was not sent.

DECISION OF THE UNITED STATES NOT TO SIGN A PRELIMINARY DRAFT INTERNATIONAL AGREEMENT FOR THE USE OF BROADCASTING IN THE CAUSE OF PEACE

576.G1/1

*The Secretary General of the League of Nations (Avenol) to the Secretary of State*¹

No. C. L. 17.1934.XII

The Secretary-General of the League of Nations, in pursuance of a resolution adopted by the Council of the League of Nations on January 15th, 1934,² has the honour to transmit to the Government of United States of America, for its observations, a preliminary draft International Agreement for the Use of Broadcasting in the Cause of Peace.³

This preliminary draft, accompanied by an explanatory note,⁴ has been drawn up by the Intellectual Co-operation Organisation in accordance with the directions given to it by the Assembly of the League of Nations.

In instructing the Secretary-General to communicate this draft agreement to the Governments Members and non-members of the League of Nations, the Council asked him to request those Governments to send in any observations they might wish to make by August 1st, 1934.

GENEVA, February 9, 1934.

576.G1/2

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

No. 839 Political

GENEVA, March 8, 1934.
[Received March 23.]

SIR: I have the honor to refer to despatch No. 3242 of February 10, 1934 from the American Legation at Berne⁵ and the circular letter enclosed therewith from the Secretary-General of the League of Na-

¹ This circular letter was transmitted to the Department by the Minister in Switzerland in his despatch No. 3242 (L. N. No. 2608), February 10; received March 1.

² See League of Nations, *Official Journal*, February 1934, pp. 109-110.

³ *Ibid.*, p. 170.

⁴ *Ibid.*, p. 168.

⁵ Not printed.

tions (C.L.17.1934.XII), addressed to the United States Government on February 9, 1934, with the request that it submit observations on a preliminary draft International Agreement for the use of Broadcasting in the Cause of Peace.

With a view to making available for the Department's consideration certain further information and comment concerning the proposed plan of regulation of broadcasting, I am enclosing: (1) a copy of a note by the Secretary-General addressed to the Council of the League of Nations on January 4, 1934⁶ quoting a resolution on the subject by the Assembly of the League on October 9, 1934 [1933] (C. 12.1934.XII; ⁷ (2) a copy of the report of the Council's *rapporteur* for the same question,⁸ containing the text of the Council's subsequent resolution of January 15, 1934, and proposing that a preliminary draft agreement⁹ recommended by the Executive Committee of the International Institute of Intellectual Cooperation on December 30, 1933 be submitted to the governments for their observations (C.13.1934.XII); (3) a copy of a publication of the International Institute of Intellectual Cooperation entitled *Broadcasting and Peace, Studies and Projects in the Matter of International Agreements*,¹⁰ containing the recommendations of a committee of European radio specialists which met in Paris in February 1933 at the request of the Institute of Intellectual Cooperation. Incidentally, it may be remarked that this latter publication was not transmitted with the Secretary-General's above-mentioned communication of February 9, 1934, in spite of the inference that such was the case in the printed explanatory note annexed to the Secretary-General's letter. The omission of this document was brought to the attention of a member of the Secretariat who furnished the Consulate with the enclosed two copies thereof for transmission to the Government of the United States.

I. SCOPE OF PROPOSED AGREEMENT

The general purpose of the agreement is set forth in the following terms in the preamble of the preliminary draft:

"The High Contracting Parties,

Having recognised the need for preventing, by means of rules established by common agreement, broadcasting from being used in a manner prejudicial to good international understanding;

⁶ League of Nations, *Official Journal*, February 1934, p. 167.

⁷ For text of this resolution (No. 9), see League of Nations, *Official Journal*, Special Supp. No. 115, p. 81.

⁸ League of Nations, *Official Journal*, February 1934, pp. 109-110.

⁹ *Ibid.*, p. 170.

¹⁰ Not reprinted.

Prompted, moreover, by the desire to utilise, by the application of these rules, the possibilities offered by this medium of intercommunication for promoting better mutual understanding between people, Have agreed to the following provisions: etc."

Specifically, the draft provides that the contracting parties shall "undertake to prohibit, and, if occasion arises, to stop immediately, the broadcasting within their respective territories of any message intended for the population of another State and constituting a menace to the internal peace or security of that State" (Article 1); "undertake to arrange that transmissions within their respective territories shall contain no incitement to war or any systematic provocation likely to lead to war" (Article 2); "undertake to prohibit, within their respective territories, the broadcasting of messages likely to prejudice good international understanding by statements the accuracy of which is, or ought to be, known to the service responsible for the transmission" (Article 3). Article 4 provides for an undertaking "to ensure, especially in time of crisis, the accuracy of the information concerning international relations".

Positive action by the Governments, as opposed to preventive or restrictive measures, is contemplated in Article 5 requiring the contracting parties to "ensure that in the programs broadcast within their respective territories shall be included items calculated to promote better knowledge of the civilization and the conditions of life of other peoples, as well as of the essential features of the development of their mutual relations and of the organization of peace." To enforce the stipulations of Articles 1 to 5, Article 6 specifies that the contracting parties will "undertake to issue, for the guidance of governmental broadcasting services, appropriate instructions and regulations and to secure their application by these services", and in the case of any autonomous broadcasting organizations, will include "either in the constitutive charter of a national institution or in the conditions imposed on a concessionary company", appropriate clauses empowering the Government to ensure observance of the rules in question, in the event of such rules being "intentionally and systematically violated".

The final articles of the draft deal with the settlement of disputed interpretation or application of the agreement (Article 7); its signature and ratification (Articles 8-11) and denunciation (Article 12).

II. HISTORY OF PROPOSAL TO REGULATE BROADCASTING IN INTEREST OF PEACE

The Department is reminded that the question of the use of broadcasting as an agency for the preservation of peace, first came before

the League in 1931, when the XIIth Assembly adopted a resolution worded, in part, as follows: ¹¹

“Asks the States Members of the League to encourage the use of broadcasting to create better mutual understanding, to secure a more thorough comprehension of the international character of a large number of urgent problems, to permit of a more complete appreciation of the task of the League of Nations and of the aims which it has before it, and requests the International Institute of Intellectual Cooperation to get into touch for that purpose with the principal national and international broadcasting organizations.”

In the same resolution the Assembly requested that the inquiry undertaken by the International Institute of Intellectual Cooperation on the educational aspects of broadcasting should cover “all the international questions raised by the use of broadcasting in regard to good international relations.”

In accordance with the Assembly's above-mentioned resolution, the Intellectual Cooperation Institute approached a number of the outstanding officials of broadcasting organizations in Europe, and asked them to indicate the points which in their opinion deserved special study and to submit their suggestions. With these suggestions at hand the International Committee on Intellectual Cooperation, at a meeting at Geneva in July 1932, authorized the Institute to call together a committee of experts with the view to studying the conditions that should govern the framing of international agreements relative to the use of broadcasting in the interests of peace.

This Committee, the proceedings of which are described in the publication *Broadcasting and Peace, Studies and Draft Agreements* annexed hereto, met in Paris at the International Institute of Intellectual Cooperation on February 23, 1933 under the chairmanship of Dr. Arnold Raestad, former Norwegian Minister for Foreign Affairs. It was assisted by M. Henri Bonnet, Director of the Institute of Intellectual Cooperation, and by M. de Monténach, Secretary of the International Committee on Intellectual Cooperation. The following experts attended:

- Major C. F. Atkinson, Foreign and Overseas Director of the British Broadcasting Corporation,
- Mr. A. R. Burrows, Secretary General of the International Broadcasting Union,
- Mr. H. Giesecke, Ministerial Counsellor, Director of the Reichs-Rundfunk-Gesellschaft,
- Commander C. Montefinale, Chief of the Radio Division at the Italian Ministry of Communications, Rome,

¹¹ League of Nations, *Official Journal*, Special Supp. No. 93, p. 114.

- Mr. Mario Roques, Professor at the Sorbonne, Vice-President of the Conseil d'Administration de l'Association Générale des Auditeurs de T. S. F.,
 Mr. L. Sourek, President of the Board of Directors of the Czechoslovakian Broadcasting Organization.

The Institute also had the collaboration of :

- Mr. R. Homburg, Barrister at the Paris Courts, Founder and Secretary General of the International Broadcasting Committee,
 Doctor Joseph Raeber, Director of the International Bureau of the Telegraphic and Radio-Telegraphic Union,
 Mr. Jaime Torres Bodet, representing Mexico.

As a result of the views expressed at this meeting, the International Committee on Intellectual Cooperation requested the Institute to prepare a draft agreement in proper legal form for communication to the governments. This decision of the Committee was endorsed by the Assembly of the League in September [*October*] 1933.¹²

It appears that the next step was taken when a drafting committee presided by Dr. Raestad was convened by the Institute in Paris in November 1933. The text framed by this committee is that which has now been communicated to the American and other Governments by the Secretary-General of the League in accordance with a Council resolution of January 15, 1934.¹³

III. ACTION OF DISARMAMENT CONFERENCE IN CONNECTION WITH CONTROL OF BROADCASTING IN THE INTEREST OF PEACE

Parallel consideration has been given this question by the Committee for Moral Disarmament of the Disarmament Conference which was first led to consider the problem of broadcasting from the point of view of "moral disarmament" as a result of a memorandum on the subject submitted to the Conference by the Polish Government in September 1931.

The Department will recall in this connection that the Committee for Moral Disarmament's first draft of a Convention concerning Education, Cooperation of the Intellectual World, Broadcasting and Cinematography, contained an article (No. 18), providing that:

"Each Government shall take steps, by special regulations, to prevent the broadcasting of tendentious news or utterances capable of embittering international relations or affronting the legitimate senti-

¹² See League of Nations, *Official Journal*, Special Supp. No. 115, pp. 80, 83.

¹³ For text of the draft resolution, see League of Nations, *Official Journal*, February 1934, p. 109.

ments of other peoples". (League Document—Conf. D/C. D. M./25, May 22, 1933).

The deletion of this clause was proposed by the American Delegation with the support of the United Kingdom Delegation. An amended draft of the article relating to use of broadcasting was subsequently adopted by the Committee on November 20, 1933, reading as follows:

"Article 3.

The High Contracting Parties undertake to encourage, in accordance with the special system in force in their respective countries, the use of the cinematograph and broadcasting with a view to increasing the spirit of goodwill between nations. With this end in view, they will also support any action taken by the Intellectual Co-operation Organisation, as well as by organisations having the same object.

In accordance with the special system in force in their respective countries, they will use their influence to avoid the showing of films, the broadcasting of programmes and the organisation of performances obviously calculated to wound the legitimate sentiments of other nations." (Conf. D./C. D. M./36).

It is my understanding that the Committee meeting at which the amended draft text was adopted for reference to the Bureau of the Conference was attended by delegates of the following countries: China, Denmark, France, Hungary, Italy, Rumania, Spain, Switzerland, United Kingdom. The American Delegation was not represented.

IV. SPONSORSHIP OF PROPOSED CONVENTION

I have had an opportunity to discuss the proposed agreement with a number of members of the League Secretariat in Geneva who have informed me that the initiative responsible for its consideration comes entirely from the Intellectual Cooperation Organization in Paris. One of the officials consulted—the technical expert in charge of wireless questions in the Communications and Transit Section—expressed his personal opinion that political conditions in Europe with their implications relative to radio-broadcasting were such as to render impossible at present any such degree of control as contemplated by the draft agreement.

Having noted that five of the eight experts consulted by the International Institute of Intellectual Cooperation in 1933, prior to the drafting of the proposed agreement, were members of the Council of the International Radio Union, I have made inquiry to learn whether the International Radio Union, (the membership of which includes many of the national and private broadcasting organizations in Europe) intended to take a position with regard to its adoption.

Mr. A. R. Burrows, Secretary General of the Union, has informed the Consulate that the officials of the Union who participated in the above-mentioned meeting of radio experts did so in their private capacities and in no way bound his organization to press for the adoption of the agreement. He added that this question was not taken up during the recent meetings in Geneva (February 16-March 3) of the Technical Committee, Legal Committee, and Cooperation Committee of the Council of the Union, contrary to the statement appearing in the Geneva press of February 27, 1934 that such was the case.

Mr. Burrows has given the Consulate the impression that he feels that the problem of broadcasting offensive material can be adequately handled without recourse to an international convention or agreement on the subject. He believes that there is an emphatic need,—in the interests of national culture, national breadth of outlook and the spread of truth—that broadcasting should be permitted to develop its technique as unfettered as possible by sweeping or rigid instructions. Contemplating, nevertheless, difficulties which may result from broadcasting of material likely to irritate minorities or embitter international relations or affront what are termed the legitimate sentiments of other peoples, he suggested that these difficulties might be covered if the Governments were to introduce into their national regulations regarding broadcasting, and into the terms of broadcasting concessions, clauses which will aid the broadcasting organizations to eliminate from their transmissions material calculated to hinder the development of good feeling.

He stressed the useful rôle of the International Broadcasting Union in regulating broadcasting in Europe and declared that there was small chance of material offensive to other nations being broadcast from a studio over which a European member of the International Broadcasting Union has control. The various members of the Union have pledged themselves by a form of "Gentlemen's Agreement" to do all within their power to avoid the use of microphones under their control for purposes likely to offend peoples of other nations, and according to Mr. Burrows the agreement has been well kept. (For a description of the organization and functions of the International Broadcasting Union, see Consulate's report No. 832 Political of March 3, 1934, entitled "The International Broadcasting Union.")¹⁴

Attention is finally drawn in this connection to the interesting reference to the code of ethics of the American National Association of Broadcasters, made by Mr. Burrows on page 119 of *Broadcasting and Peace, Studies and Draft Agreements*, which he cites as offering—coupled with the control exercised by the Federal Radio Commission—

¹⁴ Not printed.

not only a check against objectionable matter but also as a professional means of dealing with alleged breaches.

Pointing out that membership of the International Broadcasting Union carries with it certain privileges of real importance to European broadcasters and that expulsion would be more than an indignity, he suggests the possibility of introducing a clause in the Statutes of the International Broadcasting Union and other regional Unions proclaiming that the deliberate or careless use of broadcasting for purposes harmful to good international relations shall be considered as an offence rendering the guilty organization liable to expulsion from the Union.

Respectfully yours,

PRENTISS B. GILBERT

576.G1/4

The Secretary of State to the Chairman of the Federal Radio Commission (Sykes)

WASHINGTON, March 24, 1934.

MY DEAR MR. SYKES: I enclose, for your consideration, a copy of a letter, dated February 9, 1934, from the Secretary General of the League of Nations,¹⁵ together with a copy of its enclosure, a preliminary draft International Agreement for the Use of Broadcasting in the Cause of Peace.¹⁶

In connection with the preparation of a reply, before August 1, 1934, to this communication, I should appreciate receiving such observations or comments on the draft Agreement which the Federal Radio Commission may care to make.

Sincerely yours,

For the Secretary of State:
WILLIAM PHILLIPS

576.G1/5

The Chairman of the Federal Radio Commission (Sykes) to the Secretary of State

WASHINGTON, March 28, 1934.

MY DEAR MR. SECRETARY: This will acknowledge receipt of your letter of March 24, your file WE: 576.G1/1 [4], with respect to the preliminary draft of the International Agreement for the Use of Broadcasting in the Cause of Peace.

Articles 1, 2, 3, and 4 of the proposed agreement involve the prohibition or censorship of certain types of programs. The Radio Act of

¹⁵ *Ante*, p. 785.

¹⁶ For text of preliminary draft, see League of Nations, *Official Journal*, February 1934, p. 170.

1927 as amended specifically prohibits the Federal Radio Commission from censoring programs,¹⁷ and the Commission therefore has no power to control the content of programs in advance of their transmission.

The Commission also has no means for carrying out the provisions of Article 5 except as it might obtain cooperation from privately owned stations. There is no method of insuring that this could be carried out without the construction and operation of stations owned and operated by the Government of the United States.

It would appear that this agreement could not be applied to the broadcast system of the United States. It is, therefore, recommended that the United States not become a party in this agreement.

Very truly yours,

EUGENE O. SYKES

576.G1/7

The Secretary of State to the Secretary General of the League of Nations (Avenol)

The Secretary of State of the United States of America refers to the note, dated February 9, 1934, from the Secretary General of the League of Nations, transmitting the preliminary draft International Agreement for the Use of Broadcasting in the Cause of Peace, and requesting the observations of the American Government thereon.

The Secretary of State informs the Secretary General that the American Government, while appreciating the opportunity to consider the draft Agreement, would not be prepared to subscribe to such an arrangement in view of the fact that, under its present laws, this Government does not control the content of or censor radio programs broadcast in the United States. Moreover, the Federal Government may not require the broadcasting of any specific material unless it purchases time, in the usual manner, from the privately owned stations.

The broadcasting of programs in the United States "intended for the population of another State" is rare, as the American broadcasting stations depend for their support largely upon the sale of time to sponsors who desire to sell products to persons within the service range of the stations.

WASHINGTON, April 12, 1934.

¹⁷ The original Radio Act of 1927, approved February 23, 1927 (44 Stat. 1162, 1172), contains this provision.

SUPPLEMENTARY EXTRADITION TREATIES BETWEEN THE UNITED STATES AND CERTAIN EUROPEAN COUN- TRIES

211.51/77 : Telegram

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

WASHINGTON, March 10, 1934—1 p. m.

96. Please inquire of Foreign Office whether French Government will agree to supplemental extradition treaty with United States adding to list of extraditable crimes "crimes or offenses against the bankruptcy laws" and if so whether it will instruct its Ambassador to United States to negotiate promptly for conclusion such treaty.

Please also advise American diplomatic missions accredited to following countries that it is desired they make similar inquiry: Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Estonia, Finland, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, Portugal, Rumania, San Marino, Spain, Sweden, Switzerland and Yugoslavia.

With respect to following countries inquiry should be broadened to include offense of "fraud or breach of trust by a bailee, banker, agent, factor, trustee, executor, administrator, guardian, director or officer of any company or corporation, or by anyone in any fiduciary position": Belgium, Finland, Luxemburg, Netherlands, and San Marino.

It is desired if practicable to submit these treaties to the Senate before end present session.

HULL

[Supplementary extradition treaties or conventions with the following countries, of the nature described in the above instruction, were signed on the dates indicated :

In 1934:

Austria, May 19, Treaty Series No. 873; 49 Stat. 2710.

Bulgaria, June 8, Treaty Series No. 894; 49 Stat. 3250.

Estonia, October 10, Treaty Series No. 888; 49 Stat. 3190.

Finland, May 17, Treaty Series No. 871; 49 Stat. 2690.

Latvia, October 10, Treaty Series No. 884; 49 Stat. 3131.

Lithuania, May 17, Treaty Series No. 879; 49 Stat. 3077.

San Marino, October 10, Treaty Series No. 891; 49 Stat. 3198.

Sweden, May 17, Treaty Series No. 870; 49 Stat. 2688.

In 1935:

Belgium, June 20, Treaty Series No. 900; 49 Stat. 3276.

Czechoslovakia, April 29, Treaty Series No. 895; 49 Stat. 3253.

Luxemburg, April 24, Treaty Series No. 904; 49 Stat. 3355.

Poland, April 5, Treaty Series No. 908; 49 Stat. 3394.

Switzerland, January 10, Treaty Series No. 889; 49 Stat. 3192.

In 1936:

Denmark, May 6, Treaty Series No. 911; 50 Stat. 1308.

France, April 23, Treaty Series No. 909; 50 Stat. 1117.

Rumania, November 10, Treaty Series No. 916; 50 Stat. 1349.

In 1938:

Norway, February 1, Treaty Series No. 934; 53 Stat. 1561.

No supplementary extradition treaties such as contemplated were concluded with the following countries: Netherlands, Portugal, Spain, and Yugoslavia.]

CONVENTION BETWEEN THE UNITED STATES AND
OTHER POWERS FOR THE PROTECTION OF INDUS-
TRIAL PROPERTY, SIGNED AT LONDON, JUNE 2, 1934

[This convention was concluded at the International Conference for the Protection of Industrial Property held in London from May 1 to June 2, 1934. For text of convention, see Treaty Series No. 941, or 53 Stat. 1748. For statement regarding the convention, see Department of State, *Press Releases*, July 7, 1934, pages 22-25.]

THE BRITISH COMMONWEALTH OF NATIONS
GREAT BRITAIN

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT
BETWEEN THE UNITED STATES AND THE UNITED KINGDOM

611.4131/114

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] September 14, 1934.

The British Ambassador¹ called in order to make inquiries and to discuss with me informally such ideas as I might have in mind with respect to a possible trade agreement between the United Kingdom and the United States. He asked whether I had stopped in England during my trip last summer and, when I said no, expressed regret, saying he had hoped that I might be able to talk informally with Mr. Runciman.² He said that he had talked with Mr. Runciman himself during the summer with reference to a possible trade agreement but that Mr. Runciman had no constructive suggestions to offer and that Mr. Runciman's attitude was not to take the initiative himself but to entertain sympathetically any approaches which we might make.

I told the Ambassador that I had nothing to say to him as an official of the State Department; but that, speaking to him very confidentially, I felt that a trade agreement between the United Kingdom and ourselves should be one of the most important items in our program. I told him that I had had a group of men at work during the summer exploring various possibilities and had devoted considerable time and thought myself to the matter. I told him confidentially that it had been my hope that we might be able to find some formula to use as the basis of a plurilateral convention for the liberalizing of trade and removing harrassing restrictions which now exist. I suggested that we would not want to propose such an agreement without consulting the United Kingdom and finding some formula which would prove practicable and attractive from his country's standpoint. I went on to say that thus far we had not succeeded in finding any thoroughly satisfactory basis for such a convention. I said that we were explor-

¹ Sir Ronald Lindsay.

² Walter Runciman, President of the British Board of Trade.

ing several possibilities but that the problem was made very much more difficult by the existence of the Ottawa Agreements³ and by the British agricultural policy being pursued by Mr. Elliott.⁴ I said that although we were not yet prepared to offer any definite suggestions we were exploring possibilities along several different lines, one of which is the suggestion of a plurilateral convention providing that the duties should be lowered, say 20 per cent, on each commodity which is supplied mainly by the signatories of the proposed convention. I said, however, that we were still exploring various possibilities and that perhaps the best course to pursue would be to continue this exploratory work and, after we had reached some definite conclusions, to talk again with the Ambassador, perhaps laying before the British Government several possible bases upon which to work out a trade agreement and asking them to suggest which of the several possibilities would be from their viewpoint the more practical and promising for a possible trade agreement. I told the Ambassador that I have had the very genuine desire and wish to find some formula along which we could negotiate a mutually profitable trade agreement and that I should continue my efforts in this direction. The Ambassador left with an expression of appreciation for the frank way in which I laid this matter before him and reciprocated the hope that we might be able to find a way of effectuating a mutually advantageous trade agreement.

F[RANCIS] B. S[AYRE]

611.4131/116½

Memorandum by Mr. Alvin H. Hanson of the Tariff Section

[WASHINGTON, December 18, 1934.]

General Statement. British officials have stated that the United Kingdom is not particularly interested in a trade agreement with the United States at present. This attitude is in part due to the unsatisfactory situation with respect to currency and the war debt. Doubtless it would greatly facilitate the early realization of a trade agreement with the United Kingdom if these two other problems could be cleared away. Moreover, the whole program of trade agreements would be greatly accelerated and promoted by settlement of the currency and war debt problems.

The suggestion has been made that we might effect a general solution of our relations with the United Kingdom by simultaneously attacking three problems: (a) currency stabilization, (b) war debts,

³ Agreements concluded at the Imperial Economic Conference, 1932, *British and Foreign State Papers*, vol. cxxxv, pp. 161-231.

⁴ Walter E. Elliott, British Minister of Agriculture and Fisheries.

and (c) trade agreements. It is to be noted that in Section 3 of the Trade Agreements Act of June 12, 1934,⁵ it is specifically stated that "Nothing in this Act shall be construed to give any authority to cancel or reduce in any manner any of the indebtedness of any foreign country to the United States." While it is clear that the authority given the President under the Trade Agreements Act does not involve trading war debts in any manner in connection with a trade agreement, and that any arrangement made with respect to war debts must be approved by Congress, it is nevertheless quite feasible to consider these two problems simultaneously, though the final authority in the two cases is separate, the trade agreements being exclusively under the control of the President and the war debts being jointly under the control of the President and Congress.

Currency Stabilization. With respect to currency stabilization, the question arises whether it is preferable: (a) to limit the stabilization agreement to the United States and the United Kingdom, or (b) to include in the agreement France, Italy, and Japan.

In support of limiting the agreement to the United States and the United Kingdom, the following arguments might be advanced: (a) The United Kingdom would find such an agreement to her advantage in that it would serve to protect her against a further devaluation of the dollar relative to Sterling; (b) both countries would be in a stronger position to adjust themselves to whatever changes were made in the currencies of the gold bloc; (c) the stabilization of the dollar-sterling area covers such a huge part of the commercially important world that this achievement would constitute a very important forward step toward world-wide monetary stabilization and would bring stronger support to world-wide recovery; and (d) by limiting the agreement to these two countries, it might be argued that a settlement would be more feasible.

In support of the inclusion of France, Italy, and Japan in a stabilization agreement, the following arguments might be advanced: (a) Without this inclusion the United States and the United Kingdom could not safely stabilize in a definitive way, in view of the possible devaluation of the gold bloc countries; (b) a general all around stabilization at once would remove the uncertainty with respect to the future of the gold bloc and force at once the issue upon them whether to remain at the current gold parity or to devalue moderately; (c) without a general settlement a large measure of monetary uncertainty would still prevail; (d) the United Kingdom would be reluctant to return to gold without substantial assurance that the general monetary situation would warrant risking such an important step, particularly in view of the general belief that England committed a

⁵ 48 Stat. 943.

grave error in returning prematurely to gold in 1925 under world-wide conditions which did not at that time justify such a step.

On the whole, it appears preferable to attack the problem of stabilization, in the first instance, at any rate, by means of a joint agreement limited to the United States and the United Kingdom. Such an agreement might involve the following: (a) The retention of the current price of gold in terms of the American dollar, viz., \$35.00 an ounce; (b) the revaluation of the pound sterling at a point which would reestablish the old parity with the dollar, viz., \$4.86; and (c) in the event that the gold standard countries do not join in the stabilization agreement, the United States and the United Kingdom would reserve for themselves freedom of joint action, should the gold bloc countries devalue to a point which would prove dangerous for the stability of their currencies.

Once agreement has been reached along the lines indicated between the United States and the United Kingdom, an invitation might then be extended to France, Italy, and Japan to join in the stabilization agreement, the United States and the United Kingdom agreeing, however, that should such an international agreement break down, the two countries would proceed with joint stabilization on the lines indicated above.

A joint declaration reserving the right of the United States and the United Kingdom to take joint action should the gold bloc countries devalue would act as a restraining influence on the gold bloc countries to act with moderation in the event that they are forced eventually to devalue. Moreover, it would be reassuring to the public both in the United States and in the United Kingdom, and protect against any serious situation which might develop from excessive depreciation on the part of the other countries.

Unless overpowering arguments can be shown to the contrary, it would seem to be advisable to approach the United Kingdom, in the first instance, with the proposal to limit the stabilization agreement to the United States and the United Kingdom.

*War Debts.*⁶ If anything is to be done with respect to war debts, the first question that arises is, should any proposed settlement be limited to the United Kingdom or be extended to include all countries? The problem is an extremely difficult one, and it would enormously complicate the issue to include all the various countries involved. This is particularly true because of the inequitable treatment of the different countries in the settlement arranged in the decade of the twenties. A settlement with the United Kingdom alone would be far easier and would serve as a starting point from which to attack the general prob-

⁶ For correspondence concerning intergovernmental debts, see pp. 543 ff.

lem, and would, moreover, offer some indication to other countries of what they might expect in the final all around settlement.

Whether or not the war debt question ought to be tied in with currency stabilization and trade agreement at the present time is a serious question. In conjunction with a currency stabilization agreement we could: (a) do nothing with respect to war debts; (b) offer a two- or three-year moratorium; or (c) make a definitive settlement.

A definitive settlement is difficult to make in the midst of a great depression. A two- or three-year moratorium would remove the issue during the interval when other difficult problems are attacked such as trade agreements and currency stabilization. Conceivably, a moratorium would be more acceptable to Congress than any definitive settlement that would be at all acceptable at the present time. On the other hand, a moratorium appears to be a rather weak solution from the standpoint of the United States, in view of the fact that the debts are already in default. A moratorium would probably be regarded as a weak recognition on our part of the *status quo*.

The war debts have come to be regarded, both in this country and in England, as more or less of a dead issue and certainly do not have the vital significance for economic welfare that currency stabilization and a trade agreement offer. While the United Kingdom formerly regarded clearing of the debt settlement as imperative, in anticipation of currency stabilization and a trade agreement, it is not likely that such is the case at the present time, in view of the generally accepted status of the current default. Moreover, it is important that in the negotiation on the strictly economic issues of currency stabilization and a trade agreement, all emotional factors, such as those which inevitably are stirred up in connection with the war debts, be eliminated. Everything considered, it would seem preferable to omit from the proposed negotiation with the United Kingdom any consideration of the war debt problem. Should the United Kingdom, however, respond to the proposal to negotiate on currency stabilization and a trade agreement by raising the war debt question, this country might then discuss the advisability of a two- or three-year moratorium.

Trade Agreement. The British Empire Committee has recently completed a preliminary study of the possibilities of a trade agreement with the United Kingdom. This involves a consideration of specific items which might be included in the concessions made on either side. In the interests of an early currency stabilization, it would seem desirable to make a trade agreement with the United Kingdom even though it were partial in character. Subsequently a more complete agreement could be effected. If in any manner a trade agreement with the United Kingdom at the present time would facilitate the general problem of stabilization, such an agreement would

certainly be worth making, even though it were less thorough-going and complete than might be possible if it were postponed until some later date.

REFUSAL BY THE BRITISH GOVERNMENT TO ARBITRATE THE CLAIM OF AMERICAN SHAREHOLDERS OF THE CIE ARMES AUTOMATIQUES LEWIS

341.1154L58/194

The Secretary of State to the Chargé in Great Britain (Atherton)

No. 454

WASHINGTON, March 27, 1933.

SIR: Referring to the correspondence which has heretofore passed between the Department and the Embassy with respect to the claims against Great Britain of the American stockholders of the Armes Automatiques Lewis,⁷ you are now instructed to address a note to the Foreign Office, which, after appropriate introductory remarks, should state:

"My Government has continued to give careful consideration to the matter of this claim notwithstanding the apparent disinclination of His Majesty's Government to accord to it that consideration which it appears to merit, not alone because of the financial importance of the claim but also because of the peculiar circumstances out of which it arose.

"In this connection the following, which are among the more important of those peculiar circumstances, are worthy of note:

"*First*, Before the developments out of which this claim arose the Armes Automatiques Lewis had, by virtue of certain contracts with the Birmingham Small Arms Company of Birmingham, England, granted the latter the exclusive right, in Europe, to manufacture the Lewis gun which grant was protected by a considerable number of patents registered in most of the countries of Europe.

"*Second*, In consideration for that grant, the Company had, of course, acquired certain other definite contract rights, among which was the exclusive right of sale of this product of the Birmingham Small Arms Company.

"*Third*, The exclusive right to receive and to sell the total output of the product was, at the beginning of the World War, destroyed by the British Government by ordering the Birmingham Small Arms Company to deliver its entire output of these guns, not to Armes Automatiques Lewis in accordance with its contract with the Birmingham Small Arms Company, but to the British Government. That is to say, the existing stock of guns and the future output were commandeered.

"*Fourth*, From that date forward the Armes Automatiques Lewis was not at liberty to act or contract with respect to their patent, contract and other rights as free agents unaffected by a certain degree of influence or coercion on the part of the British authorities.

⁷ Previous correspondence not printed.

Fifth, In the atmosphere of such influence or coercion certain agreements were subsequently concluded between the Armes Automatiques Lewis, on the one side, and the British Government on the other side which agreements, obviously, did not express clearly the full intent and understanding of both parties.

Sixth, Those agreements apparently left in doubt, through a peculiar circumstance, the most important element thereof, namely the consideration which the Armes Automatiques Lewis was to receive for the rights surrendered to the British Government. That is to say, the contracts did not clearly state whether Armes Automatiques Lewis was to receive, in consideration for the delivery of guns to the British Government the net amounts stipulated by the agreements to be paid by that Government, or whether, in fact, as subsequently contended by the British Government, those amounts were to become merely bases of calculation whereupon the British Government should determine other amounts to be deducted therefrom, in the form of war contributions, before the residue was to be paid to the company.

Seventh, The British Government, resolving all doubts in this connection in its own favor, appropriated to its own purposes, in the form of such war contributions, large sums deducted from the amounts stipulated in the agreements to be paid by it, which sums, under another interpretation of the circumstances of the contracts, would belong to the Armes Automatiques Lewis.

Eighth, This action of the British Government placed the claimant Company in a position in which it must forego what it considered to be its rights in the matter or institute litigation for the purpose of recovering the money thus appropriated.

Ninth, The Company therefore filed a Petition of Right asking a judicial determination of the questions involved. The resulting judgment of the court in this very important matter was, however, based upon a point which did not go to the fundamentals of the case, and upon which there was no dispute, and was rendered by a single judge in such a manner as to indicate, by the terms of the judgment itself, that it was hastily, if not casually, considered. In that judgment also all doubts appear again to have been resolved in favor of the Government of which the court was itself a part. A judicial review of that decision appears to have been impossible under existing law.

Tenth, The Company then brought the case before the Special Commissioners of Inland Revenue with a view to contesting the methods employed in computing such war contributions, even if they were proper in principle, and with a view also to carrying the issue to the court of last resort if necessary to have the rights involved definitely determined. Although the Special Commissioners again resolved all doubts and rendered a decision in favor of the Government of which they formed a part, they declined to make their decision "final", as was necessary to constitute it the proper basis for an appeal to the courts, unless the claimants should, in advance, enter into certain stipulations by which their rights would at least be circumscribed, in the event that the appellate courts should subsequently determine the issues in favor of the claimants instead of the British Government. That the claimants steadfastly declined to do on the theory that full and impartial justice could not be brought about in that manner.

Eleventh, With matters resting in that status, certain officers of the British Government entered into what purported to be a tentative com-

promise agreement with certain allegedly unauthorized officers of the company and, in pursuance of such tentative understanding, immediately transmitted to the Company a sum of money representing a small proportion of the amount deducted and appropriated. His Majesty's Government now contends that the entire matter is put beyond the realm of discussion by that supposed compromise arrangement notwithstanding the fact that its legality has been the subject of serious doubt and has never been judicially determined. It has been contended that that supposed compromise arrangement was neither legally authorized in advance nor subsequently accepted in satisfaction of the obligation of the British Government.

"*Twelfth*, His Majesty's Government have in the past advanced the contention that my Government is precluded from interesting itself in this claim because of the Belgian nationality of the Armes Automatiques Lewis. It will not be overlooked, however, that a substantial proportion of the share capital of the Armes Automatiques Lewis was from the inception of this claim and still is American. It is not, therefore, believed that His Majesty's Government will desire to depart, in this respect, from the very sound position adopted by it in the well known Delagoa Bay case. (Moore's *Arbitrations*, pp. 1865 *et seq.*)

"It is the belief of my Government that the foregoing very general outline of some of the most important phases of the case, will service [*serve?*] to indicate to His Majesty's Government why the manner of handling this matter, from its inception, appears to the United States to have been at variance in many respects with that high standard of impartial justice, and fair dealing which so uniformly characterizes the conduct of the British authorities in their relations with foreign nationals.

"It is not the purpose of my Government at this time to undertake to demonstrate that an international injustice has been perpetrated by the injury to American citizens whose rights are involved and wherein that injustice lies. The facts and law of the case are complicated and it is not believed that any good purpose would be served by a complete development thereof so long as the British Government remains of a disposition to reject the claim, in an *ex parte* manner.

"My Government believes, however, that His Majesty's Government will agree that the circumstances of the case are of such a unique character and that the rights involved are of such importance as to warrant the expectation that His Majesty's Government will, as a matter of simple justice, agree that the issues involved shall be developed in such a systematic and logical manner as to enable each of the Governments to understand and appreciate fully the viewpoint of the other in order that the differences, if any then remain, may be resolved by mutual agreement or, if that should be impossible, by the impartial decision of an arbiter to be mutually agreed upon in advance.

"To that end my Government proposes, as probably the most logical, most reasonable, most economical and, on the whole, the most satisfactory manner of disposing of the case the following procedure:

"The Government of the United States will prepare and transmit to the British Government a Memorial of claim in which the factual background of the case, as understood by the United States, will be fully developed and to which Memorial will be attached the pertinent evidence in support thereof.

"Two months after the receipt of such Memorial His Majesty's Government will transmit to the United States its Answer thereto, in which it will set forth fully the factual basis upon which it rests its rejection of the claim, and to which will be attached any additional evidence considered material to the case.

"Three months after the receipt of such Answer, the United States will transmit to His Majesty's Government a brief of law in which will be fully developed, on the basis of the facts then shown by the evidence, the law upon which the United States bases its case. With such brief may be attached only such evidence as goes to rebut any new evidence filed with the Answer.

"Three months after the receipt of the brief of the United States the British Government will transmit its final brief in reply, to which the United States may within one month file a counter brief, if deemed advisable.

"Upon the basis of these pleadings the two Governments will undertake to arrive at a mutual understanding with respect to the disposition of the matter. If such efforts should prove unsuccessful over a period of three months from the date of filing the last brief, the pleadings will then be referred for decision, which shall be final and binding upon the two parties, to an arbiter to be now agreed upon. The Government of the United States would be willing to consider the matter of referring the case to the Permanent Court of International Justice.

"My Government believes that His Majesty's Government will welcome this method of disposing of this important and difficult matter in such a manner as will take full account of the rights of all parties concerned. To reject the proposal would be to refuse to the interested parties apparently the only possible opportunity to have their rights determined in an entirely impartial manner. My Government is confident therefore that His Majesty's Government will find no just reason for refusing this proposal."

You will please supplement the foregoing note by oral representations in which you will impress upon the Foreign Office the fact that the Department feels that this represents a very reasonable and proper manner of disposing of this troublesome case without the expense and inconvenience of formal arbitration.

You will please press for an acceptance of the above proposal and cable the Department the substance of the reply of the Foreign Office as soon as received.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

341.1154L58/197 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, April 7, 1933—noon.
[Received April 7—8: 15 a. m.]

78. Personally presented note last evening in compliance with your instruction 454, March 27.

Was informally advised that recent representation on this subject by Belgian Embassy has been refused and that I might expect reply in the near future.

ATHERTON

341.1154L58/202 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Bingham)*

WASHINGTON, July 8, 1933—1 p. m.

186. Referring to Department's instruction No. 454 of March 27, 1933, regarding Lewis gun case, please take advantage of first favorable opportunity to discuss the matter with the Secretary, and, if he agrees endeavor to persuade the Foreign Office to accept the proposal of United States without further delay. Foreign Office undoubtedly appreciates that in a case of this kind involving a large claim of one Government on behalf of its nationals against another it is not usually considered appropriate for one Government to make itself arbitrary judge of the matter and to refuse to discuss the case on its merits. Foreign Office appreciates, of course, that this Government has merely proposed that the merits of the case be fully developed in an informal manner in the form of legal pleadings in order that each Government may fully understand the position of the other and in order that, on the basis of such development, some definite and final solution of the question may be arrived at. Such a solution obviously can not be reached in this case through ordinary diplomatic correspondence except upon the basis of a systematic and logical development of the facts and applicable law. This Government's proposal represents a most reasonable and a most logical course of action in a case of this kind and no reason is perceived why the British Government should refuse to accept it. The Department is hopeful, therefore, that, with the Secretary's concurrence, acceptance of this Government's proposal can be brought about promptly.

PHILLIPS

341.1154L58/213 : Telegram

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

LONDON, August 3, 1933—7 p. m.

[Received August 3—3:45 p. m.]

233. The Foreign Office delivered British Government's reply to the Embassy's note, referred to in the first paragraph of my 231,

August 1, 5 p. m.,⁸ today and under instructions from the Acting Secretary of State it was orally indicated that while the British Government considered the American note excessively stiff in its tone no modification had been reached of the views previously expressed to the American and Belgian Ambassadors, reported in Embassy's despatch 578, January 15, 1930.⁸ It was added that there were many statements in the American note under acknowledgment to which the Foreign Office took exception, particularly the consideration numbered 9 quoted textually in the Department's instruction 454 of March 27, 1933, which insinuated that the courts were not independent of the British Government. It was further added that it was the official opinion that the British note of today's date in reply to the American note was "a mild rejoinder to an insinuation to which strong and legitimate exceptions might easily have been taken."

This British note of reply, dated August 2d, consists of some four full pages and does not attempt to meet all of the arguments advanced in the American note. In the main the note sets forth that "the British Government cannot admit any *locus standi* of the United States Government in the matter". There is also enclosed with the British note a copy of a memorandum (for the information of the United States Government) which had been handed to the Belgian Ambassador and to which indirect reference was made in the last paragraph of Embassy's telegram 78 of April 7, noon.

Full text of British note with enclosures will go forward today by pouch.

BINGHAM

341.1154L58/216

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

No. 137

LONDON, August 4, 1933.

[Received August 12.]

SIR: I have the honor to refer to my telegram No. 233 of August 3rd, 7 p. m., in relation to the Armes Automatiques Lewis, and to forward a copy of the Foreign Office note, with enclosure, referred to therein.

Respectfully yours,

For the Ambassador:

RAY ATHERTON
Counselor of Embassy

⁸ Not printed.

[Enclosure]

The Counselor of the British Foreign Office (Craigie) to the American Ambassador (Bingham)

No. A4758/1710/45

LONDON, 2 August, 1933.

YOUR EXCELLENCY: I have had under consideration, in consultation with the proper departments of His Majesty's Government, the note which Mr. Atherton addressed to me on the 6th April last respecting the claim preferred against His Majesty's Government in the United Kingdom by the American stockholders of the Armes Automatiques Lewis Company.

2. In this note Mr. Atherton has re-stated the claim of the United States Government to a right to intervene on behalf of the United States shareholders in the Company. In reply I desire to invite Your Excellency's attention to a note addressed to the United States Chargé d'Affaires on the 1st January, 1927,¹⁰ in which the then Secretary of State expressed himself as unable to agree that the United States Government had any standing on this question—an opinion with which I must express my full agreement. You will be aware that the Armes Automatiques Lewis is a company incorporated, and still carrying on business, in Belgium. Any claim, therefore, which is made in respect of alleged injuries to the Company must be regarded as a claim on behalf of the Company, which is a Belgian national. Furthermore, the ownership of the shares, even if it extended to the totality thereof, by United States citizens or corporations does not, in the opinion of His Majesty's Government, justify diplomatic protection of this Belgian company by the United States Government.

3. In Mr. Atherton's note an attempt is once more made to find an analogy in the Delagoa Bay Railway Company case, from which, however, the present case is clearly distinguishable on all of the three following grounds:

(i) The Portuguese Delagoa Bay Railway Company was at the time of the decision in process of dissolution so as to bring to an end its corporate character. This is not true of the Belgian Company, the Armes Automatiques Lewis.

(ii) The claim does not lie against the country in which the Company was incorporated. In the Delagoa Bay Railway case the claim was against Portugal, the country in which the injured company was incorporated; while the Armes Automatiques Lewis Company was incorporated in Belgium, the present claim is not against the Government of Belgium in which country the Armes Automatiques Lewis Company is incorporated, but against His Majesty's Government in the United Kingdom.

¹⁰ Not printed.

(iii) The Belgian Government, being the government whose national the Company is, have made representations to His Majesty's Government, who have been in official correspondence with them on the subject. His Majesty's Government cannot be expected to acknowledge the right of two different governments simultaneously to prosecute the case of the same company.

4. In view of the above considerations, His Majesty's Government remain quite unable to admit the right of the United States Government to intervene in this question. As a matter of courtesy, however, I enclose a copy of a memorandum which was communicated to the Belgian Ambassador on the 16th March last. This memorandum will serve to place you in possession of the full history of the case and will make it clear that His Majesty's Government are unable to accept as accurate the presentation of the case made in Mr. Atherton's note. In communicating this memorandum to Baron Cartier de Marchienne I informed His Excellency that His Majesty's Government had definitely and finally decided that they were unable to admit any claim of the Armes Automatiques Lewis Company and were not prepared to reopen the case in any way.

5. I am further compelled to make it clear to Your Excellency that I am wholly unable to accept, as having any relation to the true facts, the description of the circumstances relating to the determination of the Company's Petition of Right given under the 9th sub-head of Mr. Atherton's note, and would refer to the account of what actually happened at the hearing of this Petition which is set out in paragraphs 8 and 9 of the enclosed memorandum. In view of the detailed exposition of the case in this memorandum I do not deem it necessary to do more than observe that, if the Company were dissatisfied with the judgment of the court, an appeal to the Court of Appeal and thence to the House of Lords was open to them. Moreover, I am unwilling to believe that the suggestion implicit in the statement that both the High Court of Justice and the Court of the Special Commissioners "form a part" of the Government in whose favour they decided was intended by the United States Government in the sense which it seems to bear; the Court of the Special Commissioners, like the Courts of Justice themselves, is an entirely independent tribunal, whose function it is to deal in a judicial manner with all disputes which may come before it.

6. In conclusion I desire to dissipate the misunderstanding revealed in the 10th sub-head of Mr. Atherton's note and would invite reference to a letter addressed by Mr. Kelly of this department to Mr. Atherton on the 10th March, 1932. You will recognise, I am confident, that there is nothing in the communication to the Company's solicitors from the Solicitor of Inland Revenue quoted in Mr. Kelly's letter which would

justify the allegation that the Special Commissioners declined to make their decision final unless the Company entered in advance into certain stipulations by which their rights would be circumscribed.

I have [etc.]

(In the absence of the Secretary of State)

R. L. CRAIGIE

[Subenclosure]

The British Foreign Office to the Belgian Embassy

(A 1710/1710/45)

MEMORANDUM

1. In order that the grounds on which His Majesty's Government in the United Kingdom feel bound finally to reject the Belgian Government's claims on behalf of the Cie Armes Automatiques Lewis arising out of the purchase by H. M. G. of Lewis Guns during the War may more readily be understood, it seems desirable to indicate briefly the circumstances in which the claims first arose, and the subsequent course of events.

2. In 1913 the Armes Automatiques Lewis (hereinafter referred to as the Company) being a Belgian company domiciled at Antwerp and the owners of British and other patent rights covering the manufacture of a machine gun generally known as the "Lewis Gun", granted to the Birmingham Small Arms Co. Ltd., an English company carrying on business in England, an exclusive licence for the manufacture of those guns in this country. On the outbreak of war in 1914 H. M. G., under powers conferred upon them by municipal law, commandeered the whole output of the Birmingham Small Arms Co. and entered into negotiations with the Belgian Company respecting the price to be paid for Lewis guns manufactured by the Birmingham Small Arms Co. and supplied to the Government. For the first three or so years of the war, payment of the price so agreed from time to time was made direct to the Company, who in turn paid a proportion of it to the Birmingham Small Arms Co., that proportion being the actual cost of manufacture plus a manufacturing profit; the balance of the price paid by His Majesty's Government represented the profit made by the Company itself. The price was originally fixed at £165 per gun, but, as the result of further negotiations following improvements in manufacture and to some extent variations in specification, the price was from time to time reduced until it reached the figure of £80 per gun. In view of the variations in the specification, both of the gun itself and of the spare parts which were furnished with it, it is not however possible to say exactly how far the figures in fact paid at

different times are strictly comparable. In 1918 a new arrangement was made with the Company under which payment was made direct to the Birmingham Small Arms Co. in respect of the cost of manufacture and their profit and a fixed royalty of £2.16.3 per gun (tax free) was paid to the Company; the total cost per gun to His Majesty's Government of guns supplied under this agreement was approximately £45.

3. His Majesty's Government were from time to time asked by the Allied Powers to supply them with Lewis guns and ultimately agreed to do so. The Company had endeavoured to obtain permission from His Majesty's Government to enable them (the Company) to get guns manufactured in this country directly for the Allied Governments, but that permission was not granted. So far as can now be ascertained, the number of guns supplied by His Majesty's Government to the Allies was between 13,000 and 14,000. These guns were supplied over a period of years and the prices charged to the Governments concerned varied from time to time; but the price in fact charged for each consignment was calculated on the price for the time being paid to the Company, with the addition of a small percentage by way of overhead charges incurred by the Department concerned in the supply.

4. At some period during the war (apparently in 1917 or 1918), certain assessments were made on the Company by the Inland Revenues Department of His Majesty's Government in respect of taxation (excess profits duty and income tax) on profits made out of the dealing in these guns. These assessments gave rise to disputes between His Majesty's Government and the Company on the question whether the Company were liable to pay the taxation demanded. After these assessments had been made, the Department through whom payments for the guns in question were made withheld certain sums *prima facie* due to the Company and paid them to the Inland Revenue authorities to satisfy the demands for taxation. This action on the part of the Department concerned was challenged by the Company. The Company disputed their liability to the taxation demanded, (and consequently the right of the Crown to withhold payments otherwise due to them) on various grounds relating (a) to the amount of the assessment and the manner in which it was calculated, and (b) to an alleged representation by the Crown, to the effect that, as a Belgian company, they would not be liable to this taxation at all, upon the faith of which, the Company contended, they had been willing to accept the price in fact paid to them for the guns delivered to the Crown.

5. At about the same time the Company alleged that His Majesty's Government had made a profit by reselling to Allied Governments Lewis guns purchased from the Company, and claimed that the resale of these guns by His Majesty's Government was not justified in law

and also involved a breach of an agreement between His Majesty's Government and the Company. His Majesty's Government maintained that the resale was perfectly legal and denied the existence of any agreement such as was alleged. His Majesty's Government also contended that they had made no profit out of these resales.

It appears from the shorthand notes of a meeting which took place at the Ministry of Munitions on the 19th August, 1919, and was presided over by Mr. J. F. Hope, M. P. (now Lord Rankeillour), the then Financial Secretary to the Ministry, the Company being represented by Mr. Rudd, that the Company were offered an enquiry into the question whether His Majesty's Government had made a trading profit on the Lewis guns sold to the Allies. This offer was not accepted.

6. The disputes between His Majesty's Government and the Company remaining unsettled, the Company brought in 1920 a Petition of Right in the English courts, claiming (1) a declaration that the Company was entitled to receive and be paid the prices in fact agreed by them or alternatively the payment to the Company of further sums which would secure that the Company should retain for their own benefit, after discharging all taxes, a sum per gun equal to the amounts agreed, and also (2) raising a general claim for damages for breach of agreement.

Damages were claimed under two heads. The first alleged that, in agreeing to accept a certain price for the guns to be manufactured by them, the Company relied upon a representation that, as a Belgian company, they would not be liable to British taxation, and that, therefore, this representation had been incorporated in and made a condition of the agreement. The second was set out in paragraphs 23 to 26 of the Petition, and may be summarised as follows:—The Company alleged that an agreement was made with the Ministry of Munitions to the effect that they (the Company) should be free to manufacture and to supply a certain number of guns to Russia and to the other Allies, unless such guns were required for the British Forces, and that the British Government would require delivery of such guns only as were needed for the use of the British Forces; that the guns subsequently supplied were made and supplied subject to this agreement and on the condition that they were needed for the use of the British Forces; and that relying upon this agreement and condition the Company abandoned the arrangements they were making for the manufacture of guns in the United States of America. The Petition then proceeded to allege that the British Government did not require the whole output of the guns for the use of the British forces; but that in breach of the alleged agreement themselves sold large numbers of guns, which they had purchased from the Company for the reduced payments described in the Petition, to the Allied Powers at largely

increased prices, and, to quote the words of the Petition, "have thereby appropriated on behalf of Your Majesty in breach of the said agreement and condition the profits which rightly belong to your said Suppliants". The Company therefore prayed that the Crown would be pleased to cause them to be compensated for the damage caused to and sustained by them as aforesaid. It will be observed that this is almost exactly the claim put forward in the Note of the 22nd August 1932, from H. E. the Belgian Ambassador.

7. Shortly before the Petition was heard, Messrs. Soames, Edward & Jones, the Company's solicitors, wrote to the Treasury Solicitor on the 28th June, 1921, a letter of which the following is an extract:—

"With reference to the documents which you have disclosed to us in this matter, we beg to point out to you that you have not disclosed any documents relating to the sale of Lewis guns by the British authorities to the Allied Powers and we beg to call your attention to paragraph 25 of the Petition of Right wherein it is stated that the British authorities have sold large numbers of these guns to France, Belgium, Russia, Roumania and Italy, and that these sales were in breach of the Agreement made with our clients. Under these circumstances all documents relating to the sale of these guns are clearly material to the question in this matter and as we understand it is the practice of the Crown to disclose all documents material where they tend to support the case of the Crown or that of the Petitioners in the same way as an ordinary litigant would do, unless there be good reasons of State for non-disclosure, we humbly submit that the documents relating to the sale of guns by the British authorities to the Allied Powers should be disclosed".

On the 15th July the Treasury Solicitor wrote:—

"In reply to your letter of the 1st instant, I am prepared to give you inspection of the Priced Vocabulary of Munitions Stores charged against the Allies for Lewis guns together with the invoices in support of the Statements. I am informed by the Department that this material is voluminous, but that they will give you what assistance they can in the inspection of it."

The documents were duly inspected by the Company's solicitors a few days later.

8. The Petition came on for hearing before Mr. Justice Darling on the 25th July, 1921, the Company being represented by Sir John Simon, K. C., Mr. Eustace Hills, K. C. and Mr. Bremner, and the Crown by the Attorney General, the Solicitor General and Mr. Bowstead. In the absence of Sir John Simon the case was opened by Mr. Eustace Hills, and the following is an extract from the shorthand notes of the proceedings on the first day of the trial:—

"THE ATTORNEY GENERAL:—I do not know whether, in answer to your Lordship's question, it would be convenient that I should say, in a sentence, what our case is?

"MR. JUSTICE DARLING:—Yes.

"THE ATTORNEY GENERAL:—There are really two points in the case. It is said on behalf of this Company that at certain interviews a representative of the Company was informed that the Lewis Company, being Belgian, was not liable to British taxation, and that it was on the faith of those representations that the Company agreed to take, and did take, a certain price. That is what is said. In answer to that, we say that no such representation was made, that the correspondence is quite inconsistent with it, and that the agreement which was made is inconsistent with the Pleadings. The clear issue is: were those representations made, and did you act upon the faith of them? I am not conceding this for a moment, but if they were made by the particular Departmental officials who were concerned they had no power to grant anybody dispensation from British taxation, and, on the other hand, it being a representation, if made it was not a representation of fact. It would have been a highly incompetent expression of opinion on a matter of law. The second point is that they say at a certain other interview it was agreed that the Company should be free to manufacture in this country 30,000 guns for Russia, and guns for the Allies, and that the British Government would require delivery of such guns only as were needed for the use of British Forces and that in breach of that Agreement —

"MR. EUSTACE HILL:—If I may interpose I can relieve the Attorney General of that second head of claim. Documents have been disclosed to us within the last few days, and, under those circumstances, we do not intend to proceed with the second head of claim."

9. The second head of the claim to which Counsel referred was that described in the latter part of paragraph 7 above and it will be observed that it was deliberately abandoned by the Company in open court.

The hearing proceeded upon the other claim of the Company, namely that H. M. G. were not entitled to deduct from the sums due to the Company amounts at which the Company had been assessed for taxation, a claim which was based on a representation alleged to have been made by officials of the Crown that the Company would not be liable to taxation in this country, or that alternatively there was an implied condition which was the basis of the contract that the prices mentioned in the contract to be paid for the guns were *nett* prices, not subject to deductions for taxation, and that if the Company were liable to taxation, the prices must be proportionately increased. With regard to this claim Darling J., before whom the Petition was heard, held on the evidence that the representation alleged by the company had not been made by any person on behalf of the Crown and that the reduced price agreed to by the Company was due to the fact that H. M. G. had assumed the burden of finding £350,000 capital for the construction of plant by which the guns were to be manufactured. He accordingly gave judgment for the Crown with costs.

The Company did not appeal from this judgment, as they had the right to do.

10. The dispute between the Crown and the Company continued. There were differences as to (a) the amount due from the Company in respect of taxation; and (b) the debt due from the Crown to the Company in respect of guns supplied (i. e. apart from the deduction of the sums due by way of taxation). It was not disputed by the Crown that the sums which had been retained by it were in excess of the amount due by way of taxation, and that some sum was due to the Company; the dispute was as to the amount of this balance. The Company, in spite of the withdrawal of their claim based on the resale of the guns by H. M. G. before the court in 1921, continued to make claims on this ground, alleging that the sale was a breach of the patent rights of the Company. The latter claim the Crown declined to consider. The Company, if they considered that they had a claim against the Crown based upon their English patents, had a remedy under Section 29 of the Patents and Designs Act, 1907, to require the Treasury, acting in a quasi-judicial capacity, to settle the amount of the royalty due to them in respect of the user of their patents by the Crown. The Company did not avail themselves of this right and no doubt with good reason, seeing that the amount of their royalty had been previously settled by agreement between them and the Crown.

11. Ultimately in 1924 an agreement was entered into between the Inland Revenue Department on behalf of the Crown and the Company, under which the sum of £225,000 was paid to the Company, on the terms set out in a memorandum signed by Sir Richard Hopkins, the then chairman of the Board of Inland Revenue, and initialled by two directors of the Company.

The terms of this memorandum are as follows:—

If the Company "Armes Automatiques Lewis" (hereinafter called the Company) withdraws all claims whether direct or indirect, against the Government, and every officer of the Government and every other person acting on behalf of the Government, whether such claim have been actually formulated or not; and also withdraws all appeals and applications in regard to taxation matters and all other matters arising out of the relations between the Company and the Government and any Government Department, and also agrees not to prefer or put forward any new claim, appeal or application, the Board of Inland Revenue will repay to the Company the sum of £225,000, of which sum £140,000 is to be regarded as interest payable under the agreement of 14th November 1918 between the Minister of Munitions and the Company.

(Signed) R. N. V. H.
19th March, 1924.

Armes Automatiques Lewis
(Signed) Paul Waterkeyn
Chairman Director.
Under the Company's Seal.

(Signed) John P. Waterkeyn
Secretary Director.

12. H. M. G. regarded the Agreement contained in the memorandum of March, 1924, as settling all matters at issue between H. M. G. and the Company. Nevertheless, representations have from time to time been made by and on behalf of the Company, claiming that, in view of the circumstances in which the Agreement embodied in this memorandum was made, it was not binding on the Company, and that the Company were entitled to reopen the whole matter. This contention has been put forward upon various grounds, *inter alia* upon the ground that the Belgian Company were never liable to taxation in this country at all. The Company continued to make claims in respect of the resale of some of the Lewis guns by H. M. G., and in respect of alleged infringements by H. M. G. of the Company's patent rights. H. M. G. declined to entertain these claims, and in the various replies which they made based themselves in the main on the ground that the Agreement of 1924 was a final settlement of all claims.

In a note addressed to the Secretary of State for Foreign Affairs by His Excellency the Belgian Ambassador on the 13th June no further objection to the entire validity of the Agreement as a settlement of the disputes relating to taxation was pressed, but the claim in regard to the resale of the Lewis guns and the alleged infringement of the Company's patents was put forward. In the enclosures to that note it was contended that the Agreement of March 1924 related only to disputes concerning the liability of the Company to taxation, and did not affect the Company's other claims in respect of the resale of the Lewis guns. (It is therefore no longer disputed that this agreement did put an end to the claim with regard to taxation). In a reply to this note on the 21st July, 1932, Sir John Simon contended that His Excellency's note of the 13th June produced no new material, and that all claims of the Company must be regarded as having been settled by this Agreement. This was the position when His Excellency's note of the 22nd August, 1932, was received, and in the light of the history of the case as set out above, it will now be possible to deal with the arguments set forth in this note.

13. The first contention made in His Excellency's note of the 22nd August is that the Agreement of the 19th March, 1924, should be considered only as a settlement between H. M. G. and the Company relating to the liability of the Company to taxation, and that it did not apply to or cover the other claims of the Company, relating (a) to the infringement of its patent rights, and (b) to the resale of the Lewis guns to Allied Governments. It is contended that the discussions between the Inland Revenue and the Company which resulted in the drawing up of this Agreement related only to the liability of the Company to taxation, and that the officials of the Inland Revenue expressly refused to consider the Company's other claims, and de-

clared that they were outside their competence, and consequently that the Agreement cannot be interpreted as covering these other claims.

H. M. G. maintain their contention that this Agreement covered all claims of all kinds by the Company against H. M. G. This contention appears to be completely established by the wording of the memorandum itself, which states that the Board of Inland Revenue will repay to the Company the sum of £225,000, if the Company "withdraws all claims whether direct or indirect against the Government . . . whether such claims have been actually formulated or not; and also withdraws all appeals and applications in regard to taxation matters and all other matters arising out of the relations between the Company and the Government, and any Government Department, and also agrees not to prefer or put forward any new claim, appeal or application". In view of the history of the matter and of the wording of the memorandum, which not only mentions all appeals and applications in taxation matters, but goes on to include all other matters arising out of the relations between the Company and the Government, and any Government Department (i. e. not exclusively the Inland Revenue) it hardly seems possible to contend that this Agreement is confined to claims with regard to taxation matters. H. M. G. consider that any such contention is incompatible with the language of the Agreement itself. Moreover, though it may well be that officials of the Inland Revenue declined to discuss with the Company the merits of claims by the company relating to matters other than those connected with taxation it is clear that these officials as representatives of the Crown in the negotiations with the Company were fully competent to obtain from the Company a withdrawal of claims of all kinds, before making a settlement with the Company which from a purely taxation point of view might have been considered by them as unduly favourable to the Company.

Further, if it is contended that the interpretation of the memorandum of Agreement on this point is a legal question on which H. M. G. and the Company are at issue, and that this question should therefore be submitted to some form of judicial decision, the answer is that it was open to the Company, if they took the appropriate action to obtain such a decision. The Company might have pursued their other claims against H. M. G. in the courts of this country, and, if H. M. G. pleaded that these claims were barred by the Agreement of 1924, the Company could then have disputed this, and the dispute as to the interpretation of the Agreement would then have been decided by the courts. Since the Company failed to exhaust their municipal remedies in this respect, H. M. G. cannot admit that the question is now one in respect of which the Belgian Government are entitled to make a diplomatic claim against them.

14. But apart altogether from the Agreement of 1924 His Majesty's Government are of opinion that the claims now put forward on behalf of the Company are altogether devoid of foundation. The reasons for this view are set out in the following paragraphs, which will deal with these various claims in turn.

15. The first claim mentioned in the note of the 22nd August, 1932, from His Excellency the Belgian Ambassador is stated as "la question de savoir quelle protection était due aux brevets d'invention dont la compagnie est titulaire en Angleterre, en vertu de la législation anglaise sur la propriété industrielle et des traités internationaux". The grounds of the claim are not, indeed, very clear, but it appears to relate to some infringement by His Majesty's Government of the *English* patent rights of the Company. If the Company were of opinion that any such infringement had taken place they had a right under section 29 of the Patents and Designs Act, 1907, to make an application to the Treasury sitting in a quasi-judicial capacity to settle the amount of any royalty due to the Company in respect of the user of their patents by the Crown, if the royalty payable had not been settled by agreement between the Crown and the Company. Under the agreements between the Crown and the Company for the purchase by the Crown of the Lewis guns (please see paragraph 2 above), the price payable by the Crown was at first inclusive of royalty, and subsequently a definite sum by way of royalty was agreed and paid or allowed in account to the Company. There was, therefore, no basis for any claim by the Company in respect of an infringement by the Crown of their English patents, unless the Crown used the sums in a manner outside or contrary to the conditions of the agreement so made. The Company allege that the Crown did so by reason of the resale of the guns to the Allied Governments. The contention that this resale was a breach of this agreement is the second claim of the Company, mentioned in His Excellency's note, and is dealt with in paragraphs 16-19 below. Here it is sufficient to state that the claim in respect of the English patents must fail if this second claim is not established, as His Majesty's Government contend it clearly is not. Further it is in any case a claim in respect of which municipal remedies were available to the Company of which they have not availed themselves, (i. e. section 29 of the Act of 1907) and the claim is, therefore, not a matter in respect of which a diplomatic claim can be made.

16. The second claim of the Company in its present form is succinctly set out in a passage in paragraph 3 of His Excellency's note, which runs as follows:—

"Le War Office ou toute autre administration anglaise pouvait-il exercer son droit de réquisition au delà des besoins de l'armée britannique, et se réserver la vente des mitrailleuses Lewis aux Gouverne-

ments étrangers, à un prix d'ailleurs de beaucoup supérieur au prix de réquisition, privant ainsi la société belge d'un profit auquel ses brevets en Angleterre et dans les autres pays lui donnaient le droit de prétendre? Telle est la question."

17. This claim His Majesty's Government must reject for the following amongst other reasons. His Majesty's Government, in requisitioning the entire output of Lewis guns manufactured in the United Kingdom, acted strictly in accordance with their legal rights, and it is admitted that the Company received either an agreed price (which included royalty) or else an agreed royalty, in respect of every gun so requisitioned. The Company had no right to dictate to His Majesty's Government what use the latter might make of the guns which had been purchased from the Company. If, however, the Company contended that His Majesty's Government had no legal right to requisition the Company's guns for the purpose of selling them to the Allies, or alternatively to sell guns to the Allies which they had already requisitioned from the Company, and to make a profit by doing so, it would have been possible for the Company to have taken proceedings within the periods of limitation, either against the Attorney General or against the officer of the Crown directly responsible for a declaration in this sense (on the analogy of the proceedings in fact taken successfully; by other parties in the case of *China Mutual Steam Navigation Co. v. Maclay* 1918 1 K. B. 33). The Company failed to take any such proceedings, and thereby failed to exhaust their municipal remedies, and therefore, even if the Company's claim on this head had been well-founded (which His Majesty's Government contend it clearly was not), the claim is not one in respect of which a diplomatic claim can be made. There is, however, for the reason given in the immediately following paragraphs, a still further conclusive answer to this claim.

18. As already stated in paragraphs 5, 6, 7, 8 and 9 above, the Company in 1919 claimed (a) that the resale of some of the guns by His Majesty's Government was a breach of agreement between His Majesty's Government and the Company, and (b) that His Majesty's Government had made a profit on the resale of the guns. In 1920 this claim was made in the proceedings brought by Petition of Right by the Company against the Crown. In those proceedings judgment was given for the Crown after this claim (which is the same as the second claim made in His Excellency's note) had been deliberately abandoned by the Company in open court, after the Company had had inspection of the documents and accounts relating to this resale (documents which showed that His Majesty's Government had made no profit). This claim is therefore clearly *res judicata*. It is impossible for the Company to continue to maintain a claim which it has

abandoned in proceedings brought by it, or for such a claim properly to be made the subject of diplomatic representations. This was a claim in respect of which the Company had a municipal remedy which it deliberately abandoned.

19. As already stated His Majesty's Government in fact made no profit on the sale of the Lewis guns to foreign Governments. The allegation that they did was made many years ago by the Company and was examined at the time by the Ministry of Munitions, who employed an accountant to work out the figures. The figures put forward by the Company in support of the allegation are based upon a fallacious method of calculation. They have arrived at the alleged profit to His Majesty's Government by taking the total amount received from the foreign Governments concerned and deducting from it a figure based on the *average* price received by themselves for an equivalent number of guns, without taking into account the dates on which the various sales took place. But, as explained above, the prices paid by His Majesty's Government varied greatly; the original price was as much as £165 per gun, which gradually went down to as low a figure as £45, as output increased and methods of manufacture improved. If the prices charged to the foreign Governments are compared with the prices which at the time were being paid to the Company for the several consignments, the accountant's figures show that they are substantially the same; and indeed, when a reasonable percentage is added in respect of the Ministry of Munitions' overhead charges, the transactions taken as a whole resulted in a loss; quite apart from the fact that in respect of some of the guns so sold His Majesty's Government in fact received no payment at all.

20. While for the reasons stated above, His Majesty's Government cannot recognise that the question whether or not these profits were made has any direct bearing on the right of the Belgian Government to prefer the claim now put forward on behalf of the Company, they are desirous of satisfying the Belgian Government that there is in fact no substance in the Company's claim that profits have been made at their expense and that the Company themselves many years ago abandoned any such claim in the most formal manner possible, and they are therefore willing to afford to an accredited agent of the Belgian Government inspection of the documents relating to the Petition of Right and the report by the accountant already mentioned.

21. The third claim made in the Belgian Ambassador's note is set out in the fifth paragraph:

“La Société en cause fait très justement observer qu'aux termes du droit en vigueur, elle pourrait actionner en justice les Gouvernements étrangers qui ont acheté les mitrailleuses et notamment le Gouvernement Français. Mais ceux-ci ne seraient-ils pas amenés,

pour se défendre, à appeler en garantie le Gouvernement de Son Majesté Britannique? Ce sont là les difficultés que l'on peut éviter et qu'elle désire éviter."

His Majesty's Government's reply to these observations is as follows:

His Majesty's Government had no power to requisition or interfere with any of the Company's foreign patents, and did not in fact purport to do so; it is for example understood that the Company caused guns to be manufactured in France. If therefore His Majesty's Government sold to any foreign Government guns purchased from the Company, the question whether the foreign Government, by using them in its own country, incurred any liability to the holders of the foreign patents is one of foreign law for the foreign Government concerned, and a matter in which His Majesty's Government is in no way interested.

22. It appears to be recognised by the Company that the above statement of the legal position is correct; but it is maintained that if in these circumstances the Company take proceedings against the foreign Government for an infringement of their patents the foreign Government will have a right of recourse against their vendors (i. e. His Majesty's Government), and that therefore it would be for the convenience of all concerned if His Majesty's Government dealt directly with the Company in the matter. Whether after this lapse of time a claim would be maintainable against any foreign Government for infringement of the Company's patents during the war, is a matter on which His Majesty's Government can express no opinion; it may well be that in most if not all the foreign countries concerned subsequent legislation has severely limited, if not prohibited, the prosecution of war claims after this lapse of time. But whether this be so or not, His Majesty's Government are unable to understand how any foreign Government, if they were successfully sued by the Company, could claim any indemnity against His Majesty's Government in the absence of an explicit undertaking by the latter to that effect. It is obvious that there could have been no implied warranty by His Majesty's Government that the user in the territory of the foreign Government of the guns so sold was not an infringement of any foreign patent held by the Company. It is also to be remembered that the Company in fact received their royalty on all guns requisitioned from them, including those afterwards sold to the Allies.

23. In so far therefore as the Company's claim is based upon an infringement of foreign patents by the foreign Governments to whom the guns in question were sold, His Majesty's Government can only leave the Company to take against the foreign governments concerned such action as they may be advised to take. The suggestion that such proceedings might, if successful, result in a claim by a for-

eign government against His Majesty's Government does not appear to His Majesty's Government to afford any ground for entering into further discussions with the Belgian Government; such a claim if made will be a matter for discussion between His Majesty's Government and the Government by whom the claim is made.

341.1154L58/220 : Telegram

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

WASHINGTON, September 6, 1933—2 p. m.

233. Referring to paragraph 5, enclosure 1, with your despatch No. 137 of August 4, 1933, regarding Lewis Gun claim, please obtain and transmit copies of the laws and rules of Court which made possible an appeal from the decision of Judge Darling to Court of Appeals and thence to the House of Lords as alleged by Foreign Office.

HULL

341.1154L58/239

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

No. 214

LONDON, September 23, 1933.

[Received October 4.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 237, September 8, 4 p. m.,¹¹ with reference to the Armes Automatiques Lewis Company case, and to state that the Foreign Office sees no objection to releasing to the United States claimants' attorneys the memorandum enclosed with Foreign Office note No. A 4758/1710/45 of August 2, 1933, being the enclosure to the Embassy's despatch No. 137 of August 4, 1933.

With regard to the Department's telegraphic instruction No. 233, September 6, 2 p. m., I venture to quote from a Foreign Office note just received, giving its authority for the statement made in its note of August 2, 1933, that "if the Company were dissatisfied with the judgment of the court, an appeal to the Court of Appeal and thence to the House of Lords was open to them":

" . . . I must refer you to the Petitions of Right Act of 1860. In section 7 of this Act, it is stated that 'so far as the same may be applicable, and except in so far as may be inconsistent with this Act, the Laws and Statutes in force as to Pleading, Evidence, Hearing, and Trial, Security for Costs, Amendment, Arbitration, Special Cases, the means of procuring and taking Evidence, Set-off, *Appeal*, and Proceedings in Error in Suits of Equity, and Personal Actions between Subject and Subject, and the Practice and Course of Procedure of the said Courts of Law and Equity respectively for the Time being in

¹¹ Not printed.

reference to such Suits and Personal Actions, shall, unless the Court in which the Petition is prosecuted shall otherwise order, be applicable and apply and extend to such Petition of Right; Provided always that nothing in this Statute shall be construed to give to the Subject any Remedy against the Crown in any Case in which he would not have been entitled to such Remedy before the passing of this Act'.

"Once therefore a petition of right has received the fiat and has been served, it assumes the character of and is subject to the procedure applicable to any action started in the King's Bench or Chancery Division by ordinary writ of summons; and on judgment being delivered adverse to the suppliant he has under Order 18 a right of appeal without leave to the Court of Appeal. Generally speaking, the time for appeal is that laid down in Rule 15, viz. the time for appealing from an Interlocutory Order is fourteen days, and from a final Order is six weeks.

"By the Appellate Jurisdiction Act, 1876, any successful appellant and therefore a suppliant has a right to appeal without leave to the House of Lords from the Court of Appeal. The time limited for presenting the Appeal is six months."

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

Counselor of Embassy

341.1154L58/252

The Secretary of State to the Chargé in Great Britain (Atherton)

No. 255

WASHINGTON, February 20, 1934.

Sir: I have received and carefully considered the Embassy's despatch No. 137 of August 4 last, regarding the so-called "Lewis-gun claim" against the Government of Great Britain.

In its reply of August 2¹² to the Embassy's note of April 6 last,¹³ the British Foreign Office, without undertaking to discuss in any detailed manner the several points mentioned in the Embassy's note, reaches the conclusion that there are no points of difference between the two Governments which warrant the development of the case in the manner suggested in the Embassy's note; and states that "His Majesty's Government remain quite unable to admit the right of the United States Government to intervene in this question".

I am somewhat reluctant to accept the conclusion that Sir John Simon, the Minister for Foreign Affairs, has, as a result of careful thought, undertaken to determine, as the note of August 2 appears to indicate, not only that this Government shall not be conceded the right to intervene diplomatically with the British Government in behalf of its own nationals, in the circumstances of this case, but that the question

¹² *Ante*, p. 808.

¹³ Not printed, but see instruction No. 454, March 27, 1933, to the Chargé in Great Britain, p. 802.

as to that right and the other questions involved are not in their nature justiciable. I am the more reluctant to accept that conclusion because of the fact that the note from the Foreign Office is signed by a Chief of Section, "in the absence of the Secretary of State", and also because of the fact that the Embassy's cable No. 231 of August 1¹⁴ conveyed the information that Sir John Simon was at that time in Rio de Janeiro, Brazil.

I am of the opinion that this case presents no question of either fact or law which is not justiciable in character. Moreover, the case is one which, in my opinion, not only should be appropriately settled without further undue delay, since it has already been the subject of diplomatic discussion over a period of nearly ten years, but, in view of the unwillingness on the part of the British Government to consider it on its merits, should be submitted to arbitration. It is just such differences of opinion as those obtaining in this case that are appropriate for submission to arbitration.

If nations were, generally, to refuse to arbitrate their differences on the basis of their individual decisions that there were no questions to be adjudicated, or that the claimant Government could not be admitted to have any *locus standi* in the cause it might espouse on behalf of its nationals, arbitration would, indeed, come far from fulfilling the purposes which it is the universal hope that it shall serve. All such matters of difference, which have developed between our two Governments in the past, have been resolved either by diplomatic discussion or by arbitration, and I am loth to believe that His Majesty's Government desires now to establish a precedent to the effect that such matters of difference shall remain unsolved because of the refusal of one of the Governments to entrust the questions involved to determination by arbitration.

I can not, of course, concede that it is properly within the province of His Majesty's Government to determine the rights of this Government with respect to intervention in behalf of the American stockholders in the "Armes Automatiques Lewis". The indicated disposition of His Majesty's Government in this respect appears to be inconsistent with its own course of action in the well-known Delagoa Bay case—Moore's *Arbitrations*, Volume II, p. 1865, *et seq.*—and with the principle applied in that case and in many other cases of international difference. In this connection I desire to emphasize that this Government has not asserted any alleged right to intervene in behalf of the Belgian corporation—the Armes Automatiques Lewis—as inferred by the Foreign Office in its above-mentioned note. Nor can I concede that this case can properly be closed in the manner indicated by the note of August 2 from the British Foreign Office.

¹⁴ Not printed.

I shall be glad, therefore, if you will personally take advantage of an early opportunity to indicate in a general way to Sir John Simon my views as above expressed. You may also, in your discretion, remind him that, as counsel for the Armes Automatiques Lewis corporation, he indicated, in his arguments of July, 1921, before Mr. Justice Darling of the High Court of Justice, King's Bench Division, a strong personal conviction of the justice of the claim of his client and that the present claim rests on the point then in litigation and on several other points subsequently developed in which, it is contended, the British Government has failed to accord to the American nationals involved a proper degree of justice under the laws of England. You will at the same time leave with the Foreign Minister a note expressing my views of the matter as indicated above and making formal request, on behalf of this Government, either that the procedure suggested in the Embassy's note of April 6, last, be accepted or that the case be referred to arbitration.

Very truly yours,

CORDELL HULL

341.1154L58/253

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

No. 548

LONDON, March 6, 1934.

[Received March 15.]

SIR: Pursuant to your instruction No. 255 of February 20, 1934, concerning the further representations to be made in the case of the Armes Automatiques Lewis Company, I have the honor to inform you that I called on the Foreign Minister yesterday afternoon and handed to him a note, No. 362 of March 5, 1934, the copy of which is enclosed herewith.¹⁵ At the same time I conveyed to Sir John Simon your views as expressed in that instruction, emphasizing that my Government regarded the early settlement of this case, through the optional procedure suggested, as a matter of the first importance.

Sir John Simon, without going into the details of the case, assured me that he would give my note his earnest consideration as soon as practicable.

Respectfully yours,

R. W. BINGHAM

341.1154L58/257: Telegram

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

LONDON, April 21, 1934—noon.

[Received April 21—9:50 a. m.]

186. Department's 152, April 17, 6 p. m.¹⁵ I called on Sir John Simon last evening by appointment to discuss orally again the Lewis gun case

¹⁵ Not printed.

with him as set forth in the Department's instruction 255, February 20th. He told me a written note was in process of completion, but for my information the position of the British Government remained unchanged in this matter of a Belgian corporation. In brief he gave me to understand that after a careful review of the case upon receipt of the last American note (see my 548 of March 6) the British Government's position was unaltered and would not consider reopening the matter.

BINGHAM

341.1154L58/263 : Telegram

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

WASHINGTON, May 29, 1934—6 p. m.

218. Your 186, April 21, noon, regarding Lewis Gun case. Unless you have received note from Foreign Office promised you on April 20, please take up matter again with Sir John Simon. You should again state that this Government has difficulty in understanding why British Government should not be willing to arbitrate a case which it must be admitted is justiciable in character; that if that Government is confident of the correctness of its contention that the claim is without legal basis it would seem that it should welcome arbitration, not only for the purpose of having that position confirmed, but also for the purpose of removing from the field of international relations a case on which there is a difference of view.

HULL

341.1154L58/265

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

No. 812

LONDON, July 7, 1934.

[Received July 17.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 218, May 29, 6 p. m., regarding the Armes Automatiques Lewis Company, and in this connection to enclose a copy of a Foreign Office note, dated July 6, 1934, which was promised at the time I made the representations according to the Department's instructions.

The point of view expressed to me at that time by Sir John Simon is repeated in this note.

Respectfully yours,

For the Ambassador:
 RAY AITHERTON
Counselor of Embassy

[Enclosure]

*The British Secretary of State for Foreign Affairs (Simon) to the
American Ambassador (Bingham)*

No. A 5278/1870/45

LONDON, 6 July, 1934.

YOUR EXCELLENCY: In a note which you were good enough to address to me on the 5th March last, (No. 362),^{16a} relative to the claim of the United States stockholders of the Armes Automatiques Lewis Company, Your Excellency again drew my attention to the desire of the United States Government that this claim should be submitted to arbitration.

2. The views of His Majesty's Government in the United Kingdom as regards (a) the question whether any international claim lies against His Majesty's Government in respect of the Treatment of the Armes Automatiques Lewis Company, (b) the question whether, owing to the fact that the Company is not incorporated in the United States but in Belgium, the claim is one which the Government of the United States is in any case entitled to support by diplomatic action, and (c) the question whether in any circumstances the disputes which have been determined by the judgment of the High Court of this country and by the agreement of the Company can be reopened at the instance of a section of the shareholders of the Company, have been fully explained in my note No. A 4758/1710/45 of the 2nd August, 1933, and the memorandum to the Belgian Ambassador enclosed therein, and also in the note addressed on the 1st January, 1927, to the United States Chargé d'Affaires,¹⁷ and I am unable to accept the proposal that this claim should be submitted to arbitration.

I have [etc.]

(For the Secretary of State)

R. L. CRAIGIE

**ARRANGEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN
FOR THE RECIPROCAL RECOGNITION OF AIRWORTHINESS FOR IMPORTED
AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SEPTEMBER
11 AND 17, 1934**

[For text of the arrangement, see Department of State Executive Agreement Series No. 69, or 49 Stat. 3652.]

^{16a} Not printed.

¹⁷ Note of January 1, 1927, not printed.

PERMISSION OBTAINED FOR AEROPLANES OF THE CALIFORNIA-ARABIAN STANDARD OIL COMPANY TO MAKE EMERGENCY FLIGHTS TO BAHREIN

890F.6363 Standard Oil Co./30 : Telegram

*The Acting Secretary of State to the Chargé in Great Britain
(Atherton)*

WASHINGTON, December 29, 1933—6 p. m.

321. The California Arabian Standard Oil Company, a wholly owned subsidiary of the Standard Oil Company of California will shortly undertake a survey of the region comprised in its oil concession in eastern Arabia. In this connection it is planned to make considerable use of an airplane for geological reconnaissance, observation and transportation.

The plane to be used is a Fairchild, Department of Commerce No. NC-13902, powered by a Wasp engine of 420 horsepower. The crew will consist of Charles F. Rocheville, pilot, transport pilots license No. 7895, and Richard C. Kerr, student pilot. The plane will be equipped with wireless transmitting and receiving apparatus. No cameras will be carried.

It is planned to ship the plane to Alexandria, Egypt, leaving there by plane on or about February 24, following the route of the K. L. M. Royal Dutch Air Lines to Gaza, Palestine; thence over the route of the same air line to Ruthbah, Iraq; thence over the route of the Imperial Airways to Basra, Iraq; thence to Bahrein Island by way of Kuwait and the Island of Tarut. It is planned to carry on the exploration work by plane either using Bahrein as a base or from a base to be established in Saudi Arabia.

You are requested to secure the necessary Egyptian and Iraqi authorizations by telegraph through our representatives at Cairo and Baghdad. The authorizations for the remainder of the flight, with the exception of that part to be made in Saudi Arabia, it is believed, may be obtained through the British Foreign Office. It is thought that authorization covering Saudi Arabia may be obtained by you through the Arabian Minister in London.

Please inform Department by telegraph when necessary authorizations have been granted.

PHILLIPS

890F.6363 Standard Oil Co./36 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, February 17, 1934—1 p. m.
[Received February 17—9:30 a. m.]

65. Department's 321, December 29, 6 p. m. and subsequent. Foreign Office note received today states the necessary authorization has

been issued in Palestine and Trans-Jordan for aeroplane to fly over these territories and land at Gaza. "In the case of Koweit and Bahrein, however, I regret to inform you that general regulations, made by the ruler of those two principalities, prohibit entirely all flights by civil aircraft except those of aviation companies which have received or may receive permission to include these planes [*places*] on regular flying services. A strict prohibition of this kind has been found necessary in view of local conditions; the utmost importance is attached to maintaining it intact and no exceptions are made even in the case of [British] aviators . . .¹⁸ in the circumstances you will appreciate that it is not possible for me to obtain the permission requested in respect of Koweit and Bahrein".

Permit for Iraq already in possession of Embassy. Legation at Cairo reports Egyptian Government agreeable to flight over Egyptian territory.

Have informed local company representative.

ATHERTON

890F.6363 Standard Oil Co./38 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, February 20, 1934—11 a. m.

[Received February 20—7:30 a. m.]

70. Department's 50, February 19, 6 p. m.¹⁹ Saudi Arabian Minister conveys his Government's authorization for the use of aeroplane for geological purposes and states that details regulating this flight have been completed by the Saudi Arabian Government and the representatives of the California-Arabian Standard Oil Company there.

ATHERTON

890F.6363 Standard Oil Co./49 : Telegram

The Secretary of State to the Chargé in Great Britain (Atherton)

WASHINGTON, February 28, 1934—8 p. m.

72. With reference to the failure of the appropriate authorities to grant authorization for an airplane owned by the California Arabian Standard Oil Company to fly over Kuwait and Bahrein, as reported in your telegram No. 65 of February 17, 1934, 1 p. m., the interested company has pointed out that although the refusal is not serious in the case of Kuwait it is decidedly so as regards Bahrein since it may become necessary for the pilots to make emergency landings on that island to bring sick or injured employees from Saudi Arabia to the

¹⁸ Omission indicated in the original telegram.

¹⁹ Not printed.

American missionary hospital or to make urgent repairs to the airplane in the company's shops at Bahrein.

You are requested to approach the Foreign Office again in this matter endeavoring to obtain, at the very least, authorization for the plane to land at Bahrein for the purposes specified above. In presenting your request, you may say that the Department finds it difficult to believe, in view of the humanitarian considerations involved, that the appropriate authorities will fail to grant the permission requested.

You are authorized to reimburse the British Government for whatever telegraphic expense it may be called upon to incur in arriving at a decision in this matter, taking such expenditure up in your accounts as chargeable to the California Arabian Standard Oil Company.

HULL

890F.6363 Standard Oil Co./52: Telegram

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

LONDON, March 20, 1934—3 p. m.

[Received March 20—11:10 a. m.]

122. Department's telegram No. 72, February 28, 8 p. m. Foreign Office grants permission for aeroplane of California-Arabian Standard Oil Company to fly to Bahrein to take sick or injured employees to mission hospital there or in order to carry out major repairs of aeroplane itself but not including periodical examination at work shops Bahrein Petroleum Company.

Visits must be notified to the Bahrein Government through the British political agent on each occasion in advance and must not be prolonged beyond time actually required for urgent business.

Aeroplane should use civil aerodrome at Muharraq arranging landing fees and service charges with Imperial Airways, Bahrein.

BINGHAM

AUSTRALIA

DISCUSSIONS BETWEEN THE UNITED STATES AND AUSTRALIA WITH RESPECT TO TRADE PROBLEMS AND THE ADMISSION OF BUSINESS- MEN¹

711.415 Traders/38a

The Secretary of State to the British Chargé (Osborne)

WASHINGTON, October 18, 1932.

SIR: With reference to the Embassy's note of December 19, 1930,² and other correspondence and discussions relating to the conclusion of a convention concerning the admission of Australian business men into the United States, I am pleased to state that this Government is now in a position to enter into a convention on this subject. Accordingly, there is enclosed for the consideration of the Commonwealth Government a draft of a commercial convention embodying provisions in regard to this matter similar in purpose and effect to those contained in the tentative draft which the Ambassador submitted informally to the Department on April 27, 1931.³

In addition to the provisions giving reciprocal rights of entry for purposes of trade, the occasion is taken to propose the settlement of a further difficulty connected with the conduct of trade between the United States and Australia. I refer to the circuitous and uneconomical routing of American exports to Australia which has been occasioned by certain Australian customs regulations. Provisions relating to this subject will be found in Article III of the enclosed draft convention.

I shall be glad to arrange for discussions of the details of the draft convention at the Embassy's convenience.

Accept [etc.]

For the Secretary of State:
JAMES GRAFTON ROGERS

[Enclosure]

*Draft Commercial Convention Between the United States of America
and the Commonwealth of Australia*

The President of the United States of America :

And His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, in respect of the Commonwealth of Australia,

¹ For previous correspondence, see *Foreign Relations*, 1931, vol. I, pp. 839 ff.

² *Ibid.*, p. 839.

³ Not printed.

Being desirous of encouraging the growth of trade between the United States of America and the Commonwealth of Australia:

Have decided to conclude a convention for that purpose;

And have appointed as their Plenipotentiaries:

The President of the United States of America:

And His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, For the Commonwealth of Australia:

Who, having communicated their full powers found in good and due form, have agreed upon the following articles:

ARTICLE I

His Majesty's subjects of Australian birth or parentage ordinarily resident in the Commonwealth of Australia who conform to the laws and regulations of the United States of America shall be permitted to enter, travel and reside therein to carry on trade between the United States of America and Australia.

ARTICLE II

Nationals of the United States of America who conform to the laws and regulations of the Commonwealth of Australia shall be permitted to enter, travel and reside therein to carry on trade between Australia and the United States of America.

ARTICLE III

In determining the value of goods for duty purposes Australia agrees that no greater amount of inland freight charges shall be included in such value for duty than the actual amount of freight charges that would be incurred if the goods were forwarded from the point of origin of such goods to the nearest point of exit from the United States.

ARTICLE IV

The provisions of the present convention shall be applicable to all territories under the sovereignty, authority, or mandate of the United States of America and the Commonwealth of Australia, respectively, other than the Panama Canal Zone.

ARTICLE V

The present convention shall be ratified and the ratifications shall be exchanged at Washington as soon as possible. It shall come into force on the day of the exchange of ratifications and shall be binding during a period of ten years from the date of its coming into force.

In case neither of the High Contracting Parties shall have given notice to the other one year before the expiration of the said period of ten years of an intention to terminate the convention, it shall remain in force thereafter until the expiration of one year from the date on which such notice of termination is given.

In witness whereof the respective Plenipotentiaries have signed the present convention in duplicate and have thereunto affixed their seals.

Done at the city of Washington this day of , 1932.

711.415 Traders/40

The British Ambassador (Lindsay) to the Secretary of State

No. 351

WASHINGTON, October 4, 1933.

SIR: I have the honour to refer to the Note which Mr. Stimson addressed to Mr. Osborne on the 18th October, 1932 enclosing the draft of a projected convention covering the admission of Australian business men into the United States.

2. The draft in question included, as will be recalled, an article (Article III) relating to customs duties and freight charges; and I am now instructed by His Majesty's Principal Secretary of State for Foreign Affairs to submit on behalf of His Majesty's Government in the Commonwealth of Australia the following observations thereon.

3. His Majesty's Government in the Commonwealth are disposed to consider, and trust that the United States Government will agree, that the convention should be confined to the subject of the entry of Australian citizens into the United States. The negotiations on this subject were, the Australian Government venture to point out, initiated because they felt that a distinct injustice was being done to Australian business men. Business men from the United Kingdom, the Irish Free State and Canada can freely enter and remain in the United States; and United States business men are free to come and reside and carry on their occupations in Australia; but Australian business men when they wish to do the same thing in the United States may, by contrast, only remain here under the system of permits; and the grant of such permits is temporary.

4. In these circumstances the Australian Government feel entitled first to express the strongest hope that the United States Government may extend forthwith to His Majesty's subjects in Australia the same privileges in the United States as those enjoyed by other British subjects and by United States citizens in Australia itself; and, secondly, to suggest that the points covered by Article III of Mr. Stimson's draft convention would more properly form a subject for separate negotiations.

5. I have the honour accordingly to transmit for the consideration of the United States the revised draft convention of which a copy is enclosed herewith.⁴ It will be observed that it comprises four articles which correspond to Articles I, II, IV and V of Mr. Stimson's draft. Article I differs slightly from Article I of Mr. Stimson's draft inasmuch as it extends the benefits of the convention not only to "His Majesty's subjects of Australian birth or parentage" but to any of His Majesty's subjects ordinarily resident in the Commonwealth of Australia. Article II is identical with Article II of Mr. Stimson's draft except that the word "citizens" is substituted for the word "nationals". Articles III and IV are practically identical with Articles IV and V of Mr. Stimson's draft except that the territories to which the provisions of the convention shall be applicable are defined as on the one hand "the Commonwealth of Australia and all territories under the authority of the Commonwealth" and, on the other hand, "all territories under the sovereignty or authority of the United States of America other than the Panama Canal Zone".

6. His Majesty's Government in the Commonwealth of Australia would gladly conclude a convention on the lines of the enclosed draft, and earnestly trust that the United States Government will find themselves able to concur in its terms.

I have [etc.]

R. C. LINDSAY

711.415 Traders/40

The Secretary of State to the British Ambassador (Lindsay)

WASHINGTON, January 30, 1934.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of October 4, 1933, enclosing a counter-draft of the Australian Government to the proposals made by this Government with reference to the negotiation of a convention to facilitate the reciprocal entry and residence of persons engaged in trade between the United States of America and the Commonwealth of Australia and to provide for the basis of the calculation of the dutiable value of imported goods.

It appears from this counter-draft and your transmitting note that the Government of Australia is quite willing to enter into an arrangement by which the entry and residence of persons engaged in trade between the two countries might be facilitated, but that it is averse to including in the same arrangement the provisions proposed in Article III of the United States draft, it seeming to it that the points covered by that Article would more properly form a subject for separate negotiation.

⁴ Not printed.

The Government of the United States is glad to accede to the suggestion that the two questions referred to above be made the subject of separate negotiations and is accordingly prepared to proceed to the conclusion of the proposed treaty regarding the entry and residence of business aliens. At the same time I desire to call your attention again to the fact that the diversion of American commerce to Canadian carriers and ports is likewise a question of long standing and has operated to the serious disadvantage of American carriers and ports. With this point in mind, the Government of the United States has instructed the American Consul General at Sydney, Australia, to propose an exchange of notes relating to the determination of the dutiable value of goods of American origin imported into Australia.

There is herewith enclosed a revised draft of a convention⁵ to facilitate the reciprocal entry and residence of persons engaged in trade between the United States of America and the Commonwealth of Australia.

You will observe that in Article I, the classification of persons entitled to the preference of the treaty is limited to persons of Australian birth or parentage. This Government prefers to include in the category of persons covered by this article, only those who are Australian citizens, leaving for future negotiations with other members of the British Commonwealth of Nations, the question of the rights of entry and residence of their citizens in the United States.

In view of the change made in the wording of Article I, this Government is prepared to accept the wording of Article II as contained in the proposal submitted with your note of October 4 last.

This Government accepts the counter-proposals made in new Article III relating to the territories to which the present convention shall be applicable.

In line with the present policy of this government of signing short term commercial treaties, it is proposed in the enclosed draft that the initial term of the treaty be two years instead of ten years as in the earlier draft.

Accept [etc.]

CORDELL HULL

711.415 Traders/40

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, January 30, 1934.

SIR: Please refer to the telegram dated September 2, 1927, from the American Consulate General at Melbourne, and related correspondence,⁶ concerning the desire of the Australian Government to procure

⁵ Not printed.

⁶ None printed.

for Australian business men the privileges of entry and residence accorded to certain nationals under Section 3 (6) of the Immigration Act.⁷

For a considerable time the Department has been under pressure from British quarters to conclude an *ad hoc* treaty with Australia to permit the entry of Australian business men as "treaty traders." Various obstacles were in the way of effecting such an agreement, the chief of which was the wording of Section 3 (6) before it was amended by Congress on July 6, 1932.⁸ Another serious obstacle, which will be discussed later, was the inequitable treatment by the Australian Government of American goods in the computation of dutiable value. Shortly after the amendment above referred to, the Department proceeded with the preparation of a draft agreement which was finally submitted to the British Ambassador on October 12, 1932. The entry and residence aspects of this draft agreement presented little difficulties, though it will be seen from the enclosed copy of the Australian counter proposal,⁹ submitted with the British Ambassador's note dated October 4, 1933, that a few minor points are yet to be reconciled.

With regard to the second obstacle, you will ascertain from a study of the Melbourne files, which you may borrow for the purpose, that for a considerable period since 1927, Australian customs authorities made an exception in favor of Canadian goods when computing dutiable values. This was and is obviously damaging to American interests. The exception was removed in 1929, probably chiefly on the ground of unconstitutionality, but it became operative again on the effective date of the Canadian-Australian Trade Agreement,¹⁰ Article IV of which gives legal effect to the old exception. Therefore, the Department, in submitting the draft agreement, included an article identical with Article IV of the Canadian-Australian Agreement, providing for a unilateral concession on the part of Australia. You will see from the enclosed copy of the British Ambassador's note dated October 4, 1933,¹¹ that the Australian Government desires to negotiate separately on this point, and from the Department's reply, a copy of which is also enclosed,¹² that this Government also is willing to negotiate separately. It may be said in this connection that officials of the Department, in conversation with the British Ambassador, have emphatically stated that it is our desire that the negotiations be con-

⁷ 43 Stat. 153.

⁸ 47 Stat. 607.

⁹ Not printed.

¹⁰ Signed at Ottawa June 5, 1931, and at Canberra July 8, 1931, and entered into force August 3, 1931; Dominion of Canada, Treaty Series, 1931, No. 5 (Ottawa, F. A. Acland, 1933).

¹¹ *Ante*, p. 833.

¹² *Supra*.

ducted simultaneously, and the Ambassador has been informed that you would be instructed to institute negotiations there looking to an exchange of notes securing to American products privileges given to Canadian products under Article IV of the Canadian-Australian Agreement.

You are requested, therefore, at the earliest opportunity to confer with the Australian authorities in this matter. If necessary, you may proceed to Canberra for this purpose, charging expenditures against your regular contingent expense allotment.

In your conversations with the Australian authorities, you should not fail to state that it is our desire that your negotiations be considered simultaneous with those which are being held with the British Ambassador respecting the entry and residence of Australian business men. In your discretion you may convey our feeling that the discrimination against American goods referred to above is considerably more irksome and damaging to American interests than the present necessity of obtaining visitors' visas can be irksome or damaging to Australian interests. It is not conceivable that Australian interests have suffered any monetary loss through that circumstance, whereas it is obvious that large sums have been and continue to be lost by American railroads, ports and steamships by the diversion of traffic through Canadian ports. To allay the feeling, conveyed to us by the British Ambassador, that Australia has been singled out for discrimination, you may say that we have no treaty arrangements applicable to other British dominions or to probably half of the countries of the world.

Should the Australian authorities appear to feel that such a concession should be bilateral, you may point out that there is no necessity for the United States to make such a concession since there is no condition which it is necessary to remove. American methods of duty computation are different, and the same geographical situation does not exist in Australia. For your private information, I enclose a copy of a letter dated June 11, 1932, from the Assistant Secretary of the Treasury,¹³ which is self-explanatory.

If the Australian Government agrees to the exchange of notes, you will inform the Department by telegraph and await instructions informing you of the date arranged for signature in Washington of the other agreement. There would, of course, be no objection to an immediate exchange of notes, if the Australian authorities desire to do so.

Your note should be worded as follows :

“I have the honor to communicate to you my understanding of the agreement reached with respect to the determination of the dutiable value of goods of American origin imported into Australia.

¹³ Not printed.

"In determining the value of goods for duty purposes, Australia agrees that no greater amount of inland freight charges shall be included in such value for duty than the actual amount of freight charges that would be incurred if the goods were forwarded from the point of origin of such goods to the nearest point of exit from the United States.

"I shall be glad to have your confirmation of the accord thus reached."

To facilitate your negotiations, you may informally present an unsigned copy for study by the authorities. Upon the designated date you will present your signed copy and receive a note confirming the accord.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

611.4731/89 : Telegram

The Consul General at Sydney (Caldwell) to the Secretary of State

SYDNEY, March 8, 1934—3 p. m.
[Received March 9—6:47 a. m.]

In interview with the Minister for Customs requested by him today he referred to negotiations in progress for commercial treaties with several governments and stated that Australian Government would like to negotiate commercial treaty with the United States. He will send me information regarding nature of the Australian proposals.

I had not been able previously to take up exchange of notes referred to in the Department's instruction of January 30th and under the circumstances it seemed unwise to mention it to him today. I will postpone action regarding notes until further instructed.

CALDWELL

611.4731/89 : Telegram

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, March 20, 1934—7 p. m.

Your March 8, 3 p. m. For your strictly confidential information, we are unable to open conversations pending the enactment of the tariff bargaining bill now before Congress. If you feel that Minister of Customs expects a report from you on our attitude toward his overtures, you may tell him the above in confidence.

Please take up at an appropriate opportunity the subject of my instruction of January 30.

HULL

711.415 Traders/46 : Telegram

The Consul General at Sydney (Caldwell) to the Secretary of State

SYDNEY, May 1, 1934—5 p. m.
[Received May 2—7:28 a. m.]

I have discussed in Canberra proposed exchange of notes and presented informally unsigned copy in accordance with Department's instruction of January 30. I was asked to send written proposal, which apparently was not contemplated by instruction.

I was informed unofficially by Controller General of Customs, to whom matter has been referred, that he considers that my proposal should not be considered in connection with entry of Australian business men, but that latter should be considered in relation to Australian treatment of American business men; that any privilege given Canada is [a domestic] matter only; and that acceptance of my proposal would require revision of customs law giving same privilege to all countries, with considerable financial loss to Customs.

If the Department desires me to send written communication I would appreciate instructions as to its contents, particularly concerning any references to Canada. I doubt that Customs will discuss my proposal if based on treatment of Australian business men.

CALDWELL

611.4731/101 : Telegram

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, May 5, 1934—2 p. m.

Your May 1, 5 p. m. You may prepare a written proposal containing no reference whatever to entry and residence of business men. The principal points are that this Government feels that American interests have suffered greatly by the exception made in favor of Canada; that we ask that our proposal be considered in relation to American customs treatment of Australian goods, against which no duties are levied on inland freight above that contributing to market value (you are thus asking no more than reciprocal treatment in customs handling); that the peculiar geographic situation makes a condition not likely in any other part of the world, or if at all, on a much smaller scale. You may use whatever of my instruction of January 30 and other material in your possession, in your discretion, may strengthen your note and expand the above.

Orally you may point out that entry and residence of Australian business men is being considered in relation to Australian treatment of American business men, as will be evident from the draft agreement.

For the reason that both matters are based on reciprocity and that the present status of one is more damaging to our interests than the other is to Australian interests, this Government does not feel that it is unreasonable to urge as quick action on the one as has been urged by Australia on the other.

HULL

611.4731/102 : Telegram

The Consul General at Sidney (Caldwell) to the Secretary of State

SYDNEY, May 10, 1934—5 p. m.

[Received May 11—5:05 a. m.]

Before sending note as instructed have conferred with Trade Commissioner and we both feel some uncertainty concerning possibility of demonstrating that "American imports have suffered greatly by the exception made in favor of Canada", as stated in second sentence of Department's telegram of May 5, 2 p. m. It appears to us that favor to Canada has not injured us very greatly, but has merely relieved Canada of a disability imposed by basic Customs Act from which we have suffered not only since but prior to the present Canadian agreement.

CALDWELL

611.4731/102 : Telegram

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, May 15, 1934—6 p. m.

Your May 10, 5 p. m. My May 5, 2 p. m., apparently garbled. I stated "American interests (not imports) have suffered", meaning transportation interests, of course. The fundamental issue is diversion of traffic.

HULL

611.4731/103 : Telegram

The Consul General at Sydney (Caldwell) to the Secretary of State

SYDNEY, May 16, 1934—3 p. m.

[Received May 16—11:10 a. m.]

Department's telegram May 15, 6 p. m., sentence in Department's telegram May 5, 2 p. m., was correctly received and repeated in my telegram of May 10, 5 p. m.

The question is whether damage to American transportation interests is not caused by Australian Customs Act of 1901¹⁴ rather than by Canadian agreement of 1931. It would seem that diversion of freight from American to Canadian lines was due to provisions of Customs Act and occurred prior to and irrespective of Canadian agreement; that Canadian agreement merely made it no longer advantageous for Canada to divert some of her freight to American lines, our loss on this account being relatively unimportant.

CALDWELL

611.4731/103 : Telegram

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, May 16, 1934—7 p. m.

Fundamental issue is diversion of traffic of American origin from American to Canadian railroads and ports, halted in 1929 but resumed when agreement became effective. We gave you language identic with Canadian for purpose of securing privilege identic with that now enjoyed by Canada.

HULL

611.4731/96 : Telegram

The Consul General at Sydney (Caldwell) to the Secretary of State

SYDNEY, June 5, 1934—4 p. m.

[Received June 7—5 : 50 a. m.]

Received today from the Prime Minister 5-page communication copy of which is being mailed 7th.¹⁵ The following summary is being sent by telegraph at his request:

Commonwealth Government refers to possible loss of markets in those countries where Australia [has?] favorable trade balances and continued adverse trade balances with the United States; hopes for trade negotiations with and requests from the United States:

(firstly), free entry for a reasonable amount Australian wool and progressive reductions of duty;

(secondly), importation free of duty or at nominal duty of 50,000 tons of butter annually of which reasonable amount to be Australian;

(thirdly), importation during each of the next few years free of duty and under veterinary regulations similar to those of Great Britain of 10,000 tons of Australian beef and the same amount of mutton and lamb, amount to be increased when Australia can supply more;

¹⁴ *The Customs Act 1901-1925* (printed and published for the Government of the Commonwealth of Australia by H. J. Green, Government Printer for the State of Victoria), p. 1.

¹⁵ Not printed.

(fourthly), regulation of the United States apple exports to Great Britain and the continent of Europe so that none of them reach or are stored abroad for sale in those markets between March 15th and August 31st each year;

(fifthly), limitation in the interest of Australian exports of the United States dried fruits exported to Great Britain, Canada and New Zealand and of canned fruits to Great Britain and Canada.

Commonwealth Government also observes that if additional Australian exports, [which will be facilitated] by the United States acquiescence in foregoing requests, do not give even trade balance between Australia and the United States consideration to be given to triple arrangements between Australia, the United States and countries having unfavorable trade balances with Australia, under which guarantees by Australia regarding specified items exported from the United States to Australia would be the consideration for trade concessions by the United States to the third country which in turn would give concessions to Australia in its markets.

I am merely acknowledging and stating that a summary is being telegraphed and copy forwarded by mail as requested. Unless I am instructed to the contrary I shall defer despatch of note referred to in the Department's telegram of May 16, 7 p. m. until instructed by the Department following its receipt of my despatch on that subject by last mail and of copy of communication mentioned above.

CALDWELL

611.4731/96 : Telegram

The Secretary of State to the Consul General at Sydney (Caldwell)

WASHINGTON, June 13, 1934—3 p. m.

Your June 5, 4 p. m., delayed in transit and received after Mr. Bruce¹⁶ had interviewed Department officials. His talk was along the same lines as your summary of the written proposal. Assistant Secretary Sayre told him that it was obviously economically unsound to attempt to balance trade between all individual countries, but that he did not despair of dealing later on with the products mentioned. It was also pointed out that the prudent course for domestic reasons was for us to begin our program of negotiations with countries whose products were not so directly competitive with those of the United States.

This is for your information only. Fuller comment and a reply to the proposal will be sent upon receipt of your despatch.

I concur in the last sentence of your telegram.

HULL

¹⁶ Stanley Melbourne Bruce, Australian Minister without Portfolio.

611.4731/95

*The Chairman of the United States Tariff Commission (O'Brien)
to the Secretary of State*

WASHINGTON, August 10, 1934.

MY DEAR MR. SECRETARY: I have your letter of August 9¹⁷ with its enclosures. I have gone carefully through the proposals of the Prime Minister of Australia and preliminary responses made by our Consul General there.

You ask for comments on the proposal and in response I am compelled to say that it does not appear to me nor to Mr. Page with whom I have been able to discuss the situation, as at all feasible. You have, of course, observed that the items proposed in the communication of the Prime Minister are exclusively agricultural in origin. The present condition of our agricultural population would scarcely be helped by the removal of duties on competing products from Australia. Under different circumstances, as you are well aware, the removal of the duties on wool and perhaps also on beef might be justified economically. I may remind you that when these products were on the Free List the domestic producers, with few exceptions, fared better than they have done under the high duties that have existed since the Tariff Act of 1922.¹⁸

We realize, of course, that the arguments against accepting the proposals of the Australian Prime Minister are at present in large measure political rather than economic, but political arguments in this instance have a very high degree of economic significance.

The further proposal of the Australian Prime Minister that we should limit the exports of our agricultural products to the United Kingdom and to the Continental countries of Europe in order to enable the Australians to find a better market for their competing products in those countries is, so far as I am aware, unexampled in commercial negotiations. We could not, in my judgment, safely give serious consideration to such a proposal.

I am also deeply impressed with the fact, to which the Consul General has already called attention, that in order to secure these very notable advantages in their export trade to the United States, the Australians offer absolutely nothing in return. They vaguely propose tripartite agreements under which conceivably the United States might at some future date find some advantage. Such an advantage, however, is not specified in the Prime Minister's communication; it is merely suggested as a vague possibility.

¹⁷ Not printed.

¹⁸ 42 Stat. 858.

May I add, in conclusion, that his proposal that we should receive without duty, or at least at a nominal rate of duty, 50,000 tons of meat and 50,000 tons of butter from Australia, if adopted by this country, would completely upset the market conditions that the Agricultural Adjustment Administration has been attempting to stabilize.

I include with this the duties on the list enumerated by the Prime Minister as requested in your letter.

If more specific comments on particular aspects of the proposal are desired we shall be glad to prepare them for you.

Very sincerely yours,

ROBERT L. O'BRIEN

CANADA

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND CANADA¹

611.4231/843

Memorandum by the Secretary of State

[WASHINGTON,] February 8, 1934.

The Canadian Minister² called to inquire about the progress of our proposed commercial and economic policy, with special reference to prospects for mutually profitable trade readjustment plans with Canada. I merely repeated to him that the Administration had not yet reached a point where the desired authority from Congress to negotiate commercial treaties and place them in operation without ratification by the Senate could well be taken up; that it was hoped that this might be done at an early date, and, of course, that it was all-important from the standpoint of liberalizing commercial policy, through the negotiation of reciprocal commercial treaties, that this Congressional authority be first secured. The Minister expressed the hope that this could be accomplished, but he suggested that, in the event of its failure in Congress, it might be feasible to bring about certain trade readjustments by selecting a number of different items the exchange of which would be equally profitable to Canadians and Americans.

I replied that we would first hope for the congressional authority and in case of its failure, that we would then look to the next best alternative which would at least include his suggestions. He seemed very desirous of taking some small step at least towards more liberal trade relations.

C[ORDELL] H[ULL]

611.4231/883

*Memorandum by the Acting Chief of the Division of Western
European Affairs (Hickerson)*

[WASHINGTON,] August 7, 1934.

In my conversation yesterday afternoon with Major Herridge about the possibilities of a provisional trade agreement (summarized in

¹ Continued from *Foreign Relations*, 1933, vol. II, pp. 37-52.

² Maj. William Duncan Herridge.

another memorandum ^{2a}), Major Herridge talked long and earnestly about the desirability of undertaking negotiations looking to a broad comprehensive trade agreement at the earliest possible moment. He said that he did not know whether or not Canada could expect very much from us in the way of tariff reductions because of our agricultural program visualizing reductions in production. He went on to say, however, that Canada must increase her trade and that if she can not do it with us she will have to look elsewhere. He said that they wanted very much to make this increase with us but that if we could not make a trade agreement with them making it possible for them to increase their sales to us they would be compelled "to purchase" tariff reductions elsewhere.

He said that the Bennett Government faced an election next year and that if they did not succeed in getting a trade agreement with the United States they would be very bitterly criticised by the Liberals in the campaign. He said that if we could not get a trade agreement between the two countries he proposed to forestall such criticism by announcing that from March 4, 1933, on Mr. Bennett had waited patiently for the time when he could negotiate a trade agreement with the United States and that he had on numerous occasions informed us of his willingness to enter upon such negotiations. He said that he would refer in particular to the Prime Minister's visit to Washington in April, 1933,³ at the invitation of the President at which time it would be recalled that joint statements were made expressing the hope that trade negotiations could be started at an early date. He said that he proposed to continue that the American Government had adopted policies which appeared to make it unlikely that a trade agreement could be made. With these policies the Canadian Government had no quarrel and as an old and sincere friend of the United States, they wished us well; but that it appeared that Canada, regardless of what Government happened to be in power in either Canada or the United States, apparently must look elsewhere for markets for her goods.

I told Major Herridge that I believed that he was allowing himself to become unduly discouraged and alarmed. I said that he would recall that on frequent occasions I had stated to him that although I personally would prefer to see a satisfactory trade agreement between the United States and Canada than between any other two countries in the world, I added that I frankly did not know whether we could reach such a trade agreement or not, chiefly because of some of Canada's obligations which she had seen fit to assume in pursuance of the

^{2a} *Infra*.

³ See *Foreign Relations*, 1933, vol. I, pp. 501-503.

Ottawa Agreements.⁴ I said that naturally I could not express any opinion of how far this Government could go in respect to tariff reductions and that I supposed that his Government would likewise face difficulties in making reductions to American products. I went on to say that I hoped very much that the two Governments would be able to tackle the problem in a broad spirit and reach a satisfactory result but that I was enough of a realist to understand that there are great obstacles to be surmounted on both sides of the border.

Naturally I did not inform Major Herridge of my belief that Mr. Mackenzie⁵ and the Liberal Party would be delighted if the Conservative Party issued a statement along the lines which he had outlined to me.

611.4231/880

Memorandum by the Acting Chief of the Division of Western European Affairs (Hickerson)

[WASHINGTON,] August 7, 1934.

Major Herridge came in to see me late yesterday afternoon and we had a long talk about the economic situation of Canada and the United States. I informed Major Herridge that we previously told him there didn't appear to be any prospect of our being able to institute conversations at this time with Canada looking to a comprehensive trade agreement but that we had been investigating the possibilities of a provisional agreement. Major Herridge said that he was, of course, very much interested in this and that he would like very much to see our two countries conclude a provisional agreement at the earliest possible date; he added that he understood fully that it would not be possible to tackle the problem of a comprehensive agreement on a broad scale for some months.

I informed Major Herridge in confidence that the American Government is seriously considering the taking of steps as an emergency matter because of drouth conditions in the middle west to import Canadian hay and oats free of duty under certain safeguards to prevent price speculation in these products. I added that if we take this action it will, of course, be because we need these products but it seemed to me that it would be desirable for both countries to use this action as a stepping stone to a provisional trade agreement. I continued that we have received a large number of complaints from American growers of fresh fruits and vegetables, but particularly soft fruits (peaches,

⁴ *Agreements concluded at the Imperial Economic Conference, 1932* (Ottawa, F. A. Acland, Printer to the King's Most Excellent Majesty, 1932).

⁵ Presumably W. L. Mackenzie King, leader of the Liberal Party.

pears, plums, apricots, etc.), on the Pacific Coast against the Canadian seasonal dumping duties. I pointed out that the regular Canadian import duties on these products range from 20 to 30 per cent and that the additional dumping duties practically stifled the trade. I went on to say that if we take the above-mentioned action respecting Canadian hay and oats, I hoped that the Canadian Government would remove the dumping duties on American fruits and vegetables for the remainder of the season. I added that in my opinion such action on the part of the two countries would be well-received and would create popular support in both countries for a provisional trade agreement.

Major Herridge said that he was greatly interested in this matter, that he desired to think it over and consult with Ottawa and that he would get in touch with me Thursday respecting it. He then asked me whether I could tell him anything about the Canadian products with which I thought we might be able to deal in a provisional trade agreement. I told him that we were studying this matter now and that I could only give him one or two indications of my personal views because our study was still in a wholly preliminary stage and had not been approved by any responsible officer. I then mentioned three products: whiskey, certified seed potatoes and alsike clover seed, as possibilities. Major Herridge said that a reduction in our duty on whiskey would help out in the balance of payments but that it would not be worth a great deal to Canada in the matter of working up popular sentiment for a comprehensive trade agreement. I replied that we had heard so much from Canada about the unfavorable trade balance as between our two countries that I assumed that any reduction we might be able to make on whiskey would be exceedingly helpful in that regard and duly appreciated by the Canadian Government

611.4231/884

*Memorandum by the Acting Chief of the Division of Western
European Affairs (Hickerson)*

[WASHINGTON,] August 9, 1934.

Major Herridge came in to see me this afternoon and referred to our conversation on August 6 in regard to a possible reciprocal gesture by Canada if the American Government should decide to import for a limited time Canadian hay and oats free of duty in connection with its relief program in the middle west. Major Herridge said that he had given careful consideration to this matter but that he had reached the opinion that the matter is too small to have any material effect on stimulating support for a provisional trade agreement. He said that he did not know whether Canada had any oats to sell or not

but that he doubted whether there was any sizable quantity available; he said that in Saskatchewan they have about 3,000 tons of hay available for export but that there is a shortage of hay in other parts of Canada and he does not know whether much hay could be sent to this country even if the duty were removed.

Major Herridge said that he hoped that we would understand that he was keenly desirous of instituting trade negotiations with us as soon as possible. He said that he was here to do business and that Canada must do business with some country; he said that they would, for many reasons, prefer to have it with the United States but that if we could not make a satisfactory trade agreement with them they would have to look elsewhere. He went over much the same ground as he did in our conversation on Monday, constantly stressing the fact that they would like to have an early decision from us as to whether we can open negotiations with them and, if so, when.

I told Major Herridge that we too were desirous of negotiating a satisfactory trade agreement to expand trade in both directions and that we would let him know when it was possible to discuss either a provisional trade agreement or a general trade agreement.

J[OHN] D. H[ICKERSON]

611.4231/894

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] October 4, 1934.

The Canadian Minister called to see me on October third and entered into a very informal conversation about numerous matters. In the course of our talk, the conversation drifted to a possible Canadian trade agreement with the United States. Mr. Herridge told me that he understood that our hands were full for the present. He said that he greatly desired to see the consummation of a trade agreement between our two countries but added that in view of our hands being so full at present he would not press the matter. He said that he stood ready at any time to come in and discuss possible bases for negotiation, but that he would not press us and would wait until we asked him to take the matter up with us.

F[RANCIS] B. S[AYRE]

611.4231/904

The Canadian Minister (Herridge) to the Secretary of State

No. 157

WASHINGTON, November 14, 1934.

SIR: The Government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased,

and I have been instructed to present a statement of their views for the information of the Government of the United States. The Government of Canada believe that the time has come for definite action and that the declared desire of both Governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.

You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the President of the United States, the development of trade between the two countries was sympathetically discussed. On April 29th, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement⁶ at the end of their conversations, which concluded as follows:

“We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions.”

At that time it was expected that at an early date the President would be vested with special powers to enter into agreements looking toward an increase in the exchange of commodities between the United States and other countries. Since Mr. Bennett's visit, informal discussions have been carried on, and several methods of improving trade relations between the two countries have been suggested and examined.

In the past eighteen months the Governments of the United States and Canada have repeatedly manifested their determination to increase international trade, by declarations of policy and by the conclusion of bilateral trade agreements.

Within that period of time Canada has made trade agreements with several European countries.

The policy of the Government of Canada with respect to trade relations with the United States was again stated by the Prime Minister of Canada speaking in the House of Commons on February 19th, 1934. Mr. Bennett on that occasion referred to the fact that the Governments of the United States and Canada had agreed to begin a search for means to increase the exchange of commodities between the two countries and thereby promote not only economic betterment on the North American continent, but also a general improvement of world conditions, and indicated that the policy of the Government was to continue their efforts to that end.

On July 21st, 1933, at the International Monetary and Economic Conference in London, the policy of the Government of the United States was expressed by you in a resolution submitted on behalf of

⁶ *Foreign Relations*, 1933, vol. I, p. 502.

your Government.⁷ This resolution declared that the governments represented at the Conference should forthwith "initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates; and declare that their aim in these treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes". The resolution continued: "In shaping its policy and in executing its obligations under any agreements, each Government should direct its first and greatest efforts toward eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

(a) Duties or restrictions which now completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent. of the domestic consumption thereof;

(b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929 as compared with domestic consumption;

(c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent. of the total domestic consumption thereof)."

On December 16th, 1933, on your motion, the Seventh International Conference of American States at Montevideo adopted a resolution⁸ which declared that the Governments of the American Republics would promptly undertake "to promote trade among their respective peoples and other nations and to reduce high trade barriers through the negotiation of comprehensive bilateral reciprocity treaties based upon mutual concessions".

On February 22nd, 1934, the Department of State issued to the press a statement concerning trade negotiations with Canada, which reads as follows:

"The trade between the United States and Canada is larger in normal times than that between any other two countries in the world, and it is natural that both countries should desire to restore the reciprocal flow of commodities to normal proportions. We hope to be in a position at an early date to take steps looking to the conclusion of a trade agreement with Canada which will further the interests of both countries. We hope thus to bring into practical application the 'good neighbour' policy between these two great countries which have so much in common."

⁷ See Section II of the enclosure to the letter from the Chairman of the American delegation to the Chairman of the Economic Commission dated July 21, 1933, *Foreign Relations, 1933*, vol. I, pp. 727, 730.

⁸ *Report of the Delegates of the United States of America to the Seventh International Conference of American States, Montevideo, Uruguay, December 3-26, 1933* (Washington, Government Printing Office, 1934), Resolution V, p. 196.

A few days later, on March 2nd, the President requested the Congress to enact legislation conferring on him authority to enter into trade agreements, in a message which concluded with the following words:

"I hope for early action. The many immediate situations in the field of international trade that today await our attention can thus be met effectively and with the least possible delay."⁹

The legislation in question became law on June 12th.¹⁰ Since then your Government has set up the organization necessary for the conduct of negotiations, carried on its preliminary investigations, initiated discussions with several governments, and proclaimed the conclusion of a trade agreement with Cuba.¹¹ The objective of the United States in entering upon these negotiations was stated by you in a public address on November 1st¹² to be "to break down all the artificial and excessive impediments put in the way of world commerce, not only in our own interest but for the benefit of all others as well, since only by restoring the whole world can individual countries hope to remain economically healthy long".

It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade. For many years each country has provided the other with either its largest or its second largest foreign market. From 1927 to 1932, and again in the first nine months of 1934, the total trade between Canada and the United States was greater than the total trade between the United States and any other country. In the last ten years, according to the figures of the Department of Commerce of the United States, the aggregate value of the trade between the two countries was more than ten billion dollars, and in the single year of 1929 it reached the great figure of \$1,451 millions. During the decade ending in 1933 Canada provided a market for the products of the United States larger by one-fourth than the whole of Asia, about twice as large as Germany or all South America, nearly three times as large as France or Japan, nearly seven times as large as China, and more than ten times as large as the Soviet Union. In spite of the considerable decline in trade from the high level of 1929, Canada still provided a market in the first nine months of 1934 only slightly smaller than all Asia, nearly twice as large as all South America or Japan, between two and three times as large as Germany or France, four times as large as China, and twenty-two times as large as the Soviet Union. Over 30 per cent. of all exports from Can-

⁹ See *Congressional Record*, vol. 78, pt. 4, pp. 3579-3580.

¹⁰ 48 Stat. 943.

¹¹ For text, see vol. v, section under Cuba entitled "Reciprocal Trade Agreement between the United States and Cuba, Signed August 24, 1934."

¹² For text of address, see Department of State publication No. 658, *International Trade and Domestic Prosperity: Address by the Honorable Cordell Hull, Secretary of State, Before the National Foreign Trade Council, New York City, November 1, 1934.*

ada are currently sold in the United States, and notwithstanding the great difference in population of the two countries, about 15 per cent. in value of all exports from the United States are currently sold in Canada. The relative importance of the market of each country to the other, and the persistence of trading on a substantial scale throughout the changing phases of the business cycle, as revealed by the trade returns, demonstrate the inherent advantage of this interchange of commodities and the tremendous potentialities of expansion under favourable conditions. But no useful purpose can be served by calculating the relative shares retained by each country in a total world trade that for four years has been steadily shrinking, until in 1933 it fell in value to approximately one-third of the level of 1929. If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

Recent trends in the balance of international payments emphasize the necessity of increasing the volume of trade between Canada and the United States. There are six major factors which chiefly determine the nature and extent of the current balance between the two countries. These are: (a) commodity trade; (b) interest and dividends; (c) freight payments; (d) tourist expenditures; (e) gold shipments, and (f) capital movements. On the first three items there has been for many years a heavy balance against Canada, which has been met by a favourable balance on tourist expenditures, by the shipment of gold, and by the movement of capital. An approximate annual balance between the two countries is normally achieved on such other items of international payments as insurance, advertising, royalties, and immigrant remittances, when these items are added together.

(a) Commodity Trade.

In no year since 1882 have Canadian exports to the United States exceeded in value Canadian imports from the United States. During the thirty years ending in 1933, Canada purchased in the United States almost 70 per cent. of all her imports, and sold in the United States only 37 per cent. of all her exports. In the last decade, Canadians have spent over \$1.60 in buying products of the United States for every dollar spent on Canadian products by purchasers in the United States. Canada has therefore been obliged to meet the debit balance thus arising by other means of payment. In the decade 1921 to 1930, according to the Department of Commerce of the United States, the balance payable by Canada to the United States on exchange of com-

modities averaged \$287 millions a year. In 1932 and 1933—which were the acute years of the depression—the balance was more nearly equated; but in the first nine months of 1934 Canadian imports from the United States have increased more rapidly than Canadian exports to the United States, and the ratio between them currently stands at about 10:7.

(b) *Interest and Dividends.*

The long-term investments in Canada of United States capital have been estimated at a total of about four billion dollars, offset by about one billion dollars of Canadian capital invested in the United States.

The interest paid annually by Canada to the United States in excess of the interest paid by the United States to Canada now amounts to about \$125 millions, without taking into account instalments of principal payments, which in recent years have averaged approximately \$75 millions annually.

To this should be added an annual sum, amounting at present to between \$25 and \$50 millions, being the excess derived by the United States from dividends on investments in Canada over dividends from investments by Canada in the United States.

The United States investments in securities issued or guaranteed by the Dominion and Provincial Governments is estimated at \$1,218 millions. During the depression there has been no default in the payment of interest or principal on any of those issues, even in face of the discount on the Canadian dollar which continued from the latter part of 1931 until late in 1933. Interest payments have been, of course, a continuing charge, the real burden of which has increased with the decline in prices. The strain on Canadian economy has been heavy, and it has only been borne by the adoption of special measures for the equalization of exports and imports.

(c) *Freight Charges.*

Since the War, net freight payments have been favourable to the United States to the extent of between \$25 and \$50 millions annually, and this substantial sum remains a debit item against Canada.

(d) *Tourist Expenditures.*

The expenditures in Canada by visitors from the United States have been by far Canada's largest annual credit item. Canadian authorities estimate that the net balance on this account has been as high as \$188 millions in one year, but since the depression the net Canadian surplus from this source has sharply declined, and amounted only to \$60 millions in 1933.

(e) *Gold Shipments.*

In some measure, Canada has been enabled to meet the adverse balance of payments through the development of the gold mining industry and the shipment in recent years of practically all the newly-mined gold to the United States. According to the figures of the Federal Reserve Board, the United States received a net balance on this account averaging \$50 millions a year in the five years 1929-1933; in the first eight months of 1934, gold valued at \$64 millions at the new valuation was received from Canada, an amount practically equal to the Canadian gold production during the period. Production in Canada has increased substantially during the depression, and its value in the United States has been enhanced by the reduction in the gold content of the United States dollar. It is impossible, however, to expand production rapidly. Even if the entire Canadian production were shipped to the United States, it would still be insufficient by at least \$25 millions annually to meet the net interest payments due in New York. Further, it may not be found possible to continue the shipment of the entire Canadian gold output to the United States.

(f) *Capital Movements.*

It may be stated, in general terms, that in recent years the net Canadian credits from tourist expenditures and gold shipments have offset the net debits to the United States from interest, dividends, and freight, while the adverse Canadian balance on commodity trade has been met by the net movement of capital from the United States to Canada. Capital has moved both by new long-term investments in Canada and by the purchase of existing Canadian securities. In 1931 the flotation of new capital issues in New York virtually ceased, and the meeting of Canadian obligations in the United States became much more difficult; in fact, it was necessary in some instances to raise capital in Canada and transfer it to the United States to meet maturing obligations there. A reduction in imports therefore became urgently necessary if Canadian obligations were to be promptly and fully paid at maturity. The fall in commodity prices, the decline in Canadian exports to the United States, which was accentuated first by the United States Tariff Act of 1930¹³ and later by the imposition in 1932 of a heavy tax on imported lumber, the discount against the Canadian dollar, and the heavy falling off in tourist expenditures, combined to make the situation still more difficult. Most of the factors responsible for this difficult situation still persist.

Since the beginning of the depression, amongst countries heavily indebted to the United States, Canada stands almost alone in having

¹³ 46 Stat. 590.

promptly discharged in full its obligations payable in the United States. If this record is to be maintained, it is clear, in view of the uncertainty as to international capital movements, that the exports of Canadian goods to the United States must be increased or the imports of goods from the United States into Canada decreased.

It should be realized that certain formidable obstacles to the lowering of tariff barriers now prevailing in other parts of the world are not present between the United States and Canada. The opportunities of a new continent have resulted in a parallel economic and social development almost without precedent. Standards of living and working conditions are similar on both sides of the international boundary.

The measures of protection which each Government has imposed against the products of the other country have not been determined by a desire to exclude the products of cheap labour. In these difficult times, countries seeking to maintain high domestic standards of living have a common interest in expanding trade with each other.

For the past year, also, the Canadian dollar has been close to parity with the United States dollar, and the disturbing effects of exchange instability have in large part disappeared. Even if the desired general revival of international trade should still be delayed for a considerable period, there is much to be said in favour of an immediate attempt to increase the volume of commerce between these two neighbouring countries, whose traditions and ideals of social and economic progress are so alike.

Attention has been directed to the trade agreements between Canada and the other members of the British Commonwealth of Nations signed at Ottawa in 1932. In some quarters the statement has been made that these agreements render difficult the negotiation of a comprehensive and effective trade agreement between Canada and the United States. An examination of the facts will demonstrate conclusively that such is not the case. The agreements concluded at Ottawa in 1932 have been of immense importance in increasing the trade between the several Nations of the British Commonwealth. The market of the United Kingdom in particular has been a most valuable outlet for Canadian products. In return for the market thus assured Canada has continued and enlarged the preferences which had been accorded the United Kingdom since 1897. The Ottawa agreements do not, however, preclude and in fact have not precluded the signatories from offering extensive and valuable tariff concessions to other countries, and it may be stated positively that the Government of Canada is free to enter into an agreement with the United States covering a wide range of products.

The Government of Canada is prepared to join the Government of the United States in a declaration that their common objective is the

attainment of the freest possible exchange of natural products between the two countries. It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs on all natural products. The Government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

I am authorized to put forward the following outline as a suitable basis for the negotiation of a trade agreement :

(a) A mutual undertaking to maintain during the lifetime of the agreement the unrestricted free entry of commodities now on the free list of either country.

(b) The mutual concession of tariff treatment as favourable as that accorded to any other foreign country; this means that Canada would extend to the United States its intermediate tariff, involving reductions from the present rates of duty on some 700 items, including both natural and manufactured products, together with a number of further reductions below the intermediate tariff rates through the extension to the United States of concessions made by Canada in trade conventions with foreign countries.

(c) The reduction by 50 per cent. of the existing United States rates of duty, as authorized by the Tariff Act of 1934,¹⁴ on a specified number of natural products, including, *inter alia*, lumber*, fish, potatoes, milk and cream, and live cattle; a number of other agricultural products, and several minerals both metallic and non-metallic.

(d) The reduction of the existing rates of duty by the United States on a number of partly or wholly manufactured products of Canada, including some processed natural products and certain products in which hydro-electric power comprises an important element in the cost of production.

(e) The reduction of the existing rates of duty by Canada on a number of natural and partly or wholly manufactured products of the United States.

In view of the declared policy of the Governments of the United States and Canada to improve existing trade relations, and of the progress already made in both countries in the necessary preparatory studies, there would appear to be no barrier to the immediate initiation of negotiations and their speedy conclusion. I am desirous, therefore, to request that I may be furnished with a statement of the views of the Government of the United States on this highly important question.

I have [etc.]

W. D. HERRIDGE

¹⁴ 48 Stat. 943.

* This proposal is made on the assumption that the present excise tax of \$3.00 upon Canadian lumber will be discontinued after June 30, 1935. [Footnote in the original.]

611.4231/925

The Chairman of the Committee on Trade Agreements (Grady) to the Assistant Secretary of State (Sayre)

WASHINGTON, November 14, 1934.

MR. SAYRE: The Trade Agreements Committee at its meeting of November 9, approved the following proposals regarding a trade agreement with Canada:

The Canadian Minister would be informed that this Government is prepared to study the scope and terms of a trade agreement to be concluded with Canada and the suggestion would be made to the Minister that his Government make similar studies. As soon as the studies have been completed by both governments each would indicate the concessions which it would seek to obtain from the other under the proposed agreement. The desiderata submitted by each government would then be studied by the other and an exchange of views would take place to determine whether a basis for an agreement exists and the scope of the agreement. If both Governments agree on the basis and scope of the agreement, formal announcement of the intention to negotiate a trade agreement with Canada would be made as required by the Trade Agreements Act.¹⁵ The fact that these studies are being made would not be made public until the preliminary studies have been completed and discussed in a preliminary way by the two governments, and until a decision to make formal announcement as provided in the Trade Agreements Act had been reached. By deferring public announcement until after the studies have been completed and preliminary discussions between the two governments have taken place, the proposed agreement might be announced as a limited agreement if this is agreed upon, and some indication of the scope of the proposed agreement might be made public. The plan is that the preliminary studies would be completed by the middle of January.

HENRY F. GRADY

611.4231/910: Telegram

The Minister in Canada (Robbins) to the Secretary of State

OTTAWA, November 21, 1934—11 p. m.

[Received November 22—4:45 a. m.]

110. Department's strictly confidential instruction 547, November 19, 1934.¹⁶ I offer the following comments on the Canadian note.¹⁷

1. In my opinion Herridge's note is written with a view to public

¹⁵ 48 Stat. 943.¹⁶ Not printed.¹⁷ Note No. 157, November 14, p. 849.

consumption in Canada for political purposes and the temptation will be to use it and the existence of any negotiations which may be begun as an affecting ammunition in the Parliament this winter and in election next spring or summer. I believe that if it is used in this way before the conclusion of an agreement the effect will be detrimental to our future economic relations with Canada. I suggest that the reply when drafted should be of such a nature as to induce the Conservative leaders to hesitate to make public the correspondence for political purposes before signature of an agreement.

2. Short of a major political crisis not at present anticipated I believe it improbable that elections can be called before the end of next April. At that time postponement of elections until summer will depend upon the pressure which the opposition will have been able to exert upon the government. Presumably its inclination will be to postpone to late summer if possible.

3. In the meantime we must seek to prevent this issue from becoming a football in Canadian politics.

4. On the face of it and in spite of its vagueness the proposal appears to be generous. However, if the Canadian Government expects to follow the line indicated in Cahan's¹⁸ speech in the *Montreal Gazette* of November 19th it would appear that agreement will become increasingly difficult as negotiations progress.

5. I believe that before agreeing to negotiations the two countries should be in harmony upon a basic objective of the agreement, namely, the restoration of normal trade between the two countries and its increase without reference to, or commitment regarding, any Canadian desire to have Canadian exports to the United States exceed their normal relation to American exports to Canada. Herridge's remarks implying the necessity of such excess for Canada's future prosperity appear fallacious to me.

6. I recommend that no commitment be made regarding a joint statement mentioning free trade in natural products as an objective.

7. Before agreeing to enter into negotiations I recommend that you write Herridge a note requesting the following information:

8. Will the Canadian Government contemplate including in the agreement assurances that the Canadian system of valuation for duty purposes which experience has shown to be arbitrary, discriminatory and in effect secretive shall not be used to defeat the purposes of tariff reduction?

9. Does proposal (e) of his note involve reductions below the most favored nation rates which the United States would receive under proposal (b)?

¹⁸ C. H. Cahan, Canadian Secretary of State.

10. Will the Canadian Government include in the agreement rectification of present discriminatory treatment of shipments coming through non-British ports and present discriminatory excise treatment of American imports both free and dutiable?

11. I suggest you also ask that the Canadian Government furnish a specific list of those tariff items and parts of tariff items in the Canadian tariff, (a) [on] which Canada is at present precluded from making tariff concessions to the United States and (b) on which Canada could not make concessions without making reductions to other nations including the British Commonwealth lower than the rate extended to the United States. It would also be desirable to know their estimate of the proportion by value of Canadian imports in categories (a) and (b) above, taking as a basis therefor the last Canadian fiscal year ending March 31, 1934.

12. An analysis of the Canadian note is being mailed to you tomorrow and I suggest that you await its receipt before taking action. Our analysis of the effect of proposal (b) of the Canadian note on American exports is being prepared to be mailed early next week. In my view substantial knowledge of the effect of proposal (b) should be before the Department before negotiations are undertaken.

ROBBINS

611.4231/912

The Minister in Canada (Robbins) to the Secretary of State

No. 912

OTTAWA, November 22, 1934.

[Received November 24.]

SIR: I have the honor to refer to the Department's strictly confidential instruction No. 547 of November 19, 1934,¹⁹ forwarding a trade agreement proposal received from the Canadian government, and my telegram No. 110 of November 21, and to enclose herewith my comments on the Canadian note of November 14, 1934.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

Comment on Canadian Note of November 14, 1934, by the Minister in Canada (Robbins)

1. Our Government might express its desire for a comprehensive trade agreement and its willingness to enter negotiations after certain preliminary information has been received from the Canadian Government. With regard to the expression "comprehensive" and the

¹⁹ Not printed.

remarks contained on page 12 of the Canadian note regarding other trade agreements to which Canada is now committed, I feel that we should be furnished by the Canadian Government with a specific list of those tariff items and parts of tariff items in the Canadian tariff

(a) on which Canada is at present precluded from making any tariff concessions to the United States, and

(b) on which Canada could not make any concessions to the United States without making reductions to other nations either members of the British Commonwealth of Nations or otherwise lower than the rates extended to the United States.

2. I believe that it is also necessary to know from the Canadian Government their estimate of the proportion by value of Canadian imports in categories (a) and (b) above, taking as a basis therefor the last Canadian fiscal year ending March 31, 1934.

3. While practically all of this information is already available in the Commercial Attaché's office here, I believe it would be useful to have an authoritative list from the Canadian Government and to insist upon being supplied not merely with a list of references to various sections of the Canadian Tariff but with an actual list of items and a statement of their relative import value on the basis of the latest available figures. The Canadian Government will be less disposed to use the publicity value of their note if they feel our reply calls for information which might not be advantageous to them and if they feel that our note contains statements that would not help them politically.

4. In view of the impediments to trade between the United States and Canada constituted by the existing Canadian system of valuations for duty purposes which experience has shown to be arbitrary, discriminatory and, in effect at least, secretive, we feel that no proposal would be complete which did not contemplate assurances that its terms could not be rendered nugatory by the application to imports from the United States of the Canadian valuation system. We should ask for proposals regarding provisions in the agreement to deal with this problem as a preliminary to comment upon other portions of the Canadian proposal.

5. The Canadian note appears to have been written with an eye to eventual publication and political use of the Conservative Party in Canada. One of the main criticisms which the Liberal Party makes of the Conservative Government is that it has diverted its attention in trade matters to the Empire and other countries and has made agreements at the expense of a much more valuable opportunity for an agreement with the United States. Therefore, the Conservative Government is endeavoring to place itself in a position where it can show that it is now in negotiation with the United States for a comprehensive trade agreement on a basis which should be of particular advantage

to Canada. The inference throughout the Canadian note is that Canada's position will be to press for an agreement which ultimately will tend to equalize Canadian exports to the United States and American exports to Canada. See in particular Mr. Cahan's speech as reported in the *Montreal Gazette* of November 19th, 1934, particularly the first paragraph after the heading, "55% imported". This premise will find considerable support in Canadian opinion and if the Liberal opposition is to combat it, it may open the Liberals to some criticism that they are going further than the Conservative Government will go to sacrifice Canadian trade interests and trade prospects in the conclusion of an agreement. In our view it is therefore important that the fallacy of an unworkable agreement, which would have as its objective the equality of exports between the United States and Canada, should be clearly set forth in our reply. In our view it should be demonstrated in words of one syllable susceptible of popular understanding that a world system of economic agreements, in which each country exchanges with each other individual country approximately the same amount of goods, would be entirely out of keeping with practical working economics. Past and present trade between Canada and the United States should be reviewed in this light and coupled with the suggestion that the objective of any agreement between the United States and Canada should be to restore trade to its normal proportions in the normal relation of American exports to Canada and Canadian exports to the United States and to increase that trade in volume in approximately those proportions.

It would be a pity if the Conservatives should disseminate among the public the theory that to be fair commodity exports between the United States and Canada must be equal. If they should then fail to make an agreement with us they might oppose the making of any agreement by the next year's Liberal government which was not based upon that principle. I believe it will be valuable to us if we can at the outset put a stop to the present Conservative tendency to build up support for such a contention. I enclose herewith a cartoon from the *Montreal Star* (Conservative) which refers to an address by the President of the Montreal Board of Trade, as illustrative of this tendency.

7. The Conservatives might seek to prolong the discussions in order to have a reason to add to other reasons which may crop up to adduce for the postponement of elections from the spring to late summer. It seems unlikely that the mere fact that an Imperial meeting will take place late in May in London will be sufficient reason for such a postponement, particularly as elections immediately preceded the Imperial Conferences in 1926 and 1930. In fact the imminence of

the Imperial meeting will be used by the Liberals for an argument for elections. Such elections would have to take place in April or early May. Members of Parliament will wish to sit for fifty days after they meet sometime in January to claim their sessional indemnity. After that a month's notice of elections must be given. However, weather conditions will hardly be suitable for elections before the middle of April at the earliest. There is no likelihood of elections occurring here in the winter and it is now too late in the fall for them to take place this year, particularly as the necessary election list cannot be ready this year.

8. At the moment I do not see any other reasons which the Government could adduce for postponement of elections from spring until summer, but it is quite possible that if other reasons, such as a major emergency, were to arise by that time a postponement would result. Certainly, if economic conditions seem to be improving in the spring, then the Government will cast about for some method of postponing elections until late summer. With Mr. Stevens' defection, however, the likelihood that he will press his views on price spreads conditions on the floor of the House and the general feeling of the country, there will be very great pressure on the Government for an election in the spring.

9. Doubtless, one of the first criticisms of the Government to be made by the opposition when Parliament opens in January will be the failure of the Government to negotiate a treaty with the United States, and I believe that it is at this time that the strongest temptation will arise to publish the Canadian proposal and to add to it any comment upon subsequent negotiations which it may then be possible for the Government to make. No doubt if the Government could see its way clear to obtaining a satisfactory trade agreement by January, it will be glad to have that to offer, but judging from Mr. Cahan's speech and the tenor of the note at hand they may prefer to stand on their position of seeking as an objective equality of trade to conclusion of an agreement predicated on normal trade exchanges between the United States and Canada. I therefore think that it will be sound to clear up this point of policy with them in a definite fashion before proceeding to any negotiations.

10. After reviewing the recent statements on international trade both by members of the Canadian Government and by members of our Government, the Canadian note deals with the volume of trade during various years between the United States and Canada and compares it with Canadian trade and American trade with other countries. At this point Mr. Herridge makes the statement that "from 1927 to 1932, and again in the first nine months of 1934, the total trade between Canada and the United States was greater than the total trade between

the United States and any other country". I have not had the opportunity of checking the accuracy of this statement, but assuming that it is true I would strongly recommend that the Department's reply point out that for the same periods of time, Canada's total trade with the United States was greater than Canada's total trade with any other country, including all the nations of the British Empire put together, and that, further, for the period 1927-1932, Canada's total trade with the United States was greater than Canada's total trade with all the rest of the world. In other words, our reply might make it clear that, in fact, trade with the Empire is of secondary importance when compared with Canada's trade with the United States. Such a remark should act as a deterrent to the present Government, which sponsored the Ottawa Agreements, from prematurely making the correspondence public in Canada.

11. Mr. Herridge argues the existence of an approximate annual balance between the two countries by including in his figures not only commodity trade but interest and dividends, freight payments, tourist expenditures, gold shipments and capital movements, and adding to that insurance, advertising royalties and immigrant remittances. Accurate figures on some of these items may be very difficult to obtain. However, it seems to me fallacious to use these in establishing a case for an equal balance of trade in the commodity field alone and it is this commodity field which presumably would be the subject of the projected agreement. While the investment of capital in the United States by Canadians and in Canada by Americans undoubtedly has an effect in so far as it establishes certain motives in tariff construction, I think in our reply we could well afford to point out that it should be no proper part of a calculation of the normal amount of commodity movement between the two countries. It is obvious that Canada's ability to pay obligations in the United States is predicated not upon Canada's selling as much goods in the United States as the United States sells in Canada, but upon Canada's selling as much goods and services to the world as it buys from the world. It might be suggested to Mr. Herridge that for the purpose of determining the objective of the treaty a study of Canadian and American commodity exports in relation to each other for a period of years, say the past ten years, might be undertaken and the resulting figure agreed upon as illustrative of the normal natural exchange of commodities between the two countries. The objective of the agreement would then be to maintain that ratio and to increase the volume which each country would send to the other in that ratio.

12. This question will be found to be dealt with in the Legation's memorandum of September 21, 1934,²⁰ paragraphs 5 to 13, inclusive.

²⁰ Not printed.

It may be possible to get away from a discussion of the actual disparity in exports to some extent. As a suggested method of allocating increased exports from Canada to the United States and from the United States to Canada, the objective might be stated to be for each country to recover the percentage of domestic market requirements which obtained prior to periods of excessive impediments to exports. I believe that figures now at hand will show that the approximate proportion two and one out of three, or 66% to 33%, cited in paragraph 8 of the memorandum under reference, may be a little high after deducting re-exports and making other allowances. The proportion would appear to be more like 62% and 38%, according to U. S. statistics.

13. For purposes of estimating the effect of the proposed agreement in the Department, I suggest that the figure used on page 7 of Mr. Herridge's note of 10 to 7 might conveniently be used as the limit to which our concession should go.

14. It is hardly necessary to point out that while we agree with Mr. Herridge's remark that there has been no default with the payment of interest on Dominion and provincial issues held in the United States, the market for future financing of Dominion and Provincial issues in the United States has remained open largely because there has been no default. In other words, virtue receives its reward in this case, and continued avoidance of default may be expected largely as a measure of enlightened self interest, regardless of the particular ratio of Canadian exports to American exports. Mr. Herridge does not mention, in his calculations of capital invested in both countries, the constant process of renewal and reinvestment whereby capital payments are currently replaced, thus maintaining them approximately at constant levels.

15. Mr. Herridge mentions freight charges. In commenting on his remarks on this subject, it might be pointed out that freight payments have been made in exchange for full value received in the form of facilities for Canadian trade, particularly in the winter months, and that the United States imposes no such discriminatory measures against shipments to the United States via Canada as have been in effect for a period of years against shipments to Canada via the United States. I believe it would be well to stress the importance of having this discrimination removed as a basis to a closer and more profitable relationship between the two countries. This might mean a greater balance of freight payments in our favor but if the volume of business in both countries is to be increased as the result of an agreement, presumably any loss to Canada would be made up in increased national prosperity. At the same time the Department may wish to consider raising the question of the discrimination now practiced against free

and dutiable imports by the discrepancy in excise taxation on imports from non-British countries.

16. In regard to tourist expenditures, it should be pointed out that the United States has at all times facilitated the movement of tourists to Canada and by liberal customs measures made it possible for Americans to make extensive purchases in Canada, returning them without payment of duty to the United States. Recent discussions have led to a marked improvement in mutual customs relations along the border, but it would seem that a measure reciprocal to that now in force in the United States should be envisaged in order that the population of each country have a similar degree of access to the facilities of the other for tourist purposes. It might well be intimated that continuation of the American \$100 allowance in the future will necessarily be predicated upon a reciprocal attitude on the part of the Canadian Government.

17. I am not prepared to comment from here upon what might be said regarding Mr. Herridge's remarks with regard to gold shipments, although it might be noted that the recent development of the Canadian gold industry has been largely due to the ready market afforded to Canadian gold in the United States. I cannot say whether the Treasury will give any indication to forecast the maintenance of the present absorption of Canadian gold by the United States or an increase therein during the coming years.

18. I have already mentioned above Mr. Herridge's remarks regarding capital movements and interest and capital payments of Canadian obligations in the United States. It might be pointed out that if the volume of exports both from the United States to Canada and from Canada to the United States are restored to normal levels or even increased above those levels the funds available for meeting such payments will also be increased. In the case of the Canadian Government in particular, income from customs, excise and other sources will rise and Canadian credit will be improved, while existing capital charges will remain the same. In view of this it seems that there is a fallacy in the following sentence on page 11 of Mr. Herridge's note: "If this record is to be maintained, it is clear, in view of the uncertainty as to international capital movements, that exports of Canadian goods to the United States must be increased or the imports of goods from the United States into Canada decreased." Some exception might be taken to Mr. Herridge's remarks on standards of living and cheap labor but I doubt the advisability of raising this issue in the Department's reply. On the latter part of page 11 and the beginning of page 12 I believe there can be no disagreement. It might be advisable, however, in studying this matter, for the Department to endeavor to formulate a provision which

will ensure the equitable effectiveness of the agreement in the event that exchange rates should again vary materially between the Canadian and American dollar. Experience has shown that such fluctuations can occur in very short periods of time and that their effect on international trade is extremely disruptive.

19. I have already commented on Mr. Herridge's reference to the Ottawa Agreements. Mr. Herridge's note proposes a joint declaration by the Governments of Canada and the United States stating that their common objective is the attainment of the freest possible exchange of natural products between the two countries, that it is recognized that this objective cannot be obtained in the immediate future as important interests in both countries would be disturbed unduly by the removal of existing tariffs on all natural products, and that the Government of Canada favored as a first step the reductions included in the proposals contained in Mr. Herridge's note to be succeeded by progressive mutual reductions in the duties on natural products leading to the attainment of the declared objective. Such a declaration would undoubtedly be of great political advantage to the Conservative Party in Canada at this time. It would have the merit of holding out great, but entirely indefinite hopes to the voting farmers and other producers of natural products in Canada. It would probably deeply disturb the farmers and natural producers of the United States at the same time. Since the United States is presumably interested in attaining the freest possible exchange of manufactured products with Canada rather than the freest possible exchange of natural products, it might be suggested that manufactured products be included in this statement or that the word "natural" be omitted. Preferably, I think the latter solution would be preferable. Any declaration, however, of this nature would have a tendency to project the contemplated negotiation into political discussion in Canada, particularly in the next session of Parliament. As I have stated before, I do not see that we would derive any advantage in any such discussion. Quite the contrary. The various groups in Canada, headed by the Canadian Manufacturing Association, will argue for their right to protection the moment such a declaration appears. The Conservative Government will find itself obliged to declare that their interests will be protected and will probably slip quite easily into a statement that natural products will be those primarily affected by the contemplated agreement. Would it not be better to postpone the issuance of any joint statement or declaration until the basic principles of an agreement shall have been more closely examined and more definitely agreed upon?

20. Mr. Herridge then sets forth his proposal. To proposal (a) I see no particular objection. Proposal (b) looks rather too good to be

true. A detailed study of this is being made and will be submitted very shortly, but from such study as we have been able to make of this to date it does not seem to me that existing Canadian interests would permit the present most-favored-nation tariff list in its entirety to be applied to importations from the United States. It must be recalled that this most-favored-nation tariff could be raised in future since such things can be done almost over night in Canada. Therefore, I think Mr. Herridge should be asked to state definitely whether he contemplates that the present rates contained in the most-favored-nation tariff would be the maximum rates of the Canadian most-favored-nation tariff throughout the life of the agreement. At this point the Canadian valuation system should, I believe, be brought into a reply in a forceful way. The following language may seem to the Department to be too strong, but I submit it as an indication of the line which in my opinion might be taken: "In view of the impediments to United States exports to Canada constituted by the existing Canadian system of valuations for duty purposes which experience has shown to be arbitrary, discriminatory and, in effect at least, secretive, we feel that no proposal would be complete which did not contemplate assurances that its terms could not be rendered nugatory by the application to imports from the United States of the Canadian valuation system. We should be glad to receive proposals regarding provisions in the agreement to deal with this problem as a preliminary to comment upon other portions of the Canadian proposal." In this connection I refer to paragraphs 26 to 31, inclusive, of the Legation's memorandum of September 21st, 1934. Suffice it to say that any possible benefit to the United States from the agreement which Mr. Herridge contemplates would be completely nullified by the usual application by Canada of this valuation system during the life of the agreement.

21. Mr. Herridge's remarks on paragraph (c) of his proposal are obviously incomplete. I am not in a position to comment upon the correctness of the assumption contained in the footnote regarding the excise tax on Canadian lumber. Some studies have already been made on some of the products mentioned and these are in the Department's possession. See Legation's memorandum of September 21, 1934, and previous correspondence. If the reduction on the duty of fish is to be considered I believe that consideration should also be given in the Department to the adjustment of various fishery problems on the east and west coast. Paragraph (d) contains a suggestion which may have considerable possibilities for an agreement. I enclose herewith a study ²¹ which was submitted by Mr. Charles Page Perin, representing the Perin Engineering Corporation, Consulting Engineers, 535 Fifth Avenue, New York City, on October 15th, and you will find that ex-

²¹ Not found in Department files.

tensive studies have been made along this line by Professor W. Y. Elliott of Harvard University. Numerous other products are made in Canada with use of hydro-electric power. It will be necessary for Mr. Herridge to specify more definitely what he has in mind to determine the effect of reduction of duties on such products.

22. Paragraph (e) is wholly vague and naturally so since Mr. Herridge would probably expect our Government to list its own desires for a reduction in this connection. In the Legation's memorandum of September 21 a number of suggestions regarding such reductions will be found. I believe, however, that a satisfactory list can only be drawn by making in Washington an extensive study of the situation with the help of one or more of the technical staff of the Legation. Further studies are being carried on here along this line, but we would appreciate further guidance from Washington as to what it is desired to have these studies bear upon more particularly at the moment. In this connection I may point out that one of the sorest points in our international trade at the moment is the seasonal valuations placed upon American exports to Canada of soft fruits and vegetables. Presumably, if satisfactory provisions can be included in an agreement covering valuations they would also cover these seasonal valuations. Mr. Herridge might be asked whether, as we assume to be the case, his proposal (e) involves reductions in the existing most-favored-nation rates which the United States would receive under his proposal (b).

23. At this point I would like to point out that the number and degree of reduction of duties upon which each Government will be able to agree will be in direct ratio to the facilities which may be provided in the agreement for the rectification of duties which, when in operation, are found to effect undue hardship upon the domestic interests of either country. I believe that some reasonable system for modification where obvious and unforeseen hardship occurs would greatly facilitate the inclusion of the reduction of duties on certain commodities. This subject is discussed in the Legation's memorandum of September 21st, 1934.

24. Article 12 of the Canadian Marketing Act appears to make it possible for the Canadian Government at a future date to place a quota upon American imports into Canada regardless of any commitments with respect to duty rates. The Department may wish to consider the advisability of reaching some understanding regarding the application of such measures either American or Canadian to imports during the life of the agreement.

25. While I am inclined to take as genuine the Canadian Government's expressed desire for a speedy conclusion of an agreement, as well as immediate initiation of negotiations, I would recommend that the questions raised in paragraphs 1 to 5, 10, 14 to 16, 18, 20 and 22 of

this memorandum be answered by the Canadian Government before the United States agrees to enter upon such negotiations. This would tend to diminish the possibility of misunderstanding and deadlock and might also have the added salutary effect of restraining the Canadian Government from premature political use in Canada of the existence of negotiations and of their present communication.

For your information I enclose a clipping from the *Financial Post* of Toronto, dated in advance November 24, 1934.²² This newspaper has evidently had some inkling from Canadian Government sources that negotiations are in the air. The Canadian note appears to imply that their proposed negotiations would be based upon the assumption of obtaining an agreement to the United States Trade Agreements Act, to which they specifically refer. The *Financial Post's* remarks regarding a treaty form, however, are in keeping with the position which has previously been assumed by the Prime Minister on the subject and with general feeling in Canada. The Department may already have clarified this feature with Mr. Herridge. In any event there may be no harm in proceeding on the assumption that his note indicates that the trade agreement form is contemplated. To my mind, however, the apparent concession on this point is but one more indication of how badly the Conservatives feel that they need to have negotiations in existence to point to politically. The impression was very widely created in Canada through the publication of an Associated Press despatch referred to in my despatch No. 747 of August 10, 1934,²³ that the present administration in Washington is reluctant to deal with a Conservative government. This report was frequently used in public speeches by the Liberals to show that the Conservative government was discredited abroad. The Conservatives need to show that we have actually begun negotiations with them to counteract this impression. I would be inclined to fear the cropping up of unforeseen obstacles to protract negotiations once they were begun. I would recommend, therefore, that as many problems of controversy as possible be solved and agreed upon in principle as a preliminary to agreement on the part of our Government actually to begin formal negotiations.

611.4231/932

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] December 1, 1934.

I sent for the Canadian Minister this morning and explained to him the problem which had arisen as a result of his note to us of November

²² Not reprinted.

²³ Not printed.

14th. I told him of the procedure which had been followed in initiating trade conversations with other countries; that there had been at the beginning no formal exchange of notes because of the importance for both sides to study in detail conditions surrounding their respective imports and exports; it was, therefore, something new for us to be presented with a note in which the request was made for a 50% reduction on certain articles which were in direct competition with our own agricultural industry; the note, I said, was a splendid presentation of the need of economic *rapprochement* between Canada and the United States and we were all delighted to receive it; the question which I sought to explain was the difficulties involved in replying to the note in the cordial terms in which we desired to reply and at the same time not to become involved in seeming to acquiesce at the outset in the 50% reduction on the tariffs on the specified items; if the paragraphs specifying these articles could be omitted from the note, then I felt that the Secretary would be in a position to reply without reservations that we were ready to go forward with the necessary studies preliminary to negotiations; if, however, we had to answer the note as it stood, there would probably have to be some reservations in our reply which would, when made public, seem far less cooperative and responsive from the Canadian point of view; we wondered, therefore, whether the Prime Minister would be willing to alter his note in this sense and thus conform to our adopted procedure.

Mr. Herridge replied at length; he described the Canadian note as a highly courageous move on the part of the Prime Minister, who had always stood for high tariffs; he emphasized that there was no desire on the Prime Minister's part to make public now the exchange of notes, but he admitted that Mr. Bennett might request their release after the meeting of Parliament; if there was to be no publicity at the present moment, he could not see why the note should not stand as it is, inasmuch as the preliminary discussions would presumably have been completed by the time the publication was requested, and he set this date as probably not later than February 15th.

He thought it would be difficult to omit the specified paragraphs because, in so doing, "the heart" would be taken out of the note.

I said that I could understand the importance he attached to naming the articles, since his Government in due course, by the publication of the notes, could announce to the Canadian public that their efforts to stimulate the export trade in these articles had been checked by the United States Government. I assumed that would be useful politically, but, in our opinion, more rapid progress could be arrived at by the course I had suggested. It was of the highest importance not to upset our agricultural interests at the outset of the conversations.

Mr. Herridge admitted that the Prime Minister would want to show the Canadian public what he had attempted to do for the benefit of Canadian export trade, but he insisted that in doing so, he would be taking a very bold and courageous step which was bound to alienate Conservative interests, whose representative he was.

Mr. Herridge said he would leave for Ottawa in a day or two and would consult with the Prime Minister—returning to Washington before the end of the week. The points raised were so important that he did not wish to give any definite reply today.

WILLIAM PHILLIPS

611.4231/932

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] December 20, 1934.

The Canadian Minister called upon the Secretary this morning (I was also present) and delivered to him the Prime Minister's reply to the inquiries presented some weeks ago by the Secretary with regard to Canada's trade note of November 14th. Mr. Herridge spent some time in reviewing the difficulties of the situation from the political viewpoint in Canada and stressed again the courageous position which the Prime Minister had taken in his note. The main object of this call, however, was to inform the Secretary that the Prime Minister did not see his way to any modification of the note in question. In other words, that it would be impossible to withdraw the references to the specific items mentioned.

The Secretary replied that he did not wish to press the Prime Minister any further, that he understood his position and problems and that we would, therefore, proceed to send forward our reply.

Mr. Herridge then broached the question of the publication of the notes; he said that naturally nothing would be done without previous consultation with us; he mentioned that the opening of Parliament occurred on January 17th and that possibly following the debate of the speech from the Throne, the Prime Minister might find it desirable to make public his efforts as outlined in his note to us. Mr. Herridge stressed the point that, in a Parliamentary debate, the Prime Minister might be confronted at any time with the necessity for such an announcement.

During the conversation reference was made to the St. Lawrence Waterway²⁴ and the Secretary referred to our desire to have a few alterations made in the Treaty. Mr. Herridge said that he was ready at any time to discuss these matters and it was agreed that an appoint-

²⁴ See pp. 967 ff.

ment would be made for him in my office sometime tomorrow, inasmuch as he, the Minister, was returning to Ottawa probably on the following day.

WILLIAM PHILLIPS

611.4231/904

The Secretary of State to the Canadian Minister (Herridge)

WASHINGTON, December 27, 1934.

SIR: I have the honor to acknowledge the receipt of your note of November 14, 1934, in which you review the trade and financial relations between the United States and Canada, and advise me that your Government proposes the early initiation of negotiations looking to a trade agreement between our two countries.

I have given careful consideration to your note. I fully subscribe to the views which you express in regard to the importance to each of our countries of its trade with the other, and I am happy to note the willingness of your Government to undertake negotiations looking to an increase in trade in both directions. It is not necessary to comment in detail on your statements respecting the balance of payments as between our countries. As you are aware, international balances are settled on many fronts and it would be a serious setback to world trade if countries undertook to achieve balances with individual countries.

I am happy also to take this occasion to express my appreciation of the unflinching determination with which the Dominion and Provincial Governments have met their loan obligations.

When the Trade Agreements Act, 1934, was enacted, this Government took immediate steps to create an organization to undertake negotiations for trade agreements. One agreement has been concluded; negotiations for several others are now in progress; and intensive preparations are well under way for similar negotiations with a number of other countries.

I believe that a point has now been reached when an exchange of views on this subject with Canada should be undertaken and I am, therefore, gratified to learn that your Government is of the same mind. Whatever the desirability of the freest possible exchange of natural products, and indeed other products, between the United States and Canada as an ultimate goal, the United States Government must in any negotiations undertaken at this time restrict itself to measures authorized by the Trade Agreements Act, 1934, of which I enclose a copy.

The outline which you suggest as a possible basis for discussions has been noted. You mention several specific products upon which your Government proposes to seek reductions in existing rates of duty in

this country. In communicating to you the willingness of the Government of the United States to enter upon negotiations with your Government looking to a trade agreement calculated to increase trade in both directions, I must, of course, make it clear that in advance of negotiations this Government can not make any commitment as to whether it will be possible to agree to a reduction in the rates of duty upon particular products, each of which must be carefully studied in the light of existing economic conditions before any decision can be reached. This is the procedure which has been adopted and followed in connection with the trade agreement negotiations with other Governments. Correspondingly, it is understood that your Government will wish to give the same study to individual products upon which this Government may request reductions in the Canadian rates of duty.

I suggest that to the proposed outline of discussions there be added the question of methods of determining the value of merchandise for duty purposes in either country, a matter which I consider of importance in the proposed negotiations.

On the basis of these general observations, this Government holds itself in readiness to begin immediate preparations for trade agreement negotiations.

Accept [etc.]

CORDELL HULL

CONTINUED NEGOTIATIONS WITH THE CANADIAN GOVERNMENT REGARDING DAMAGES TO PROPERTY IN THE STATE OF WASHINGTON BY FUMES FROM THE SMELTER AT TRAIL, B. C.²⁵

711.4215 Air Pollution/458

The Secretary of State to the Minister in Canada (Robbins)

No. 194

WASHINGTON, January 27, 1934.

SIR: I acknowledge the receipt of the Legation's despatch No. 318, of December 26, 1933,²⁶ transmitting a copy of a note of the same date by which the Department of External Affairs of Canada responded to the Legation's note of February 17, 1933,^{26a} regarding the matter of the Trail Smelter. In the Legation's note mentioned there was set forth the outline of a treaty which was proposed as a solution of the Trail Smelter problem.

I can not refrain, first, from expressing disappointment at the position taken by the Canadian Government, and at its failure to discuss the concrete proposals made in the Legation's communication of Feb-

²⁵ Continued from *Foreign Relations*, 1933, vol. II, pp. 52-67.

²⁶ *Ibid.*, p. 62.

^{26a} Not printed; it was based on instruction No. 841, February 10, 1933, to the Chargé in Canada, *ibid.*, p. 52.

ruary 17, 1933, that a schedule should be adopted in accordance with which the amount of sulphur dioxide discharged by the smelter and the rate of discharge should be progressively reduced, and that damages should be assessed by a board or commission to be established for that purpose.

The Canadian Government has now made a definite proposal and notwithstanding the disappointment caused by the failure of the Canadian Government to discuss concrete proposals made on the part of the United States, I shall answer fully and I hope clearly the proposals made by that Government.

The Canadian Government proposes that the Government of the United States and the Government of Canada conclude a convention among the preliminary recitals of which is included the following:

"Taking note of a complaint made by the Government of the United States, to the Government of Canada, with regard to sulphur dioxide fumigations in the Northport neighborhood on March 9th to 12th, 1933, and on April 5th, 1933, and recognizing the desirability of making an immediate investigation into the effect of the works and into the question as to whether damage, as defined in the Joint Report, has been eliminated, and particularly as to whether damage, as therein defined, has been caused by the said fumigations . . .

This recital recognizes:

- (1) The desirability of making an investigation into the effect of the remedial works installed at the smelter;
- (2) The desirability to investigate the question whether damage as defined in the Report rendered by the International Joint Commission on February 28, 1931,²⁷ has been eliminated, and
- (3) Whether damage as defined in that Report was caused by the fumigations or visitations of fumes which occurred on March 9 to 12, 1933, and on April 5, 1933.

It is not perceived that the effect of the remedial works, which have been installed at the smelter, is relevant to the question with which the Government of the United States and the Government of Canada are concerned, so long as, despite those works, sulphur dioxide is causing injury in the United States. Whether damages are occurring in the State of Washington as a result of the operation of the smelter is understood to depend on the pollution of the air in the State of Washington, mainly with respect to its content of sulphur dioxide. It is believed to be proper for the Government of the United States to look to the Canadian Government to cause such action to be taken as will prevent the pollution of the air in the State of Washington by smelter fumes. Whether the Canadian interests elect to bring about

²⁷ *Trail Smelter Question*, Documents, Series A, Appendix A 3: Report of the International Joint Commission, signed at Toronto, 28th February, 1931 (Ottawa, J. O. Patenaude, I. S. O., 1936).

the improved condition of the air by the use of remedial works, or otherwise, is of no concern to United States interests so long as the desired results are attained. Therefore, United States interests are not advocating particular methods for eliminating the nuisance, and of course are not responsible for the efficacy of any works which Canadian interests have decided or may decide to employ.

So long as fumigations occur in the State of Washington with such frequency, duration and intensity as to cause injury, the conditions precipitated by the operation of the smelter afford grounds of complaint on the part of the United States, regardless of the remedial works which the company employs and regardless of the effect of those works.

It is understood that remedial works have been installed and put in operation at the smelter. Presumably, a smaller quantity of sulphur dioxide is discharged at the smelter when the remedial works are operating than would be discharged if those works were not operating. Notwithstanding that some of the sulphur dioxide may have been removed, harmful fumigations have continued throughout 1932 and 1933. If fumigations, which cause damage, recur despite the remedial works, determination of the effect of the remedial works would not contribute toward affording redress to American interests, would not benefit those interests and would not advance the case toward a solution.

The frequency, duration and severity of fumigations are known. The condition in which the air in the affected area in the State of Washington is kept by reason of such fumigation is known. These are the factors with which it is necessary to reckon in solving the problem in hand. Inquiry into the effect of remedial works would not contribute to an early solution. Such an inquiry would merely postpone a solution. It would aggravate, not solve, the difficulty.

This smelter fumes problem in its various phases and aspects has been under intensive investigation since 1928. An abundance of data is now available on which to predicate whatever arrangement it is necessary to make between the two Governments to provide for an adjustment. It is not believed that after five years of intensive study any amount of further investigation will put the two Governments in a better position to devise a solution of this problem than they should be at the present time. I am advised by the experts who have been investigating the effects of sulphur dioxide fumigations from the Trail Smelter that acute, chronic, cumulative and permanent injury was in progress in the State of Washington for a considerable period before the investigation began in 1928 and has continued to the present time.

I am unable to acquiesce on the part of this Government in any suggestion that a new investigation be now undertaken and a settlement be correspondingly postponed.

The second question into which the recital quoted suggests an investigation is whether damage as defined in the Report of the Commission has been eliminated.

It is my view that the question here proposed for investigation does not define the problem with which the two Governments are called upon to deal. I can not acquiesce in the proposal to limit consideration of damage to damage as defined in the Report of the Commission.

The Commission's definition of damage will be further considered in discussing paragraph (g) of the Commission's Answer to question 5 of the reference.

The third question into which the recital quoted suggests that an investigation be made, is whether damage as defined in the Report of the Commission was caused by the fumigations which occurred on March 9-12, 1933, and on April 5, 1933. It is not perceived why an inquiry should be made into the results of the fumigations which occurred on the particular dates mentioned. No more reason is apparent why the results of those fumigations should be made the subject of investigation than there is why the results of every other fumigation should be made the subject of special investigation. Damage resulting from the fumigations on the dates mentioned should, it is believed, be treated along with damage which, according to the advice of experts, is constantly occurring.

Unless the question of damage is dealt with in such a way as to admit of the consideration of all elements of damage, further prejudice is bound to result to United States interests affected by sulphur dioxide discharged by the smelter at Trail.

ARTICLE I

Canadian Draft

This article reads as follows:

"ARTICLE I

"The Governments accept the Joint Report which is annexed hereto as Appendix A, and is incorporated as a part of this Convention, and undertake to carry out their respective obligations thereunder."

It is proposed by this Article that the two Governments shall accept the Report of the International Joint Commission, incorporate it in a convention, and undertake to carry out the obligations under the Report. This proposal of the Canadian Government necessitates a full and frank statement of the attitude of the Government of the United States with respect to the Report of the International Joint Commission on the Trail Smelter Reference.

Speaking first with respect to the undertaking to carry out the obligations of the two Governments under the Report, it may be said

that it is not clear whether the Canadian Government considers that the obligations mentioned in Article I grow out of the Report itself or that the obligations, while not established by the Report itself, would be assumed if the Report were accepted by the two Governments and incorporated in a convention.

If the Canadian Government adheres to the latter view, I would have no difficulty concurring. If, however, it is intended to assert that the fact that the Commission made recommendations imposes on the two Governments an obligation to adopt them, I would be under the necessity of dissenting from the view of the Canadian Government.

I feel that there ought to be no doubt that the Report of the Commission is merely an advisory expression of that body. Article 9 of the Convention between the United States and Great Britain concluded January 11, 1909,²⁸ provides that questions of difference arising between the Government of the United States and the Government of Canada, or between the nationals of the two countries, shall be referred to the Commission for examination and report. By communications of the two Governments dated August 7, 1928,²⁹ by which the Trail Smelter problem was referred to the Commission pursuant to Article 9 of the Convention of 1909, the Commission was asked to investigate, report and recommend. It is noteworthy that Article 9 authorizes the Commission in each case referred to it under that article to examine into and report upon the facts and circumstances of the particular questions and matters referred, together with such conclusions and recommendations as may be appropriate and that the article contains a further provision that:

“Such reports of the Commission shall not be regarded as decisions of the questions or matters so submitted either on the facts or the law, and shall in no way have the character of an arbitral award.”

In view of the provisions of Article 9 of the Convention and of the terms of reference, I feel that there can be no room for doubt as to the effect and bearing of the Report of the Commission on the problem with which the two Governments are confronted. The Report has no binding effect on either Government—it is permissible for both Governments to accept it in whole or in part, or for either Government to reject it without prejudice to its interests.

I shall now endeavor to explain why I do not feel that it is desirable to incorporate the Report of the Commission in a convention between the two Governments. It should be understood that in discussing the Report of the Commission, I am not actuated by a disposition to criticize the Commission. I realize that the Reference presented a

²⁸ *Foreign Relations*, 1910, p. 532.

²⁹ See telegram No. 108, August 7, 1928, to the Chargé in Canada, *ibid.*, 1928, vol. II, p. 97.

difficult problem to the Commission. The proposal of the Canadian Government, however, necessitates the acceptance of the Report in its entirety by the Government of the United States or the rejection of it. If the Report is not accepted, the Canadian proposal leaves no alternative but to reject it and to state reasons for so doing. I, therefore, take up in numerical order the answers made by the Commission to the five questions of the Reference.

Question 1.

The unwillingness of the United States to accept the Report of the Commission is not attributable in any way to the answer made by the Commission to the question. A discussion of Question 1 is, therefore, unnecessary for the purpose of this communication.

Question 2.

The second question on which the Commission was asked to report reads as follows:

“(2) The amount of indemnity which would compensate United States interests in the State of Washington for past damages.”

The Commission answered this question as follows:

“In view of the anticipated reduction in sulphur fumes discharged from the smelter at Trail during the present year, as hereinafter referred to, the Commission therefore had deemed it advisable to determine the amount of indemnity that will compensate United States interests in respect of such fumes, up to and including the first day of January, 1932. The Commission finds and determines that all past damages and all damages up to and including the first day of January next, is the sum of \$350,000. Said sum, however, shall not include any damage occurring after January 1st, 1932.”

It is customary for international commissions in making pronouncements affecting human relations and property rights or other legal rights to give reasons for the conclusions which they announce. There was inherent in the Trail Smelter Reference a complex damage problem. Interests in the United States claimed direct damage to land, soil, timber, crops, orchards, live stock, health of inhabitants and other forms of direct damage, as well as various forms of indirect damage. The Commission named a lump sum of \$350,000, with practically no discussion of reasons why it named that figure.

It is interesting to note that The Hague Convention of 1907, for the Pacific Settlement of International Disputes³⁰ provides in Article LXXIX that the arbitrators shall give reasons for the decisions which they announce. Article 56 of the Statute of the Permanent Court of International Justice³¹ contains a similar requirement.

³⁰ *Foreign Relations*, 1907, pt. 2, p. 1181.

³¹ *Ibid.*, 1920, vol. I, p. 18.

Attention is called in this relation to a note which the Secretary of State addressed to the Norwegian Legation at Washington under date of February 26, 1923,³² in transmitting a draft in payment of the award rendered in 1922 in the arbitration of Norway against the United States. The communication mentioned is published in Volume 17, *The American Journal of International Law*, page 287, 289. In this communication the Secretary of State said:

"It is also to be regretted that the award fails to give a satisfactory explanation of the manner in which the tribunal has arrived at the amounts awarded. While purporting to award compensation on the basis of the fair market value of the property taken, the tribunal has seen fit to omit discussion of the particular circumstances of the different claims or of the methods of calculation applied, or of the reasons for determining upon the amounts awarded in each case. Indeed, any definite disclosure or specification of the particular grounds of the awards to the respective claimants is so entirely lacking that the award gives to one who examines it no clue to the method of determining why one amount was awarded rather than another. Again, although holding that claimants were entitled to interest and that some claimants were entitled to higher rates of interest than others, the tribunal does not reveal the rates of interest which were allowed on the various claims or the period of time for which interest was calculated or the amounts which were awarded as principal and the amounts awarded as interest.

"The inadequacy of the award in these respects is particularly regretted in view of the requirements of Article 79 of the Hague Convention of October 18, 1907, pursuant to which the Norwegian claims were submitted to arbitration, that the award must give the reasons on which it is based. In these circumstances the Government of the United States, while not rejecting the award, feels obliged to direct attention to the requirements of appropriate arbitral procedure, and to state that it cannot accept as proper or satisfactory in international arbitrations the mode by which the tribunal has assessed damages or the absence of a reasoned statement indicative of the methods of their computation."

It is believed that the remarks of Secretary Hughes are peculiarly pertinent to the proposal of the Canadian Government that the Report of the International Joint Commission be incorporated in a Convention, particularly as the Commission purported to assess damage for a period extending almost two years beyond the closing of the hearings and almost one year beyond the date of the Report of the Commission.

Having been impressed by practical experience with the importance and necessity of having reasons for conclusions reached by international tribunals fully stated in any pronouncements made by them, the Government of the United States could scarcely be expected to

³² *Foreign Relations*, 1923, vol. II, p. 626.

accept unconditionally, and effectuate, as the Canadian Government proposes shall be done, a pronouncement by the International Joint Commission so lacking in the essential quality of a binding arbitral award.

Quite aside from this very substantial consideration, it is apparent from a reading of the answer of the Commission to the second question of the Reference that the Commission expected that there would be a reduction in the amount of sulphur dioxide discharged from the Smelter during the year 1931. The significance to the Commission of this expected reduction in the quantity of sulphur dioxide discharged is indicated by its answer to Question 3, where it is stated that damage from fumes should be greatly reduced, if not entirely eliminated, by the end of 1931.

Authentic information as to conditions at the Smelter throughout the year 1931 in so far as those conditions affected the quantity of sulphur dioxide discharged and the rate of discharge is not available. The expected reduction in sulphur dioxide was to be brought about by the installation and operation at the Smelter of remedial works to remove the sulphur gases thus preventing their discharge into the air. No report is available as to the dates on which the several units of these remedial works were put into operation or as to the amount of sulphur dioxide which these works actually converted.

While authentic information is not available as to the quantity of sulphur dioxide discharged and the rate at which it was discharged from the Smelter at Trail in 1931, authentic information is available as to the extent to which the air was polluted in the State of Washington as a result of the discharge of sulphur dioxide from the Smelter. It is with conditions in the State of Washington resulting from the operation of the Smelter that United States interests are concerned.

The automatic recorder maintained at Northport, Washington, which is in the affected area, indicated for November and December, 1930, that sulphur dioxide was present in the atmosphere on 69 percent of the days and 32 percent of the hours. The longest continuous visitation of fumes in those months was 55 hours. The maximum concentration of sulphur dioxide for those months was .70 ppm.

The same automatic recorder for April, 1931, showed the presence of sulphur dioxide 43 percent of the days, 10 percent of the hours. The longest visitation was 14.67 hours. The maximum concentration for the month was .51 ppm.

For the month of June, 1931, the recorder showed the presence of sulphur dioxide 80 percent of the days, 26 percent of the hours. The longest continuous fumigation was 47.2 hours. The maximum concentration for the month was .80 ppm.

In August, 1931, the recorder showed the presence of sulphur dioxide 77 percent of the days, 13 percent of the hours. The longest con-

tinuous fumigation was 29.33 hours. The maximum concentration was .43 ppm.

In October, 1931, the recorder showed the presence of sulphur dioxide 61 percent of the days, 17 percent of the hours. The longest continuous fumigation was 13.66 hours. The highest concentration for the month was .17 ppm.

In December, 1931, the recorder showed the presence of sulphur dioxide 45 percent of the days, 25 percent of the hours. The longest continuous fumigation was 47 hours. The highest concentration recorded was .54 ppm.

It may be added that reports on frequency, duration and intensity of fumigations for 1932 and 1933 do not show the improvements with respect to atmospheric pollution which were apparently anticipated by the Commission. Some months showed conditions to have improved in comparison to general conditions in 1930—other months showed aggravated conditions. In March, 1933, a fumigation lasting 57.67 hours was reported with a maximum concentration of .82 ppm. Reports subsequent to March, 1933, indicate that there have been numerous fumigations of long duration with high concentration.

It is apparent from the answers to Questions 2 and 3 that the Commission fixed the amount of damage in answering Question 2 in anticipation of a substantial reduction, if not elimination, within the year 1931, of damage from fumes. Investigation shows that the expected reduction in damage in the State of Washington did not materialize. I am advised by experts that severe injury continued through 1931.

It seems clear that the Commission predicated its recommendation as to the amount of damage in answer to Question 2, in part at least, on an expected reduction in the amount of sulphur dioxide discharged from the Smelter in 1931. Analysis of air shows that the expected improvement did not take place. Unqualified acceptance of the answer to Question 2 would entail acquiescence on the part of the United States in the view that damage was greatly reduced or eliminated in 1931, contrary to determined facts.

In view of the foregoing discussion of the answer given by the Commission to Question 2 of the Reference, it ought to be apparent that the Government of the United States could not appropriately accept without qualification the answer to Question 2. If a part of the Report can not be accepted, obviously the Report can not be accepted in its entirety.

Question 3.

The third question on which the Commission was asked to report was:

“Probable effect in Washington of future operations of smelter.”

The Commission answered this question as follows:

"Provided that the Company having commenced the installation and operation of works for the reduction of such fumes, proceeds with such works and carries out the recommendation of the Commission set forth in answer to Question (5), the damage from such fumes should be greatly reduced, if not entirely eliminated, by the end of the present year."

It will be noted that the Commission in effect expressed the view that if the Company commenced the operation of the works for the reduction of the fumes, as recommended by the Commission, the damage from the fumes would be greatly reduced, if not eliminated, by the end of 1931.

Authentic information as to the dates on which the several units of the remedial works were put in operation at the smelter is not available. There are available, however, records showing the condition of the air in the area in the State of Washington affected by sulphur dioxide practically day by day through the year 1931. The results of the operation of the automatic recorder at Northport for several months in 1931 were set forth above. The frequency, duration and intensity of fumigations which occurred throughout 1931 were such as have been demonstrated experimentally to cause substantial injury to trees and other vegetation. There is no reason to think that the damage was greatly decreased in the year 1931. The evidence is to the contrary.

Acceptance of the answer to Question 3 would entail an admission that damage had substantially decreased since the report of the Commission was rendered. In the light of the actual conditions as they have been observed in the affected area, I do not feel that such an admission can properly be made on the part of the United States.

Question 4.

The fourth question on which the Commission was asked to report was:

"Method of providing adequate indemnity for damages caused by future operations."

The Commission answered this question as follows:

"Upon complaint of any person claiming to have suffered damage by the operations of the Company after the first day of January, 1932, it is recommended by the Commission that in the event of any such claim not being adjusted by the Company within a reasonable time, the Governments of the United States and Canada shall determine the amount of such damage, if any, and the amount so fixed shall be paid by the Company forthwith."

The adoption of this recommendation would require that complainants in the State of Washington file their claims with the Com-

pany as a prerequisite to their obtaining indemnification. It is not believed that such a requirement can justly be imposed as a condition to the recovery of indemnity for injury caused in the territory of one country by an agency operating in the territory of another country. Practical considerations can not be disregarded in discussing this recommendation of the Commission. The history of this controversy abundantly attests the attitude of the complainants and of the Company with respect to damage, and toward each other. Past experience does not point to a reasonable expectation that any progress would be made toward the settlement of questions of damage by requiring complainants to present their claims to the Company.

There has not at any time been any obstacle to direct negotiations and direct settlements between complainants and the Company which would not continue to exist if the report of the Commission were adopted by the two Governments. There is no reason to expect that a method which has been available throughout the long period of the controversy but which was not voluntarily employed would yield any beneficial results if an attempt were made to force it on the parties as a condition to the recovery of indemnities. I am confident that the adoption of this recommendation would be futile. To incorporate it in an agreement would result in needless delay.

The Company is trespassing on property in the State of Washington without any show of right and I should deem unfair and futile the imposition on complainants of a condition to the recovery of indemnities such as would be entailed in the acceptance of the answer to Question 4.

It is noteworthy too that the phrase "damage by the operations of the Company after the first day of January, 1932," excludes substantial elements of injury from the scope of the recommendation, that is, injuries caused by fumigations prior to January 1, 1932, but which were not apparent on that date.

The answer to the fourth question, if adopted, would require that if claims are not adjusted within a reasonable time by the Company, the two Governments should endeavor to agree upon the amount of damage. There is no assurance that the representatives of the two Governments would be able to agree on the amount of indemnity to be paid.

The recommendation contains no provision for the determination of the amount of indemnity should the representatives of the two Governments be unable to agree. If this part of the agreement were adopted and the two Governments were unable to agree on the amount of indemnity, there would be no settlement and the injured parties would be without redress. The two Governments would be in substantially the same position, so far as damage occurring subsequent

to January 1, 1932, is concerned, as they are now except that they would have exhausted the means which had been agreed upon as a solution. Any arrangement which admits of the possibility of a failure of a decision can not be regarded as a solution of the problem. Such an arrangement would, in my opinion, postpone rather than advance a solution.

In a communication which the American Legation addressed to the Department of External Affairs on February 17, 1933, it was proposed that damages be assessed by a board or commission to be established for that purpose. I am convinced that the only method of determining damage or of determining any other controversial question which arises in relation to this long pending case is to submit the question or questions to a neutral jurist or tribunal with authority finally to decide any relevant questions. I do not ask or expect that any questions which arise shall of necessity be decided in accordance with the contentions of United States interests. I assume that Canada would not expect that any questions relevant to the present controversy shall necessarily be decided in accordance with the contentions of Canadian interests. I am willing that any relevant questions shall be submitted to a neutral jurist or tribunal for final determination. This willingness to submit to a neutral jurist or tribunal questions which arise with respect to personal or property rights in the United States out of action taken outside the country represents no little consideration for Canadian interests.

In summary, the acceptance of the answer to Question 4 would, it is believed, impose undue hardship on United States interests: The recommendation contains no provision for the final determination of questions of damage, and hence the recommendation made in the answer to that Question is unsatisfactory to the United States.

Question 5.

The fifth question on which the Commission was asked to report reads:

“Any other phase of problem arising from drifting of fumes on which Commission deems it proper or necessary to report and make recommendations in fairness to all parties concerned.”

The Commission subdivided its answer to the fifth question of the Reference into paragraphs (a) to (g). In opening paragraph (a) the Commission announced that it deemed it proper and necessary in fairness to all parties concerned to report and make recommendations with reference to the reduction of the amount and concentration of sulphur dioxide drifting from the smelter into the United States. In concluding paragraph (a) the Commission recommended a method of reducing the amount and concentration of sulphur dioxide. Be-

tween the opening and concluding sentences the Commission recited what the Company had done and intended to do.

For the purposes of this communication I shall not discuss paragraph (a) of the answer to Question 5 with the exception of the last sentence of that paragraph. Because of the relation of paragraph (g) of the answer to question 5 to the concluding sentence of paragraph (a), those two parts of the answer will be considered together.

The concluding sentence of paragraph (a) reads:

“The Commission therefore reports and recommends that, subject to the provisions hereinafter contained, the Company be required to proceed as expeditiously as may be reasonably possible with the works above referred to, and also to erect with due despatch such further sulphuric acid units and take such further or other action as may be necessary, if any, to reduce the amount and concentration of SO₂ fumes drifting from its said plant into the United States until it has reduced the amount by some means to a point where it will do no damage in the United States.”

Paragraph (g) reads:

“The word ‘damage’ as used in this document shall mean and include such damage as the Governments of the United States and Canada may deem appreciable, and for the purposes of paragraphs (a) and (c) hereof, shall not include occasional damage that may be caused by SO₂ fumes being carried across the international boundary in air pockets or by reason of unusual atmospheric conditions. Provided, however, that any damage in the State of Washington howsoever caused by said fumes on and after January 1st, 1932, shall be the subject of indemnity by the Company to any interest so damaged, and shall not be considered as included in the answer to Question (2) of the Reference, which answer is intended to include all damage of every kind up to January 1st, 1932.”

It will be noted that in the portion of paragraph (a) quoted it is recommended that the Company proceed with remedial works and take such further or other action as may be necessary, if any, to reduce the amount and concentration of the fumes drifting into the United States to a point where the fumes will cause no damage in the United States. This, in terms, seems to contemplate that the nuisance in the State of Washington shall be entirely abated. This hopeful view is dispelled by the clause “subject to the provisions hereinafter contained”. Paragraph (g) is among the subsequent provisions of the report. The definition of the word “damage” as made in paragraph (g) has a significant bearing on the portion of the answer to Question 5 quoted. In paragraph (g) the word “damage” is so defined as to exclude from the meaning of the term “damage” as used in the concluding sentence of paragraph (a) occasional damage that may be caused by fumes being carried across the boundary in air pockets or

by reason of unusual atmospheric conditions. This exception if adopted would clearly permit a continuation of occasional damage caused in the manner described.

Whether damage would or would not be occasional and would be permitted or forbidden would, if paragraph (*g*) were adopted, depend on the meaning to be attributed to "occasional damage", "air pockets" and "unusual atmospheric conditions." These terms are left undefined. The use of these terms leaves a fruitful field for controversy. Disputes would arise whether damages were occasional and whether the sulphur dioxide which caused damage was carried across the boundary in air pockets or by reason of unusual atmospheric conditions. No provision is made anywhere in the report for the determination of such disputes.

I am advised by experts and am convinced that for a considerable time before the stacks were elevated at the smelter, chronic, cumulative and permanent injury as well as acute damage caused by sulphur dioxide coming from the smelter at Trail was occurring and is still occurring in the State of Washington. I am advised and am confident that so long as sulphur dioxide is present in the State of Washington, with concentration sufficiently high to cause what may be contended to be "occasional damage" within the meaning of paragraph (*g*) of the answer to Question (5), chronic and cumulative injury will continue to occur. I am of the opinion that the recommendation that the smelter be required to reduce the amount and concentration of sulphur dioxide so that it will do no damage in the United States except occasional damage as described in paragraph (*g*) involves a contradiction, because pollution which will cause occasional damage will likewise cause injury of a permanent character which can not be classified as occasional.

If paragraph (*g*) of the answer to Question (5) were adopted, it would undoubtedly be contended that substantial elements of damage were thereby eliminated from future consideration.

Convinced as I am of the consequences of the acceptance of the last sentence of paragraph (*a*) as qualified by paragraph (*g*) of the answer to Question (5), I am sure that the Canadian Government will appreciate that I could not properly accept, on the part of the United States, the recommendations made by the Commission in the answer to Question 5 of the Reference.

Paragraph (*b*) of the answer to Question (5) reads as follows:

"The Commission further recommends that the Governments of the United States and Canada appoint scientists from the two countries to study and report upon the effect of the works erected and contemplated by the Company as aforesaid, on the fumes drifting from said smelter into the United States, and also to report from time to time to their respective Governments in regard to such further or other works

or actions, if any, as such scientists may deem necessary on the part of the Company to reduce the amount and concentration of such fumes to the extent hereinbefore provided for."

The acceptance of this part of the Report would require that the two Governments designate scientists whose duties would be:

1. To report upon the effect of the remedial works erected and contemplated by the Company, and
2. To report to the Governments what further or other works or actions are necessary on the part of the Company to reduce the amount and concentration of sulphur dioxide to the extent recommended by the Commission.

As previously stated, so long as fumigations occur in the State of Washington with such frequency, duration and intensity as to cause injury there, the conditions precipitated by the operation of the smelter are objectionable regardless of the remedial works which the Company employs and regardless of the effects of those remedial works. The proposal that scientists report on the effect of the remedial works employed by the Company has been considered in discussing a recital preliminary to the draft of the Convention proposed by the Canadian Government.

The proposal that the scientists should report what other works or actions are necessary on the part of the Company to reduce the amount and concentration of sulphur dioxide, would put the United States scientists in the position of advising as to what remedial works or other action on the part of the Company would restore the air in the United States to a condition required by the report. It is my view that United States interests are entitled to protection against damage and that the Company should be required to abate the nuisance. The problem of how the gas is to be controlled at the plant is essentially a Canadian problem. If the Report of the Commission, including this recommendation, were adopted in a Convention and a scientist representing the United States Government reported pursuant to the Convention that certain action or works were necessary to reduce the fumes, and the action or works recommended were taken or provided by the Company, the United States would share responsibility for the results. The United States is entitled to insist that an isolated agency without its borders, which is admitted to be polluting the air within its territory, shall desist from so doing. The right so to insist can not be conditioned on the giving of aid in the form of advice by scientists as to ways and means of controlling the nuisance at its source. It is to be noted furthermore that the Report, if adopted, would contain no assurance that the advice of the United States scientists would be accepted if given.

I do not deem it desirable that scientists of the United States undertake to measure the effects of the works already installed at the smelter or to recommend what additional works or action are necessary.

It should be observed, too, that paragraph (b) contains no provision for deciding the questions on which the scientists are to report in the event that they are unable to agree. Should the scientists fail to agree, no progress would have been made. Any arrangement which does not provide for a final decision of any question which might arise can not be regarded as a "permanent settlement" which the proposal of the Canadian Government is calculated to effect.

I am sure that the Canadian Government will appreciate that it is undesirable to accept, on the part of the United States, paragraph (b) of the answer made by the Commission to Question 5 of the Reference.

Paragraph (c) of the answer to Question 5 reads as follows:

"When the Company has reduced the amount and concentration of SO₂ fumes emitted from its plant at Trail, British Columbia, and drifting into the territory of the United States, to a point where it claims it will do no damage in the United States, then it shall notify the Government of Canada, which shall thereupon forthwith notify the Government of the United States, which may then take up the matter with the Government of the Dominion of Canada for investigation and consideration to determine whether or not it has so reduced the amount and the concentration of SO₂."

It is obvious that this paragraph affords no effective means of determining whether damages have ceased when the Company notifies the Canadian Government to that effect. It is believed that interminable delay, investigation and controversy would result from the adoption of this recommendation. At any time the Government of the United States is convinced that the Company is trespassing on the territory of the United States and on the rights of residents and property owners in the United States, it is entitled to communicate with the Canadian Government regarding the matter. It would be a strange arrangement indeed, which would postpone or render inopportune such correspondence until the Company took some particular action.

It is not deemed necessary to quote or comment on paragraph (d) of the answer to question 5.

Paragraph (e) of the answer to question 5 reads as follows:

"This finding and recommendation under Question (5) must be read in connection with Questions (1), (2), (3) and (4); that is to say, if these conditions as above stated, under Question (5) are fully met, there will be no future indemnity to pay, that being included in the amount of damages embraced under Question (2), except as hereinafter provided."

It will be observed that this paragraph contemplates that damage shall continue in the future. It, in effect, declares that if the remedial measures recommended by the Commission are adopted, no further damage except occasional damage as described in paragraph (g) would occur. Acceptance of this paragraph would entail acquiescence in the view that if occasional damage as described in paragraph (g) is permitted to continue, other damage would not accrue. No provision is made for indemnification if other damage should accrue.

It is believed that if a condition continues in which occasional damage as described in paragraph (g) occurs, chronic, cumulative, and permanent damage will also occur. Vegetation will be injured, trees will continue to die and reforestation will be impossible. The proposal to prevent all damage except occasional damage is believed to be impossible of accomplishment because so long as occasional damage occurs, other and permanent damage will occur.

Paragraph (f) of the answer to question 5 reads as follows:

“Any future indemnity will arise only if and when these conditions and recommendations stated under Question (5) are not complied with and fully met, and then only in respect of any damage done after the first day of January, 1932, as hereinafter provided.”

This, in effect, declares that no question of future indemnity will arise after the Company complies with the conditions recommended by the Commission in answer to the fifth question of the reference. It will be recalled that the recommendations of the Commission in answer to Question 5 contemplate that occasional damage caused by sulphur dioxide carried across the boundary in air pockets or by reason of unusual atmospheric conditions shall be permitted to continue, that is even after the Company complies with all recommendations, occasional damage will continue to occur.

Paragraph (f) of the answer to Question 5 seems to omit provision for recovery for damage occurring after the Company complies with the prescribed recommendations whether or not the damage be occasional. The last sentence of paragraph (g) has not been overlooked. That sentence seems to be inconsistent with paragraph (f) in so far as occasional damage is concerned. Neither paragraph (f) nor any other part of the Report makes provision for recovery for damage other than occasional damage occurring subsequent to January 1, 1932.

The recommendation made in paragraph (f) if adopted would omit recognition of rights to the enjoyment of which property owners are entitled. It is not believed that acceptance of such a recommendation can fairly be exacted as a condition to the settlement of the pending controversy.

Paragraph (g) of the answer to Question 5 has been considered in discussing the last sentence of paragraph (a).

In part 2 of the Report, the Commission recommends that the \$350,000 shall be paid into the Treasury of the United States and that the Governor of the State of Washington shall appoint a responsible bonded administrator to allot the money to the individual claimants and that the money should be disbursed on the certificate of the administrator so appointed. The method of allotment proposed by the Commission would admit of the development of complications which it is the desire of the United States to avoid. The method of disbursement proposed does not comport with the laws and accounting system of the United States. This part of the Report is therefore unacceptable to the United States.

In part 3 of the Report, the Commission states that counsel for the Government of the United States announced that any claim in behalf of the Government had been withdrawn and the Commission pronounced a finding that any claim of the Government of the United States for past damage in respect of lands belonging to the Government had been waived.

The statement that the Government claims had been withdrawn is inaccurate. The record of the hearing shows that instead of withdrawing Government claims, those claims were expressly reserved. The following statement is quoted from the record of the hearing, pages 1190 and 1191:

“On behalf of the Government of the United States of America, I hereby reserve all rights on all lands which the National Government owns or administers in the area under investigation below Trail, British Columbia, in the State of Washington and in the United States, due to past, present and future cumulative progressive and irreparable damage caused by fumes from the stacks of the Consolidated Mining and Smelting Company of Canada, Limited, at Trail, British Columbia. This reservation applies to the national forests, to all other reserved public lands, and to the unreserved public domain under the control and protection of the Congress of the United States, under laws promulgated by the National Congress of the United States of America. It also applies to all Indian lands and allotments under the general supervision of Congress and of the Department of the Interior.”

Obviously this part of the Report of the Commission could not be accepted by the United States.

In part 4 of the Report the Commission recommends that Stevens County be not regarded as entitled to indemnity for alleged loss of taxes by reason of fumes, the claim of the County being regarded by the Commission as too remote and indefinite to permit of adjudication in the Report. It will be recalled that the Commission had no power of adjudication. If this part of the Report were accepted, Stevens County, without having had opportunity for adjudication

of its claim, would be deprived of a remedy. It is not believed that the right of Stevens County under the laws of the United States should be waived on a basis of the Report of the International Joint Commission which would be done if that Report were accepted.

In part 5 of the Report, the Commission announces that it does not recommend payment of any indemnity for an alleged loss of trade by business men or loss of clientele or income by professional men, such claims being determined to be too remote and indefinite to permit an adjudication. The comment made with respect to part 4 applies to part 5 also.

ARTICLE II

Canadian Draft

In the second article of the draft convention, the Canadian Government proposes that \$350,000 be paid for damage which occurred prior to January 1, 1932. The comments made in relation to the failure to give reasons for its recommendation as to the amount of damage to be paid made in discussing Article I, are pertinent to this proposal.

The acceptance of the \$350,000 was among the proposals made by this Government to the Government of Canada. The proposal, however, was coupled with other proposals calculated to bring about an abatement of the nuisance. The Canadian Government has not accepted the proposals of the United States, has not even discussed them in its note of December 26, 1933, but has responded with a series of new proposals, the effect of which, if adopted, would be to perpetuate the nuisance and would render impossible indemnification of American interests in adequate measure.

Article II of the Canadian proposal could be accepted only as a step in making satisfactory arrangements for the abatement of the nuisance in the future and for the payment of indemnity for injuries which occurred subsequent to January 1, 1932.

ARTICLE III

Canadian Draft

The first paragraph of this Article embodies paragraph (b) of the Commission's answer to question five of the Reference. Paragraph (b) of the answer to question five was considered in discussing herein the first article of the convention proposed by the Canadian Government.

The second paragraph of Article III embodies the answer of the Commission to question four of the Reference, and paragraphs (f) and (g) of the answer to question five. The answer to question four

and paragraphs (f) and (g) of the answer to question five were fully discussed in considering Article I.

The last sentence of the second paragraph of Article III reads as follows:

“For this purpose complaints shall be submitted to the Consolidated Mining and Smelting Company and to the scientists there. In the event that such claims are not adjusted by the company within a reasonable time, they shall make a report thereon to the Governments.”

This relates to complaints concerning occasional damage. This provision taken with other provisions of Article III would impose a hardship on complainants, which members of a community can not fairly be expected to bear. Under a regime established by this Article, it would be necessary for farmers to be on the lookout for occasional damage. Some impression of the burden which this necessity would impose will be realized when it is considered that there are more than 100,000 acres of land in the region affected by sulphur dioxide. It would be impossible to detect “occasional” injury over so large an area. Yet if “occasional” damage were not discovered and complaints were not promptly filed for every occasional injury, no indemnity whatever could be recovered.

The Article furthermore would require that complaints be reviewed by the company, by the scientists and by the Governments. These reviews would necessarily consume considerable time. They would put complainants to excessive inconvenience. Even if complainants assumed the burden which this article would impose on them, there would be no assurance that after the lapse of time which would be required to take the successive steps prescribed, there would be any assessment of damage. Unless there was a meeting of the minds at one of the three stages prescribed, there, of course, would be no assessment of damage. Yet all the provisions made by the convention with respect to damage would have been exhausted.

Acceptance of Article III would indicate acquiescence in perpetuation of the nuisance; omit provision for indemnification for substantial elements of damage; impose unreasonable hardships on United States interests; necessitate a repetition of complaints, and make no provision for final decision as to damage or any other question which might arise.

The phrase “damage caused by the operation of the Trail Smelter after the 1st of January, 1932”, occurring in the second paragraph of Article III, is worthy of special notice. The phrase as used would not include complaints for chronic and cumulative injury, which were caused prior to January 1, 1932, but had not become apparent prior to that date. The phrase under comment would restrict the scope of measures for indemnification.

It may be said in summary that Article I of the convention proposed by the Canadian Government is not acceptable because it seeks to have adopted the Report of the International Joint Commission and thereby to give it the effect of a decision while Article IX of the Convention of 1909 clearly provides that matters shall be referred for investigation and report and expressly declares that reports shall not have the effect of awards.

I am not willing to adopt the Report of the International Joint Commission on the Trail Smelter Reference because in my opinion—

1. The Report does not conform to approved standards which have been established for decisions of international tribunals and consequently is not susceptible of adoption as proposed by the Canadian Government.

2. The Report as to the amount of indemnity to be paid for damage up to January 1, 1932, was made by the Commission in expectation of a substantial reduction of damage in the year 1931, which did not occur.

3. The Report if adopted would entail the perpetuation of the nuisance; would omit provision for indemnity for substantial injury occurring after January 1, 1932, and would otherwise impose unjust hardship on United States interest.

4. The Report defines "damage" in undefined terms; contains provisions inconsistent with each other; provides for investigation of matter with which the United States is not concerned; would, if adopted, occasion interminable controversy; and would contain no provision for final determination of any question which would arise.

In my opinion, the features of the Report of the Commission, emphasized above, would favor the trespasser to the prejudice of the United States interests affected by the nuisance.

In stating reasons why the Canadian proposal is not acceptable, I have taken a position on questions pertaining to damage, have asserted the view that the nuisance ought of right to abate, and have indicated that I do not consider that the measures recommended by the Commission and proposed by the Canadian Government would result in the administration of justice to United States interests.

From consideration of the note of the Canadian Government, dated December 26, 1933, and the contents of this communication, it is apparent that the two Governments are not in agreement on some points which are material to a just solution of the problem in hand. It seems, therefore, to be necessary that some method be adopted by which these differences can be finally resolved. I describe below features of three types of agreement, any one of which, I believe, could be adopted by the two Governments without prejudice to Canadian interests.

1. A convention providing:

(a) "If the recording instrument installed and maintained at Boundary, Washington, or the recording instrument installed and

maintained at Northport, Washington, each of which continuously records the sulphur dioxide at twenty-minute intervals, records as much as one-fifth of one part of sulphur dioxide by volume in one million parts of air as often as six times in any twenty-four-hour period or as much as one-tenth of one part of sulphur dioxide by volume in one million parts of air as often as nine times in any twenty-four-hour period in the three months beginning six months after the date of the exchange of ratifications of this convention, then the amount of sulphur dioxide discharged from the smelter at Trail and the rate of the discharge shall be reduced so that after the expiration of fifteen months from the date of exchange of ratifications of this convention there shall not be discharged a sufficient quantity of sulphur dioxide to cause the presence at Boundary or Northport, Washington, of as much as one-fifth of one part of sulphur dioxide by volume in one million parts of air as often as six times in any twenty-four-hour period or as much as one-tenth of one part of sulphur dioxide by volume in one million parts of air as often as nine times in any twenty-four-hour period."

(b) The amount of indemnity which shall be paid for damage occurring prior to the taking effect of this convention and subsequent to that date shall be determined by a jurist who shall not be an American citizen or a British subject.

(c) Other details.

2. A convention providing:

(a) That there shall be submitted for final determination to a jurist who shall not be an American citizen or a British subject the questions defined below:

i. Has injury in the State of Washington resulted from the operation of the smelter at Trail?

ii. If injury in the State of Washington has resulted from the operation of the smelter

(A) has the smelter ceased to cause injury, and

(B) shall the smelter be required to refrain from causing injury in the future?

iii. If part (B) of the second inquiry is answered in the affirmative, what is the maximum frequency, duration and concentration of sulphur dioxide visitations which can be permitted in the State of Washington, without causing injury?

iv. What indemnity shall be paid for the damage occurring prior to the date the convention becomes effective and subsequent to that date?

v. Other details.

3. A convention providing:

(a) That the sum of \$350,000 shall be paid for damage occurring prior to January 1, 1932.

(b) That there shall be submitted for final determination to a jurist who shall not be an American citizen or a British subject questions defined below:

i. (A) Has the smelter ceased to cause injury in the State of Washington since January 1, 1932?

(B) Shall the smelter be required to refrain from causing injury in the future?

ii. If part (B) of the first inquiry is answered in the affirmative, what is the maximum frequency, duration and concentration of sulphur dioxide visitations which can be permitted in the State of Washington, without causing injury?

iii. What indemnity shall be paid for damage occurring after January 1, 1932?

iv. Other details.

It will be observed that the first proposal fixes a maximum concentration of sulphur dioxide which shall be permitted in the State of Washington and leaves open for final determination by an impartial jurist the entire question of indemnification. The second proposal leaves open the questions whether damages have occurred and are occurring, whether the nuisance shall be abated, what concentration of sulphur dioxide shall be permitted and what indemnification shall be paid. The third proposal fixes an indemnity for damage which occurred prior to January 1, 1932, and leaves for determination by an impartial jurist the questions whether the smelter has ceased to cause injury subsequent to January 1, 1932, whether the smelter shall be required to refrain from causing injury, what concentration of sulphur dioxide shall be permitted and what indemnity shall be paid for injury occurring subsequent to January 1, 1932.

In proposing that rights of American interests under the laws of the United States be submitted to an international adjudication, this Government is making a concession to Canadian interests.

Canadian interests have for a number of years been trespassing on the territory of the United States and on personal and property rights in the State of Washington. The Canadian interests seem to desire to continue so to trespass. The two Governments have been engaged in endeavoring to adjust the problem presented by this situation.

Acute, chronic, cumulative and permanent injury has been caused and is now being caused in the State of Washington by the presence of sulphur dioxide in the air.

The discharge of sulphur dioxide from the smelter at Trail of the Consolidated Mining and Smelting Company in such quantities and at such rates as to cause pollution of the air in the State of Washington has been at all times and is now wrongful. It ought of right to cease.

I call on the Canadian Government to cause cessation of the pollution of the air and to cause adequate indemnification for all damage.

I feel that in the circumstances it is not too much to hope that the Canadian Government will seriously and sympathetically consider the proposals which I have offered looking to a solution of the problem, the position which I have asserted, and the request I have hereby made of the Canadian Government.

Please communicate the foregoing in writing to the Department of External Affairs of Canada,³³ requesting an early reply. It is desired that the Legation follow its note to the Department of External Affairs with oral inquiry at short intervals.

Very truly yours,

CORDELL HULL

711.4215 Air Pollution/458

The Under Secretary of State (Phillips) to the Minister in Canada (Robbins)

WASHINGTON, January 29, 1934.

DEAR WARREN: We sent you on Saturday a long instruction on the subject of the Trail Smelter, which seems to cover satisfactorily all the points involved so that when the matter gets to Congress the Department at least will have gone on record as having proposed something definite. I want the Canadians to realize fully that it will get into Congress and will raise a hue and cry unless they are willing to do something about it. The affair is not by any means confined to the representatives in Congress of the State of Washington. Senator Borah, among others, is ready to explode and all of us are weary of the interminable delays of the Canadians and the accruing damage to our people on this side of the border.

Please do what you can to point out the seriousness of the situation. I am asking the Secretary to bring it forcibly to the attention of Herridge³⁴ when he calls upon him this afternoon.

Sincerely yours,

WILLIAM PHILLIPS

711.4215 Air Pollution/466

The Minister in Canada (Robbins) to the Secretary of State

No. 412

OTTAWA, February 17, 1934.

[Received February 19.]

SIR: I have the honor to enclose herewith copy of a note which has at this moment been received from the Canadian Department of External Affairs regarding the Trail Smelter question. It will be observed that this note deals with the Canadian proposal and the question in general, but does not cover specifically the three suggestions contained in the Department's instruction No. 194 of January 27, 1934, which are to be dealt with in a subsequent communication.

I am informed by Mr. Read, Legal Adviser of the Department of External Affairs, that Mr. Crowe, the Solicitor for the Consolidated

³³ Communicated as note No. 172, January 30, 1934.

³⁴ William D. Herridge, Canadian Minister to the United States.

Smelting Company, was to have arrived here today by airplane from Trail to discuss this matter. Up to this time he has not arrived but Mr. Read thought that at the latest he would be here Monday, February 19th, and the discussion would then be begun between the Smelter and the Canadian Government on the three plans contained in the Department's instruction.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

*The Canadian Secretary of State for External Affairs (Bennett)*³⁵
to the American Minister (Robbins)

No. 13

OTTAWA, February 17, 1934.

SIR: I have the honour to acknowledge receipt of your note No. 172, dated the 30th January, 1934,³⁶ setting forth the views of your Government with regard to the Trail Smelter question.

2. These representations have been carefully considered, and the Canadian Government is disappointed to learn that your Government is proposing to reject the unanimous recommendations of the International Joint Commission in this matter. Before proceeding to a detailed consideration of the questions raised by your note, it is necessary to state the position of the Canadian Government in respect to the present controversy.

3. The Trail Smelter problem has resulted from the incidental effect of the expansion of the industries conducted by the Consolidated Mining and Smelting Company at Trail, in the Province of British Columbia. This Company has been conducting smelter operations for many years at Trail, operating under authority of legislation of the Province of British Columbia. When the smelter was first established, the Columbia Valley, south of the international boundary, was not a distinctively agricultural district, but a smelter area. The smelter at Northport, Washington, had been in existence for some time, though it subsequently discontinued operations. In the course of the development of the Company's business, the plants were from time to time expanded, with a resultant series of increases in the amount of sulphur dioxide emitted from the stacks at Trail. By reason of the unusual conformation of the Columbia Valley, and the special atmospheric conditions prevalent in that region, sulphur dioxide diffused in the air has been carried from time to time down the Columbia Valley where, admittedly, it has caused some damage in the State of Washington. The extent of the area within which dam-

³⁵ Also, Canadian Prime Minister.

³⁶ Based on Department's instruction No. 194, January 27, p. 874.

age has been caused, the intensity of injury, and its evaluation in monetary terms, have been in dispute for some years.

4. The first occasion on which this matter was brought to the attention of the Canadian Government was in a letter from the United States Consulate General at Ottawa, dated the 30th June, 1927. In the two or three years preceding this date, complaints were made by aggrieved individuals, to the Company, many of which were settled by friendly agreement. Such a method of settlement became impracticable, for reasons which it would be unprofitable to discuss at the present stage. When similar problems arise in the case of other smelters in Canada and the United States, a permanent and satisfactory solution is normally to be found in the acquisition, by purchase or otherwise, of smoke easements. In the present case, this course was prevented by the provision of the Constitution of the State of Washington, which prohibits the acquisition of interests in real estate by alien persons or corporations.

5. It is to be observed that this matter was neither a dispute between the two Governments, nor a claim by United States citizens against the Canadian Government. It did not come within any of the ordinary well-known categories of international arbitration. It was a case in which a Canadian corporation carrying on, in British Columbia and elsewhere, an ordinary legitimate, industrial undertaking, was alleged to be committing a tort, or series of torts, against more than one United States citizen in the State of Washington. The torts were in the nature of private nuisances, involving recurrent, but not continuing, injury.

6. When the matter was brought to the attention of the Canadian Government, two courses were open, both of which would have been in accordance with recognized international usages.

7. The simplest course would have been to point out that the alleged facts complained of were civil and not international wrongs. The complainants, if they were unable to obtain satisfactory settlements by agreement, could always seek redress in the manner appropriate to a civil dispute between individuals in one country claiming to be injured by a corporate enterprise operating in another country.

8. When complaints were made by the United States Government, it would have been open to the Canadian Government to disclaim international responsibility and to remit the claimants to their ordinary legal remedies. Such a course could not have been brought into question, because it would have been in accordance with the accepted principles of International Law.

9. The second course was proposed by the Government of the United States. They suggested that the question at issue should be referred to the International Joint Commission. The Canadian Government

appreciated the practical difficulties that arise when a number of individuals claim that they are each suffering a small amount of injury caused by an alleged wrong-doer in another country. The Canadian Government thought that it would not be in accordance with the spirit of friendly international co-operation that has animated the two Governments (particularly in dealing with boundary problems), to adopt a rigid legalistic attitude and to stand on its strict rights under International Law. It was recognized that the avenues available under existing treaties between the two countries should be explored, with a view to obtaining a friendly, neighbourly and fair solution to the problem. It was in such a spirit that the Canadian Government concurred in your Government's proposal. Accordingly, pursuant to the provisions of Article IX of the Boundary Waters Treaty 1909,⁸⁷ a joint governmental reference to the International Joint Commission was made on the 7th August, 1928.⁸⁸

10. The Canadian Government having joined in the reference made by your Government was, of course, aware that the proceeding under Article IX of the Boundary Waters Treaty 1909, was not technically a submission of the question for adjudication. As is indicated on Pages 6-8 of your note, the United States Government takes the same position.

11. Notwithstanding that both Governments recognize that the Report of the Commission is not technically an "award", it is impossible to overlook the general character of the problem, the nature of the proceedings, the attitude taken by both Governments and by the interested parties throughout and the length of time that has elapsed since the evidence was first taken. The controversy was referred to a distinguished and competent International Commission for examination and report. The object of the reference was stated in the United States Legations's *Note Verbale* of the 20th July, 1928,⁸⁹ in the following words:

"The purpose of the Government of the United States is to have the matter referred to the International Joint Commission, in a form which will admit of the Commission recommending a solution fair to all parties concerned."

In order that the minds of the Commissioners might be directed to the exact problems to be dealt with, the matter was referred in the form of specific questions to which answers were requested. Extensive investigations were made by groups of scientists, representing the two Governments, in 1928, 1929 and 1930, and also by independent groups

⁸⁷ *Foreign Relations*, 1910, p. 532.

⁸⁸ See telegram No. 108, August 7, 1928, to the Chargé in Canada, *ibid.*, 1928, vol. II, p. 97.

⁸⁹ Not printed, but see *ibid.*, p. 94, footnote 62.

of experts acting on behalf of the Company. Hearings were held at Northport, Washington, on October 9th and 10th, 1928; at Washington, D. C., February 21st, April 2nd, 12th, 13th and 22nd, 1929; at Nelson, on November 4th, 1929; and again at Washington, D. C. from January 22nd to February 12th, 1930. At these hearings, the claimants, the Company, and the two Governments were represented by counsel, and testimony of claimants, of scientists appointed by the two Governments and by the Company, and of other witnesses, was heard. The Commission was aided by independent investigations conducted during the season of 1929, by Dean Howes of the University of Alberta, and by Dean Millar of the University of Idaho. There was oral argument by counsel for the claimants, for the Company and the two Governments, and printed briefs were filed. Following the hearings, the Commission had a number of executive sessions and ultimately embodied its recommendations in a unanimous report dated the 28th February, 1931, giving definite answers to the questions that had been referred by the Governments.

12. In the course of the investigation, the Company outlined definite projects for remedial works. They were designed to reduce the output of sulphur dioxide at the smelter to a point where, apart from occasional and abnormal atmospheric conditions, no damage could be caused in the State of Washington. This project was studied by an eminent scientist, representing the Government of the United States, who reported to the Commission and commended it as an earnest and even courageous effort to solve the problem. Recommendations that the Company proceed with and complete the proposed works were embodied in the unanimous Report of the Commission. It may be pointed out that the Company did not await the recommendations of the Commission before proceeding with the remedial works. Construction was commenced and carried on during the inquiry, with a view to eliminating injury at the earliest possible moment. The Company has expended more than ten millions of dollars on the construction of these works and in this matter it was certainly largely influenced by the general approval of the United States Government expert and of the Commission.

13. In view of the foregoing considerations, only the strongest grounds could justify the rejection of the recommendations embodied in the Report of the Commission. Referring again to the purpose of the reference as stated above, it appears that the Report of the Commission completely fulfils the objects that the Government of the United States had in mind in proposing the reference; objects which, I may say, were shared by the Canadian Government. It is submitted that the report recommends "a solution fair to all parties concerned."

14. A number of detailed objections have been raised in your note, which do not relate to the essential character of the recommendations.

They are based upon doubts as to the true meaning of the provisions, and dissatisfaction with certain aspects of the methods recommended by the Commissioner for settling the questions necessarily arising subsequent to the Report. It is hoped that your Government will see fit to reconsider the matter, with a view to accepting the Report and embodying the essential provisions with such clarification of meaning and adjustment of method as are desirable in the form of an international agreement. With this end in view, it is necessary to give consideration to points which have been raised in your note and which seem to be based upon a misunderstanding of the Report and its implications, and of other aspects of the problem. These points may be dealt with in order:—

First—On Pages 2 and 3, including the fifth and sixth paragraphs of the note, objection is taken to a proposed inquiry into the effect of the remedial works, upon the ground that it would involve investigation of the nature and character of the works and their operation. This was not the intention either of the draft agreement or of the Report. The only effect of the works which is relevant is their effect upon the output of sulphur dioxide at Trail and the consequential effect in the State of Washington. It was intended to provide for an inquiry into the extent to which the causing of damage in the State of Washington had been lessened or eliminated. If there is any ambiguity on this point, either in the Report of the Commission or in the draft agreement, it can be eliminated in drafting. This point recurs throughout the note. The objection being one relating solely to interpretation, can be overcome by removing the ambiguity in drafting the agreement which, of course, would be the governing instrument.

Second—In the seventh paragraph of the note, on Page 3, it is stated that harmful fumigations have continued throughout 1932 and 1933. Similarly, throughout the note will be found a number of statements to the effect that damage has been caused in the State of Washington since the first day of January, 1932. It appears to be assumed that the Canadian Government ought to accept this statement without any question and that it is a point upon which there could be no difference of opinion. The question whether damage has been caused in the State of Washington since the first day of January, 1932, and the extent and character of such damage, are the crucial issues in this case. It is hoped that your Government, learning that the existence of damage in that period is a contested rather than a conceded issue, will recognize the necessity for having this issue determined, either in the manner contemplated by the report of the Commission, or by some equally satisfactory and effective method.

Third—There also appears to be misunderstanding as to the character of the investigations which are designed to settle these contested questions of fact. Both the specific provisions of your note and its general tenor exhibit your justifiable reluctance to have settlement postponed and a new investigation commenced. The Canadian Government shares this reluctance, and it is thought that possibly its suggestions may have been misunderstood. It is the view of the Canadian Government that the proposal of the Commission for determining whether or not damage has been eliminated in the State of Washington would be expeditious, inexpensive and effective. The Report contemplates that each Government would appoint an eminent scientist, of unquestionable integrity and competence. They would be furnished the data that is available from all sources. They would, then, probably, have the information necessary for finally determining this question. Small gaps in the data could readily be supplemented by these scientists who could have assigned to them for that purpose staffs from the public services of the two countries. The possibility of needing to supplement such data is remote, in view of the extensive character of the investigations that have already been conducted. It is also thought that the possibility of these scientists failing to agree is remote, and that, if such a contingency should arise, the two Governments could effectively and promptly deal with the matter. It is assumed, of course, that the United States Government will not expect the Canadian Government to accept an ex parte determination of the crucial issues.

This point, however, relates solely to method and it is unlikely that there will be any difficulty in finding a method that will be entirely satisfactory to both Governments.

Fourth—In the fourteenth paragraph of your note, on Page 5, you assume that the Canadian Government was suggesting that the inquiry be limited to the effect of the fumigations in March and April of last year. The proposal was intended to involve consideration and treatment of all instances and types of injury, in accordance with the Report of the Commission. Any ambiguity can readily be eliminated in drafting an agreement.

Fifth—In Paragraphs 25 to 29 of your note, on Pages 9 to 11, objection is taken to the failure of the Commission to present reasons for judgment on the question of damages. This omission is one for which the Canadian Government cannot accept any responsibility. In the course of the hearing, adequate and complete evidence as to the monetary quantum of damages was presented by Canadian interests, but no expert evidence on this point was presented by or on behalf of United States interests. Indeed, the United States experts refused to give any evidence on the question of quantum of damages. The only

expert evidence on this point, apart from that presented by the Company, was the report by Deans Millar and Howes, referred to above, which would have justified a finding of not more than \$50,000. The Commission probably went further than legal principles would justify in making a generous award that might reasonably be expected to satisfy the injured persons and to make ample allowance for the period up to the end of 1931, and their action in so doing is to be commended, rather than criticised.

Sixth—In Paragraphs 30 to 40, on Pages 11 to 13 of your note, reference is made to the works built by the Company, and to the concentrations in 1930 and 1931. There is a general reference to conditions in 1932 and 1933, and a specific reference to a concentration in March of the latter year. It is pointed out that the Commission fixed the amount of damage in anticipation of a substantial reduction, if not elimination, within the year 1931, of damage from fumes. It is stated that severe injury continued through 1931. There seems to be a misunderstanding of the general scheme for reducing fumes and of the Commission's assumption in this matter. It was contemplated that the remedial works, which were under construction at the date of the Report, would come into operation in the course of the year 1931, and that they would be fully effective by the end of that year. It was assumed that damage would continue throughout the year 1931, because the works could not be effective until they were completely in operation. Accordingly, the references to concentrations of sulphur dioxide and damage conditions in 1931, which are being paid for out of the \$350,000, are irrelevant. The only relevant question relates to conditions and damage in 1932 and subsequent years,—that is to the period of time within which the works were fully in operation. There are, it is true, two references in your note to specific fumigations subsequent to the 1st January, 1932, and there are general references to atmospheric conditions and to damage within that period.

It may be observed that the complete elimination of sulphur dioxide from the atmosphere in the State of Washington was not regarded as practicable or necessary. The Report of the Commission contemplated that remedial measures would accomplish the reduction of sulphur dioxide output to the point where there would be no damage, apart from occasional injury, caused by abnormal atmospheric conditions. It could not reasonably be expected that conditions would be made better than those prevalent in the agricultural areas adjacent to industrial centres where sulphur dioxide is present and concentrations comparable to those found in the Northport area.

The same misunderstanding recurs in the discussion of the third question, paragraphs 43 to 46, on Pages 14 and 15 of the note.

Seventh—The fourth question is stated in Paragraph 47, and discussed in Paragraphs 48 to 55, inclusive, of your note.

In Paragraph 51, it is suggested that injuries caused by fumigations prior to January 1st, 1932, but which were not apparent on that date, are excluded. Such injuries are paid for out of the \$350,000 which covers all injuries caused up to that date. The only real danger is that, practically, it will be impossible to prove that injury which becomes apparent after that date, has been caused before, so that it is certain that the Company will be required to pay twice in some instances. This is an obvious and inevitable defect, but one which is favourable to the position of the claimants.

Your general objection to the recommendations of the Commission under this question, relate to the preliminary notification of the Company, and the method of settlement. The objection, that preliminary notification with a view to affording an opportunity for settlement by agreement would cause unnecessary delay, can readily be overcome. It is the view of the Canadian Government that the Commission's recommendation would facilitate, rather than delay settlement. However, to meet the objection, provision could be made for filing claims with the agency charged with the determination of compensation. That agency could notify the Company and the two Governments.

With regard to the method of settlement, your Government's desire for prompt and expeditious adjustment and payment is shared by the Canadian Government. It was thought that if any difficulty arose in effecting settlement by agreement, the two Governments had ample powers to establish the necessary machinery. The problem to be dealt with is one of settlement of occasional instances of injury, where the damage in each case would probably not exceed a few dollars; and there are good grounds for not converting these comparatively small claims into international arbitrations. It is unlikely that there will be any difficulty in devising a solution of this aspect of the question that will be acceptable to both Governments, and to all of the interests concerned.

Eighth—The fifth question is stated in Paragraph 56, and in Paragraphs 57 to 65, on Pages 19 to 22 of your note, the matters dealt with in Paragraphs (a) and (g) of the Commission's recommendations under this question are discussed.

The fear is expressed, particularly in Paragraph 53 of your note, that chronic, cumulative and permanent injury will continue in Washington, even after "damage", as defined in the Report, has ceased to be caused in that State by the operations of the Smelter. The Canadian Government cannot admit that chronic, permanent and

cumulative injury is being or will be continued in Washington. The question whether such injury is being or will be caused to interests in Washington is one that must be determined by some competent and impartial body, presumably the agency which will be constituted under the proposed agreement.

The objection is taken that the definition of damage in (*g*) nullifies the provisions of (*a*) which, if not restricted by the definition, would provide for absolute elimination of damage. Further, objection is taken to the vagueness of the terms used in defining damage in (*g*). Here, again, if there is ambiguity, there should be no difficulty in removing it in drafting. It is thought, however, that the agency which is charged with the duty of determining whether the remedial works have eliminated damage in the State of Washington will have no difficulty in applying the definition as given.

Apart from the question of interpretation, your note seems to suggest that the Government should endeavour to bring about a settlement which would exclude the possibility even of slight and occasional injury caused by abnormal atmospheric conditions. This matter was discussed before the Commission, and it is clear from the evidence submitted that such a proposal would be tantamount to a shut-down of the smelter. A rule which would make the Company a guarantor that under no conditions would pockets of gas be carried across the border, under penalty of a shut-down of the plant, would be impossible. It would involve a far more rigid regime than has been imposed upon any smelter in either of the two Countries. It would be particularly unjust in the present instance, in which the Company has already expended more than ten millions of dollars upon projects designed to bring about a substantial and practical elimination of injury to United States interests. No Court in either country would impose such a harsh and oppressive rule. I have no doubt that your Government will agree that the practical elimination of damage is a satisfactory solution to the problem, and that no rule should be adopted which would involve the destruction of the industry. A principle should not be established in this case which would potentially involve a shutting down of existing industries of various types in industrial communities and sterilizing future development within a broad zone in the Dominion of Canada and the United States of America, stretching from coast to coast along the international boundary-line.

Ninth—The recommendations of the Commission under the fifth question, as set forth in (*b*), and particularly the appointment of scientists and their function, are discussed in Paragraphs 66 to 72, Pages 22 to 24 of your note. Reference is made to the possibility that they might not agree, but it may be pointed out that the two Governments have ample powers to deal with this problem if it arises. In

any event, it is unlikely that there will be any difficulty in devising a solution of this aspect of the question that will be acceptable to both Governments and to all of the interests concerned.

With regard to the function of the scientists, there seems to be the same misunderstanding to which reference has already been made. They would be interested in only one question, namely,—whether the works presently in operation have eliminated “damage” and, if not, what further works are necessary in order to accomplish this object. Any ambiguity can be eliminated in drafting.

Tenth—In Paragraph 73, objection is taken to the recommendations of the Commission under (c) in dealing with the fifth question. This is a simple, common-sense provision that when the Company has completed remedial works involving an expenditure of more than ten millions of dollars, and brought the matter to a point where the Company thinks that no further damage is being caused, the Company shall notify the Government of Canada, in order that the two Governments may look into the matter and see whether the Company’s claims are well founded. It was not intended, by implication or otherwise, to prohibit the United States from making complaints as to damage; and here again, if there is ambiguity it can be removed in drafting.

Eleventh—Paragraphs 76, 77 and 78, on Pages 25 and 26 of your note, discuss (e) of the answer to question five. Objection is taken that the terms of (e) provide that no future indemnity is to be paid, apart from that provided for in (g), namely, compensation for occasional damage. This objection seems also to be based upon a misapprehension as to the true meaning of this part of the Report. If chronic, cumulative and permanent damage continues, it cannot be said that “damage” has been eliminated. With regard to the view that occasional instances of damage will involve chronic, cumulative and permanent damage, that, of course, is a contested issue.

Twelfth—Paragraphs 79 to 82 discuss (f) of the answer to question five. The objections are based upon implications which are difficult to justify either by the general tenor or the particular language of the Report. There should be no difficulty in removing any ambiguity when an agreement is drafted.

Thirteenth—In Paragraph 84 of your note, objection is taken to the method of distribution of the sum of \$350,000 which was recommended. The Canadian Government has no interest in this aspect of the problem and will concur in any method of distribution desired by the Government of the United States.

Fourteenth—Paragraphs 85 to 87 relate to the position taken in the hearing with regard to the claim of the Government of the United

States. In the part of the record following the quotation set forth in your note, will be found a statement:—

“MR. McCUMBER. For that reason you do not wish the Commission to pass judgment upon the damages that have accrued to these properties?”

“MR. MURDOCK. Precisely.”

There has not been time to make a detailed examination of the Record in order to ascertain whether any further statement[s] were made on this point. The Government of the United States did not present any claims before the Commission in this matter, in respect to federal property, and there can be no difficulty in rectifying this point in any manner that is justified by the Record.

Fifteenth—In Paragraphs 88 and 89, reference is made to the claims on behalf of Stevens County and on behalf of business men and professional men which were rejected by the Commission. These claims were not based upon any recognized legal principle, and the unanimous report of the Commission followed the ordinary rules of law and recommended their rejection.

Sixteenth—Paragraphs 90, 91 and 92, on Pages 29 and 30, refer to Article 2 of the Canadian draft. It is pointed out that the United States Government cannot accept the amount specified, save as a part of a general scheme based upon a complete revision of the rest of the report.

Similarly, the Canadian Government could not accept this determination of the amount, save as a part of the general friendly settlement of a difficult problem. It is hoped, however, that it may be possible to achieve such a settlement.

Seventeenth—Paragraphs 93 to 99, discuss Article 3 of the Canadian draft, and repeat the objections already made to the same principles as embodied in the Report of the Commission. These have already been dealt with under the preceding points.

15. Paragraph 101, on Pages 32 and 33, summarises the reasons for the rejection of the Report of the Commission. The objections have been dealt with, in considering the preceding points. It is gratifying to observe that the objections leave intact the basic elements of the recommendations of the Commission which, it is submitted, fully realize the express desire of the United States Government that the reference should result in a recommendation and “a solution fair to all parties concerned.”

16. The basic elements in the recommendations are as follows:—

First—Adequate and generous compensation to interests in the State of Washington, for damages up to the 1st January, 1932, assessed at the amount of \$350,000.

Second—Recognition that the industries operated at Trail, upon which the livelihood of so many citizens of this Country depend, should receive fair and just consideration; and that the operations of the industry should not be curtailed and shut down merely because occasional instances of injury may arise, caused by abnormal atmospheric conditions.

Third—Recognition that the position of farmers and other property holders in the State of Washington must be protected by the curtailment of the output of sulphur dioxide at the Trail Smelter, to the point where damage in the State of Washington, caused by the operations of such smelter, will be practically eliminated and where the only instances of injury will be the occasional instances referred to in the preceding paragraph.

Fourth—Recognition that compensation must be made to any interest in the State of Washington damaged in any manner by sulphur dioxide from the Trail Smelter after the first day of January, 1932, even though such damage may have been caused by circumstances beyond the control of the Company.

Fifth—Recognition that adequate measures must be taken to insure that these results are achieved and that a settlement must be completed and carried out that is fair to all parties concerned.

17. Accordingly, it is confidently hoped that it may be possible for the two Governments concerned to come to an agreement involving the retention of these basic principles that will adequately meet all valid objections raised in your note.

18. The Canadian Government is giving careful consideration to the specific proposals that are set forth in Paragraph 104 of your note, on Pages 32 to 35, and discussed in Paragraph 105, on Pages 35 and 36. I shall, shortly, communicate to you the views of the Canadian Government with regard to them. Meanwhile, I hope that you will bring the foregoing considerations to the attention of the Government of the United States, with a view to ascertaining whether it is not possible to achieve the results that both Governments desire by the negotiation of an agreement based upon the acceptance of the general principles of the Report of the International Joint Commission, with such clarification and adjustment of its provisions as may be necessary to bring about "a solution fair to all parties concerned."

The parties concerned are not merely those immediately interested in the solution of the present problem. The peoples of both countries are concerned to maintain and extend the established agencies for the solution of boundary disputes. The United States has long held a foremost place in the advocacy of international arbitration. Through the conclusion and execution of the Boundary Waters Treaty it has co-operated in building up on the North American continent one of the most distinctive and significant experiments in this field. The International Joint Commission, established as a permanent body of

citizens of the two countries empowered to investigate and in some instances adjudicate upon a wide range of issues arising out of intimate relationships along the common boundary, is an embodiment and an instrument of our common standards of neighbourly intercourse. I am sure your Government will agree that it would be calamitous to weaken the position of the Commission and imperil the future of this North American experiment by rejecting outright, save upon grave and plainly evident grounds, its unanimous recommendation upon any question. We trust that it will be found possible for both Governments to preserve the advantages of adhering to orderly and established arbitral procedure, while giving every consideration to suggestions for equitable and practical adjustments.

Accept [etc.]

R. B. BENNETT

711.4215 Air Pollution/468

The Minister in Canada (Robbins) to the Secretary of State

No. 424

OTTAWA, February 24, 1934.

[Received February 26.]

SIR: I have the honor to transmit herewith copies of a note received this morning from the Secretary of State for External Affairs on the subject of the Trail Smelter question.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

*The Canadian Secretary of State for External Affairs (Bennett)
to the American Minister (Robbins)*

No. 15

OTTAWA, February 22, 1934.

SIR: I have the honour to refer to my note No. 13, dated the 17th February, 1934, and to make further reference to your note No. 172, dated the 30th January, 1934; both relating to the Trail Smelter question.

2. In the eighteenth paragraph of my note, I referred to the specific proposals which were set forth in your note on Pages 32-35, and intimated that I intended shortly to communicate to you the views of the Canadian Government with regard to them.

3. In the meantime, the Canadian Government has been able to give consideration to the specific proposals, and particularly to the third proposal which is set forth on Page 35 of your note. It is unnecessary to recount the objections that might be raised to the first two proposals, in view of the probability that a satisfactory solution,

acceptable to both Governments, can be found along the lines indicated by the third proposal.

4. In considering the third proposal I am assuming that it indicates the basis of a convention, rather than the precise words that would be used in drafting the convention. Accordingly, my observations with regard to your proposal will be directed to suggestions for amplifying the basic elements of the proposal and to comments of an explanatory character.

5. The first part of your proposal is set forth in Clause (a) :—

“(a) That the sum of \$350,000 shall be paid for damage occurring prior to January 1, 1932.”

This part of the proposal is acceptable and the Canadian Government, as has been intimated in my note, would be prepared to concur in such provisions for payment as will result in a method of distribution acceptable to the Government of the United States.

6. The second part of your proposal is set forth in Clause (b) :—

“(b) That there shall be submitted for final determination to a jurist who shall not be an American citizen or a British subject questions defined below :

i. (A) Has the smelter ceased to cause injury in the State of Washington since January 1, 1932?

(B) Shall the smelter be required to refrain from causing injury in the future?

ii. If part (B) of the first inquiry is answered in the affirmative, what is the maximum frequency, duration and concentration of sulphur dioxide visitations which can be permitted in the State of Washington, without causing injury?

iii. What indemnity shall be paid for damage occurring after January 1, 1932?

iv. Other details.”

This part of your proposal is based in principle upon a neutral determination of the contested issues, and it is necessary to consider both the method of determination and also the issues which are set forth in Subclauses (i, ii, iii).

7. Considering, first, the question of method, I have already pointed out in my note that the Canadian Government is prepared to make every effort to meet the views of your Government with regard to methods of determining the issues, and, to this end, will accept the principle of neutral determination of the contested issues. At the same time it is desirable to explore the different types of tribunal that might be devised for this purpose. A consideration of the nature of the issues, and particularly of their scientific and technical aspects, suggests that the method of determination by a single arbiter would be unlikely to prove satisfactory. It would be particularly unsatis-

factory if the arbiter is a jurist faced with the necessity of dealing with highly technical and scientific issues. It is the view of the Canadian Government that the most satisfactory tribunal for dealing with such issues (assuming that the idea of having them investigated by a board of scientists is not followed) would be a tribunal with a neutral umpire, assisted by either two or four scientists, an equal number appointed by each of the Governments. It would be understood, of course, that the nominees would be scientists of repute, nationals of the nominating country, but not drawn from their public services and not associated, either directly or indirectly, with the present controversy. With such a tribunal, a fair and competent determination of the issues could reasonably be expected.

8. In the second place, it is necessary to consider the issues as outlined in your proposal under Clauses (i, ii, iii).

The Canadian Government is in agreement with the general outline of the issues that should be determined. There are, however, some points that require careful consideration when their terms are definitely settled. It is desirable, at this stage, to avoid even a possibility of misunderstanding and, with that end in view, I shall proceed to set forth the observations of the Canadian Government with regard to the individual questions.

9. Subclause (i) sets forth, under two headings, (A) and (B), the two main questions that are to be referred to the tribunal. The first question is,—

“Has the smelter ceased to cause injury in the State of Washington since January 1, 1932?”

The use of the word “injury” is likely to cause misunderstanding which should be removed when the actual terms of the issue are settled for inclusion in the Convention. In order to avoid such misunderstanding, it would seem to be desirable to use the word “damage” in place of “injury” and further, either to define the word actually used by a definition to be incorporated in the Convention, or else by reference to the general principles of the law which are applied by the Courts in the two countries in dealing with cognate matters. Indeed, the Canadian Government would be entirely satisfied to refer the tribunal to the principles of law as recognized and applied by the Courts of the United States of America in such matters.

10. The second main question is,—

“Shall the Smelter be required to refrain from causing injury in the future?”

With regard to this question, the same observations can be made as in the preceding paragraph. Here, again, the use of the word “damage” is suggested and the inclusion of either a definition or a reference to

the jurisprudence of the two countries, or even of the United States of America.

11. The third question which is set forth in Subclause (ii), is subject to the same observations with regard to the use of the word "injury". It is necessary that the tribunal should have a definition that could usefully be adopted as a basis for its decision. Further, it is desirable that a tribunal in considering the advisability of the establishment of a schedule of frequencies should give consideration to the problem that is inherent in this question. That problem arises from the ever present possibility that, owing to uncontrollable circumstances, isolated instances of damage may result. Assuming the establishment of a reasonable schedule by the tribunal and the conduct of operations by the Smelter in due compliance with such schedule, there is always a possibility that an abnormal combination of atmospheric conditions may result in damage. The tribunal should address itself to this aspect of the problem in order that there may be a solution fair to all parties concerned.

12. The fourth question, which is set forth in Subclause (iii) is entirely satisfactory in substance. From the formal point of view, in its present form it implies that damage has occurred since January 1, 1932, but that difficulty can be overcome in drafting.

13. Apart from these questions there will, of course, be other details which can be considered later. It may, however, be pointed out that it will be desirable to give the tribunal the power to conduct such investigations as it may find to be necessary. It is not anticipated that such investigations will be necessary, but, in the event that the evidence presented on behalf of the two Governments or the interested parties, discloses a difference of opinion, it would be most unfortunate if the tribunal lacked the power to make such independent inquiries as were necessary to settle these possible points of difference. Further, the door might well be left open to the two Governments to devise some simpler method of dealing with the situation that arises in either of two events namely, in the event that the tribunal decides that no damage has been caused since January 1, 1932, or in the event that the tribunal decides that damage has been caused and recommends a schedule for further reduction in the frequency duration and concentration of sulphur dioxide visitations and that such reduction has been brought about pursuant to the recommendation. In such event, contingencies subsequently arising might be met without continuing existence of the tribunal.

14. It is hoped that your Government will recognize that these suggestions do not involve any departure in principle from the main lines of your third proposal and that they may prove acceptable. Further, they avoid the necessity for rejecting the Report of the International Joint Commission. Your third proposal, fairly construed,

can be regarded as a modification of the methods for dealing with matters necessarily left undetermined by the Commission, preserving those fundamental elements in the Commission's Report which have met with the approval of both Governments. The Canadian Government, in indicating its willingness to go this far in seeking a fair solution of the problem, does not desire to be understood as conceding that this is an international question in the strict sense. The suggestions are made without prejudice to the position as stated in Paragraphs 5 to 8, inclusive, of my note. They are made in accordance with the general policy as outlined in Paragraph 9 of my note and as being a further attempt to explore all possible avenues, with a view to obtaining a friendly neighbourly and fair solution to the problem.

Accept [etc.]

R. B. BENNETT

711.4215 Air Pollution/468

Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser

[WASHINGTON,] February 26, 1934.

On receipt of despatch No. 424 of February 24, 1934, from the American Legation at Ottawa, transmitting a copy of a note dated February 22, 1934, which the Legation received from the Department of External Affairs of Canada accepting in principle the third proposal made in the Department's No. 194 of January 27 to the American Legation at Ottawa, I discussed the matter with Mr. Hackworth.⁴⁰

I expressed the view that there was no objection to having one or two scientists on each side to assist the judge but that it was undesirable to provide in the agreement any limitation on the selection of the scientists. I stated further that I thought that the Canadian note offered favorable prospect of being able to get together although I could foresee possibilities of difficulties in reducing the generalities in which both sides had expressed themselves to concrete language in convention form. I expressed the view that it would be useless to go to Ottawa until the matter of the personnel of the tribunal was cleared up.

Shortly after noon, Mr. Hackworth informed me that he had discussed the matter with Mr. Moore⁴¹ who had taken the position that we could not agree to any provision in the proposed agreement limiting the parties in the selection of scientists.

About 3 p. m. today I called Mr. Boal⁴² at Ottawa and explained to him that while we were glad to acquiesce in the suggestion that one

⁴⁰ Green H. Hackworth, Legal Adviser.

⁴¹ R. Walton Moore, Assistant Secretary of State.

⁴² Pierre de L. Boal, First Secretary of the American Legation.

or two scientists be supplied on each side to assist the umpire, we were not willing to place any limitation on the selection of the scientists. We would agree to have scientists associated with the judge but both sides should be free to make their own selection without limitation of any kind. I added that the United States, of course, would select the most competent men available.

I informed Mr. Boal that if the Canadians concurred in the matter of selecting scientists, I would be permitted to go to Ottawa and that there was no use going until this point had been cleared up. I added that I thought that other points would yield to discussion.

711.42157 Air Pollution/466

The Secretary of State to the Minister in Canada (Robbins)

No. 259

WASHINGTON, March 14, 1934.

SIR: I acknowledge the receipt of your despatch No. 412 of February 17, 1934, transmitting a copy of a note received from the Secretary of State for External Affairs of Canada in reply to the communication which you were directed by instruction No. 194 of January 27, 1934, to address to the Canadian Government in regard to the Trail Smelter matter.

I desire at the outset to express appreciation of the prompt attention given to the Legation's note of January 30, 1933 [1934], by the Canadian Government.

I shall refer, in numerical order, to the paragraphs of the note of the Secretary of State for External Affairs.

1-2. It is not deemed necessary to discuss the first and second paragraphs of the note.

3. The only comment which I desire to make in regard to the third paragraph is that I cannot acquiesce in the statement contained therein that when the smelter was first established at Trail the Columbia Valley south of the international boundary was not a distinctively agricultural district but was a smelter area.

4. I offer no comment in regard to the fourth paragraph.

5. I do not acquiesce in the view suggested in paragraph five that the matter was not one to be dealt with by the two Governments, nor do I concur in the statement contained in the fifth paragraph that the injury in the State of Washington was not a continuing injury.

6-8. I do not concur in the view expressed in paragraphs six to eight that a statement on the part of the Canadian Government that United States interests injured by the operation of the smelter could seek redress in the Canadian courts would have constituted a sufficient or an appropriate answer to a complaint by the Government of the

United States, nor do I agree that it would have been appropriate for the Canadian Government to disclaim responsibility in the circumstances.

9. I offer no comment in regard to paragraph nine except to observe that the position stated in paragraph eight that the Canadian Government could have disclaimed responsibility in the premises is suggested in paragraph nine.

10-12. I offer no comment on paragraphs ten to twelve.

13. With respect to the statement made in paragraph thirteen that only the strongest grounds could justify the rejection of the report of the International Joint Commission and that the report recommends "a solution fair to all parties concerned", it may be stated that the report of the Commission is not acceptable to the Government of the United States for reasons stated in instruction No. 194 of January 27, 1934. I feel that the reasons summarized at page thirty-two of that instruction constitute strong grounds. I regret my inability to concur in this view of the Canadian Government that the report recommended "a solution fair to all parties concerned."

14. I do not find myself in accord with the statement made in paragraph fourteen that detailed objections raised in instruction No. 194 of January 27, 1934, did not relate to the essential character of the recommendation. One of the detailed reasons emphasized in instruction No. 194 was that the Commission in fixing three hundred and fifty thousand dollars as the amount to be paid for past damages acted on the expectation that damage would be greatly reduced or eliminated in 1931. The answer of the Commission to the Third question of the reference clearly indicates that the Commission entertained that expectation. I am convinced that the expected reduction in damage did not occur. This relates to the essential character of the recommendation.

Among the reasons stated in instruction No. 194 why the report of the Commission was not acceptable was that if paragraph *g* of the answer to question five were adopted, it would undoubtedly be contended that substantial elements of damage were thereby eliminated from future consideration. This relates to the essential character of the recommendations.

The reasons why the Government of the United States is unwilling to adopt the report of the International Joint Commission were summarized at page thirty-two of instruction No. 194. I do not regard the reasons assigned as unrelated to the essential character of the recommendations.

With respect to the statement made in paragraph fourteen that the detailed objections were based on doubts as to the true meaning of the provisions of the report, it may be said that, while some of the provi-

sions of the report are uncertain of meaning, other provisions are clear of meaning and are not acceptable notwithstanding the absence of ambiguity.

With respect to the expression contained in paragraph fourteen of the hope that the Government of the United States would reconsider the matter with a view to accepting the report and embodying the essential provisions with such clarification of meaning and adjustment of method as are desirable in the form of an international agreement, it may be observed that in the note of December 26, 1933,⁴³ the Canadian Government proposed the acceptance of the report in its entirety. It is not clear what the Canadian Government regards as essential provisions distinguished from provisions which may not be regarded as essential nor is it apparent how the two Governments can clarify the meaning of the report. Since it appears that the Canadian Government is under the impression that the reasons assigned on the part of the Government of the United States for being unwilling to accept the report of the Commission are attributable to misunderstanding of the meaning of the report, I shall be glad to consider any concrete proposal which the Canadian Government feels would have the effect of removing the misunderstanding and of counteracting the reasons stated in instruction No. 194.

The first point stated under paragraph fourteen seems to indicate that it is thought that the unwillingness of the Government of the United States to accept the proposal that an investigation be made into the effect of the remedial works installed at the smelter is attributable to the uncertainty of the meaning of that proposal. I do not feel that the proposal of the Canadian Government that the effect of the remedial works be investigated was uncertain in meaning.

The reasons why this proposal is not acceptable were stated fully in instruction No. 194. As stated in that instruction, it is the view of the Government of the United States that acute, chronic, cumulative and permanent injury has been done and is continuing in the State of Washington.

It may be added that, in order to ascertain the effect of the remedial works, it would be necessary to inquire what conditions would have been if the remedial works had not been put into operation. The Government of the United States has no interest in knowing what conditions might have been if remedial works had not been installed, but is concerned with conditions as they actually have been and as they actually are and with bringing about cessation of injury and adequate indemnification.

The questions which the Government of the United States desires to have answered are indicated by the three proposals made on pages

⁴³ *Foreign Relations*, 1933, vol. II, p. 62.

thirty-three to thirty-five of the instruction No. 194. The proper purposes of the Government of the United States to deal with conditions as they actually have been and as they actually are and to bring about cessation of injury and adequate indemnification should be accomplished without consuming time and exerting effort to ascertain what conditions in the State of Washington might have been if a regime different than what actually obtained had been maintained.

The Government of the United States does not object to the Canadian Government studying the effect of the remedial works, but is unwilling to postpone an arrangement for indemnification and for termination of injury until its studies are concluded.

In discussing the second point stated under paragraph fourteen of the Canadian note, it is stated that it appears to be assumed that the Canadian Government ought to accept without question the statements contained in instruction No. 194 to the effect that damage has been caused in the State of Washington since January 1, 1932. This statement occasions no little surprise. On page eighteen of instruction No. 194, I stated:

“I do not ask or expect that any questions which arise shall of necessity be decided in accordance with the contentions of United States interests. I assume that Canada would not expect that any questions relevant to the present controversy shall necessarily be decided in accordance with the contentions of Canadian interests. I am willing that any relevant questions shall be submitted to a neutral jurist or tribunal for final determination.”

The first proposal made in instruction No. 194 of January 27, 1934, beginning at page thirty-three of that instruction, left open for final determination by an impartial jurist the entire question of indemnification. The second proposal, beginning on page thirty-four of that instruction, left open the questions whether damages have occurred and are occurring, whether the nuisance shall be abated, what concentration of sulphur dioxide should be permitted and what indemnification should be paid. The third proposal, found on page thirty-five of the instruction, fixed an indemnity for damage which occurred prior to January 1, 1932, and left for determination by an impartial jurist the questions whether the smelter had ceased to cause injury subsequent to January 1, 1932, whether the smelter should be required to refrain from causing injury, what concentration of sulphur dioxide should be permitted and what indemnity should be paid for injury occurring subsequent to January 1, 1932.

Considering the lengths to which I have gone to propose a fair solution of this controversy and the express declaration that I did not expect that any question which would arise should of necessity be determined in accordance with the contentions of United States interests, I exceedingly regret that the Canadian Government should have

gained the impression that the Government of the United States assumed that any statement of position made on its behalf with respect to the pending controversy should be accepted by the Canadian Government without question.

I repeat that I am willing that any question relevant to this long standing controversy shall be submitted to a neutral jurist or tribunal for final determination.

Third. In view of the comment made with respect to the first and second points stated under paragraph fourteen of the Canadian note, discussion of the third point seems to be unnecessary.

Fourth. I have no comment to offer on the fourth point stated under paragraph fourteen of the Canadian note.

Fifth. Extended discussion of the fifth point stated under paragraph fourteen of the Canadian note is deemed unnecessary. It is in order, however, to state that the paragraphs of the Legation's note to which reference is made in the fifth point were used in stating reasons why the proposal of the Canadian Government that the report of the Commission be incorporated in a convention was not acceptable to the Government of the United States. The following statement was made in instruction No. 194 in opening the discussion on Article 1 of the draft convention proposed by the Canadian Government:

“It is proposed by this article that the two Governments shall accept the Report of the International Joint Commission incorporated in a convention and undertake to carry out the obligations under the Report. This proposal of the Canadian Government necessitates a full and frank statement of the attitude of the Government of the United States with respect to the Report of the International Joint Commission on the Trail Smelter reference.”

Attention may be called also to the following statement made on page eight of instruction No. 194.

“The proposal of the Canadian Government, however, necessitates the acceptance of the Report in its entirety by the Government of the United States or the rejection of it. If the Report is not accepted, the Canadian proposal leaves no alternative but to reject it and to state reasons for so doing.”

Sixth. The statement made in the sixth point under paragraph fourteen of the Canadian note that “it was assumed that damage would continue throughout the year 1931 because the works could not be effective until they were completely in operation” arrests attention. Comment on this statement is deemed to be unnecessary beyond setting out in relation to it the answer made in the report on the third question of the reference, which reads as follows:

“Provided that the Company having commenced the installation and operation of works for the reduction of such fumes proceeds with such works and carries out the recommendation of the Commission

set forth in answer to question (5), the damage from such fumes should be greatly reduced if not entirely eliminated by the end of the present year."

It will be recalled that the report of the Commission was rendered on February 28, 1931.

Seventh. The statement made in the seventh point under paragraph fourteen of the Canadian note to the effect that injuries caused prior to January 1, 1932, but which were not apparent on that date, were included in the \$350,000 is noted. Inasmuch as no portion of the report of the Commission has been adopted, it is probably useless here to indulge in further discussion as to the meaning of the report. It may be stated, however, that the Government of the United States does not share the view that the Commission appraised and included in the lump sum of \$350,000 damage which had not occurred and which was not apparent prior to January 1, 1932.

With respect to the last paragraph of the seventh point stated under paragraph fourteen, it may be said that the statement there made as to damage reveals a concept of the damage problem wholly at variance with the views entertained on the part of the Government of the United States.

The Canadian Government seems to envisage only occasional instances of injury. As stated on page 21 of instruction No. 194 of January 27, 1933 [1934]:

"I am advised by experts and am convinced that for a considerable time before the stacks were elevated at the smelter, chronic, cumulative and permanent injury as well as acute damage caused by sulphur dioxide coming from the smelter at Trail was occurring and is still occurring in the State of Washington."

It should be added that any project which does not comprehend all aspects of damage would inflict an unconscionable injury on United States interests affected by the operation of the smelter at Trail and would be unacceptable to the Government of the United States.

To avert giving the impression that I assume that the Canadian Government ought to accept any assertion of position without question, I hasten to reiterate that I do not ask or expect that any questions which arise shall of necessity be decided in accordance with the contentions of United States interests.

Eighth. In the eighth point stated under paragraph fourteen of the Canadian note, issue is taken with the position stated in instruction 194 that chronic, permanent and cumulative injury is being done in the State of Washington, and it is stated that the question whether such injury is being done or will be caused is one that must be determined by some competent and impartial body, presumably the agency

which will be constituted under the proposed agreement. With this observation I am happy to express full accord.

With respect to the last paragraph of the eighth point, it may be stated that the effective abatement of damage and adequate indemnity for damage caused is the objective of the Government of the United States. It is apparent that there are differences of opinion between the two Governments as to what would constitute effective abatement and what would constitute adequate indemnity. These differences, like the question whether chronic, permanent and cumulative injury is occurring, should be submitted to the impartial body referred to by the Canadian Government.

Ninth and Tenth. It is deemed unnecessary now further to comment on the ninth and tenth points stated under paragraph fourteen of the Canadian note.

Eleventh. With respect to the observation made in the eleventh point stated under paragraph fourteen of the Canadian note that the view that occasional instances of damage would involve chronic, cumulative and permanent damage is a contested issue, it may be said that the report of the Commission made no provision for indemnification for chronic, cumulative and permanent injury. This omission constituted a serious objection to the report. In view of the statement made in the eighth point under paragraph fourteen of the Canadian note that the question whether chronic, permanent and cumulative injury is being done or will be continued is one to be determined by some competent and impartial body, with which I agree, further discussion of the eleventh point is deemed unnecessary.

Twelfth to Fourteenth. No comment is offered on the twelfth, thirteenth and fourteenth points stated under paragraph fourteen of the Canadian note.

Fifteenth. As to the statement made in the fifteenth point stated under paragraph fourteen of the Canadian note that the claims on behalf of Stevens County and on behalf of business men and professional men were not based on any recognized legal principle, it may be said that the Commission did not reveal that reason for rejecting the claims.

Sixteenth and Seventeenth. No comment is deemed necessary on the sixteenth and seventeenth points stated under paragraph fourteen of the Canadian note.

15-17. As to paragraphs 15 to 17 of the Canadian note, it may be reiterated that the objective of the Government of the United States is to bring about cessation of injury and adequate indemnification. I feel that any arrangement short of cessation of injury and adequate indemnification would not constitute "a solution fair to all parties concerned".

My attitude with respect to the acceptance of the \$350,000 for damage which occurred prior to January 1, 1932, was stated at page thirty of instruction No. 194. I am not prepared to acquiesce in the Canadian declaration that the sum of \$350,000 would constitute adequate and generous compensation.

My views regarding "occasional damage", "air pockets" and "unusual atmospheric conditions" are stated on page twenty-one of instruction No. 194. I do not desire to make any commitment which would interfere with the attainment of cessation of injury and adequate indemnification. If any point is definitely determined in the proposed agreement, it should be done consistently with cessation of injury and adequate indemnification. Any submission of a question or questions to an impartial body for decision should admit of determination in accordance with the same objectives.

18. I, of course, have no desire to impair the usefulness of the International Joint Commission. I do not feel that failure to accept the advisory expressions of that body should impair the usefulness of the Commission. While for reasons stated in instruction No. 194, I do not feel that the report of the Commission on the Smelter Reference is acceptable, yet I consider that the reference of the matter to the Commission was far from useless. The Commission conducted a most thorough investigation and brought to view much information which was indispensable to a proper consideration of the problem precipitated by the operation of the smelter at Trail.

It appears from the communication of the Canadian Government that it is felt that most of the reasons given in instruction No. 194 why the proposal of the Canadian Government is not acceptable are attributable to misunderstandings and that the Canadian Government is under the impression that the objections can be removed by interpretation of various provisions of the report of the Commission and of the Canadian proposal. I shall be glad to consider any concrete proposal which the Canadian Government desires to offer with a view to removing the objections which were voiced in instruction No. 194.

I am sure that it is unnecessary further to emphasize the urgency of the matter.

Please communicate the foregoing to the Department for External Affairs of Canada.

The note of February 22, 1934, from the Department of External Affairs of Canada, copy of which accompanied your despatch No. 424 of February 24, 1934, is the subject of conversations at Ottawa. I shall defer answering that note until the outcome of those conversations is known.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

711.4215 Air Pollution/492

The Minister in Canada (Robbins) to the Secretary of State

No. 517

OTTAWA, April 11, 1934.

[Received April 13.]

SIR: I have the honor to refer to previous correspondence on the subject of the Trail Smelter question and to transmit herewith copy of a note on this subject received this morning from the Secretary of State for External Affairs.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

The Canadian Secretary of State for External Affairs (Bennett) to the American Minister (Robbins)

No. 26

OTTAWA, April 10, 1934.

SIR: I have the honour to invite further reference to your note No. 172, dated the 30th January, 1934, and to my notes Nos. 13 and 15, dated the 17th and 22nd February, respectively, all relating to the Trail Smelter question.

Substantial progress has already been made by representatives of the Department of External Affairs and the Department of State of the United States, in preparing a draft convention along the general lines suggested in your note No. 172, and in my note No. 15, referred to above. A new aspect of the problem, however, has arisen, which suggests the necessity of some further consideration before the terms of the draft convention can be settled for submission to the two Governments.

In my note No. 13, referred to above, when discussing the feasibility of the complete elimination of damage, it was pointed out that a principle should not be established in this case which would potentially involve a shutting down of existing industries of various types in industrial communities, and sterilizing further development, within a broad zone, in the Dominion of Canada and the United States of America, stretching from coast to coast along the international boundary-line. In your note No. 172, and particularly on pages 33, 34, and 35, it is contemplated that the proposed convention should provide for the establishment—after adjudication either by a neutral arbitrator or by a tribunal with a neutral chairman—of the maximum frequency, duration and concentration of sulphur dioxide visitation which might be permitted in the State of Washington without causing injury. It was assumed, of course, that the maximum thus established would govern not only cases in which sulphur dioxide was drift-

ing across the international boundary from Canada into the United States, but also cases in which sulphur dioxide was drifting across the international boundary-line from the United States into Canada.

In order to explore the possible effect of the establishment of such a regime in other parts of the international boundary-line, experiments have been conducted on behalf of the Canadian Government for the purpose of surveying the drifting of sulphur dioxide into settled portions of the Dominion of Canada, at other parts of the international frontier. Preliminary studies have been made of the drifting of sulphur dioxide from the industrial area of Detroit, and it has been ascertained that substantial concentrations of sulphur dioxide are being sent across the international boundary-line from the Detroit industrial areas. So far, it has not been practicable to make investigations at other points, such as the Niagara frontier, or to complete the Detroit investigations. It has, however, been proved that the drifting of smoke from the Detroit area far exceeds the limits proposed in your note on pages 33 and 34, and that, in respect to maximum concentration at any rate, it is more serious than any of the conditions referred to on pages 12 and 13 of your note. Indeed, the maximum concentration so far established on the Canadian side of the international boundary-line opposite Detroit, exceeds the maximum concentration that has been found at any time in the Northport area by either the United States or Canadian investigators.

This condition is so serious that it suggests the necessity for further inquiries before finally determining the scope of the proposed investigation.

It would obviously be a serious matter for the industrial communities at Detroit, Buffalo and elsewhere on the international boundary-line, to have established a rule which would make it impossible for them to continue their industrial activity. There may well be instances where Canadian industries, other than that conducted at the Trail Smelter, might equally be prejudiced by the establishment of such a rule.

If the further investigations, which are being conducted, establish other instances where sulphur dioxide is being emitted from industrial plants so as to drift across the international boundary-line, it may well be necessary to extend the scope of the proposed convention so as to enable the tribunal to inquire into these other instances and to establish the measures of compensation and the rules which are suitable for the regulation, in this respect, of industrial activity at all points in the vicinity of the international boundary-line.

Accept [etc.]

R. B. BENNETT

711.4215 Air Pollution/468

The Secretary of State to the Minister in Canada (Robbins)

No. 300

WASHINGTON, April 14, 1934.

SIR: Referring to the Legation's despatch No. 424 of February 24, 1934, and to the enclosure which accompanied that despatch, I enclose herewith two copies of a draft of a proposed convention which was drawn subject to further consideration and change when Mr. J. E. Read of the Canadian Department for External Affairs was in Washington, from March 10 to March 14, 1934.

As indicated above, the proposed convention was drawn subject to further consideration and change. It is felt after further consideration and in the light of developments that it would be desirable to make some changes in the proposed agreement.

A report on the condition of the atmosphere in Stevens County for the period from February 1 to February 20, 1934, has now been received. I regret to note that the report of the automatic recorders at Northport, Washington, and Boundary, Washington, reveal that a very unsatisfactory condition obtained. The presence of sulphur dioxide was recorded at Northport on ninety-five percent of the days and seventy-seven percent of the hours. The maximum concentration of sulphur dioxide which was recorded in the twenty days was .69 p.p.m. The longest visitation of sulphur dioxide continued 98.67 hours.

At Boundary, sulphur dioxide was present ninety-five percent of the days and sixty-nine percent of the hours. The highest concentration of sulphur dioxide was 1.35 p.p.m. The longest visitation of sulphur dioxide continued 44.33 hours.

The sum of \$350,000 is deemed inadequate indemnification for the period up to January 1, 1932, and, in view of increasing intensity of visitations of sulphur dioxide and of the delay experienced in coming to an agreement to adjust this difficulty, I feel that the sum mentioned ought not to be accepted, and that the whole question of damages ought to be submitted to the proposed Tribunal for determination. I feel, moreover, that the first question stated in Article III of the draft of the proposed agreement would not admit of adequate protection of United States interests.

Accordingly, I propose that the substance of Article I be omitted from the agreement, and that the three questions included in Article III be stated as follows:

1. Is the Trail Smelter required by law to refrain from causing injury in the state of Washington in the future?
2. Same as in the proposed agreement.

3. What indemnity shall be paid for damage which occurred prior to the date this convention becomes effective and which occurs subsequent to that date?

With the changes suggested above the proposed agreement would admit of the adjudication by an impartial tribunal on a basis of legal right of the question of abatement and the question of damage from the time injury in the State of Washington began. I am sure that the Canadian Government will agree that United States interests are entitled to a full and impartial adjudication on a basis of legal right of all questions arising out of the presence in the State of Washington of sulphur dioxide from the Smelter at Trail. Any arrangement which would not admit of a full and impartial adjudication would be prejudicial to injured United States interests. Such an adjudication would be eminently fair to the trespassers.

Other changes in the proposed agreement are suggested as follows:

It is desired that the word "practice" be omitted from Article IV of the proposed convention. This omission would admit of having the questions decided in accordance with law.

I feel that the three months' period mentioned in Article II within which the non-national judge is to be selected, would require the making of a choice at an unnecessarily early date, considering the length of time which, according to Article V, would elapse before the case would be submitted to the Tribunal.

There would seem to be no occasion to agree on the non-national judge or to request the President of the Permanent Administrative Council of the Permanent Court of Arbitration to select one until the first pleadings were exchanged which, according to Article V, would be nine months after the exchange of ratifications of the convention. It is suggested, therefore, that nine months might be substituted for three months in Article II of the draft. This period, of course, could be shortened should it for any reason be desirable to shorten the period for the first exchange of pleadings prescribed in Article V.

Depending upon the conditions obtaining when and if the proposed convention is signed, it may be desirable to provide a somewhat shorter period for making the first exchange of pleadings. This change might be desirable should the proposed convention not be signed in time to admit of its presentation to the Senate to obtain the advice and consent of that body to ratification in the present session of Congress.

For the convenience of the Government of the United States in apportioning any indemnity which the Tribunal awards, it is desired that a paragraph reading as follows be added to Article III of the proposed agreement:

"The indemnity which the Tribunal decides, pursuant to the third question stated in Article III, to be payable shall be paid to the Secretary of State of the United States to be deposited in the United States Treasury."

I am sure that the Canadian Government appreciates the necessity of finding an early solution of this matter. United States Senators

and Members of Congress from the State of Washington are deeply concerned about the delay in reaching an agreement. The matter is of such character as to require immediate adjustment. I hope that the Canadian Government can see its way to give the matter immediate attention, and that the proposed agreement, modified as suggested above, may be signed in time to submit it to the United States Senate for the advice and consent of that body to ratification before the present session of the Congress adjourns. Unless the agreement is signed within a month, it is improbable that the consent of the Senate to ratification can be obtained before adjournment.

Please communicate with the Department for External Affairs in the sense of the foregoing and urge expeditious action. Follow the matter closely and report developments.

If you have not communicated to the Department for External Affairs the contents of instruction No. 259 of March 14, 1934, please do so forthwith.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

[Enclosure]

Tentative Draft Convention Agreed Upon by Mr. J. A. Metzger of the Office of the Legal Adviser, Department of State, and Mr. J. E. Read, Legal Adviser to the Canadian Department for External Affairs

Whereas the Government of the United States has complained to the Government of Canada that fumes discharged from the smelter of the Consolidated Mining and Smelter Company, at Trail, British Columbia, have been causing damage in the State of Washington;

Whereas the International Joint Commission established pursuant to the convention of January 11, 1909, between the United States and Great Britain investigated problems arising from the operation of the smelter at Trail and rendered a report and recommendations thereon dated February 28, 1931; and

Whereas the desirability and necessity of affecting a permanent settlement of the problems arising from the drifting of sulphur dioxide from the smelter into the State of Washington is recognized:

The President of the United States and His Majesty for the Dominion of Canada have named as their respective plenipotentiaries:
The President of the United States of America—

His Majesty for the Dominion of Canada—

Who, after having communicated to each other their respective full powers found in good and due form, have agreed upon the following articles:

ARTICLE I

The Government of Canada will cause to be paid into the Treasury of the United States at Washington, within three months after ratifications of this Convention have been exchanged, the sum of three hundred and fifty thousand dollars, United States currency, in payment of all damage which occurred in the United States, prior to the first day of January, 1932, as a result of the operation of the Trail Smelter.

ARTICLE II

The Governments mutually agree to constitute a tribunal, hereinafter referred to as "the Tribunal", for the purpose of deciding the questions referred to it under the provisions of Article III of this Convention. The Tribunal shall consist of a chairman and two national members.

The chairman shall be a jurist of repute who is neither a British subject nor a citizen of the United States. He shall be chosen by the Governments, or, in the event of failure to reach agreement within three months after the exchange of ratification of this Convention, by the President of the Permanent Administrative Council of the Permanent Court of Arbitration at The Hague described in Article 49 of the Convention for the Pacific Settlement of International Disputes concluded at The Hague on October 18, 1907.⁴⁴

The two national members shall be jurists or scientists of repute, who have not been associated, directly or indirectly, in the present controversy. One member shall be chosen by each of the Governments.

The Governments may each designate a scientist to assist the Tribunal.

ARTICLE III

The Tribunal shall finally decide the questions hereinafter referred to as "the Questions" set forth hereunder, namely,

- (1) Shall the Trail Smelter be required to refrain from causing injury in the State of Washington in the future and if so, to what extent?
- (2) What is the maximum frequency, duration and concentration of sulphur dioxide visitations which can be permitted in the State of Washington in accordance with the decision of the preceding question?
- (3) What indemnity shall be paid for damage, if any, which has occurred or may occur after January 1, 1932?

ARTICLE IV

The tribunal shall apply the law and practice followed in dealing with cognate questions in the United States of America as well as

⁴⁴ *Foreign Relations*, 1907, pt. 2, p. 1181.

International Law and Practice, and shall give consideration to the desire of the High Contracting Parties to reach a solution just to all parties concerned.

ARTICLE V

The procedure in this adjudication shall be as follows :

1. Within nine months from the date of the exchange of ratifications of this agreement the Agent for the Government of the United States shall present to the Agent for the Government of Canada a statement of the facts on which the Government of the United States rests its complaint and petition;

2. Within a like period of nine months from the date on which this agreement becomes effective, as aforesaid, the Agent for the Government of Canada shall present to the Agent for the Government of the United States a statement of facts relied upon by the Government of Canada, together with the supporting evidence;

3. Within three months from the date on which the exchange of statements and evidence provided for in paragraphs 1 and 2 of this Article is completed each Agent shall present in the manner prescribed by paragraphs 1 and 2 an answer to the statement of the other with any additional evidence and such argument as he may desire to submit.

ARTICLE VI

When the development of the record is completed in accordance with Article V hereof the Government of the United States and the Government of Canada shall forthwith cause to be forwarded to each member of the Tribunal a complete set of the statements, answers, evidence and arguments presented by their respective Agents to each other.

ARTICLE VII

After the delivery of the record to the members of the Tribunal in accordance with Article VI the Tribunal shall convene at a time and place to be agreed upon by the two Governments for the purpose of deciding upon such further procedure as it may be deemed necessary to take. In determining upon such further procedure and arranging subsequent meetings, the Tribunal will consider the individual or joint requests of the Agents of the two Governments.

ARTICLE VIII

The Tribunal shall hear such representations and shall receive and consider such evidence, oral or documentary, as may be presented by the Governments or by interested parties, and for that purpose shall have power to administer oaths. The Tribunal shall have authority to make such investigations as it may deem necessary and expedient consistent with other provisions of this agreement.

ARTICLE IX

The Chairman shall preside at all hearings and other meetings of the Tribunal, and shall rule upon all questions of evidence and procedure. In reaching a final determination of each or any of the Questions, the Chairman and the two members shall each have one vote, and in the event of difference, the opinion of the majority shall prevail, and the dissent of the Chairman or member as the case may be, shall be recorded.

In the event that no two members of the Tribunal agree on a question the Chairman shall make the decision.

ARTICLE X

The Tribunal shall report to the Governments its decisions and reasons therefor as soon as it has reached its conclusions in respect to the Questions, and within a period of three months after the conclusion of proceedings. Such period may be extended by agreement of the two Governments.

Upon receiving such report, the Governments may make arrangements for the disposition of subsequent aspects of the third Question, and it shall not be necessary for that purpose to continue the Tribunal.

ARTICLE XI

The Government of Canada undertakes to take such action as may be necessary in order to ensure due performance of the obligations undertaken hereunder, in compliance with the decision of the Tribunal.

ARTICLE XII

Each Government shall pay the expenses of the presentation and conduct of its case before the Tribunal and the expenses of its national member and scientific assistant.

All other expenses which by their nature are a charge on both Governments, including the honorarium of the neutral member of the Tribunal, shall be borne by the two Governments in equal moieties.

ARTICLE XIII

This agreement shall be ratified in accordance with the constitutional forms of the Contracting Parties and shall take effect immediately upon the exchange of ratifications, which shall take place at as soon as possible.

IN WITNESS WHEREOF, the respective Plenipotentiaries have signed this agreement and have hereunto affixed their seals.

Done in duplicate at this day of nineteen hundred and thirty-four.

711.4215 Air Pollution/499

The Chargé in Canada (Boal) to the Secretary of State

No. 533

OTTAWA, April 17, 1934.
[Received April 23.]

SIR: I have the honor to refer to the Department's instruction No. 300 of April 14, 1934, relative to the Trail Smelter question, and to report that in compliance therewith I have addressed a note to the Canadian Department of External Affairs embodying the observations set forth in the Department's instruction No. 259 of March 14, 1934. In view of subsequent developments I thought it advisable to omit from my note to the Canadian government the observations contained in the final paragraph on page 14 of the Department's instruction No. 259.

Respectfully yours,

PIERRE DE L. BOAL

711.4215 Air Pollution/492

The Secretary of State to the Minister in Canada (Robbins)

No. 303

WASHINGTON, April 18, 1934.

SIR: I acknowledge the receipt of the Legation's despatch No. 517 of April 11, 1934, transmitting a note dated April 10, 1934, which the Department of External Affairs of Canada addressed to the Legation, relating to the Trail Smelter matter.

It is stated in the second paragraph of the Canadian note that a new aspect of the problem had arisen which suggests the necessity of further consideration before a draft of a convention dealing with the Trail Smelter matter can be submitted to the two Governments. It is understood that the Canadian Government refers to the conditions which that Government found to exist at Detroit, Buffalo and other places along the international boundary as a new aspect of the Trail Smelter problem.

I do not feel that conditions at Detroit, Buffalo and other places can be regarded as an aspect of the Trail Smelter case. Correspondence between the two Governments in regard to the Trail Smelter matter began in 1927, and it has throughout been considered as a problem in itself, separate and distinct from questions arising elsewhere on the international boundary. No mention has at any time been made, prior to April 10, 1934, in the correspondence between the two Governments relating to the Trail Smelter matter of conditions at Detroit, Buffalo or elsewhere on the international boundary.

The Trail Smelter matter was investigated by the International Joint Commission, and the Commission rendered its Report in February, 1931. The questions now raised by the Canadian Government

have not been so investigated. Correspondence with the Canadian Government following the Report of the Commission on the Trail Smelter Reference was opened by the note of the Legation to the Department of External Affairs dated February 17, 1933. Since that time there have been a number of exchanges of communications without mention therein of conditions at Detroit, Buffalo and elsewhere.

I do not feel that conditions at Detroit, Buffalo and other places along the international boundary can be regarded as an aspect of the Trail Smelter problem or that those conditions can properly be injected at this time into the discussion pertaining to the Trail Smelter matter.

In the third paragraph of the note of April 10, 1934, reference is made to a statement contained in the Canadian Government's note of February 17, 1934, to the effect that a principle should not be established in the Trail Smelter case which would potentially involve a shutting down of existing industries of various types in industrial communities in the Dominion of Canada and the United States along the international boundary.

It is not deemed necessary or desirable to establish any principles in the solution of the Trail Smelter matter. Proposals made by the Government of the United States looking to a solution of the Trail Smelter problems have not contemplated the establishment of any principles. It is the view of the Government of the United States that the Trail Smelter case should be determined according to established and recognized principles. The formula proposed in Article 4 of the draft convention referred to in the Canadian note would admit of the application of established principles. I agree that it is not desirable, and feel that it is not necessary, to establish any principles in adjusting the Trail Smelter case. I feel that the questions presented by the operation of the Smelter at Trail, in so far as interests in the United States are affected, can and should be determined by the application of existing recognized principles.

It is stated in the last sentence of the third paragraph of the Canadian note that it was assumed that the maximum frequency, duration and concentration of sulphur dioxide visitations which it was proposed should be determined by a tribunal for the State of Washington would be applicable to other cases in which sulphur dioxide was crossing the international boundary.

There was no suggestion in any of the correspondence exchanged between the two Governments prior to the Canadian note of April 10, that decisions to be made with respect to the Trail Smelter case should have application to any other case or cases which might arise along the international boundary. The Trail Smelter case should be adjudicated according to established principles applicable to that particular case.

Any other case which might arise should be determined according to established principles applicable to that particular case. The Trail Smelter case has been the subject of extensive investigation by both Governments. No showing has been made which would necessitate a conclusion that the questions raised by conditions at Detroit, Buffalo or at Canadian industrial centers along the international boundary would be susceptible of determination by the application of the same principles as would control in determining the questions raised by the Trail Smelter case. There is no occasion at this time to conclude that decisions which might be made with respect to the Trail Smelter case would have application to questions which might arise at other places.

It is not understood that the Canadian Government suggests any definite procedure to be followed with respect to conditions at Detroit, Buffalo and other places along the international boundary. The Canadian note of April 10, seems to contemplate that consideration of the Trail case should be deferred until investigations are completed at Detroit, Buffalo and other places along the boundary and that the provisions in the proposed convention relating to the Trail case be extended to apply to other cases.

I cannot acquiesce in any suggestion that contemplates delay in settling the Trail case. As emphasized above, the Trail case is entirely separate and distinct from questions which are now raised with respect to Detroit, Buffalo and other places on the international boundary. The questions which are now raised by the Canadian Government have not attained the same status that the Trail case has attained. I do not consider that there is any justification for mingling the Trail case with any new questions. The adoption of any suggestion which would have the effect of delaying considerations of the Trail case could not fail to operate to the advantage of the trespassers and to the disadvantage and further injury of the victims of the wrongs. If the Canadian Government will submit concrete proposals as to the procedure which it considers should be followed with respect to the industrial centers to which reference is made in the Canadian note of April 10, 1934, separate from the Trail Smelter case, I shall be glad to consider those proposals. I exceedingly regret that the Canadian Government considers that new cases should be associated with the Trail case. I earnestly hope that the Canadian Government can see its way to proceed expeditiously to the conclusion of an agreement calculated to settle the Trail case.

It is suggested, in conclusion, that conditions at Detroit, Buffalo and other places along the international boundary about which the Canadian Government now expresses concern would more appropriately be referred to the International Joint Commission for investigation and report, as was done with respect to the pollution of boundary waters

under date of August 1, 1912, than to a tribunal such as it has been proposed to establish to adjudicate the Trail Smelter case. To conduct such investigations is one of the purposes for which the International Joint Commission was established and is maintained.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

711.4215 Air Pollution/500

The Chargé in Canada (Boal) to the Secretary of State

No. 536

OTTAWA, April 19, 1934.

[Received April 23.]

SIR: I have the honor to report that I have today discussed with the Prime Minister the Trail Smelter question and enclose herewith a memorandum of the conversation which I have prepared.

Respectfully yours,

PIERRE DE L. BOAL

[Enclosure]

*Memorandum by the American Chargé (Boal) of a Conversation
With the Canadian Prime Minister (Bennett), April 19, 1934*

In the course of a conversation today with the Prime Minister he brought up the subject of the Trail Smelter and asked how we were progressing in the matter. He said that he had been surprised to know the intensity of the fumes coming from various cities along the border. I said that I was not informed as to conditions in these areas, but supposed them to be in each case quite different from those at Trail, and speaking personally wondered whether there had been much damage since I had not heard of complaints. He said that he thought there probably had not been much damage. I said that we had had no response from the Department as yet on the subject of his note, but that my belief was that we would find the Department firmly disposed to treat the Trail Smelter case as the Trail Smelter case and not as a case covering the whole Canadian-United States border. If we were to try to connect up every pending question with all possible future questions, we would have a great deal of difficulty in getting anywhere on any case. The Prime Minister seemed to concur in this.

I said that I could not say much about the outlook of the Trail Smelter matter. I rather felt that the Department might not be able to approve some of the terms of the convention drafted in Washington by Mr. Read and Mr. Metzger when here [*there?*]; on the other hand we had the Canadian Government disposed to bring the whole border into the question before settling this one point. I said I did not know where this state of affairs might lead us unless it led us to some kind of arbitral proceeding. The Prime Minister said that this was a

question which he had hoped to settle long ago and when it first arose, before his time in office, he did not realize how complicated it would be but certainly it was one which should not be allowed to drag on but should be settled as soon as possible because it could do nothing but cause injury if delayed. He said that as for arbitration, if it should be necessary, the machinery to be availed of was good, but it was a very expensive procedure, and on the whole the idea of our country and his going abroad to arbitrate our cases seemed a very undesirable one from the point of view of both of us.

He then said that he had had a good deal of difficulty with the Trail Smelter people. The greatest difficulty he had had, he said, had been in persuading them that they should accept the \$350,000 sum for payment. He said he knew, of course, that our people had equal difficulty on their side on this and other points. This remark of his makes me wonder if he has had any intimation from Herridge in Washington that we were considering abandoning the \$350,000 sum, or whether if the State of Washington claimants asked that it be abandoned or had been told that it would be abandoned this had gotten back to the Trail Smelter people and through them had reached him. He added that when the Trail Smelter suggested that assent to this figure be withdrawn by the Canadian Government he had categorically refused to do so, since having once assented to this he did not feel that the Canadian Government could afford to withdraw its assent. There seems to be no reason why he should raise this particular point of the draft agreement for comment unless he has had some intimation from somewhere and wished to make things awkward for us by implying that his Government would not deem it proper to withdraw on this point under the existing circumstances. It is my impression that he broached the Trail Smelter matter in order to make this point.

I did not pursue this subject any further with him feeling that in view of the Department's instruction we were on delicate ground and I did not wish to be in a position of discussing this matter further with him until I had had further instructions from the Department.

711.4215 Air Pollution/498: Telegram

The Chargé in Canada (Boal) to the Secretary of State

OTTAWA, April 20, 1934—6 p. m.

[Received 9:05 p. m.]

38. Department's instruction number 303 of April 18th, received today, and number 300 of April 14th. These are being combined into one note to be delivered Monday. The Prime Minister yesterday brought up the Trail Smelter question of his own accord to express

earnestly his desire to see the matter solved at the earliest possible moment. I believe he may have had some intimation either from Trail or from Washington that the Department was contemplating withdrawing its assent to the \$350,000 payment. He remarked that the Smelter representatives had urged him to withdraw the Canadian assent to this figure and he had refused on the grounds that having given this assent he did not consider it proper to withdraw under present circumstances. I, of course, made no comment on this phase of the matter but did observe that the Canadian Government's position with regard to the pollution of the air at other points on the border made progress very difficult and I felt convinced that my Government would maintain that the Trail Smelter should be treated as a case on its own merits and could not be held over for, or connected with, an unpredictable series of future cases. The Prime Minister made no attempt to defend the views expressed in the Canadian note on this subject. The Prime Minister made some other remarks which were forwarded in today's pouch.

Read telephoned me today on another matter and remarked incidentally that they had been working actively on the Trail Smelter matter and he felt now that they were getting very close to a position from which he would be able to form a satisfactory basis for reaching an accord with Metzger on this subject.

I respectfully request that Department consider in the light of the Prime Minister's remark whether withdrawal at this time on the \$350,000 provision may not react unfavorably to eventual satisfactory settlement of the case. In my judgment, it is just possible that your instruction number 300 may lead to withdrawal of Canadian acceptance of our third proposal (now number 15).

BOAL

711.4215 Air Pollution/498 : Telegram

The Acting Secretary of State to the Minister in Canada (Robbins)

WASHINGTON, April 21, 1934—4 p. m.

40. Your No. 38, April 20, 6 p. m. Department deems it important that note embodying Nos. 300 and 303 be presented. Department has given assurance this would be done.

PHILLIPS

711.4215 Air Pollution/525

Miss Anna A. O'Neill of the Office of the Legal Adviser to the Legal Adviser (Hackworth)

WASHINGTON, May 31, 1934.

DEAR MR. HACKWORTH: Mr. Metzger telephoned me long distance from Ottawa at 3:15 and dictated the following memorandum which

he requested me to place before you immediately and say that he is awaiting instructions from you as to whether he should continue the negotiations or return to Washington:

"After a number of conversations in which the question whether Article 1 of the tentative draft ⁴⁵ should be omitted was discussed, the Canadians this afternoon informed us definitely that they were unable to conclude any agreement from which Article 1 should be omitted. They gave as their reason that they desired to save that much of the report of the International Joint Commission, and to preserve the standing of the Commission in that way. The President of the Consolidated desires to have Article 1 accepted, the reason stated by him being that his company had spent large sums of money and had used the company's technical staff for a long period of time preparing the case for presentation to the Commission, and he felt that they were entitled to regard the conclusions of the Commission as final to that extent.

"Article 2. The Canadians are willing to substitute the word 'nine' in the fourth line of the second paragraph for the word 'three' as proposed by us but desire 'all scientists' omitted from the first line of the third paragraph of Article 2.

"Article 3. The Canadians are unwilling to accept the change proposed in the Department's No. 300 of April 14, for point 1 in Article 3. They express serious concern about part 2 of Article 3 and are not prepared to state finally that points 1 and 2 of Article 3 as expressed in the tentative draft will be acceptable. They say they cannot give a definite statement as to the acceptable points 1 and 2 of the tentative draft until the weekend.

"They indicate that if Article 1 is retained they will be willing to accept Article 3 as contained in the tentative draft.

"Article 4. The Canadians are unwilling to omit 'and practice' in two places in Article 4.

"My impression from the attitude of the Canadian officials in our conversations is that they might yet yield in the matter of Article 1, and that they are trying to outwait us, and that if they yield on Article 1 I expect they will insist on some revision of points 1 and 2 of Article 3."

[File copy not signed]

711.4215 Air Pollution/525 : Telegram

The Acting Secretary of State to the Minister in Canada (Robbins)

WASHINGTON, May 31, 1934—7 p. m.

61. For Metzger. After careful consideration your telephone conversation Department leaves to your discretion matter of continuing negotiations. If you stay, hope you will be able to obtain and submit for Department's approval definite proposals from Canadians on points at issue before you leave.

PHILLIPS

⁴⁵ *Ante*, p. 927.

711.4215 Air Pollution/525A : Telegram

The Acting Secretary of State to the Minister in Canada (Robbins)

WASHINGTON, June 2, 1934—2 p. m.

63. For Metzger. On June 1 Department advised Raftis⁴⁶ that you could probably obtain at once agreement as drafted provided 350 thousand is accepted; that Senator Dill thought that course was preferable to indefinite postponement of arbitration which it is hoped would result in requiring complete abatement of the nuisance; and that Representative Hill is doubtful about expediency of the course indicated. Raftis was requested to telegraph whether he insisted on the view he had heretofore expressed. The Department has received the following telegram in reply:

“Regarding telegram today. Sentiment here strongly opposes acceptance of award without assurance of abatement of nuisance. Injury from fumes should first cease and then damages assessed to time of stoppage. If no abatement different rule applies and 350 thousand grossly inadequate. Questions of abatements and damage should be decided together with abatement paramount. Acceptance of 1931 award with nuisance still continuing and no assurance now of adequate abatement closes door on injured property owners. Award presupposed elimination or great reduction of nuisance. We concur in Congressman Hill’s view and cannot accept that of Canadians.”

In view of Raftis’ telegram Department feels that unless you can secure agreement on abatement of nuisance, you should refuse to accept Article 1 as originally drafted.

PHILLIPS

711.4215 Air Pollution/532

Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser Concerning Discussions at Ottawa, May 29 to June 3, 1934

[WASHINGTON,] June 7, 1934.

Mr. Boal and I called at the Department of External Affairs about 3:30 p. m. on May 29, and after a brief conversation with Dr. Skelton we had a more extended conversation with Mr. Read, Legal Adviser to that Department.

The conversation with Mr. Read took us more or less over the past history of the Trail Smelter controversy and over matters which had previously been discussed at some length.

In discussing the changes which the Department had proposed to the draft agreement which had been tentatively adopted, it developed

⁴⁶ John T. Raftis, Colville, Washington, representing a number of claimants; telegram not printed.

that on the Canadian side they were unwilling to omit Article I of the proposed agreement, which provided for the payment and acceptance of \$350,000 as indemnity up to January 1, 1932, and, further, that they were reluctant to agree that the tribunal should be authorized to fix concentrations in the State of Washington, as provided in point two of Article III of the tentative draft.

Mr. Read said that to reject the \$350,000 item would be a complete repudiation of the action of the International Joint Commission, which the Canadian Government was not willing to do. He further emphasized that the Department had, up until recently, been willing to accept the \$350,000 feature and he felt that we ought not now to change our attitude.

In answering Mr. Read on this point, it was stated first that it had been hoped that it would not be necessary to urge the acceptance of the proposal to omit the provision in regard to the \$350,000 because it had been understood that the Canadian Government and the Consolidated felt that the \$350,000 was exorbitant, and it had been hoped on our part that the Canadians would welcome an opportunity to have that amount reduced in the proceedings under the proposed new adjudication.

It was stated that it is our feeling that a wrong has been done and an injury sustained; that there is a disagreement as to the magnitude of the wrong and as to the extent of the injury. It was pointed out that a case of this kind, wholly in either country, would be opened from the beginning without limitation or restriction and that the principles by which such a case could be decided are fundamental.

It was stated that we are not asking that elements be injected in the case which are not inherently part of it, and that we seek no advantage, but we desire to get the whole case before a tribunal presided over by a neutral judge. It was observed that it certainly can not be said that it would be unfair to open the question of damages to the beginning; that it would be the fairest treatment that could be accorded to the complainants in the State of Washington; that it would not be unfair to the Canadian interests to open up the whole question of damages and that it would be unfair and unjust to exclude any part of the controversy from adjudication in any agreement concluded by the two Governments.

As to the second point, namely, their unwillingness to have the tribunal fix concentrations which would be the maximum that could be permitted in the State of Washington without causing injury, Mr. Read expressed considerable concern as to the application elsewhere along the border of findings which the tribunal might make. He referred again to the situation at Detroit, although he stated that the Canadians would not insist upon any arrangement for investigation

of the Detroit situation being connected with the Trail Smelter matter. This second point was discussed later with results which will be indicated hereinafter.

We separated on the understanding that we were to meet again on the morning of the 30th.

At about 10 o'clock a. m., May 30, Mr. Boal and I called again on Mr. Read. On this occasion we discussed the tentative agreement, article by article. As to Article I, which provides for the payment and acceptance of \$350,000 Mr. Read stated that it would be necessary for his Department to obtain instructions from the Prime Minister.

The results of the discussion as to other articles of the tentative draft are indicated by the attached memorandum prepared by Mr. Read, marked Annex A.

As to the Department's suggestion that part one of Article III be restated to read,

"Is the Trail Smelter required by law to refrain from causing injury in the State of Washington in the future?"

Mr. Read expressed the view that that formula would be too restrictive on the tribunal and that the use of the proposed revised formula would render it more difficult for his government to accept point 2 of Article III, which would authorize the tribunal to fix the maximum concentration which could be permitted in the State of Washington without causing injury. He stated that if point 1 were allowed to remain as originally stated in Article III, he thought that his government would be willing to accept point 2.

On taking leave of Mr. Read in the forenoon of May 30, it was understood that he would notify Mr. Boal when he was prepared to make any further comment on the position which the Canadian government would adopt with respect to Article I.

After luncheon, at Mr. Boal's residence, attended by Dr. Skelton, Mr. Read, Mr. Boal, Mr. Bonbright and myself, Dr. Skelton and Mr. Read indicated that they felt sure that the Canadian government would not be willing to agree to the omission of Article I. Upon inquiry whether we were to understand that the retention of Article I was *sine qua non* to the concluding of an agreement, and whether we would be warranted in putting the matter up to the Department in that way, Dr. Skelton and Mr. Read hesitated and again stated that it would be necessary for them to get instructions from the Prime Minister. It was then understood that we would not communicate with the Department until we heard further from Dr. Skelton and Mr. Read as to the position of the Prime Minister in the matter.

About 3 o'clock p. m., on May 30, Mr. Boal and I again called on Mr. Read. Mr. Read informed us that he was preparing drafts of an agreement, one draft omitting Article I and the other draft retaining

Article I, the other provisions being such as he understood from our discussions would be acceptable to both sides. In this connection it was explained to Mr. Read that the Department was very anxious to obtain an agreement which would be satisfactory to the complainants in Washington to the extent that their demands were deemed to be reasonable, and that they were very positive in their expressions of dissatisfaction at accepting the \$350,000 and thereby closing the question of damages prior to January 1, 1932. Mr. Read was informed that the Department felt that it was reasonable to open up the question of damages to the beginning, and inasmuch as the complainants insisted upon keeping the question of damages open and the Department felt that it was reasonable to do so and not unfair to the Canadian interests, we were very anxious to have Article I omitted. Mr. Read stated that he felt that the Prime Minister would object very strongly to the omission of Article I, mainly because of the reflection which the failure to accept the \$350,000 would entail against the International Joint Commission. We again left Mr. Read with the understanding that we were to await word from him as to the views of the Prime Minister.

Copies of the drafts of agreement referred to above are attached hereto, marked Annex B and Annex C.⁴⁷

On Thursday, May 31, Mr. Boal and I had lunch with Dr. Skelton and Mr. Read. After lunch, Dr. Skelton and Mr. Read came to the Legation and the matter was again discussed at some length, particularly Article I, which provides for the payment and acceptance of \$350,000 for damage to January 1, 1932. Dr. Skelton and Mr. Read emphasized the importance of accepting the \$350,000 in order to save the standing of the International Joint Commission. At this point, it was pointed out that if, as then seemed probable, we might be unable to reach an agreement to bring about a settlement of this difficult case, or if the United States was obliged to accept an unsatisfactory arrangement, merely to protect the standing of the Commission, it was not at all probable that that purpose would be served because it would then appear that it had not been possible to obtain a satisfactory arrangement because the Commission had functioned on the matter. The position then would be that the Commission would have been instrumental in preventing a satisfactory solution rather than helpful in attaining one. It was pointed out further that if, as is expected on the part of United States scientists, a large part of the region affected by sulphur dioxide will, in the course of a few years, be devastated, there will then be no question as to whether the United States would have been justified in accepting the report of the Commission or any part of it. If expected developments occur, it will be clearly demonstrated that the Commission did not adequately deal with the subject in its report.

⁴⁷ Neither printed.

Should such a situation be allowed to develop, obviously it would not be complimentary to the Commission.

Dr. Skelton remarked at this conference that he had sought instructions from the Prime Minister and the Prime Minister was unwilling to conclude an agreement from which Article I would be omitted. Dr. Skelton was then informed that we would report their position to Washington and ask instructions as to whether we could accept Article I. Accordingly, I then telephoned a message to the Department, copy of which is attached hereto, marked Annex D.⁴⁸

While waiting for instructions from the Department as to whether we could agree to accept Article I, Mr. Read called by telephone and asked whether we could see him if he came to the Legation. That was about 12 o'clock, Saturday, June 2. When Mr. Read came, he apologized for their having given us the impression that they were prepared finally to discuss an agreement, and that, because of their action in so doing, I had gone to Ottawa only to find that they were not ready to discuss final terms, and that they had found it necessary to confer further with the management of the Smelter Company. He explained that he had sent to the Smelter Company's attorney at Toronto copies of the drafts of agreement herein above referred to and that the attorney was unwilling to take the responsibility of advising the Company either to accept or to reject the agreement. He was particularly concerned about the provisions in the proposed agreement which would authorize the tribunal to fix concentrations which could be permitted in the State of Washington without causing injury there. They feared that a tribunal might impose restrictions which would necessitate shutting down the smelter. Mr. Read stated that they had called in the General Manager and the attorney for the smelter from Trail, British Columbia, and that they would not arrive at Ottawa until Thursday, June 7, and that, therefore, they could not discuss the matter further until after that date. He wondered whether I could stay over to resume discussions after they had conferred with the representatives of the Company.

I stated that I would telephone the last developments to the Department and would then decide what course I would take. I then telephoned to Mr. Hackworth and was informed that a telegram⁴⁹ was on the way to me in which I had been directed to refuse to accept Article I unless it could be provided in the agreement that the nuisance was immediately to abate. The telegram to which Mr. Hackworth referred was not received in the Legation until about 10 o'clock Sunday morning. It was decoded immediately. We learned that Mr. Read was at church and Mr. Boal and I went to the church to see Mr.

⁴⁸ See memorandum by Miss Anna A. O'Neill, May 31, p. 936.

⁴⁹ Telegram No. 63, June 2, 2 p. m., to the Minister in Canada, *supra*.

Read. We had a brief conversation in which I informed him of the instructions which had arrived from Washington and remarked that there seemed no longer to be any uncertainty on our part as to whether Article I would be accepted.

Mr. Read remarked that there had been a division of opinion on their side, some of the interested parties feeling that it was necessary to accept Article I, others feeling that it was undesirable to do so, and he indicated that our unwillingness to accept Article I would not obstruct the bringing about of an agreement. He said that they were much more seriously concerned about the limitation on concentrations than they were about Article I.

Mr. Read stated that, when they had finished their conversations with the representatives of the Smelter Company, they would communicate with Mr. Boal and resume discussions with us in that way. I then took the first train for Washington, arriving here at 1:15 p. m., Monday, June 4.

The indications are favorable to the early concluding of an agreement. I am sure that the Canadians are convinced of the fairness of our position. The Canadian authorities, of course, do not desire to force any arrangement on the smelter people and they are consulting them at every move. Much, of course, depends on the outcome of the forthcoming conferences between the Canadian officials and the representatives of the Smelter Company.

ANNEX A

Note on Trail Smelter Agreement

1. This Note is based on the March draft.
2. Comments:

Recitals O. K.

Article I—This raises a basic question of policy which cannot be decided now. The U. S. Government insists upon the Article being deleted, and the Canadian Government is unable to agree to such a course. If it is ultimately decided that the Article is to stay in, its form is satisfactory. If it is decided that it should go out, consequential changes in the numbering of the Articles and in the phraseology of Article III, will follow.

Article II—"Nine" will be substituted for "three", in the second paragraph. "Or scientists" should be deleted from the third paragraph.

Article III—The third question depends upon the settlement of the disposition of Article I. If the U. S. position is accepted, it would then read: "What indemnity shall be paid for damage which occurred prior to the date upon which this convention takes effect, and for damage which occurs subsequent to that date." Otherwise, the Article should stand in its present form.

Article IV—The U. S. desires to have the words “and practice” deleted; but this is strongly objected to by the Canadian Government. Subject to reconsideration, it may be tentatively assumed that the Article will stand in its present form.

Article V—O. K.

Article VI—O. K.

Article VII—O. K.

Article VIII—O. K.

Article IX—O. K.

Article X—In the first paragraph there should be inserted between “proceeding.” and “Subject”, the following sentence:—

“Proceedings shall be deemed to have been concluded when the agents of the two Governments jointly inform the tribunal that they have nothing additional to present.”

Article XI—The indemnity, if any, which the tribunal decides, pursuant to the third question as stated in Article III hereof, to be payable, shall be paid to the Secretary of State of the United States, to be deposited to the United States Treasury.

In the event that Article I is retained in its present form, the same arrangement should be made with regard to payment.

Article XII—O. K.

Article XIII—O. K.

711.4215 Air Pollution/540½

Memorandum by Mr. Jacob A. Metzger of the Office of the Legal Adviser to the Legal Adviser

[WASHINGTON,] July 26, 1934.

MR. HACKWORTH: On June 22, 1934, Mr. Read, Legal Adviser to the Department of External Affairs at Ottawa sent me a draft⁵⁰ of a proposed agreement to settle the Trail smelter controversy. This draft was formulated after the General Manager and attorney for the smelter company visited Ottawa the first week in June. The draft represented a substantial departure from the drafts which had previously been tentatively formulated in the course of my discussions with Mr. Read.

There are two important features of the new draft which render it unsatisfactory from the standpoint of the complainants in the State of Washington and from the standpoint of obtaining a fair adjudication. The first feature which might be mentioned as being unsatisfactory is the Canadian insistence on the payment by the Canadians and the

⁵⁰ Not found in department files. Articles I, III, and X are quoted in the memorandum by Mr. Metzger of September 25, *infra*.

acceptance on our part of \$350,000 in payment of damage which occurred prior to January 1, 1932. This provision has been very much opposed by the complainants. The provision if adopted would create a problem of proof which it would be almost impossible to meet, that is, it would be difficult, if not impossible, to prove that particular damage occurred prior to or subsequent to January 1, 1932. This provision for the payment of \$350,000 would exclude from consideration by the tribunal of any question of damage which occurred prior to January 1, 1932 and would therefore limit the jurisdiction of the tribunal.

Another feature which is not satisfactory is the proposed provision to permit the tribunal to consider only property damage. Complainants allege other forms of damage and feel that they are entitled to a hearing on their entire complaint. The effect of this provision would undoubtedly be to exclude from the consideration of the tribunal essential elements of the case.

Upon the receipt of Mr. Read's proposal, I discussed the matter with you and Mr. Moore and was directed to communicate with Mr. Read asking him to arrange to resume discussions orally at an early date. Accordingly I wrote Mr. Read informing him that I had been so directed. He replied to the effect that it would not be convenient for him to give during the summer months the attention to the case which it ought to have and he suggested that we resume discussions early in October. I answered Mr. Read stating that in the circumstances I did not desire to insist that he meet me before October particularly as our objective was to obtain an agreement before Congress convenes in January. There ought to be ample time between October and December to reach an agreement. I told Mr. Read that I wanted to be free to bring up, about September first, the matter of making definite arrangements for our getting together. He has indicated a willingness to meet me at my convenience after the first of October. As the correspondence now stands, I will take up with Mr. Read early in September the making of definite arrangements to resume discussions in October.

I believe that if the Canadian Minister were informed that it was felt on the part of the United States that we were entitled to an impartial adjudication of this whole question and that no essential element of the case should be excluded from the tribunal, it would have a beneficial effect on our future negotiations. There is no doubt that if the last Canadian proposal were adopted the prospect of obtaining adequate indemnity would be very much impaired to the prejudice of the complainants. A fair adjudication of this matter requires that every relevant factor be put before the tribunal on the part of the United States and that the Canadians be allowed to set up every proper defense. We have been willing that the Canadians be permitted to

use every available defense but the Canadians have not been willing to permit some important and relevant factors to be considered by the tribunal. If the Canadians could be given to understand that we wanted a fair adjudication and that we strongly felt that any arrangement which would exclude any relevant factor would not be fair, the negotiations ought to be advanced thereby.

711.4215 Air Pollution/559½

*Memorandum by Mr. Jacob A. Metzger of the Office of the
Legal Adviser*⁵¹

[WASHINGTON,] September 25, 1934.

I arrived at Spokane, Washington, Monday night, September 17. Mr. John T. Raftis, who represents a large number of the complainants against the Consolidated Mining and Smelting Company, met me at Spokane on the 18th. Mr. Raftis and I canvassed various phases of the problem which exists in Stevens County by reason of the presence of sulphur dioxide from the Smelter at Trail, British Columbia. Special discussion was had of the matter of accepting \$350,000 as payment of damages to January 1, 1932. Mr. Raftis said that, under no circumstances, could he acquiesce in the acceptance of \$350,000, thereby closing all question of damage prior to January 1, 1932.

Mr. Raftis said that he was aware that, in difficult and complicated matters between governments such as the one with which we are dealing, it was necessary to give and take. He said, however, that, in tolerating the nuisance for a period of ten years, the people of Stevens County had yielded enough and they should not be expected to make concessions in the matter of the remedy. He said that this was especially true since the formula now under discussion by representatives of the two Governments would admit of a tribunal deciding that the nuisance which has been maintained by the Smelter should be permitted to continue.

Mr. Raftis summarized his position by saying that he could not acquiesce in the acceptance of the \$350,000, with the consequences which such acceptance entailed, for two reasons: (1) that to do so would be grossly unjust to the complainants, and (2) that, if he were to acquiesce in such a plan, he would lose his law practice, and he felt that he would deserve to lose it.

⁵¹ This memorandum bears the following notation in ink initialed by the Legal Adviser: "It seems to me that the time has come when we shall have to take a rather firm position through our higher officials with the higher officials of Canada. G[reen] H. H[ackworth]."

In closing our conversation, it was understood that Mr. Raftis would be available should it be desirable to bring him into the conversations with the Canadians. In leaving, Mr. Raftis cautioned me not to allow myself to be stampeded into accepting an unfair and unjust arrangement.

On the night of the same day that I met Mr. Raftis, September 18, I had a short conversation with Mr. Read of the Canadian Department of External Affairs. Mr. Read is the Canadian official with whom I have been discussing this matter for several years. Mr. Read opened the conversation by saying that the draft of proposed agreement which he submitted to me under date of June 22 was the first draft which had been formulated that his Government was willing to adopt. He said that he felt that the suggestions which had emanated from our side were unfair to Canadian interests; that they had not been impressed by some of our statements in regard to the case; that the claims of the complainants were exorbitant, and that anyway it was their position that the Smelter was no longer causing damage in Washington.

To Mr. Read's remarks I responded that I thought we had tolerated with a great deal of patience the continuance of a nuisance for so many years; that we felt that the suggestions which we had made looking to a settlement were exceedingly fair and that we had gone as far in that direction as we could go without imposing further injustice on United States interests; that I felt that, for reasons which I desired to state to him, proposals contained in the last Canadian draft were unfair to United States interests and that it was quite clear from what had already taken place that we would not be able to agree on the extent to which damage had occurred in the past or on arrangements for the future, and that the only way forward would be to submit all relevant questions to an impartial tribunal.

With special reference to his observation that proposals emanating from our side were unfair to Canadian interests, I observed that we had tried to make it clear from the beginning that we were willing to submit to an impartial tribunal any relevant question that could possibly be raised in connection with this case and that I could not see how a proposal that the entire matter be submitted for impartial determination could possibly be unfair to an admitted wrongdoer. I pointed out that the only injustice suffered so far has been that inflicted on United States interests. I observed further that the fairest thing that could now be done would be to provide a remedy in which every affirmative contention relevant to the matter and every relevant defense also could be advanced, considered and decided. I told Mr. Read that we sought no advantage over the Canadians. We had no

desire to win the case in the agreement, but on the other hand we were unwilling to sacrifice the case in the agreement.

Mr. Read stated that, even if an agreement which would be satisfactory to us were concluded, they would have no assurance that we on our side would abide by the decision, and he mentioned in support of this statement the fact that we had rejected the report of the International Joint Commission. I told him that the assurance which they would have that we would accept the decision would be the commitment to accept it which would be included in the agreement, and I emphasized again that the report of the International Joint Commission was merely advisory and that there was no obligation on the part of either side to accept it and that the article of the treaty under which the case was referred to the Commission expressly provided that the report of the Commission should not have the effect of a decision. He agreed that it had no binding effect.

I explained to Mr. Read that, while I was not prepared to recommend the acceptance of the \$350,000 with the consequences which such acceptance entailed, I would like to analyze with him the various provisions of the last Canadian proposal in order that I might understand clearly the significance of some of the provisions and his position in regard to all of them. I told him also that I desired that he understand clearly my position and hoped that, by analyzing and discussing the provisions of the Canadian draft, we might come to an accord on everything but the \$350,000, leaving that as the sole question for later decision. We separated on the night of the 18th with the understanding that we would get together on the morning of the 19th and analyze and discuss the provisions of the Canadian draft.

We met on the morning of the 19th, as arranged, and discussed Articles I, III, and X of the Canadian draft at considerable length. These Articles are quoted below :

“ARTICLE I

“The Government of Canada will cause to be paid to the Secretary of State of the United States, to be deposited in the United States Treasury, within three months after ratifications of this Convention have been exchanged, the sum of three hundred and fifty thousand dollars, United States currency, in payment of all damage which occurred in the United States, prior to the first day of January, 1932, as a result of the operation of the Trail Smelter.”

“ARTICLE III

“The Tribunal shall finally decide the questions, hereinafter referred to as ‘the Questions’, set forth hereunder, namely:—

“(1) Whether the Trail Smelter has caused damage to property in the State of Washington since the first day of January, 1932, and, if so, what indemnity should be paid therefor.

“(2) In the event that the answer to the preceding Question is in the affirmative, whether the Trail Smelter should be required to refrain from causing damage to property in the State of Washington in the future and, if so, to what extent.

“(3) In the light of the answer to the preceding Question, what measures or regime, if any, should be adopted in order to prevent the Trail Smelter from causing damage to property in the State of Washington in the future, to the extent determined in such answer?”

“ARTICLE X

“The Tribunal, in determining the first question and in deciding upon the indemnity, if any, which should be paid in respect to the years 1932, 1933 and 1934, up to and including the time when investigators on behalf of the Government of Canada were permitted to examine properties claimed to have been damaged, shall have regard to the fact that no complaints were made to the Consolidated Mining and Smelting Company in respect to damage claimed to have been caused within that period of time and that representatives of the Company were not permitted to enter and view the property in respect to which damage is now claimed to have been caused. The Tribunal shall not, by reason of such fact, reject such complaints but, in considering them, shall give due regard to the results of investigations and inquiries made in respect to such properties and others subsequent to the time when investigators on behalf of the Government of Canada have been permitted to view such properties.

“Investigators, whether appointed by or on behalf of the Governments, either jointly or severally, or the Tribunal, shall be permitted at all reasonable times to enter and view and carry on investigations upon any of the properties upon which damage is claimed to have occurred or to be occurring, and their reports may, either jointly or severally, be submitted to and received by the Tribunal for the purpose of enabling the Tribunal to decide upon any of the Questions, as well as for the purpose of enabling claims to be dealt with for damage occurring prior to the time when the investigation on behalf of the Government of Canada was permitted.”

Mr. Read stated that the Prime Minister, Doctor Skelton, who is Deputy Minister of External Affairs, and the Smelter people were very firm in insisting that \$350,000 be paid and accepted in accordance with Article I. I stated to Mr. Read that I understood that the reason why the Canadians insisted on this provision was that the amount had been recommended by the International Joint Commission. I asked him if there were any other reasons. He urged no consideration in support of the Canadian position on this Article except that it carried out the recommendations of the Joint Commission.

I explained to Mr. Read that there were two vital objections to the first numbered paragraph of Article III. I stated that the three paragraphs in Article III defined the questions which the tribunal was to consider and decide and that the tribunal would be obliged to

observe the restrictions contained in the language of those three paragraphs. The objection to the first numbered paragraph was that the tribunal was to consider whether damage had been "caused" since January 1, 1932, and whether damage was caused "to property" since January 1, 1932. I illustrated the objection to the word "caused" by taking the case of a tree which had been exposed to fumigation of sulphur dioxide prior to January 1, 1932, but had been sufficiently vigorous to keep alive until after January 1, 1932, when, by reason of the accumulation of the effect of fumigations prior to that date and subsequent to that date, the tree would finally die.

There is no doubt that just such a situation exists not only with respect to trees but with respect to other vegetation, especially hay, which is the principal crop raised in that region. This illustrates that damage was caused prior to January 1, 1932, but occurred subsequent to January 1, 1932, and it reveals also that if the word "caused" in its present setting were used, it would be necessary to prove what part of the damage was caused prior to January 1, 1932, and what part was caused subsequent to January 1, 1932, which it would be impossible to do. I explained that, because of the necessity which would be created by the language of the first paragraph of Article III to determine whether damage was caused prior or subsequent to January 1, 1932, and because of the impossibility of proving precisely when damage was caused, a tribunal might find itself in a position of being unable to decide the question submitted to it—therefore, the arbitration might fail.

I pointed out also that the Commission had recommended the payment of \$350,000 in payment of damage which *occurred* prior to January 1, 1932, and that the formula proposed by the Canadians would exclude in large measure damage which *occurred* subsequent to January 1, 1932, from consideration by the tribunal, leaving that type of damage wholly unprovided for. I emphasized that it was unfair to exclude from the consideration of the tribunal damage which occurred subsequent to January 1, 1932, when the proposed payment of \$350,000 was to cover damage which occurred prior to January 1, 1932. If the question of damage which occurred prior to January 1, 1932, were to be completely closed by the payment of \$350,000, then the question of damage which occurred subsequent to January 1, 1932, should be left for consideration by the tribunal. Otherwise, there would be a field of damage which was not dealt with in the \$350,000 settlement or in the submission to the tribunal.

I pointed out to Mr. Read also that the effect of the sulphur on a large area of land in Stevens County, Washington, has been such that, if the presence of sulphur were entirely to disappear today, it would be many years before the territory would recover from the effects of

previous fumigations. I stated that, if the Smelter had entirely closed on January 1, 1932, damage would occur for many years after that date. If the Canadian formula were adopted, no recovery could be had for the damage which occurred subsequent to January 1, 1932, from causes which were brought to bear prior to that date.

With respect to limiting the tribunal to considering only damage to property, I observed that the only purpose in establishing that limitation would be to exclude other types of damage from consideration of the tribunal. If there were no other types of damage, there would be no occasion to establish such a limitation; if there are other types of damage, then the tribunal ought to be authorized to consider them.

Mr. Read readily agreed to such changes in the phraseology of the first numbered paragraph of Article III as were necessary to meet my objections to the paragraph.

We discussed the second and third numbered paragraphs of Article III with a view to developing clearly what their meaning would be if they were adopted. We had no difficulty in concurring in the view that, if paragraphs two and three of Article III were adopted, the tribunal would have very broad powers in fixing a régime for the future. The tribunal could decide that, in the future, no sulphur dioxide should be permitted to enter the State of Washington. It could, on the other hand, decide that sulphur dioxide could be discharged from the Smelter and allowed to enter the State of Washington without any restriction whatever; or the tribunal could decide that there should be a measure of tolerance in the State of Washington and could fix a line beyond which there should be no sulphur dioxide.

I explained to Mr. Read that paragraphs two and three taken together would practically give the tribunal power to condemn land in the State of Washington, but that there was nothing in the agreement which would authorize the tribunal to award indemnity co-extensive with the powers conferred on it in the matter of condemning the land to the use of the Smelter. I pointed out that the only express authority to award damages was that contained in the first paragraph of Article III, which it is not believed would authorize the awarding of damages in a period subsequent to the decision of the tribunal. I felt that this matter was of such large importance that there ought to be specific provision on it. Mr. Read assented to this view.

We then took up Article X of the Canadian draft. I pointed out that this Article as drafted would entail an admission on our part that the complainants had not made complaints to the Smelter in the years 1932, 1933, and 1934, and an admission that the complainants refused to permit representatives of the Company to enter their property. It would further entail an admission that these points were relevant.

I stated to Mr. Read that I felt that the tribunal should be authorized to receive and consider evidence on any relevant point and that, without any special provision, the tribunal would be authorized to receive evidence on the questions whether the complainants complained to the Smelter and whether they refused to permit them to enter their property, if the tribunal considered those points relevant. I stated further that, although I believed a special provision on this subject unnecessary, I would have no objection to including a provision if it were changed in such a way as not to entail an admission of the allegations or the relevancy of them. I told Mr. Read that I felt a provision such as that contained in the first paragraph of Article X would be unfortunate because it would bring into question the conduct of the complainants and the conduct of the representatives of the Smelter, which would introduce an element of bitterness which it would be well not to do. I stated that a case of this kind necessarily results in bitterness of feeling which it is desirable but difficult to keep in the background, and that a provision such as the Canadians proposed would bring these bitter phases of the controversy into prominence. I told him, however, that if they desire to insist on such a provision, I would have no objection to it if the language were revised in such way as to entail no admission of the allegations or of the relevancy of them.

With respect to the second paragraph of Article X, which would provide that investigators appointed by the Governments or by the tribunal should be permitted to enter the property of complainants to carry on investigations, I stated that I felt that the Government of the United States ought not to undertake to compel property owners to admit to their property persons whom they are unwilling to admit. I stated I thought that this would change rights of property which it was not necessary to do. Such a provision would doubtless be offensive to property owners who have already endured trespass for many years. Mr. Read indicated that he thought my objections to Article X could be met.

When Mr. Read and I finished our discussions of the objectionable provisions of the Canadian draft, Mr. Read said that he would like to have Mr. Crowe, attorney for the Smelter, join us and to explain to Mr. Crowe the objections which I had made to their draft. Mr. Crowe was then invited to join us and Mr. Read explained the objections which I had raised and how we had agreed that they might be overcome. Mr. Crowe said he would submit the matter to his principals and would confer with Mr. Read later as to what their attitude would be. It should be stated that Mr. Warren, President of the Consolidated Mining and Smelting Company, Mr. Blaylock, Vice President and General Manager of the Company, Mr. Campbell, Vice President

and General Manager of the West Kootenay Power and Light Company, a subsidiary of the Consolidated, and Mr. Crowe, attorney for both Companies, were present at Spokane.

On the afternoon of September 19 Mr. Read asked me to come to his room. He then told me of the attitude of the representatives of the Consolidated. He stated that he thought there would be no difficulty in having the limitation contained in the first paragraph of Article III, with reference to damage to property, deleted, and that there would be no difficulty about the first paragraph of Article X, which provided that the tribunal should consider the failure of the complainants to report damage to the Company and their unwillingness to allow representatives of the Company to enter their property. He said, however, that the President of the Company was insistent on the retention of the word "caused" in the first paragraph of Article III and on the retention of the second paragraph of Article X, which would require the United States to compel property owners to receive investigators designated by the Canadian Government.

He said further that although the draft had been approved by representatives of the Company before submission, the representatives had indicated that they were now unwilling to accept the provisions of paragraphs two and three of Article III, which would authorize the tribunal to impose limitations on the operations of the Company in the future. He said that all the Company was now willing to do was to have damages for 1932, 1933, and 1934 considered with the restrictions which were contained in the first paragraph of Article III, except the limitation to property.

I obtained the impression from Mr. Read's statement that the representatives of the Company are now inclined to take the view that, prior to January 1, 1932, damage had become permanent and total and that, therefore, the Company, in consideration of the payment of \$350,000, should be allowed, without restriction, to permit sulphur dioxide to enter the State of Washington.

Mr. Read indicated that he was disappointed at the attitude of the representatives of the Smelter but stated that he could see their viewpoint. He then observed that it would now be necessary for Mr. Robbins, the Minister at Ottawa, and Mr. Bennett, Prime Minister of Canada, to come to blows on the subject, and that it would be for Mr. Bennett to decide whether pressure was to be brought on the Company. He indicated that he thought the Government might be without authority to compel the Company to submit to a satisfactory arrangement and that it would probably be necessary to institute litigation to compel the Company to submit. I responded that it was clearly useless for him and me to continue to go around in circles.

Upon finishing my conversation with Mr. Read, I telephoned Mr. Raftis to come to Spokane. He came on the morning of Thursday, September 20, and I then conferred with Mr. Raftis and Congressman Sam B. Hill, who is in Spokane in the midst of a campaign for reelection. I explained to them that the Canadian Government and the Company were insistent that \$350,000 be accepted in payment of damages to January 1, 1932; that the Company was unwilling to have a tribunal award damages except with the limitations contained in the use of the word "caused" as included in the first paragraph of Article III; and that the Company was now unwilling to have a tribunal consider and make any decision with respect to limitations on the operation of the Smelter in the future. Mr. Raftis stated that he thought that, in the light of developments, the only thing that could be done would be for the Government of the United States to demand the immediate suppression of the nuisance. Mr. Hill seemed to agree and indicated that he would write to the Department to that effect.

711.4215 Air Pollution/565a

President Roosevelt to the Prime Minister of Canada (Bennett)

WASHINGTON, October 25, 1934.

MY DEAR MR. PRIME MINISTER: There are one or two matters which I should like to have talked over with you personally, but I realize, to my regret, that this is for the moment impracticable. I have accordingly asked Mr. William Phillips, our Under Secretary of State, to proceed to Ottawa to place my views respecting these matters before you in a spirit of full frankness. Will you not talk to Mr. Phillips respecting these matters in the same way in which I feel that you would talk to me?

The most pressing of these questions is that of the Trail Smelter case which, as you know, has been pending between our countries for a number of years and remains unsettled. I am receiving in increasing numbers protests from residents and officials in the State of Washington. These communications disturb me greatly and cause me to fear that, unless a way is found as soon as possible to reach a settlement of this case, real harm may be done to the relations of Canada and the United States in the Far West. The continued drifting of sulphur dioxide into the State of Washington, with its consequent injury to the interests of a large number of American citizens, is a matter to which I cannot remain indifferent.

Mr. Phillips will, as I have stated above, express fully my views to you.

I am [etc.]

FRANKLIN D. ROOSEVELT

711.4215 Air Pollution/565a

The Under Secretary of State (Phillips) to President Roosevelt

WASHINGTON, October 31, 1934.

DEAR MR. PRESIDENT: I have just returned from Ottawa bringing with me Mr. Bennett's reply to your letter to him, which I enclose herewith.⁵² We spent an hour and a half discussing the Trail Smelter from all angles and in my presence he arranged for a conference this morning with certain individuals from Toronto representing the Smelter. I came away feeling that Mr. Bennett was impressed by your personal interest in the matter and would do his best to dispose of it. The reference in his letter that residents and officials in the State of Washington should bear in mind that any injury that they may have suffered is due to the operations of a corporation and not to the Canadian Government is, I think, only for the purposes of record and should not, therefore, be taken too seriously. He took the position that willy nilly the Canadian Government was saddled with the problem and had definite responsibilities arising therefrom. Since my return to the Department this afternoon I have had very good telephonic news from Ottawa indicating that the Prime Minister has taken this morning a strong position in his conference with the smelter people and will soon be in a position to renew discussions of the draft convention on more favorable lines to us. Therefore, while I never like to prophesy I am inclined to think that my trip will bear good results in the near future.

I also gave Mr. Bennett your message with respect to the St. Lawrence Waterway and the reasons why you feel it necessary to ask for some slight modifications in the treaty.⁵³ He explained at length how difficult this subject had become for him owing to the fact that he was between two provinces, both of which were officially hostile to the St. Lawrence Waterway development. While Ontario had always been in favor of the Waterway, the new Liberal Prime Minister had recently publicly announced his opposition to it and to delivering the financial contribution which under the present arrangements Ontario has to make to the National Government. However, in the end, Mr. Bennett admitted that the relations of the National and Provincial Governments was a problem for him rather than for us. He assured me that he would discuss the subject with some of his Cabinet and felt that he would be in a position in about a week's time to instruct Herridge to open discussions with me regarding modifications of the treaty.

⁵² Not printed.

⁵³ For correspondence on this subject, see pp. 967 ff.

At another conference with Dr. Skelton, Under Secretary of State for External Affairs, who has had a great deal to do with the St. Lawrence Waterway Treaty, I obtained the same impression, namely, that it would probably be advantageous if the Treaty was ratified by the Senate as soon as possible. Dr. Skelton's argument was that since our Senate had not a very good reputation in approving treaties and conventions signed by the Executive, it would be helpful in this case for the United States to dispose of the whole matter before the Canadian Government on its part undertook to ratify.

In the circumstances, I shall be disappointed if I do not receive a call from Herridge in about a week. I shall not fail to notify you the moment he informs us that he is ready to discuss suggested modifications.

Faithfully yours,

WILLIAM PHILLIPS

711.4215 Air Pollution/565½

Some Notes Concerning the Interview of the Under Secretary of State (Phillips) With the Canadian Prime Minister (Bennett) Concerning the Trail Smelter Case ⁵⁴

Mr. Phillips went lightly into the history of the case, pointing out that the peak of the damage was in the years 1924 to 1928, but that now four hundred tons of sulphur dioxide were coming over the border from Canada into the State of Washington and that no less than sixty thousand acres were affected.

He then pointed out that the damage may be estimated in three zones; the first zone in which agriculture is completely destroyed, the second zone in which it is nearly destroyed and the third zone which is badly destroyed and getting rapidly worse. He then called attention to the Joint Commission appointed in 1928 and the decision given in 1931 which was not admitted by the State of Washington. He also called attention to the appointment of Read of Canada and Metzger of the State Department to reconsider the case in 1933.

The Prime Minister then countered with the fact that \$350,000 damages had been paid by Canada for damages up to 1932 and observed that this cheque, though made out, had never been accepted.

Mr. Phillips pointed out that there were two periods: that of the damages before 1932 and a later period which represent the damages after 1932. He also referred to the old question of the two terms *caused* and *occurring*.

The Prime Minister then observed that he was fully aware that damage was occurring in the State of Washington from the sulphur

⁵⁴ Enclosure to letter from the Minister in Canada to the Under Secretary of State, October 31 (not printed).

dioxide of the Trail Smelter and that he was very regretful that the whole matter had not been settled by being able to purchase the property which was now being damaged, but that this was of course impossible owing to the fact that no foreign citizen could buy property in the United States. He added that they would gladly have made a purchase of all the property which has been damaged.

Mr. Phillips observed, and I think this was one of his strongest arguments, that the abatement of damage has not occurred and that the market for fertilizer from sulphide gas owing to the existing poverty in farming has almost ceased. Mr. Bennett mentioned the damage done in Windsor, Ontario, from the factories in Detroit. He also commented on the fact that such damages were hard to prevent and that frequently the fumes from the Eddy Pulp and Match Factory in Hull were causing annoyance to the inhabitants of Ottawa. To this Mr. Phillips replied that he understood that fully but that in this one case of the Trail Smelter "we know the guilty party". He also added that we have meters that do determine the poison and that we have inspectors there continuously to observe these meters and make their reports. In other words, our interest which is to point out the damage can be satisfied.

Mr. Phillips then read a letter from Governor Clarence Martin of Washington, addressed to the President, and another very strong letter from Representative Sam Hill of Washington, in which the statement was made that between 60,000 and 70,000 acres of property had been utterly ruined by the sulphurous acids coming from the Smelter Company. These letters also pointed out that in these 60,000 to 70,000 acres destitution had resulted and that people had suffered increasingly for the last ten years. In the Governor's letter which he read *in toto* he quoted one statement which I cannot give entirely accurately, but which was to the effect that the Governor of the State protested and insisted that the fumes be stopped or that some impartial tribunal be appointed to whom the question might be submitted. Mr. Phillips pointed out that the people of Washington wished a tribunal. Mr. Bennett countered that that would be all right but that if an unfavorable decision were given to the people of Washington they would as usual say that their rights had been surrendered. He then went into a historic reminiscence as to how frequently after the decision of an impartial tribunal has been given the stronger country refuses to accept the decision, claiming that it is an infringement on their rights and that this is very likely what would happen in the case of a decision by an impartial tribunal should it go against the United States.

Mr. Bennett added that he agreed to the appointment of a tribunal and to the mode of setting it up. In concluding the conversation

Mr. Bennett commented that it was obvious, but a pity that the whole case must be reopened and settled by a tribunal and that all the work done up to now had gone for nothing.

Mr. Phillips repeated again that an abatement of the damage was what we sought but that he could not agree to the statement that all the work had gone for nothing, for all reports of damages that occurred and were occurring had been carefully prepared and were available from our experts who were on the ground and reporting regularly.

711.4215 Air Pollution/567

The Canadian Prime Minister (Bennett) to the Under Secretary of State (Phillips)

OTTAWA, November 17, 1934.

[Received November 23.]

DEAR MR. PHILLIPS: Pending the despatch of a formal communication through the usual channels, I should like to bring to your attention, in an informal manner, certain aspects of the present state of the Trail Smelter problem, which was discussed during your recent visit to Ottawa.

At that time there were two phases of this problem which were considered, namely the question of the alleged continuance of injury in the State of Washington and the question of provision for the determination of the controversy.

You will remember the charges made by various authorities in the State of Washington, that no effective steps had been taken to check the flow of sulphur dioxide across the boundary and that widespread and serious damage is still being caused in that State. I have, accordingly, had inquiry made. This matter has been the subject of investigations by scientists under the general direction of the National Research Council of Canada. It is clear that since the completion of the remedial works at Trail, late in the year 1931, there has been a very great improvement in atmospheric conditions in regard to sulphur dioxide, on the southern side of the international boundary-line. The following table shows the number of hours when the concentration of sulphur dioxide gas was more than one-half part per million; and likewise the number of hours when the concentration was more than one part per million, for the last six months of the year 1930; for the years 1931, 1932, 1933; and for the year 1934 to the end of September; indicating the great reduction that occurred after the year 1931, which was the year in which the remedial works were completed.

Year	Over .5 parts per million		Over 1.0 parts per million	
	Hrs.	Min.	Hrs.	Min.
1930 (July to December)-----	104	38	8	0
1931-----	128	20	10	40
1932-----	19	6	1	41
1933-----	26	50		50
1934 (January to October)-----	33	10	0	40

In addition to the above figures, the records show that during the growing season of 1934, namely the months of April to September inclusive, there was only a total of three hours and forty minutes when the concentrations were more than one-half of a part per million, and at no time during the growing season did the concentration exceed one part per million.

A similar reduction is indicated in the records of concentrations below one-half part per million.

Apart from these data relating to atmospheric conditions, the investigations of the Canadian scientists during the present season, namely 1934, establish that no appreciable damage to vegetation in the Northport area has been caused by sulphur dioxide from the Trail Smelter. There have, it is true, been some instances of markings on vegetation, but they have been too scattered and too infrequent to constitute appreciable injury.

In these circumstances, I am sure you will agree that there is no foundation for the statements to the effect that the Company was continuing to cause sulphur dioxide to drift across the international boundary in unabated quantities and concentrations.

The second aspect of the question is concerned with the establishment of some means for the judicial determination of the questions at issue.

At the time of your visit to Ottawa, the President of the Consolidated Mining and Smelting Company was absent from this Country, and the General Manager and Counsel were too far away to make it possible to have the matter dealt with before your departure for Washington. I did succeed, however, in placing the present position and the views of your Government before certain of the Directors, in order that it might be possible for the matter to be dealt with at the recent meeting of the Board of Directors of the Company. Following this meeting, the President, accompanied by the General Manager and Counsel for the Company, who had been summoned for that purpose from Trail, came to see me and discussed the whole situation.

You are, of course, aware that the Company is operating under the legislative authority of the Province of British Columbia. There are

constitutional difficulties that would impede interference by the Government or Parliament of Canada with the operations of a company operating under provincial statutory authority or the imposition of a monetary award. These difficulties are of the same character as those which confront every federation in attempting to deal with the external aspects of the exercise of sovereign powers by the component states. You are, of course, familiar with the difficulties which your own country has encountered in dealing with similar problems.

Accordingly, when the proposal was made by you to my predecessor in office to refer the Trail Smelter question to the International Joint Commission for report, it was considered advisable to obtain the consent of the Company in order to insure that there might be an effective report, as a result of deliberations of the Commission. The Company at that time was persuaded by the Government to forego its legal rights and to attorn to the jurisdiction of the Commission, and it gave the necessary undertakings which placed the Government of Canada in a position to give legal effect to any report that the Commission might choose to make. After the unanimous report of the Commission, notwithstanding that it was regarded both by the Company and by the Government as including an unreasonably high assessment of damages, the Company again indicated its willingness to carry out its provisions and, *inter alia*, to pay the sum awarded, whenever the United States Government might be willing to accept it. It is also to be noted that even before the final report of the Commission, the Company had commenced and was in the process of carrying out the remedial measures approved by the Commission, which involved an expenditure in excess of ten million dollars.

It is obvious that there are practical difficulties which would make it unjust to re-open the question of damages occurring prior to the first day of January, 1932. In a new adjudication of the issue, the Company would be prejudiced by the existence of the unanimous award of the Commission, and there would be a practical certainty that, irrespective of the evidence, the amount would not be reduced. In dealing with a fresh adjudication of the issue, the Company would be seriously hampered by the staleness of its evidence and by the death or incapacity of some of the most important witnesses. On the other hand, the lapse of time will make it increasingly difficult to check the positive assertions of damage made in the claims and will thus be disadvantageous to the Company's position.

This situation places the Canadian Government in an extremely difficult position. The question has been raised as to whether the Canadian Government, or even the Parliament of Canada, have any legal powers whereby a settlement can be imposed upon the Company against its will. The Canadian Government, even if it had undoubted powers, would be most reluctant to impose a settlement upon the Com-

pany involving the re-opening of the question of damage prior to the date in question, because such a course would, in view of the considerations set forth above, be unjust to the Company and would be entirely unnecessary, in order to do justice to the claimants. Such a course might involve protracted litigation between the Company on the one hand, and the Government on the other, and thus delay the ultimate settlement of this problem. Under these circumstances, ratification of a treaty would not be feasible until the question of legal right had been determined by the Courts, and that would certainly postpone ratification in any case for a number of years.

In these circumstances, it becomes necessary to reconsider the relation of the Canadian Government to this question.

In my note to Mr. Robbins, No. 13, dated the 17th February, 1934, and particularly in paragraphs 5 to 13 inclusive, I discussed the nature of the position of the Canadian Government and the nature of the proceedings that had been undertaken with a view to the provision of a solution of this difficult problem which was designed to be fair to all parties concerned. This is not a dispute between the two Governments, and it does not come within any of the ordinary well-known categories of international arbitration. It is a case in which a Canadian corporation was alleged to be committing a civil wrong against United States citizens in the State of Washington, for which appropriate remedies are and were, or ought to be, available in the domestic tribunals. I have pointed out that it would have been open to the Canadian Government to disclaim international responsibility and to remit the claimants to their ordinary legal remedies, and that such a course could not have been brought into question, because it would have been in accordance with the accepted principles of international law.

On the other hand, recognizing the desirability of utilizing procedure under the existing treaties which was available as between these two countries, the Governments joined in exploring this matter, with a view to obtaining a friendly, neighbourly and fair solution of the problem.

This course having failed through no fault on the part of the Canadian Government, it becomes necessary to consider the courses that are open at the present time.

The Canadian Government is still ready to explore the possibility of a settlement by means of an international adjudication along the general lines indicated in your note of the 30th January, 1934,^{54a} and particularly along the general lines of the third proposal therein contained. The Canadian Government is ready to concur in the constitution of the tribunal and in terms of reference which, with necessary revision, would promise a determination of this problem in a

^{54a} Based on Department's instruction No. 194, January 27, p. 874.

manner that would be just both to the claimants and to the Company. The Canadian Government would be most reluctant to abandon the prospect of settlement of this controversy along such lines and to be forced to consider the possibility of adopting the strict legalistic attitude of remitting the injured parties to their remedies in the Courts.

I fully share your desire to see a speedy settlement of a dispute which holds possibilities of irritation and friction, and appreciate the action of the President in arranging for you to come to Ottawa for a direct discussion. I am, therefore, bringing these matters to your personal attention, rather than sending a formal communication.

In view of your President's personal interest in this matter, I should be grateful if you would bring this letter to his personal attention in order that he may understand the difficulties confronting the Canadian Government in this matter and in order that he may know that the Government is prepared to go to great lengths in order to expedite a fair and just solution of this troublesome question.

Yours faithfully,

R. B. BENNETT

711.4215 Air Pollution/571½

The Under Secretary of State (Phillips) to the Minister in Canada (Robbins)

WASHINGTON, November 30, 1934.

DEAR WARREN: I enclose a reply ⁵⁵ which I am sending to Mr. Bennett's letter to me of October [November] 17th and should be very glad if you would be so kind as to see that it reaches its destination as soon as possible. If you can secure any information as to when he expects to send his representative to Washington with a draft, which we hope will serve as the basis for discussion of a final settlement of the case, please send it along as quickly as possible. Actually there is not much time left between now and the meeting of Congress.

Sincerely yours,

WILLIAM PHILLIPS

711.4215 Air Pollution/567

The Under Secretary of State (Phillips) to the Canadian Prime Minister (Bennett)

WASHINGTON, November 30, 1934.

MY DEAR MR. PRIME MINISTER: I have received, through your Legation here, your letter of November 17, in regard to the Trail Smelter problem which we discussed during my recent visit to Ottawa.

Although there are several statements in your letter in which I cannot concur, I am sure you will agree that an extended discussion at

⁵⁵ *Infra.*

this time of the issues raised in your communication will serve no useful purpose.

I know that you share fully our earnest desire to reach a prompt and fair settlement of this problem. The question is of vital importance to the communities which are directly concerned and is being emphasized, because of the continued delays in its solution, in such a way as to affect the general field of relations between our two countries. As I told you when I was in Ottawa, the President is keenly desirous of having an agreement reached in this matter before the opening of Congress. He feels that otherwise matters of greater importance to the two countries may be affected. I, therefore, hope that you will send your representative to Washington at the earliest possible moment with a draft agreement which will serve as a basis for discussion for an early and definitive settlement of this case.

In accordance with your request, I shall gladly place your letter before the President.

With kindest personal regards, I am [etc.]

WILLIAM PHILLIPS

711.4215 Air Pollution/567

The Under Secretary of State (Phillips) to President Roosevelt

WASHINGTON, December 3, 1934.

DEAR MR. PRESIDENT: The Canadian Prime Minister has sent me a note under date of November 17th, with regard to the Trail Smelter case which, as you will recollect, I discussed with him in Ottawa following your instructions. While I do not attach very much significance to this communication, I am sending it to you⁵⁶ because Mr. Bennett has requested me to do so. I also enclose a copy of my reply.⁵⁷ I am disappointed that Mr. Bennett has not as yet carried out his promise to me of sending his representative to Washington to clean up this matter.

Faithfully yours,

WILLIAM PHILLIPS

711.4215 Air Pollution/571½

The Minister in Canada (Robbins) to the Under Secretary of State (Phillips)

OTTAWA, December 4, 1934.

[Received December 7.]

MY DEAR BILL: I received your letter of November 30th yesterday, December 3rd, and immediately made an appointment with the Prime

⁵⁶ *Ante*, p. 958.

⁵⁷ *Supra*.

Minister whom I saw in the morning. I presented your letter to him and after he had read it carefully I expressed to him my anxiety as to when he could send a representative to Washington with a draft which might serve as a basis for discussion of a final settlement of the Trail Smelter case.

He did not seem particularly willing to comply with this request to my surprise, in view of the assurances that he gave to you in his library in my presence, and I imagine that some harm was done by the visit of Mr. Warren, President of the Trail Smelter, who was summoned by the Prime Minister and who only arrived in Ottawa after your departure. The Prime Minister took the attitude, which I think was given to him by Warren, that as the findings of the Joint Commission, suggested by the representatives of the United States and Canada, had not been accepted by the people of the State of Washington the issue should no longer be considered international. The Prime Minister expressed some doubt as to his being able to urge the Smelter people to change their point of view. He did seem willing, however, to send Read and possibly Dr. Skelton to Washington.

I reminded him of the letters from the Governor of the State of Washington and Representative Sam Hill, which you will remember you read to him. He seemed somewhat irate as to Hill's letter and remarked that Hill had practically accused him personally of blowing foul fumes down the valley through the State of Washington. In the hope of making him decide at least to send Read and Skelton down to Washington at the earliest possible date I made the suggestion, and this I told him was without the slightest authority, that it might be a good idea to have them confer with someone from the State of Washington while they were down there.

I shall probably write you another letter this afternoon as I have been trying to get the Prime Minister all morning in the hopes of prodding both him and Bill Herridge who is staying with him. I do not feel that I have accomplished very much of late in this matter, but as you know it is pretty hard to do anything with them now with the political situation going as it is.

Sincerely yours,

WARREN D. ROBBINS

DECEMBER 4, 1934.

The Prime Minister was ill today but I got him on the telephone in the late afternoon. I told him that I had had occasion to speak on the telephone to Washington and that they were more anxious than ever to have Read or Read and Skelton come down as originally planned with a draft to discuss the case.

The Prime Minister again brought up his old argument, which he also makes in his letter to you, that the case is not really one for the

Canadian Government and that it is a civil case between the State of Washington and the Trail Smelter Company of British Columbia, and took the attitude that the State of Washington could readily sue the Trail Smelters. I expressed great doubt as to the effectiveness of this action.

I will say that he did show willingness to send Read down to Washington which I urged a second time, and I suggested that he should come on December 10th as I understand you will be back then.

There will be more information for you I hope tomorrow.

WARREN D. ROBBINS

711.4215 Air Pollution/573

President Roosevelt to the Under Secretary of State (Phillips)

WASHINGTON, December 6, 1934.

I entirely approve your letter to the Canadian Prime Minister in regard to the British Columbia Trail Smelter case. If the Canadian Government should fail to send a representative to Washington to expedite a settlement of this case—what would you think of our asking the Canadian Government to refer the whole matter to the World Court at the Hague, provided always that we could get not only a hearing but a determination from the World Court within a comparatively short space of time, for example, one year?

My suggestion is based on the thought that if the World Court should give us definite action through a decision, and especially if that decision were favorable, it would do much to improve our chances of joining the World Court itself in a permanent manner.

F[RANKLIN] D. R[OOSEVELT]

711.4215 Air Pollution/574

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] December 13, 1934.

Messrs. Skelton and Read, of the Department of External Affairs, arrived in Washington on December 10th and during the afternoon, together with Mr. Metzger, we discussed the Trail Smelter case. It developed that the Canadians did not come with any new draft as a basis for further discussion nor had they any suggestions to offer. I expressed disappointment and said that inasmuch as we were no further along it would seem necessary for the experts to get together and start from scratch. Before separating we did discuss the case along general lines. Messrs. Metzger and Read then retired to the

former's office, where they were joined later by Skelton. Later Mr. Metzger advised me that satisfactory progress had been made towards a solution of the problem after January 1, 1932. The Canadians, however, were insistent that damages up to January 1, 1932, should be settled by the amount, recommended by the Joint Commission, of \$350,000.

During luncheon on the following day I again emphasized as strongly as possible the importance of reaching a decision with regard to procedure before the opening of Congress. Skelton said that he believed he would be able to submit a new draft within ten days. Before parting I asked him whether he had ever thought of utilizing the World Court in case the procedure envisaged in the arbitration did not develop. Skelton replied that he had not thought of utilizing the Court in this connection, but that it was an interesting suggestion. He did not appear to react to it favorably.

I put forward the above suggestion with respect to the World Court only as a personal one. I had an opportunity to speak to the President during the morning with regard to this matter and he approved of my mentioning the World Court in this informal and personal manner.

WILLIAM PHILLIPS

711.4215 Air Pollution/582

*The Canadian Secretary of State for External Affairs (Bennett) to the American Minister in Canada (Robbins)*⁵⁸

OTTAWA, December 31, 1934.

SIR: I have the honour to refer to recent discussions regarding claims against the Trail Smelter and to state that the Canadian Government has been giving careful consideration to the possibility of a solution on the lines discussed between officers of our government and representatives of the Department of State and yourself at Washington.

In the hope of reaching a speedy settlement of this issue, the Canadian Government is prepared to accept the draft as revised on that occasion with the following verbal changes in Article III, which it is believed will clarify the questions without changing the intent;

Article III—Question 2

The first clause to read "In the event of the answer to the first part of the preceding question being in the affirmative, etc".

⁵⁸ Copy transmitted to the Department by the Minister in Canada in his despatch No. 989, January 1, 1935; received January 3, 1935.

Question 3

All words after "maintained" to be struck out and the words "by the Trail Smelter" to be substituted.

I enclose two copies of the draft which was under discussion in Washington, amended to include the two changes indicated above.

I should be glad to learn whether the Government of the United States are prepared to enter into an agreement on this basis.⁵⁹

Accept [etc.]

R. B. BENNETT

**PROJECT FOR IMPROVEMENT OF THE ST. LAWRENCE WATERWAY BY
JOINT ACTION OF THE UNITED STATES AND CANADA⁶⁰**

711.42157SA29/1316

*Memorandum by the Chief of the Division of Current Information
(McDermott)*

[WASHINGTON,] January 10, 1934.

At the press conference at the White House this morning the President said that he has called off all appointments so that he can devote himself to writing a message on the St. Lawrence Waterways Treaty.⁶¹ He hasn't written it yet, but he hopes to get it up by this afternoon. A correspondent enquired whether the President will take a position on the diversion at Chicago. The President answered, yes. The correspondent asked whether the President could tell him what it is. Everybody laughed, but the President astonished them by saying, yes. The President said that the following should be only used as background and should be held confidential until his message goes up. The War Department and everybody else who has studied it feels that the Treaty in its existing form provides for enough water to maintain the flow of Chicago's sewage and also such navigation as is desirable between Chicago and Mississippi. There is a certain amount of what might be called local opposition in the southern part of Mississippi and around St. Louis. It is an equitable affair that we should divert the water out of the Great Lakes. It can be done only by agreement with Canada. The water isn't ours; it belongs to Canada and us.

⁵⁹ In telegram No. 20, March 20, 1935, 6 p. m., the Minister in Canada was authorized "to sign convention conforming to Canadian draft that accompanied your despatch." The Canadian draft (not printed) was, with purely verbal changes in the preamble, identical with the treaty signed at Ottawa, April 15, 1935; Treaty Series No. 893, or 49 Stat. 3245.

⁶⁰ For previous correspondence relating to the unperfected treaty for a Great Lakes-St. Lawrence Deep Waterway, signed July 18, 1932, see *Foreign Relations*, 1932, vol. II, pp. 63 ff.

⁶¹ For text of the President's message, see Department of State, *Press Releases*, January 13, 1934, p. 14; also *Congressional Record*, vol. 78, pt. 1, p. 338.

You can't get around that fact. You can't go ahead blithely and take all the water out of the Great Lakes and divert it to another water shed. It isn't fair to a neighbor country. Whatever is done must be by agreement with Canada, Chicago to the contrary notwithstanding. The President said there is the general problem of Mississippi navigation, a different water shed. We believe that through a program of national planning that problem can be solved by the control of water, flood prevention, storage reservoirs, etc., which would provide an even natural flow of water down the Mississippi to provide enough water for adequate navigation purposes. When it comes to commerce in the Middle West and Northwest, it is very largely a question of mileage. Suppose you wanted to ship a piano from St. Louis to London, what is the straight line? Through the Great Lakes to the Atlantic and across the Atlantic. The President supposes it would help New Orleans if the piano went around three sides of a square, but it is against nature. The same thing is true of wheat in Montana. The logical outlet is a straight line. It is against nature to have it shipped via Galveston and Houston. That is one of the principal answers to objectors to the treaty. It is a rule of common sense.

A correspondent enquired whether that means the treaty ratification will be on the basis of its present form and no reservations suggested. The President said he does not know of any reservations.

A correspondent said that the War Department report showed that all the engineers felt that it should be left to the Chief of Engineers to increase the diversion at Chicago if necessary, but the Chief of Engineers disagreed with the subordinates. The President said that he thought that is provided for in the treaty. There were several objections by the engineers and the chief of them was that there might be necessity to take a very large flow of water for a short period in order to flush out Chicago's sewage system. Another correspondent suggested that that would take quite a lot of water. Off the record, the President said he thinks the Canadians will take that into consideration. They know Chicago too.

[The remainder of this memorandum deals with other matters.]

M. J. McDERMOTT

711.421578A29/1273

Extract From President Roosevelt's Press Conference

[WASHINGTON,] March 14, 1934.

At the press conference at the White House this morning a correspondent said that the St. Lawrence Treaty will come to a vote this

afternoon and it looks as though the vote will be against the President.⁶² A correspondent asked if the President could give the press any comment on that.

For background use only, the President said there are two phases of it: one is perfectly simple; the other, more difficult. The first is that whether the Treaty goes through this afternoon or not makes no difference at all. The St. Lawrence seaway will be built. That is perfectly obvious. If one can visualize the whole navigation problem, it is obvious that man is going to follow the lead of nature, whether it goes through today or next week makes little difference, it is going through. We have today a seaway practically from the top end of Lake Superior down through the Sault Locks, Lake Michigan, down through the Windsor Locks, through Lake Ontario down to where the St. Lawrence begins. In the St. Lawrence there are three rapids. One has already been circumvented near Cornwall. They have practically completed the power development and as a part of that power development for just a very small sum they can add locks. The lowest point is at La Chine. There is already a Canal. The Canadians can dig it from 12 feet to 30 feet without building a dam. That leaves only the top, the waterfall known as the International Rapids. Canada already has a 12 foot canal around the International Rapids. It isn't the least bit necessary to develop power, which of course calls for a dam. It would be a perfectly proper thing and perfectly feasible thing for Canada to enlarge the international section of the Canal on the Canadian side of the river without ever building a dam. Canada doesn't need the water power. It has a lot of it. If Canada were to do that on the Canadian side of the river, it would be a Canadian seaway. Mind you, the amount necessary to do that would be less than \$100,000,000. It would be a Canadian seaway from the mouth of the St. Lawrence to the Great Lakes. That seaway would be 100 per cent under the control of Canada, and if Canada wanted to be mean—and lots of governments and people are mean to their neighbors—so far as treaties go Canada has an absolute legal right—not a moral right—to let Canadian and British ships use that seaway free, but charge a toll to American citizens. If you look at it purely from a national point of view, not a commercial or humane point of view, if we don't go along with Canada in the development of this seaway, there is no question of the Canadian right to build a Canadian seaway and discriminate against all American vessels. If Canada were to do that, British and Canadian ships could use that seaway free of charge and it would be

⁶² See *Congressional Record*, vol. 78, pt. 4, pp. 4474-4475.

prohibitive for American ships to use it. That is a distinct and definite legal right, if we do not go along and join her in building it. There is another phase of this: A certain Senator said he was going to vote against the treaty because of the Mississippi and the taking of water out of Lake Michigan. The President asked him if he thought we had any right to divert water over and above the needs for drinking and health purposes from one watershed into another, and the President told him a story of an old case in up state New York. A fellow had a very nice property on level ground through which ran a river. People down the stream had grist mills and he didn't have any water power. He had a bright idea that by cutting a little ditch through a little hill on his property he could run this water over into the watershed of another little river and get a fifty foot drop. He thought he could take water out of this river through his ditch, drop it on a wheel, and put it in another river. Unfortunately, he ran up against what is known in common law as the old right of the man farther down the stream. The owners of the mills down the stream brought suit, pointing out that since 1450 it has been the English rule on watersheds that you have the right to take water out of the stream, but have to put it back into the river. You can't divert it into some other watershed. The Senator was a lawyer. He admitted it, but said international law is different. The President said there is no case showing international law different. Then the Senator said, "Never mind whether international law is different or not, we are going to try to take all the water we want out of Lake Michigan and put it in the Mississippi, no matter what anybody else says." The President pointed out to the correspondents this is perfectly clear cut. The Government does believe in the common law and believes we have no right to injure our neighbor, Canada, by diverting water from the Great Lakes into another watershed, as the fellow in up state New York wanted to do. Chicago is entitled to all the water it wants for drinking and for health purposes and Canada has gone farther and given them enough water by treaty to give them pretty decent navigation to the Mississippi—not for ocean going vessels, but a nine foot draft. The thing is going through. There is going to be a seaway just as sure as God made little apples and the President would like to see it done by joint action of Canada and the United States. If we don't go along with that, Canada has a perfect right to build an all-Canadian seaway and discriminate against us, if she so desires.

A correspondent then enquired whether in other words the President will not send the treaty back to Congress. The President said it will go back in some form.

711.42157SA29/12714

President Roosevelt to the Secretary of State

[WASHINGTON, March 21, 1934.]

C. H.: Will you talk with Frank Walsh⁶³ about the next steps on the St. Lawrence Treaty? & then talk with me?

F[RANKLIN] D. R[OOSEVELT]

[Enclosure—Memorandum]

[WASHINGTON,] March 21, 1934.

Power and rail interests will use the interval before next session to organize opposition against the project itself rather than against alleged weaknesses in the Treaty. Evidences of activity include:

- (1) Security Owners' Association propaganda against government in business, especially against public competition in power field.
- (2) Mine workers organization against government development of hydro-electric power as tending to reduce demand for coal.
- (3) Continued lining up of rail workers against waterway completion.

The situation outlined can be met by prompt steps along the following lines:

- (1) Quick action through the State Department to begin conferences and negotiations on possible revision of certain provisions of the treaty.
- (2) Federal Trade Commission investigation of Power Trust propaganda and lobby against treaty and project. The fact that such an investigation was in progress would put damper on propaganda activities. Judge Healy favors the treaty.
- (3) Emphasis upon value of St. Lawrence project, particularly in terms of reduced electric rates. Inspection trip to the St. Lawrence in May or June would dramatize the issue, inform public opinion, keep project alive and offset hostile propaganda. A later date would conflict with the campaign and run into cold weather.

711.42157SA29/12754

*The Assistant Chief of the Division of Western European Affairs
(Hickerson) to the Secretary of State*

[WASHINGTON,] March 23, 1934.

MR. SECRETARY: In the vote on the St. Lawrence Treaty in the Senate on March 14, 1934, there were 46 votes in the affirmative and 42 in the negative. In addition there were two votes (Senators Mur-

⁶³ Chairman of the New York State Authority.

phy and Norbeck) paired for the Treaty and one (Senator Glass) against. The 46 votes in favor of the Treaty were made up of 31 Democrats, 14 Republicans and 1 Farm Labor; against the Treaty were 22 Democrats, and 20 Republicans. Senators Fletcher, King, Caraway, Trammell and Thomas (Oklahoma) all Democrats, did not vote and were not paired. The major portion of the vote against the Treaty came from the Eastern States. From Maine to Florida east of the Allegheny Mountains, there were only four votes (2 from South Carolina, one from Vermont, and one from New Hampshire) in favor of the Treaty, as opposed to 24 adverse votes, and no vote at all either way from the State of Florida. The second most important source of opposition was in the Mississippi Valley where there were 8 adverse votes, one abstention (Mrs. Caraway) and two adverse votes (McGill of Kansas and Connally of Texas) from adjoining states understood to have been influenced by considerations affecting the Mississippi Valley.

From the foregoing it seems clear that if a St. Lawrence Treaty is to receive a $\frac{2}{3}$ majority in the Senate, a considerable number of votes must be picked up from the Atlantic Seaboard and adjacent States where sectional antagonism to the project is strong or the Mississippi Valley States must be brought into line. It seems probable that it would be easier to bring the Mississippi Valley States into line than to influence any large number of votes along the Atlantic Seaboard, but even if all of the votes of the Mississippi Valley were obtained it would still be necessary to get a few additional votes to put the Treaty through.

I do not believe that there is much chance of obtaining a $\frac{2}{3}$ majority for the existing Treaty in its present form. The arguments which were made against the present Treaty in the debate really boiled down to two points:

(1) The Chicago diversion matter (Article 8 (a) of the Treaty incorporating the substance of the Supreme Court decree of April 21, 1930,⁶⁴ limiting the diversion at Chicago after December 31, 1938 to 1500 cubic second feet plus domestic pumpage, with provision for emergency diversions).

(2) The provision in Article 3 (b) of the Treaty for the expenditure of American funds on Canadian labor and materials for those parts of the works in the International Rapids Section of the river which lie within Canadian territory; the amount of American money to be expended for Canadian labor and materials under this provision would amount to approximately \$54,000,000.

There were other arguments made against the Treaty, as for example that of Senator Lewis, that the British Government desired the construction of the St. Lawrence waterway as "an avenue of

⁶⁴ 281 U. S. 696.

approach for their warships", but the two foregoing are the principal serious arguments made against the Treaty per se. Senators Walsh, Wagner and Copeland argued against the general project rather than against the Treaty specifically.

If it be correct that the Treaty in its present form cannot obtain a $\frac{2}{3}$ majority in the Senate, the question arises as to the means by which the Treaty could or should be altered. This could be done in either of two ways: (1) to draft several amendments to the Treaty which would be discussed with the Canadian Government with the view to obtaining their acquiescence; (2) to write and sign another treaty (assuming of course that the Canadian Government would be agreeable; on this point we have no information whatever at this time). It is my belief that the second of these methods, that is, drafting a new treaty would be more desirable for the following reasons: (a) it would be simpler and the final result would be a clearer, more coherent document. We have already exchanged notes with the Canadian Government clearing up a status of the Aluminum Company's diversion at Massena;⁶⁵ additional reservations would tend to make the final product even more complicated. (b) It is believed that a new Treaty would give additional prestige to the project because of the fact that it would be a work of the present Administration. I do not believe that we would run the risk of losing one of the Republican votes if a new Treaty were to be submitted. (c) There are several purely minor unimportant matters of drafting in the present Treaty which could be improved in a new draft.

I wish to make it clear in connection with the foregoing that we have no information as to the attitude of the Canadian Government in this matter. Public sentiment for the St. Lawrence project has never been strong in Canada, and I suspect that there was a considerable feeling of relief in the Dominion at the result of the vote in the Senate last week. Premier Bennett's Government faces the certainty of a general election not later than August 1935 and their political position is by no means good. On this account, it would be difficult for Mr. Bennett to acquiesce in changes in the Treaty which might appear to be more advantageous to the United States than the pending Treaty.

JOHN HICKERSON

711.42157SA29/1291

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] July 11, 1934.

I lunched with the Canadian Minister today and discussed various matters of mutual interest with him. I said that, before the President

⁶⁵ See *Foreign Relations*, 1933, vol. II, pp. 98 ff.

left Washington, he had asked me to inquire of Mr. Herridge whether he would be disposed to discuss informally this summer ways and means either to amend the St. Lawrence Waterway Treaty or to rewrite a new one so that the President could present it in the Senate on the reconvening of Congress. I added that the President had asked me, in particular, to say that he did not wish to do anything in this matter which might prove to be of embarrassment to the Canadian Prime Minister and that the reason, therefore, of my reference to the St. Lawrence Waterway Treaty today was merely to ascertain how Mr. Bennett felt about it. Mr. Herridge replied that the Prime Minister was at present in the west of Canada and would not return to Ottawa for about ten days, that he (Herridge) would then go to Ottawa to meet him and would bring back a definite answer to my inquiry.

Speaking for himself Mr. Herridge felt that the present was not an opportune time to renew these discussions; he reminded me that the failure of the treaty in the Senate was received by all the members of the Canadian Government with evident relief; he did not think that anything had happened since then to alter their feelings on the subject and he was certain that if the fact of conversations looking towards a modified treaty was given publicity through the press, it might be exceedingly awkward for Mr. Bennett and the members of his Government. Mr. Herridge went on to point out that the economic situation in Canada was improving rapidly and that, if by November the upward turn was so definite as to bring about a nation wide feeling of hopefulness, then Mr. Bennett might be able to tackle the subject of a new treaty; the new Public Works Program was only just going into effect and by November it might be possible to add the St. Lawrence Waterway project to the now generally accepted program of public works.

Mr. Herridge gave me the above as merely an expression of his personal views, but I gathered that more than likely they represent the views of his Chief.

[The remainder of this memorandum deals with other matters.]

WILLIAM PHILLIPS

711.42157SA29/12913

The Minister in Canada (Robbins) to the Under Secretary of State (Phillips)

OTTAWA, July 17, 1934.

[Received July 23.]

MY DEAR BILL: Pierre Boal⁶⁶ has talked with me regarding your conversation in connection with your desire to effect certain changes

⁶⁶ Pierre de L. Boal, First Secretary of Legation in Canada.

in the St. Lawrence treaty, provided it is practicable to do so, before it is re-submitted to the Senate. I would like to report to you the situation as we see it with regard to the agreement between the Province of Ontario and the Dominion government. This agreement was concluded on July 11, 1932, but to be effective it has to be ratified both by the Dominion government and by the Legislature of Ontario. Neither of these bodies have approved the agreement, in fact it has never been submitted to either of them, so that from the standpoint both of the Dominion and of the Province it is not now binding. In the course of the provincial election campaign, Hepburn, recently elected Premier of Ontario, expressed the belief that (1) the Ontario Hydro-Electric System now had 1,000,000 excess horsepower over actual needs, due to the several purchases of power sites by the Henry administration; (2) the Hudson Bay route had been developed at much expense as an alternative trade route, although it was evidently a failure; (3) the Canadian government was operating the Canadian National Railway at a weekly deficit of \$1,000,000, borne by the taxpayers; (4) the Canadian government had recently guaranteed a loan of \$60,000,000 to the Canadian Pacific Railway to keep it out of bankruptcy; (5) the present is no time to add the heavy cost of the St. Lawrence waterway development. His principal criticism of the treaty, therefore, is, by inference in (1), (2), (3), and (4), and specifically in (5), that it is not timely. As will be seen from the enclosed editorial from the *Montreal Gazette*,⁶⁷ those newspapers which are opposed to the treaty have attempted to show that this meant that Hepburn is unalterably opposed to the treaty in principle. I do not believe that this is the case.

I think that Hepburn will be disposed to follow his national Liberal leader in regard to policy toward the treaty if it should become necessary for the Liberal party to take a position. I do not think that Hepburn will take any steps to ratify the Ontario-Dominion agreement, and anticipate that if he were asked to do so by the Dominion government he would probably either refuse outright on the ground of timeliness, or insist on changes being made which would be to the advantage of the Provincial government. If it appeared that favorable action on his part would result in any political advantage to the Conservative Dominion government, it is probable that he would endeavor to delay the treaty by not allowing his Legislature to ratify the Provincial agreement until too late for the Conservatives to get any credit from it. At the same time, he might be reluctant to appear to block a potential source of large employment. On the whole, I am inclined to think that he would be guided in his actions largely by the policy of the Liberal party. It might be convenient to Mr. King, however, to have him so block or retard matters that the ultimate

⁶⁷ Not attached to file copy of this letter.

decision and credit for any treaty that was arrived at would fall to the lot of a Liberal government next year. In either case, the Liberal party has been favorable to the seaway project in the past and I think it likely that they would hesitate to turn it down after we had ratified. It might be wise to sound Mr. King on his attitude toward the treaty before making any final decision as to whether to press for changes to the treaty with Mr. Bennett. We have not ventured to do this lest some rumor reach Conservative circles, and if it were to be done it would best be done by someone not connected with our Government, such as Mr. Craig⁶⁸ or Professor Shotwell.⁶⁹

Finlayson⁷⁰ recently told me that he thought many of the Government supporters here were rather relieved that we had not ratified the treaty, since they felt that support for the waterway from the west and central west had considerably died down as a result of the depression, whereas the Opposition remained as strong as ever. The Prime Minister could have forced the treaty through, he felt, had we ratified at the time the matter was before the Senate, and he would have done so. While I believe that the Conservative party as a whole has never been more than lukewarm toward the treaty, some allowance must be made for the tendency to "make the best" of our failure to ratify. I am inclined to think that if we ratified the treaty without any changes which would be deemed significant here, the interest of the west and central west would revive sufficiently to make ratification here possible. The difficulties which would result here from any important changes would be as real for Mackenzie King, were he in power, as for Mr. Bennett.

I gather from everything I hear that with the Ontario situation as it is, there is every likelihood at the moment that even if we renegotiate the treaty, the local arrangements of the Prime Minister with Ontario would have to be revised, perhaps extensively, but Finlayson remarked that he felt that the Dominion had driven rather a hard bargain with Ontario so that some revision would be fair. The Prime Minister could hardly put a treaty through that was not based on some local arrangements with Ontario. He may feel, however, that just before elections next year it would be convenient to have a treaty ratified by us to present which could be represented as favorable to Canada. If this was blocked by the Liberals they would have to explain to the west. He may feel that at that time the Liberals will not consider it advisable to block the treaty.

From our point of view I suppose that it would be advisable to proceed in such a way that there would be no call for the Liberals to

⁶⁸ Charles Patton Craig, Executive Director, Great Lakes-St. Lawrence Tide Water Association.

⁶⁹ James Thomson Shotwell, Professor of History at Columbia University.

⁷⁰ William Finlayson, K. C., Minister, Department of Lands and Forests, Province of Ontario.

oppose the treaty, either provincially or nationally. I would say that it would probably be best to wait until the excitement surrounding Hepburn's election has died down somewhat and until some of his election utterances have passed into the background before having the matter of revision of the treaty openly discussed here. I would imagine that if anything can be done with the treaty by the Conservatives, it could best be done this autumn or early in the winter. In the meantime, of course, I see no harm at all in discussing the matter with Herridge on a confidential basis with a view to discovering possible grounds for an agreement on new terms.

Yesterday I saw Finlayson and sounded him on the matter of the Prime Minister's possible visit to Niagara. The Prime Minister is still out of town but I believe Finlayson will endeavor to get some information for me on the subject as soon as he returns, which should be toward the end of this week.

With best wishes and sincere regards [etc.]

WARREN D. ROBBINS

711.42157SA29/1302½

President Roosevelt to the Secretary of State

HYDE PARK, N. Y., September 5, 1934.

DEAR CORDELL: Will you see Frank Walsh on St. Lawrence Treaty? I think he should *participate* in any further plans for negotiations with Canada.

He is as you know Chairman of the N. Y. State Authority—& the State owns the bed of the River!

I want to put the Treaty through.

As ever

F[RANKLIN] D. R[OOSEVELT]

711.42157SA29/1305

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] October 10, 1934.

Messrs. Frank P. Walsh and R. G. Sucher ⁷¹ called this afternoon to talk over the situation surrounding the St. Lawrence Waterway Treaty. Mr. Walsh said that he had discussed the matter with the President about three weeks ago and that the President had asked him to take it up with me.

I asked Mr. Walsh whether he had any suggestions to make as to procedure and he admitted that he had not any. I told him of my

⁷¹ Ralph Gunn Sucher, Washington counsel, Power Authority of the State of New York, in negotiations with Federal Government on St. Lawrence public power project.

talk with Herridge early in the summer; that I had expressed the hope that the Canadian Government would agree to utilize the summer months by an informal exchange of views with regard to any possible changes in the Treaty which would make it more acceptable to our Senate: that Herridge had not received this suggestion with any enthusiasm, but had agreed to communicate it to the Prime Minister; that he had, however, expressed the thought that possibly in November he might be ready to go into the subject with me, but that he did not believe Mr. Bennett would care to open up conversations before November; that subsequently Mr. Herridge had again mentioned to Mr. Hickerson of this Department the month of November as the time that we might together approach the problem. I told Mr. Walsh that we had no reliable information as to the attitude of Mr. Hepburn, the new Premier of Ontario, but that my impression was that, being a Liberal leader in opposition to the Conservative Government, he was not enthusiastic about making the payments to the National Government as contemplated by the arrangement between Ontario and the Dominion Government.

I told Mr. Walsh that he could rest assured that the Department was eager to see the Treaty put into effect and would do everything possible along these lines. Mr. Walsh said that he was glad to hear it and that he would get in touch with me again after elections. He added that the President had told him that he would like, if possible, to have the Treaty slightly amended, in order to facilitate its passage through the Senate, but that if that was impossible he would feel disposed to send the Treaty back to the Senate in its original form.

WILLIAM PHILLIPS

711.42157SA29/1323a

The Secretary of State to the Minister in Canada (Robbins)

No. 551

[WASHINGTON,] November 19, 1934.

SIR: For your confidential information there is enclosed a copy of that portion of a memorandum of a press conference at the White House on November 9, 1934, which pertains to a discussion of the Great Lakes-St. Lawrence Deep Waterway Treaty.

Very truly yours,

For the Secretary of State:

WILLIAM PHILLIPS

[Enclosure]

Memorandum by the Acting Chief of the Division of Current Information (Key)

[WASHINGTON,] November 9, 1934.

At the press conference at the White House this afternoon, the President was asked whether there were any changes contemplated in the

Great Lakes—St. Lawrence Waterway. The President informed the correspondents that when Mr. Phillips was in Ottawa last week he had spoken informally with the Canadian Prime Minister in regard to one or two minor changes which it was hoped might be made in the treaty.⁷² The President added that this was literally all that Mr. Phillips had discussed with the Prime Minister on the Waterway Treaty.

A correspondent enquired whether these changes related to Article 8 of the Treaty governing diversion of water. The President replied that the Chicago papers might as well get it into their heads for once and all that there would be no changes regarding the diversion of water from Lake Michigan. He stated that ever since common law had first started it had been a principle that a person living on a stream or river could use the water for drinking purposes, for watering stock or for running a mill, but that the water used had to be returned to the stream in order that the rights of other persons living further down the stream should not be prejudiced. What was a fundamental principle in common law applied equally to international law. It was clear, therefore, that the United States had no right to divert water from one country to another. The President added that furthermore the Supreme Court had decided that the United States had no right to divert water from the Great Lakes and, finally, the War Department, which had thoroughly investigated the situation had likewise decided that Chicago had ample supplies of water to meet its needs.

The President concluded by saying, "They've got enough water. They've had enough water and they won't get any more water."

[The remainder of this memorandum deals with other matters.]

DAVID McK. KEY

711.42157SA29/1326a

The Secretary of State to President Roosevelt

WASHINGTON, December 14, 1934.

MY DEAR MR. PRESIDENT: Today you spoke to me about recent developments in connection with the St. Lawrence Waterway Treaty. You recall that in October Mr. Phillips went up to Ottawa to discuss the Trail Smelter question⁷³ with Prime Minister Bennett and while there he also raised the question of the St. Lawrence Treaty in accordance with your instructions. He pointed out to Prime Minister Bennett that you are keenly desirous of resubmitting the Treaty to the Senate at the forthcoming session of Congress, but that you desired

⁷² See letter from Mr. Phillips to President Roosevelt, October 31, p. 955.

⁷³ See pp. 874 ff.

that we discuss with the Canadian authorities several proposed changes in the Treaty, and he asked that the Prime Minister authorize Mr. Herridge, the Canadian Minister here, to discuss these proposed changes with us. The Prime Minister promised to give consideration to this matter and to authorize Mr. Herridge to talk to us about these changes.

On December 4 an officer of this Department called Mr. Robbins, our Minister at Ottawa, on the telephone and suggested that he speak to the Prime Minister about this matter since we have heard nothing from Mr. Herridge on the subject. Mr. Robbins went to see Prime Minister Bennett and also spoke to Mr. Herridge, who was in Ottawa, about it. Later in the day, Mr. Herridge called Mr. Hickerson of this Department on the telephone and told him that upon his return to Washington he would be glad to discuss the whole question with us. Mr. Herridge added that, in view of the political situation in Canada, he felt that it would be exceedingly difficult for the Canadian Government to agree to any changes of importance in the present Treaty, but he went on to say that he would be glad to discuss with us any proposals which you have in mind.

On Monday and Tuesday of this week Doctor O. D. Skelton, the Canadian Under Secretary of State for External Affairs was in Washington in connection with the Trail Smelter matter, and while he was here, Mr. Phillips and Mr. Hickerson discussed the St. Lawrence Treaty with him. Doctor Skelton said that the announcement of Mr. Hepburn, Premier of Ontario, that he would not seek legislation to approve the power agreement between the Dominion Government and the Province of Ontario had placed Prime Minister Bennett in an exceedingly difficult position in respect to the St. Lawrence Treaty. He said that he did not believe anyone had been able to determine whether Mr. Hepburn's announcement signifies a real opposition to the project, or whether it is merely a step in building up a bargaining position for a better agreement between the Province of Ontario and the Dominion Government. At all events, he said, Prime Minister Bennett would unquestionably run a serious risk if he sought to have the Dominion Parliament approve a St. Lawrence Treaty in advance of an agreement with the Province of Ontario which is acceptable to Mr. Hepburn. He continued that to approve the Treaty and start the construction work prior to reaching such an agreement would effectively deliver the Dominion Government into the hands of the Province of Ontario, the only possible purchaser of Canada's share of the power which will be developed in the International Rapids Section of the St. Lawrence River. Doctor Skelton stated that in all the circumstances he felt that it would be very difficult for the Canadian Government to agree to any changes of importance in the present Treaty, adding

that it was by no means certain that Canada could ratify even the present Treaty.

We understand that Mr. Herridge will return to Washington in a few days at which time we shall begin conversations with him respecting the Treaty. I believe that it would be desirable for us to have a brief conference with you in the early part of the coming week, respecting the proposals which you desire us to discuss with Mr. Herridge.

I am [etc.]

CORDELL HULL

711.42157SA29/1328½

President Roosevelt to the Secretary of State

WASHINGTON, December 29, 1934.

What has happened in regard to the old proposed Treaty with Canada⁷⁴ in regard to the use of additional water at Niagara Falls? I think it was sent to the Senate by President Hoover but died there. Will you speak to me about this when we take up the St. Lawrence Treaty?

F[RANKLIN] D. R[OOSEVELT]

711.42157SA29/1326b

The Secretary of State to President Roosevelt

WASHINGTON, December 31, 1934.

DEAR MR. PRESIDENT: Thank you for letting us see this letter from Robbins.⁷⁵ As you know, on December 21st Mr. Phillips discussed with the Canadian Minister a number of slight changes in the St. Lawrence Treaty and handed him copies of these alterations. None of them is particularly important, but in spite of that fact Mr. Herridge did not appear optimistic that the Prime Minister would give his approval of them, nor, in fact, that he would be in a position this winter to press for the ratification of the original treaty by Parliament. Mr. Herridge added, however, that should our Senate approve of the treaty in its amended form, the Prime Minister might find it possible to introduce it in Parliament in its new form, explaining at the same time that the changes which have been made in the original text were wholly insignificant and did not in any way alter the fundamental principles involved. Mr. Herridge felt that this might be an easier approach for the Prime Minister than to approve in advance

⁷⁴ *Foreign Relations*, 1929, vol. II, p. 94.

⁷⁵ Letter from the Minister in Canada was returned to the President with this letter.

of the suggested changes. We are awaiting Mr. Herridge's reply in this connection.

Mr. Frank Walsh called at the Department on Saturday and seemed entirely satisfied with the steps which the Department has already taken. Our view is that even though Mr. Bennett cannot guarantee to present the treaty to Parliament in January, it would probably be best for us to secure the Senate's approval at the earliest practical moment.

Accordingly, should you approve, I shall be happy to prepare a brief message for you, asking for a reconsideration of the treaty now before the Senate, and at the same time I would send to Senator Pittman ⁷⁶ the texts of the various amendments ⁷⁷ which we are discussing with the Canadian Government.

Faithfully yours,

CORDELL HULL

711.42157SA29/1328½

*The Assistant Chief of the Division of Western European Affairs
(Hickerson) to the Secretary of State*

[WASHINGTON,] January 2, 1935.

MR. SECRETARY: The proposed treaty with Canada respecting Niagara Falls about which the President inquires is still before the Senate. The Treaty was signed on January 2, 1929, and approved that same year by the Canadian Parliament. In February 1931 the Foreign Relations Committee of the United States Senate held hearings on this Treaty and voted against reporting it favorably to the Senate. It is my understanding that the vote was 13 to nothing, in the Committee against a favorable report on the Treaty. It is understood that the basis of the Senate's objection to this Treaty was that it would confer unusual and unwarranted advantages upon a private American power company which was to receive the benefit of the additional diversion in return for defraying the American share of the costs of the contemplated works to preserve the scenic beauty of the Falls.

On December 17 you signed a letter to the Secretary of War ⁷⁸ reviewing the situation with respect to this Treaty and asking the advice of the Secretary of War concerning the advisability of our now seeking to arrange for the construction of the proposed compensating works independently of additional diversions of water for power purposes. We have just received Secretary Dern's reply, dated December

⁷⁶ Key Pittman, Chairman of the Senate Foreign Relations Committee.

⁷⁷ Texts of prepared amendments not found in Department files.

⁷⁸ Not printed.

28,⁷⁹ in which he states that he is "disposed to favor a reopening of the question with the Canadian Government in the manner you suggest if American participation in the project is in harmony with the financial policy of the President". This procedure which we have in mind would involve an expenditure on the part of the United States of about \$975,000. We are now preparing a letter to the President with a view to obtaining his approval of reopening this question with the Canadian Government.

JOHN HICKERSON

REPRESENTATIONS REGARDING DREDGING OPERATIONS IN THE
ST. CLAIR RIVER⁸⁰

711.42157 Detroit/67

The Secretary of War (Dern) to the Secretary of State

WASHINGTON, March 9, 1934.

DEAR MR. SECRETARY: Reference is made to your letter of February 8, 1934 (WE 711.42147 Detroit/60), forwarding a further note dated February 2, 1934, from the Department of External Affairs of Canada,⁸¹ concerning dredging operations which the War Department is conducting in the St. Clair River.

By letter addressed to you under date of September 12, 1932,⁷⁹ this Department asked that the sanction and approval of the Canadian Government be obtained for dredging shoal areas and spoiling waste on the Canadian side of the boundary in St. Clair River. In a note dated March 21, 1933,⁸² copy of which was furnished this Department with your letter of March 27 [23], 1933,⁷⁹ the Department of External Affairs advised that the Canadian Government had granted the necessary permission subject to certain conditions enumerated therein. In compliance with these conditions the War Department engineers submitted to the Canadian engineers the final plans for the dredging and spoiling of material in that section of the St. Clair River from the head of the St. Clair Flats Canal upstream as far as Algonac, Mich. In a note dated June 10, 1933,⁸³ the Department of External Affairs advised that the work "may be proceeded with according to the scheme submitted, in so far as the section of the river improvement under this portion of the proposal is concerned." In a note dated January 10, 1934,⁸⁴ that Department also advised that the plans submitted

⁷⁹ Not printed.

⁸⁰ For previous correspondence, see *Foreign Relations*, 1933, vol. II, pp. 92 ff.

⁸¹ Neither printed.

⁸² *Foreign Relations*, 1933, vol. II, p. 93.

⁸³ *Ibid.*, p. 96.

⁸⁴ *Ibid.*, p. 97.

by the United States Government engineers for the section from Algonac to the vicinity of Marysville had been examined by the Canadian Government engineers, and stated that the work in this section may be proceeded with in accordance with the scheme submitted.

In its note of February 2, 1934, the Department of External Affairs sets forth three additional conditions which the Canadian Government engineers now wish to have followed in carrying out this work. The first two of these additional conditions are in accord with the general terms upon which the consent of the Canadian Government was sought, and are unobjectionable.

The third condition which the Canadian engineers now desire to impose reads as follows:

"That none of the material deposited in the north channel (so-called), during the improvement to the navigation channel in the vicinity of Algonac, shall be removed without the prior consent of the Engineers of the Dominion Department of Public Works."

The north channel (so-called), specified in the foregoing condition, lies entirely within the territory of the United States. This Department is of the opinion that supervision by the Dominion of Canada over the use and development of this waterway by the removal of material therefrom is inadmissible except as a part of a reciprocal agreement for the joint control of the removal of material from the St. Clair River and its outlets.

The enlargement of the St. Clair River by the dredging of gravel for commercial purposes tends to lower the level of Lake Huron. The two countries acting independently now exercise control over the removal of this material on their respective sides of the border with a view to preventing any enlargement which will have deleterious effects on lake levels. Joint control by a suitable control board, while not of pressing importance, has certain obvious advantages and merits consideration, but until such joint control is agreed upon the Department is of the opinion that this Government should not consent to the control by the engineers of the Dominion Department of Public Works of the removal of material from the north channel of the St. Clair River.

Sincerely yours,

GEORGE H. DERN

711.42157 Detroit/67

The Secretary of State to the Minister in Canada (Robbins)

No. 257

WASHINGTON, March 13, 1934.

SIR: Reference is made to your despatch No. 372 dated February 2, 1934, File No. 715.5, transmitting a copy of note No. 9 dated February 2, 1934, from the Canadian Under-Secretary of State for External

Affairs⁸⁷ regarding dredging operations which the War Department of the United States is carrying on in the St. Clair River.

Copies of the Canadian note were brought to the attention of the Secretary of War. In his reply thereto, copy of which is enclosed,⁸⁸ Mr. Dern raises no objection to the first two of the additional conditions given by the Canadian Government in the note of February 2, 1934, but, with regard to condition number three, providing for the consent of the engineers of the Dominion Department of Public Works for the removal of certain material in a section of the north channel, it is pointed out that this area lies entirely within the United States and that supervision by Canada over the use and development of this waterway by the removal of material therefrom is inadmissible except as a part of a reciprocal agreement for the joint control of the removal of material from the St. Clair River and its outlets.

You may communicate with the Canadian authorities in the sense of Mr. Dern's letter.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

711.42157 Detroit/76

The Minister in Canada (Robbins) to the Secretary of State

No. 518

OTTAWA, April 11, 1934.

[Received April 13.]

SIR: I have the honor to refer to my telegram No. 30 of April 11, 12 noon,⁸⁹ and to transmit herewith copy of a note received this morning from the Secretary of State for External Affairs approving, under certain conditions, the proposed changes in dredging the down-bound channels of the Detroit River. Copy of note No. 35 of March 24, 1932,⁸⁹ referred to by Mr. Bennett, was transmitted with the Legation's despatch No. 734 of March 24, 1932.⁸⁹

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

The Canadian Secretary of State for External Affairs (Bennett) to the American Minister (Robbins)

No. 25

OTTAWA, April 10, 1934.

SIR: I have the honour to refer to your note No. 142, dated the 5th December, 1933, concerning the deepening of the down-bound channels in the Detroit River.

⁸⁷ Neither printed.

⁸⁸ *Supra.*

⁸⁹ Not printed.

It is observed that your Secretary of War is proposing changes in the original project, by his letter and accompanying plan enclosed with your note, and that the changes will involve dredging in Canadian waters and, for the most economic execution of the work, the utilization of disposal areas in Canadian waters east of the channel.

These proposals have been examined by an inter-departmental committee, consisting of representatives of the departments of the Canadian Government which are primarily concerned, and it is possible now to express the views of the Canadian Government with regard to this matter.

The proposals generally have received the approval of the Canadian Government, in so far as that approval is necessary. Accordingly, the authorities charged with the execution of this work are authorized to dispose spoil material in Canadian waters east of the channel, in the location outlined in red on the copy of Plan D. D. R. 17/185, attached hereto,⁹¹ the spoil area not to extend southerly below the Detroit River Light, and to have not less than twelve feet of water over it at Lake Erie elevation 570.5 M. T. A. Approval is also given to the dredging in Canadian waters, consisting of the widening of the existing down-bound channel from its present width of 800 feet to 1,200 feet, and the widening also, on the east side, by cutting off a sector just above the junction of the up-bound and down-bound channel, the whole to be given a depth of 26 feet below elevation 570.5 M. T. A.

There is one aspect of the proposals which requires special consideration. The Canadian Government is strongly of the opinion that it would be inadvisable to use as a disposal area the bottom of the Lake between the existing up-bound and down-bound channels. The reason for this view is that the technical advisers of the Canadian Government are of the opinion that a menace might thus be created to navigation seeking the entrance to the Detroit River in thick weather and quite possibly over-running the channel and its marks. The technical advisers are of the opinion that such a situation could readily be overcome at comparatively little, if any, extra expense by disposing of the material resulting from dipper or hopper dredge operations to the westwards of the existing down-bound channel. This matter has been discussed with the United States Engineer Officer who has expressed the opinion that the disposal of spoil material between the up-bound and down-bound channels will be of minor importance, and that the material will not be deposited in a manner to constitute a menace to navigation. He has also observed that it is not certain that material will be disposed between the two channels and that, in that event, the disposal area will be west of the Livingstone Channel.

The area between the two channels is entirely within United States waters but, nevertheless, the Canadian Government ventures to express

⁹¹ Not reproduced.

the hope that it will not be used as a disposal area and that, in the event that it becomes necessary to dispose spoil material in that area, the work will be so executed that even the possibility of a menace to navigation will be avoided.

The question of the possible effect of this work upon the material level or flow of the Detroit River or Lake Erie, has been considered, and it is the view of the technical advisers of the Government, that the level or flow of these waters will not be affected. Consequently, the matter is not one requiring reference to the International Joint Commission under the Boundary Waters Treaty.⁹²

In expressing the consent of the Canadian Government to the proposed changes in the original plans for the deepening of the down-bound channels in the Detroit River, and in making the foregoing observations, it is desired that the approval thus given should be subject, generally, to the conditions set forth in my note No. 35, dated the 24th March 1932,⁹³ in so far as they are applicable, and also to the following conditions:—

(a) Whatever works are carried out in Canadian territorial waters shall be carried out without prejudice to the sovereign or territorial rights of the Dominion of Canada.

(b) Authorized representatives of the Canadian Government shall be free at all times to inspect the work during progress, and shall also be permitted to make whatever check surveys, with soundings, meterings and gaugings as may be considered desirable at any time.

(c) The Canadian Government shall be informed in advance of the method to be followed in carrying out the work and shall be provided with a programme of operations and with copies of the plans and specifications governing the work.

(d) On completion of the work the Engineer Officer in charge for the United States Government to furnish to the District Engineer of the Department of Public Works at London a statement with any necessary illustrative plans indicating the condition in which the work was found on completion.

(e) That all necessary steps shall be taken to safeguard the interests of navigation during the progress of the work.

Accept [etc.]

R. B. BENNETT

711.42157 Detroit/80

The Minister in Canada (Robbins) to the Secretary of State

No. 543

OTTAWA, April 21, 1934.
[Received April 30.]

SIR: I have the honor to refer to the Department's instruction No. 257 of March 13, 1934, (file No. 711.42157 Detroit/67) relative to the objection of the Secretary of War to the third condition set forth

⁹² Signed at Washington, January 11, 1909, *Foreign Relations*, 1910, p. 532.

⁹³ Not printed.

in the Canadian Government's note of February 2, 1934,⁹⁴ with respect to dredging operations being carried on by the United States in the St. Clair River.

I am transmitting herewith copy of a note on this subject received from the Secretary of State for External Affairs this morning, setting forth the reasons which prompted the Canadian Government to include the condition in question and concluding with the hope that our Government will be disposed to reconsider its objection.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

*The Canadian Secretary of State for External Affairs (Bennett) to
the American Minister (Robbins)*

No. 33

OTTAWA, April 20, 1934.

SIR: I have the honour to refer to your note No. 193, dated the 15th March, 1934, in which you discuss the three conditions which the Canadian Government engineers desired to have followed with respect to the proposed dredging of certain shoal areas in the St. Clair River, by the United States War Department. These conditions were communicated to you, in my note No. 9, dated the 2nd February, 1934, which dealt with the second part of the project.

You have stated that no objections are raised to the first two conditions mentioned in my note. With regard to the third condition, however, the Secretary of War has pointed out that, since the area involved lies entirely within United States territory, supervision by engineers of the Canadian Department of Public Works over the use and development of the waterway, by the removal of material therefrom, is inadmissible, except as a part of a reciprocal agreement for the joint control of the removal of material in the St. Clair River and its outlets. In the letter from the Secretary of War, dated the 9th March, 1934, which was enclosed in your note, it was stated that joint control by a suitable Control Board, while not of pressing importance, has certain obvious advantages, and merits consideration, but that, until such joint control is agreed upon, the Department is of the opinion that your Government should not consent to the control by the engineers of the Canadian Department of Public Works, of the removal of material from the north channel of the St. Clair River.

This matter has been reconsidered by the Department of Public Works. The Department's action, in proposing the third condition, was based upon the belief that the maintenance of this fill was desirable, as compensation for the removal of material in the deepening,

⁹⁴ Not printed.

by your Government, both on its own side and on the Canadian side, in the channel of the St. Clair River. It was thought that the correspondence which was exchanged in 1926 and 1927⁹⁵ between the Secretary of State of the United States and the British Ambassador, and later the Canadian Minister at Washington, concerning the further removal of material for commercial purposes in the vicinity of Point Edward waterfront, had recognized that each Government had an interest in the removal of material from the bed of the River on the other side of the international boundary-line, by reason of the possible effect of such removal on the general level, particularly of Lake Huron. The understanding established in this correspondence was intended to be the basis of the condition as formulated. The Department did not have in mind the obtaining of any new extraterritorial rights or privileges, but merely the recognition and re-affirmation of the reciprocal understanding which had already been established.

The attitude taken by your Government with regard to the Point Edward situation has enabled the Department to resist demands for permission to remove material from the bed of the river in quantities exceeding those limited by the exchange of correspondence in 1926. In the present year, as a result of conversations between the Canadian engineers and the United States War Department engineer at Detroit, the Department has taken the stand that no further licenses in that area would be granted for the removal of material, without the joint consent of the engineers of the Department of Public Works and of the United States War Department engineer. In asking for the acceptance of the third condition, it was thought that the hands of the United States War Department engineer would be strengthened in corresponding cases in which he might be importuned to remove, or permit the removal of, material from the north channel.

The Department of Public Works agrees with the view that joint control of the removal of material for commercial purposes, on the St. Clair River, by a suitable Control Board, while not of pressing importance, would have certain obvious advantages, and the Department considers that, when the matter comes to be of more pressing importance, it may well be desirable that an agreement for such joint control should be concluded with your Government.

In view of these circumstances, I venture to suggest that your Government might reconsider the question of the acceptance of the third condition, or, at any rate, that it might be agreed that this matter should continue to be governed by the general understanding which was embodied in the exchange of correspondence in 1926 and 1927, to which reference has already been made.

Accept [etc.]

R. B. BENNETT

⁹⁵ Not printed.

711.42157 Detroit/79

The Minister in Canada (Robbins) to the Secretary of State

No. 544

OTTAWA, April 21, 1934.
[Received April 30.]

SIR: I have the honor to refer to the Department's instruction No. 257 of March 13, 1934, (file No. 711.42157 Detroit/67) and to my despatch No. 543 of today's date, and to enclose herewith copy of a note received this morning from the Secretary of State for External Affairs setting forth certain observations with regard to the dredging operations being carried out by the United States Government in the St. Clair River.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

The Canadian Secretary of State for External Affairs (Bennett) to the American Minister (Robbins)

No. 34

OTTAWA, April 20, 1934.

SIR: I have the honour to refer to your note No. 193, dated the 15th March, 1934, and to make further reference to my note No. 27, dated the 21st March, 1933,^{95a} concerning the operations which the War Department is conducting in Canadian waters, in connection with the dredging of certain shoal areas in the St. Clair River.

The first two conditions set forth in my note, to which reference has been made, required that your Government, having decided upon the extent of the proposed improvement, should, before proceeding with the dredging and disposal of spoil material, submit the results of their further studies to the engineers of the Department of Public Works, and secure the concurrence of the Canadian Government engineers therein, in order that the maximum beneficial effect from the disposal of the waste material should be obtained. They also provided that the Canadian Government should be informed, in advance, of the method to be followed in carrying out the work, and should be provided with a programme of operations.

This course has been followed with respect to the proposed methods submitted for the improvement of that section of the St. Clair River Channel from the head of St. Clair Flats Canal up-stream as far as Algonac, Michigan, which was approved by my note No. 68, dated the 10th June, 1933.^{95b} The section of the improvement from Algonac, Michigan to Marysville, Michigan, was dealt with in the same manner,

^{95a} *Foreign Relations*, 1933, vol. II, p. 93.^{95b} *Ibid.*, p. 96.

and was approved by my notes No. 4 of the 10th January, 1934,^{95c} and No. 9 of the 2nd February, 1934.⁹⁶

I understand that, pursuant to the conditions in the first of my notes, to which reference has been made, the United States Government engineers have submitted to District Engineer Harcourt of the Canadian Department of Public Works, the method and plans which are to be followed in carrying out the third section of the work, which will be the final section in so far as dredging improvements are concerned. This is the section from up-stream of Marysville to opposite Port Huron, Michigan and Sarnia, Ontario.

These methods and plans have been examined by Canadian engineers, who have brought to the attention of the Government two points that require special consideration. The Canadian engineers have reported that the disposition of the material to be dredged within the limits of the River, will fill the only remaining deep holes, and they point out that the Canadian Department of Public Works has on its programme for the coming year the restoration of depth in the channel in Sarnia Bay leading to the Sarnia Salt Company's plant. It is estimated that the removal of 55,000 cubic yards, scow measurement, of material is involved in this improvement, and it is suggested that a reservation be made of sufficient space in the proposed disposal area, on the Canadian side of the boundary, to receive this quantity of material.

The Canadian engineers have also reported that, on the Canadian side of the River, opposite Monument No. 50—where the River Road turns, as indicated on Plan D. S. C. 17/69—there is a shoal water area projecting into the channel beyond the general trend of the river bank, and that the scheme of improvement which has been submitted by the United States engineers does not contemplate the entire removal of this projection. A similar case occurs further up-stream, in front of the Imperial Oil Company's plant, and immediately above the upper disposal area, shown on Plan D. S. C. 17/69. The Canadian engineers consider that it is essential that the scheme of improvement should be extended to include the removal of these submerged points.

Accordingly, I have been requested by the Minister of Public Works to ask you to notify the United States authorities that the work may be proceeded with in accordance with the scheme submitted in Major Crawford's letter to Mr. Harcourt, dated the 15th January, 1934, in so far as the section of the river improvement under this portion of the proposal is concerned, and in accordance with the conditions in my first note, to which reference has been made; provided, however, that a reservation be made to provide for the disposition of the 55,000 cubic

^{95c} *Foreign Relations*, 1933, vol. II, p. 97.

⁹⁶ Not printed.

yards of material proposed to be excavated this season at Sarnia, and provided, also, that the work be extended by the slight amount which is necessary further to improve the channel at the two points specifically mentioned above. It is understood, of course, that, on completion of the work, the United States Engineer Officer in charge will furnish to the District Engineers of the Department of Public Works, at London, a statement with any necessary illustrative plans indicating the condition of the work on completion.

Accept [etc.]

R. B. BENNETT

711.42157 Detroit/84

The Acting Secretary of State to the Minister in Canada (Robbins)

No. 362

[WASHINGTON,] June 4, 1934.

SIR: Reference is made to your despatch No. 543 dated April 21, 1934, file number 715.5, transmitting a copy of a note dated April 20, 1934, from the Canadian Department of External Affairs, relative to the dredging of certain shoal areas of the St. Clair River by the United States.

There is enclosed a copy of a letter dated May 29, 1934, from the Secretary of War,⁹⁷ indicating that he still regards the third condition desired by the Canadian Government as inadmissible, for the reasons given in his letter of March 9, transmitted to you under cover of instruction No. 257 dated March 13, 1934. Mr. Dern, however, perceives no objection to acceding to the present suggestion, that the removal of dredged material from the areas in the St. Clair River where deposited after dredging operations be governed by the general understanding which was embodied in the exchange of correspondence in 1926 and 1927.

You are requested to inform the appropriate Canadian authorities in this regard.

Very truly yours,

WILLIAM PHILLIPS

711.42157 Detroit/85

The Secretary of State to the Minister in Canada (Robbins)

No. 396

WASHINGTON, June 27, 1934.

The Secretary of State refers to the Minister's despatch No. 543 [544] dated April 21, 1934, file number 715.5, enclosing a copy of note No. 34 dated April 20, 1934, from the Canadian Secretary of State for External Affairs, outlining certain specifications concerning proposed dredging operations in the St. Clair River.

⁹⁷ Not printed.

The matter was referred to the Secretary of War and a copy of his reply dated June 22, 1934, in this regard is enclosed,⁹⁸ indicating that there is no objection to the two conditions cited by the Canadian Government and that these will be adhered to in the execution of the proposed work.

711.42157 Detroit/89

The Minister in Canada (Robbins) to the Secretary of State

No. 829

OTTAWA, October 6, 1934.

[Received October 8.]

SIR: I have the honor to refer to the Legation's despatches No. 734 of March 24, 1932,⁹⁸ and No. 518 of April 11, 1934, relative to the dredging operations being carried on in the channel of the lower Detroit River, and to transmit herewith copies of a further note from the Acting Secretary of State for External Affairs on this subject.

Respectfully yours,

WARREN D. ROBBINS

[Enclosure]

*The Canadian Acting Secretary of State for External Affairs (Perley)
to the American Minister (Robbins)*

No. 124

OTTAWA, October 3, 1934.

SIR: I have the honour to refer to my note No. 35, dated the 24th March, 1932,⁹⁸ and to the subsequent correspondence concerning the deepening of the channels in the Detroit River, and particularly to my note No. 25, dated the 10th April, 1934.⁹⁹

I understand that Major R. C. Crawford, District Engineer to the War Department, Detroit, in a letter dated the 8th August, 1934, transmitted to District Engineer Harcourt of the Canadian Department of Public Works, a letter dated the 16th August [*sic*], from the R. C. Huffman Construction Company, contractors employed on the deepening of the channel in the lower Detroit River. In the Company's letter application was made for permission to leave a minimum depth of 9 feet instead of 12 feet, as also to increase the area of the spoil ground already approved and located in Canadian waters to the east of and immediately north of what is known as Detroit River Light in the lower Detroit River, Michigan. The area over which the contractors wish to widen the spoil ground has a width of 1,000

⁹⁸ Not printed.

⁹⁹ *Ante*, p. 985.

feet and a length extending opposite station 4500 to the south end of the disposal area as already approved by my note No. 25, to which reference has already been made.

The disposal [*proposal?*] thus transmitted by Major Crawford has been considered by an inter-departmental Committee, consisting of Canadian Government engineers, who have reported that there is no objection to leaving a depth of 9 feet below low water datum over the spoil area in question, instead of 12 feet, as already approved; but that, in their opinion, the easterly limit of the proposed additional spoil area should extend from the south-east corner of the proposed additional area to the north-east corner of the adjoining spoil area already approved. The main reason for this proposed change in the easterly limit is that such easterly limit would eliminate any jogs or undesirable angles, and such line would be approximately parallel to the line of the deep water prevailing to the east of this spoil area.

I have the honour, therefore, to convey to you the concurrence of the Canadian Government in the proposal thus transmitted by Major Crawford, provided that there is compliance with the suggestion made by the Committee, set forth above, and subject to the general conditions contained in the correspondence to which reference has been made. With regard to the suggestion of the Committee as to the easterly limit of the proposed additional spoil area, I understand that the matter has been considered at a conference between the Canadian Government engineers and the United States Government engineers, and that there is no objection to complying with this suggestion.

Accept [etc.]

GEORGE H. PERLEY

IRISH FREE STATE

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND THE IRISH FREE STATE

611.41D31/16

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 79

DUBLIN, August 6, 1934.

[Received August 15.]

SIR: I have the honor to inform the Department that in the negotiation of reciprocal trade agreements no country could be more willing to meet the United States half way than the Irish Free State, under its present Government headed by Mr. Eamon de Valera, President of the Executive Council.

The Free State, with the raising of cattle as its main sustaining industry, heretofore has been dependent on one external market. The Free State's large surplus of cattle, (together with other agricultural products) has been going to Great Britain and the Free State has been importing British manufactured goods in return. It is Mr. de Valera's aim, as far as possible, to free his country from this state of dependence and specialization.

By encouraging the establishment of industries in the Free State a better balance between agriculture and industry is to be brought about. Convinced of the social advantages of decentralization which would avoid great concentrations of wealth and poverty in large industrial centers, Mr. de Valera desires to see established a large number of relatively small industrial units scattered throughout the country.

In addition to a better balance between agriculture and industry, a better balance, within the field of agriculture, is to be brought about between grazing and tillage. Heretofore, cereals have been imported into the Free State in important quantities but the de Valera Government is taking various means to encourage their local production as well as to reduce the number of acres of land given over to the raising of cattle.

These plans fundamentally to change the country's economy, along the lines of increasing separatism and isolation from Great Britain and hence of increasing national self-sufficiency, do not preclude the negotiation of reciprocal trade agreements with various foreign powers whose present small trade with the Free State it might be mutually

advantageous to increase and, as suggested above, there is no country with which the Free State would rather conclude an agreement aimed to foster mutual trade than the United States.

Mr. de Valera himself informed me that he hoped the foundation of a trade agreement between the Free State and the United States would be laid in the near future and, to come to the point of this despatch, he said that when the agreement was ready for signature he would be glad, as a gesture of good will, to go to Washington to sign it.

For a brief statement of recent industrial progress in the Free State, I beg to refer to my despatch No. 77, of July 30, 1934.¹

A Report No. 30, mailed on March 19, 1934,^{1a} from the American Consulate General in Dublin, deals with direct trade between the Free State and the United States.

Respectfully yours,

JAMES ORR DENBY

611.41D31/17

Memorandum by the Under Secretary of State (Phillips) to the Assistant Secretary of State (Sayre)

[WASHINGTON,] September 10, 1934.

MR. SAYRE: The Irish Minister called, under instructions, to remind me that his Government was ready to discuss trade matters and would very much like to have information as to the necessary procedure. He asked me whether, in my opinion, it would be desirable to put his request in the form of a note, to which I replied that, in my opinion, there would be no advantage in doing so, that I would make of record the purpose of his call this afternoon, which would be sufficient. I enumerated the countries with which we are about to negotiate and said that I did not believe we would be able to get to his Government for some little time, that for the present, at least, our negotiators would seem to have a very full slate.

The Minister said he understood, but made his request under instructions.

WILLIAM PHILLIPS

611.41D31/18

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] October 15, 1934.

Mr. Doyle, of 1500 Girard Building, Philadelphia, Pennsylvania, a member of the American Committee in Geneva, came to see me with

¹ Not printed.

^{1a} Not found in Department files.

respect to a conversation which he had recently had with Mr. de Valera of Ireland. Mr. Doyle said that he is a very close intimate friend of Mr. de Valera and that when Mr. de Valera was in Geneva he and Mr. Doyle talked together about the negotiation of a trade agreement between the two countries. Mr. de Valera said that he was so anxious to secure a trade agreement that he would be willing to come to the United States himself, if it were necessary, to secure the agreement. I explained to Mr. Doyle that our hands were already so filled with other trade agreements which we have undertaken and are now in the process of negotiating, or just about to negotiate, that it would be humanly impossible to enter into additional negotiations. I said to Mr. Doyle, however, that we would give most sympathetic consideration to the matter of a possible Irish trade agreement later on. I asked Mr. Doyle whether he had questioned Mr. de Valera as to what commodities he was desirous of covering in the trade agreement. Mr. Doyle replied that Mr. de Valera had mentioned the four following export commodities: (1) agricultural products; (2) bacon; (3) liquors, wine and beer; (4) linens and flax products.

F[RANCIS] B. S[AYRE]

ELIMINATION IN THE IRISH FREE STATE OF PAYMENT OF ROAD MOTOR TAX BY AMERICAN CONSULAR OFFICERS ON BASIS OF RECIPROCITY

702.0641D/10

The Secretary of State to the Chargé in the Irish Free State (Denby)

No. 278

WASHINGTON, March 20, 1934.

SIR: The Department encloses a copy of a despatch dated February 20, 1934, received from the American Consul General at Dublin,² concerning the payment of road motor tax by consular officers stationed in the Irish Free State. The Consul General states that the Belgian Consul General has refused to pay the tax for the past two years on the ground that no such tax is levied in Belgium and that the French Minister has obtained full exemption for the French Consul and the French Commercial Agent from the payment of the road motor tax and the drivers' license tax.

No Federal tax similar to the road motor tax is imposed upon consular officers of the Irish Free State stationed in the United States. The laws of some of the states in which consular officers of the Irish Free State reside impose similar charges for issuing automobile tags to foreign consular officers usually on the basis of reciprocity. The grounds upon which the French Minister obtained exemption for

² Not printed.

French consular officers are not set forth. The granting of such exemption may be a discrimination against American consular officers who are held by the Irish Free State to be responsible for the tax.

Under the circumstances you are requested to take up this matter with the appropriate authorities of the Irish Free State and to use your best endeavors to obtain an exemption for American consular officers from the road motor tax. Please submit a report, setting forth the action taken by you pursuant to this instruction.

Very truly yours,

For the Secretary of State:
WILBUR J. CARR

702.0641D/11

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 10

DUBLIN, April 17, 1934.

[Received May 2.]

SIR: I have the honor to refer to the Department's instruction No. 278 of March 20, 1934, regarding the payment, by consular officers stationed in the Irish Free State, of the road tax for motor vehicles and the drivers' license tax.

Diplomatic officers stationed in the Irish Free State are exempt from the payment of the above taxes but the Department of External Affairs has consistently refused to extend the same privilege to consular officers. The position taken by the Department of External Affairs is that the privileges extended consular officers here already are more extensive than those extended in most other countries. The Department of External Affairs points out, for instance, that foreign consular officers stationed in the Free State are accorded the privilege of importing duty free anything they desire for their own use not only on their first arrival but throughout their period of duty. This includes the privilege of importing gasoline without payment of the high current duty of approximately sixteen cents per gallon.

The road tax for motor vehicles here, as in Great Britain, amounts to one pound sterling per horse power per year which undoubtedly adds greatly, for consular officers and others who pay the tax, to the cost of maintaining automobiles in the Free State. On a 24 horse power Ford car, for example, the tax would be £24 a year. The Legation is informed that Consul B. M. Hulley of the American Consulate General in Dublin has had to put his car into dead storage as a measure of economy and that Mr. Leslie Woods, the American Consul in Cork, for the time being is without any at all, for reasons of economy.

On receipt of the Department's instruction, the Legation, on April 7, 1934, again took up the question with the appropriate official of

the Department of External Affairs and pressed for relief for American consular officers from this heavy tax—which has no equivalent in the United States. The Legation was informed however that there had been no change in the matter since it was broached before; that President de Valera himself had decided that it did not seem feasible to afford relief for the calendar year 1934; and that the whole question of diplomatic and consular immunities was being intensively examined by the competent Free State authorities with a view to seeing what adjustments could be made and what relief could be granted—on the basis of reciprocity and in harmony with tax conditions in other countries. This statement, of course, may have been made in good faith with a sincere desire to help foreign consular officers in the Free State and on the other hand it may be a way of gaining time and postponing a final reply in the negative.

As to the French Consul in Dublin the situation is as follows: A French Consul is attached to the French Legation here. He is granted exemption from the tax on the ground of his diplomatic status as a member of the staff of the French Minister. There was a French Consulate in Dublin until the French Legation was established and the Consulate was thereupon abolished.

The other consuls either pay the tax or do not own cars.

The Legation believes that the French solution of the difficulty, as outlined above, is not without merit. If the Department were to find it possible to attach American Consular Officers in Dublin to the staff of the Chief of the Mission and so make them a part of the diplomatic mission here there should be no trouble in obtaining from the Free State Government the immunities desired.

Respectfully yours,

JAMES ORR DENBY

702.0641D/11

The Secretary of State to the Chargé in the Irish Free State (Denby)

No. 293

WASHINGTON, May 14, 1934.

SIR: There has been received your despatch No. 10 of April 17, 1934, with regard to the payment by consular officers stationed in the Irish Free State of the road tax for motor vehicles and the drivers' license tax.

The comments contained in the despatch under acknowledgment have carefully been noted. With reference to your suggestion that the American consular officers at Dublin be attached to the staff of the chief of mission in order that, by reason of their diplomatic status thus acquired, they might enjoy immunity from the taxes in

question, I regret to inform you that such action is not considered feasible.

Very truly yours,

For the Secretary of State:
WILBUR J. CARR

702.0641D/13

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 110

DUBLIN, September 26, 1934.

[Received October 5.]

SIR: I have the honor to refer to the Department's Instruction of May 8, 1934, Diplomatic Serial No. 2428, File No. 702.06/279 [278a], entitled: "Free Registration of Motor Vehicles."³

On the receipt of the above Instruction I informed the Department of External Affairs of the Irish Free State Government that the legislature of the State of New York had enacted a measure which granted foreign consular officers reciprocal free registration of motor vehicles and I inquired whether, in these circumstances, the Irish Free State Government would be in a position to accord similar treatment to American consular officers here.

I beg to transmit enclosed herewith, for the Department's information and records in this relation, a copy of a letter of September 24, 1934,³ addressed to me by Mr. Sean Murphy, Assistant Secretary of the Department of External Affairs, stating, in part, as follows:

"I have pleasure in informing you that after consulting the Departments concerned it has now been agreed that as from the 1st January, 1935, American consular officers of career of the rank of Consul General, Consul and Vice-Consul resident in the city and county of Dublin, will be exempt from the payment of road tax on their motor cars."

Mr. Murphy informed me orally that he regretted to be unable at this time to accede to my request that American consular officers in Cork also be granted exemption from the road tax—which tax, as the Department is aware from my despatch No. 10, of April 17, 1934 and from other related correspondence, is a very heavy one, being calculated on the basis of a pound sterling per horse power per annum.

Mr. Murphy stated that his Government felt it to be right, in view of the action taken by the State of New York, to grant a corresponding exemption in what might be considered a corresponding area in the Irish Free State, that is to say to grant exemption from the motor road tax to American consular officers resident in the city and county

³ Not printed.

of Dublin. He added that the Free State Government would be pleased to grant American consular officers in Cork, on the basis of reciprocity, all privileges and exemptions corresponding to those which might be granted to the Irish Free State consular officers stationed, in the United States, in Boston, Chicago, or San Francisco.

Respectfully yours,

JAMES ORR DENBY

702.0641D/14

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 118

DUBLIN, October 5, 1934.

[Received October 17.]

SIR: I have the honor to refer to my despatch No. 110, of September 26, 1934, apprizing the Department of the fact that, inasmuch as the state of New York had granted foreign consular officers within its borders free registration of their motor vehicles, the Irish Free State Government, by way of reciprocity, had granted to American consular officers stationed in the city and county of Dublin exemption from the payment of the Irish Free State road tax on motor cars.

This is agreeable to American consular officers in Dublin but does not benefit those in Cork. American consular officers in the city and county of Cork (the only other district in the Free State in which American consular officers are stationed) will have to continue to pay the road tax on their motor vehicles. They could, however, secure exemption from this tax if a corresponding exemption were granted Irish Free State consular officers stationed, in the United States, in some other State than in New York. In other words, I am (orally) informed by the competent official of the Free State Department of External Affairs that American consular officers in Cork will be granted exemptions corresponding to those granted Free State consular officers in any one of the three cities of Boston, Chicago, or San Francisco.

Acting on behalf of the American consular officers now stationed in Cork and those who may in the future be stationed there, and with the concurrence of the American Consul General in Dublin, I therefore venture hereby to request the Department to inform me whether any one of the three States of Massachusetts, Illinois, or California grant to foreign consular officers stationed within their borders an exemption of any kind from motor vehicle registration taxes or other motor vehicle taxes in order that, on the basis of reciprocity, the Legation may be in a position to press for the exemption of American consular officers stationed in Cork from the Free State road tax on their motor cars. The tax is a heavy one being calculated, generally speaking, at a pound sterling per horsepower per annum.

Respectfully yours,

JAMES ORR DENBY

702.0641D/15

The Chargé in the Irish Free State (Denby) to the Secretary of State

No. 172

DUBLIN, January 9, 1935.

[Received January 24.]

SIR: I have the honor to refer to the Department's Instruction No. 315, of October 17, 1934,⁵ dealing with the exemption of American consular officers in the city and county of Dublin from the payment of the road tax on their motor vehicles.

I beg to report hereby that on the basis of data furnished the Legation by the Department, the Government of the Irish Free State has also accorded exemption from this tax, as from January 1, 1935, to American consular officers stationed in the city and county of Cork. As set forth in a letter of January 7, 1935, addressed to me by Mr. Sean Murphy, the Assistant Secretary of the Department of External Affairs, the exemption is accorded to the American Consul and American Vice-Consul resident in the city and county of Cork "in respect of one motor car each, used in connection with their official duties."

The privilege is accorded, on the basis of reciprocity, because of the exemption enjoyed by foreign consular officers in the State of Illinois from the payment of registration fees on their motor cars.

There are no American consular officers stationed elsewhere, in the Irish Free State, than in Dublin and Cork.

Respectfully yours,

JAMES ORR DENBY

ARRANGEMENT BETWEEN THE UNITED STATES AND THE IRISH FREE STATE FOR RELIEF FROM DOUBLE INCOME TAX ON SHIPPING PROFITS, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 24, 1933, AND JANUARY 9, 1934

[For text of arrangement, see Department of State Executive Agreement Series No. 56, or 48 Stat. 1842.]

⁵ Not printed. This instruction enclosed data regarding treatment of foreign consular officers in Massachusetts, Illinois, and California with respect to automobile fees.

NEW ZEALAND

REPRESENTATIONS REGARDING DISCRIMINATION AGAINST AMERICAN COMMERCE IN THE NEW ZEALAND MANDATE OF WESTERN SAMOA¹

611.62M31/80a

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

No. 506

WASHINGTON, August 3, 1934.

SIR: Reference is made to the Embassy's despatch No. 537 of July 2, 1924,² with which was enclosed a note from the Foreign Office dated June 30, 1924, and numbered A 3920/2287/45.

These communications dealt with the action of New Zealand in denying to American commerce in Western Samoa "privileges and conditions equal to those enjoyed by the sovereign Power", as required by Article III of the convention of December 2, 1899, between the United States, Great Britain and Germany.³

The position of New Zealand, as mandatory under the League of Nations of the former German Samoa, was substantially that, inasmuch as the United States, as a result of Section 21 of the Merchant Marine Act, 1920,⁴ was denying to British commercial vessels "privileges and conditions equal to those enjoyed by the sovereign power" in American Samoa, the action of New Zealand did not constitute a greater violation of the convention than did the action of the United States.

By Section 21 of the Merchant Marine Act of 1920 the coastwise shipping laws of the United States were extended to the island territories and possessions of the United States not at that time covered thereby, which included American Samoa, and thus British ships were excluded from participating in the trade among the American ports of the islands and the trade of these ports with other American ports. Ever since the time of the above-mentioned correspondence with the British Foreign Office, it has been the policy and earnest effort of the Department to obtain the amendment of the provisions of law by

¹ For previous correspondence, see *Foreign Relations*, 1924, vol. II, pp. 241 ff., and *ibid.*, 1927, vol. II, pp. 760 ff.

² *Ibid.*, 1924, vol. II, p. 243.

³ *Ibid.*, 1899, p. 667.

⁴ 41 Stat. 988.

which the coastwise laws were extended to American Samoa. Finally, by a joint resolution approved June 14, 1934, an amendment was effected. Two copies of the joint resolution are enclosed.⁵

The note of the British Foreign Office, already referred to, after discussing various phases of the situation, contains the following statement:

"In the circumstances the Government of New Zealand would be willing to consider the request of the United States Government for national treatment for their commerce and commercial vessels in Western Samoa, provided the United States Government on their part are willing to give a specific assurance of the understanding that article 3 of the Convention of 1899 ensures to British commerce and commercial vessels national treatment in that part of Samoa under United States administration."

In view of the joint resolution of June 14, 1934, this Government is now in a position to give a specific assurance of its understanding that Article III of the convention of 1899 assures to British commerce and commercial vessels national treatment in that part of the Samoan Islands which is under the administration of the United States.

Accordingly, it is desired that you approach the British Government and request that, under the circumstances, New Zealand should give similar assurances that, henceforth, the commerce and commercial vessels of the United States will receive national treatment throughout the mandated territory of Western Samoa.

You may wish to address a note to, or leave a memorandum with, the Foreign Office, substantially as follows:

"The Government of the United States recalls Mr. Warner's note of June 30, 1924 (A 3920/2287/45), in regard to the tariff regime in operation in the mandated territory of Western Samoa. This note was in response to representations made by the Government of the United States concerning particularly the application of the tariff laws of New Zealand in Western Samoa, which resulted in the denial, so far as the commerce and commercial vessels of the United States were concerned, of privileges and conditions equal to those enjoyed by New Zealand, as contemplated by Article III of the convention of December 2, 1899, between the United States, Great Britain and Germany, which has continued in force, and governs the relations between the United States and the mandated area. From the note under reference, it is understood that the Government of New Zealand takes the position that if the Government of the United States will accord to the ships and commerce of the British Commonwealth of Nations the treatment in American Samoa which is applicable to the commerce and vessels of the United States, that is to say, the treatment which British vessels enjoyed prior to the enactment of the Merchant Marine Act, 1920, Section 21 of which effected the extension of the coastwise

⁵ 48 Stat. 963.

shipping laws of the United States to American Samoa, American vessels and American commerce will be permitted to enjoy national treatment throughout the mandated territory of Western Samoa.

"The Government of the United States is now in a position to inform the Government of New Zealand that the provisions of law referred to have been amended so that they are no longer applicable to commerce between the islands of American Samoa or between those islands and other ports under the jurisdiction of the United States; and also to give specific assurance of its understanding that Article III of the convention of 1899 ensures to British commerce and commercial vessels national treatment in that part of Samoa under the administration of the United States.

"It is hoped that this situation may be brought to the attention of the appropriate New Zealand authorities so that the regime of the Open Door, contemplated by the convention of 1899, may be restored in Western Samoa."

The Department considers this matter to be one of importance and requests that you give particular attention to arranging, with such promptness as may be practicable, for the necessary action on the part of the British and New Zealand Governments. For your information, it should be added that the Department considers agreement in regard to this matter as the essential first step toward a convention between the United States and New Zealand which will provide recognition of the mandate by the United States and guaranties to the United States such as have been accorded in treaties with the mandatory powers controlling other areas mandated under the League of Nations. It is also hoped that this matter may be successfully arranged prior to the negotiations which may possibly take place for a trade agreement between the United States and New Zealand under the provisions of the Tariff Reciprocity Act of June 12, 1934.⁶

A copy of this instruction is being sent to the American Consul General at Wellington for his information and for a report in regard to the situation there.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

611.62M31/81

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

No. 895

LONDON, August 16, 1934.

[Received August 24.]

SIR: I have the honor to refer to the Department's instruction No. 506 of August 3, 1934, and to previous correspondence dealing with the action of New Zealand in denying to American commerce in the New

⁶ 48 Stat. 943.

Zealand mandate of Western Samoa "privileges and conditions equal to those enjoyed by the Sovereign Power", as required by Article III of the Convention of December 2, 1899, between the United States, Great Britain and Germany. A third person note in the sense of the Department's instruction was delivered yesterday to the Foreign Office, and at the same time a representative of the Embassy endeavored to make clear orally that the United States Government was now in a position to meet the views of New Zealand with respect to the point at issue. The Foreign Office has promised to expedite action on the part of the New Zealand Government with as much expedition as possible.

Respectfully yours,

For the Ambassador:
 RAY ATHERTON
Counselor of Embassy

611.62M31/82

The Vice Consul at Wellington (Hoffmann) to the Secretary of State

No. 15

WELLINGTON, September 13, 1934.

[Received October 10.]

SIR: I have the honor to refer to the Department's unsigned Instruction of August 3rd, 1934,⁷ no file number, in which this Consulate General is requested to report on the present situation with reference to discrimination against American commerce in Western Samoa, and to inform the Department confidentially the probable reception by the New Zealand Government of the Department's request through the American Embassy in London, that discriminatory measures at present in force be removed. This action is requested in view of the removal of American Samoa from the application of the American coastwise shipping laws in accordance with a joint resolution of Congress approved on June 14th of this year.

There is no discrimination against American commerce as such at present in effect in Western Samoa, and the only violation on the part of New Zealand of the Convention of December 2nd, 1899, is the application of preferential rates to British goods entering that territory. Under the customs tariff applicable to Western Samoa, duties are charged at the rate of 17½% ad valorem on goods of British origin, and at the rate of 25% ad valorem on all other goods. There are, however, certain exceptions to this, namely, cigars, cigarettes and tobacco, timber, kerosene and benzine, upon which specific rates are charged which are the same for all goods, whether British or otherwise. During the year 1933, total imports from the United States, Hawaii and Tutuila, were valued at £12,283. Of these, goods to the

⁷ Not printed.

value of £6,079 were charged the specific rates above mentioned, and accordingly were at no disadvantage as compared to similar articles of British origin. Thus slightly more than one-half of the total trade, namely £6,204 worth, was subject to rates higher than those charged to competitive British goods, in violation of the Convention of 1899.

With respect to the possibility of the admission of American goods at parity with British, it is difficult to state what the attitude of the New Zealand Government will be. So far no word has been received here from the British Foreign Office, and the Government of New Zealand was quite unaware that the restrictions against British shipping had been removed from American Samoa. The official charged with Samoan matters in the Ministry of External Affairs here stated that, in view of declining revenues, any lowering of the present tariff would be unwelcome. Moreover, were American goods to be granted preferred treatment over those from other foreign nations, a serious question would arise as to whether or not the other nations would not be justified in demanding like treatment for their goods. Although it was pointed out to him that the 1899 Convention established certain rights to American goods not enjoyed by those of non-signatory powers, some doubt remained in his mind, nevertheless, and he appeared to consider it a matter that would have to be carefully looked into.

The Right Honorable G. W. Forbes, who is Prime Minister and also Minister of External Affairs, was interviewed in this matter, but he was unwilling to commit himself, and stated that no action could be taken or contemplated, by the New Zealand Government until official word of the change in the situation had been received from London. Mr. Forbes also expressed a doubt as to the possibility of granting American goods treatment not granted to those of other nations, although it is believed this question does not offer serious difficulties. Mr. Forbes stated that as the whole matter was one of more concern to Great Britain than to New Zealand, in that Great Britain was the signatory to the Convention and British rather than New Zealand shipping would be more likely to be affected, the New Zealand Government undoubtedly would be guided in its action by the wishes of the British Government. Should it be decided to place the entry of American goods upon parity with those of British origin, this would be a very easy matter to effect, in that all that would be necessary would be an Order-in-Council issued by this Government.

From what I have gathered in the conversations above referred to, I do not believe that New Zealand will be at all anxious to lower the tariff on the entry of American goods, and that, if left to itself, no such action will be taken. However, if the British Government decides that it is advisable and recommends it to this Dominion, it is believed that the wishes of the Foreign Office will be complied with.

That opinion is based upon a review of the case solely upon its merits. Naturally no mention was made of the other factors entering into it, namely those mentioned in the next to the last paragraph of the Department's Instruction No. 506, of August 3, to the American Ambassador in London, that the settlement of this question is the first step towards recognition by the United States of the Mandate, and that it is a preliminary to a possible trade agreement with New Zealand. Were these other considerations to be made known, it is quite possible and even probable that the Government of this Dominion would be more inclined to abide by the terms of the 1899 Convention.

Respectfully yours,

WALTER W. HOFFMANN

611.62M31/81

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

No. 584

WASHINGTON, October 17, 1934.

SIR: The Department refers to the Embassy's despatch No. 895 of August 16, 1934, in reply to its instruction No. 506 of August 3, 1934, dealing with the New Zealand mandated territory of Western Samoa and the Tripartite Treaty of 1899. There is enclosed herewith, for the information of the Embassy, a copy of despatch No. 15, of September 13, 1934, from the American Consulate General at Wellington, New Zealand, on the same subject.*

The Department desires to call your particular attention to the passages on page 3 to the effect that the Prime Minister of New Zealand, Mr. Forbes, has stated that the whole matter is one of more concern to Great Britain than to New Zealand and that the New Zealand Government will be guided by the wishes of the British Government.

For obvious reasons, the Department is anxious that the Treaty of 1899 be restored to its full integrity prior to the opening of the next session of Congress. As the economic interests involved, whether shipping or commerce, are exceedingly small, it is hoped that the British and New Zealand Governments will view the matter primarily as one of fulfilling their treaty obligations and that you may be able to obtain a prompt and satisfactory answer to the note which you delivered at the Foreign Office on August 15, 1934.

Please keep the Department informed.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

* *Supra.*

611.62M31/82

The Secretary of State to the Consul General at Wellington (Bucklin)

WASHINGTON, October 18, 1934.

SIR: In acknowledging the Consulate General's despatch No. 15 of September 13, 1934, on the subject of discrimination against American commerce in Western Samoa, which despatch has proven very helpful, and a copy of which has been transmitted to the American Embassy at London, the Department desires to ask two additional questions.

(1) Is the Department correct in understanding that the preference in Western Samoa to British goods applies to goods from all portions of the British Empire?

(2) Is the Department correct in understanding, from the absence of mention of the Ottawa Agreements,⁹ that New Zealand does not enforce in Western Samoa preferential rates arising from them?

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

611.62M31/84

The Consul General at Wellington (Bucklin) to the Secretary of State

No. 40

WELLINGTON, December 4, 1934.

[Received January 2, 1935.]

SIR: I have the honor to refer to the Department's Instruction of October 18, 1934, File No. 611.62M31/82, in which additional information is requested regarding the discrimination against American commerce in Western Samoa.

In reply to the Department's questions, it is informed that the preference to British goods accorded by the Samoan Customs applies equally to goods from all portions of the British Empire. Also the Ottawa Agreements have not in any way affected the Samoan tariff, as this latter has not been altered subsequent to the Ottawa Conference, and the rates now in force, both preferential and general, were those applicable before the Agreements negotiated at Ottawa came into effect.

Respectfully yours,

GEO. A. BUCKLIN

⁹ *British and Foreign State Papers*, vol. cxxxv, pp. 161-231.

611.62M31/85

The Chargé in Great Britain (Atherton) to the Secretary of State

No. 1151

LONDON, January 7, 1935.

[Received January 16.]

SIR: I have the honor to refer to my despatch No. 1026 of November 6, 1934,¹⁰ and to previous correspondence with respect to American commerce in the New Zealand mandated territory of Western Samoa. This matter has since been mentioned on several occasions to appropriate officials of the Foreign Office, and the desire of the Department for an early satisfactory solution has been urged. The Foreign Office has continually promised to do everything possible to expedite formal action, but apparently nothing has yet been received in London from the Government of New Zealand.

The Embassy will continue to press the matter, as may be feasible, with the Foreign Office and will keep the Department informed.¹¹

Respectfully yours,

RAY ATHERTON

**REPRESENTATIONS BY THE BRITISH GOVERNMENT ON BEHALF OF
NEW ZEALAND WITH RESPECT TO SOVEREIGNTY OVER THE ROSS
DEPENDENCY IN CONNECTION WITH ADMIRAL BYRD'S EXPEDI-
TION TO THE ANTARCTIC**

031 Byrd South Polar Expedition/142

The British Ambassador (Lindsay) to the Secretary of State

No. 33

WASHINGTON, January 29, 1934.

SIR: In accordance with instructions received from His Majesty's Secretary of State for Foreign Affairs I have the honour to make to you, on behalf of His Majesty's Government in New Zealand, the following communication.

The United States Government will doubtless be aware that an expedition to the Antarctic led by Admiral Byrd left New Zealand on December 12th for a base in Ross dependency which was established on his previous expedition in 1928-1929.¹² His Majesty's Government in New Zealand were glad to welcome Admiral Byrd again to the Dominion and are following the progress of his expedition with interest. As the United States Government may have heard, they sent him on his departure a message of good will in his endeavour coupled with an offer of all necessary facilities for the expedition while in the territory under their administration.

¹⁰ Not printed.

¹¹ Despite repeated representations in London and Wellington, no definite reply was obtained prior to a British Foreign Office note of June 3, 1936, transmitted by the Ambassador in Great Britain to the Secretary of State, with despatch No. 2242, June 5, 1936 (611.62M31/96).

¹² See *Foreign Relations*, 1928, vol. II, pp. 1001 ff.

His Majesty's Government in New Zealand understand that the expedition has the official backing of the United States Government and in these circumstances they feel it necessary to state that their attention has been drawn to articles in certain newspapers reporting that it is intended to establish a post office at Admiral Byrd's base in Ross dependency and that certain members of the expedition were before leaving the United States formally sworn in before the Postmaster General of the United States with the object of acting as postmasters at this post office. It is also understood that special stamps in connection with the expedition have been issued by the United States Government, and it has been reported that these will be used to frank letters posted at the expedition's base. While His Majesty's Government in New Zealand recognise that some allowance must be made for the absence of ordinary postal facilities in Ross dependency, they would point out that if a United States post office were to be officially established in the dependency, or if the United States Government were to sanction the use of United States postage stamps there without permission from the sovereign Power, such acts could not be regarded otherwise than as infringing the British sovereignty and New Zealand administrative rights in the dependency as well as the laws there in force.

Although it is understood that the expedition is operating a wireless station in Ross dependency, no licence for such a station was applied for, and similarly although it is understood that United States aircraft are being imported into the dependency for the purpose of making flights in or over its territory, the competent authorities received no application for permission for such flights. Since on his previous expedition Admiral Byrd established a wireless station at his base and carried aircraft to the dependency, and was not then required to obtain a licence or formal permission he may have thought it unnecessary to do so on this occasion. His Majesty's Government in New Zealand are indeed willing to regard their offer of facilities as covering now, as on the previous expedition, permission both for the wireless station and for the flights over the dependency, but they would nevertheless point out that they would have preferred prior application to have been made to the competent authority by or on behalf of the expedition in accordance with the relevant legislation applicable.

His Majesty's Government in New Zealand are not aware whether the expedition to the Ross dependency led by Mr. Lincoln Ellsworth¹³ is proceeding under the auspices of the United States Government, but

¹³ Lincoln Ellsworth, Antarctic explorer and leader of the Ellsworth Trans-Atlantic Flight Expedition which left Dunedin, N. Z., on December 4, 1933. The abortive expedition was abandoned in the Bay of Whales and left the Ross Sea for Dunedin, N. Z., on January 15, 1934.

should this be the case they would wish to draw the attention of the United States Government to the same points in connection with the operation of a wireless station and aeroplane flights.

His Majesty's Government in New Zealand trust that the United States Government will bear the above mentioned points in mind in the case of any United States expeditions under official auspices which may proceed in the future to territory under New Zealand administration.

I have [etc.]

R. C. LINDSAY

031 Byrd South Polar Expedition/144

The Secretary of State to the British Ambassador (Lindsay)

WASHINGTON, February 24, 1934.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 33 dated January 29, 1934, in which, on behalf of His Majesty's Government in New Zealand, you refer to activities carried on by the expedition to the Antarctic led by Admiral Byrd.

I desire to assure you that any facilities given to the expedition by the New Zealand authorities are greatly appreciated. It does not seem necessary at this time to enter into a discussion of the interesting questions which are set forth in your note. However, I reserve all rights which the United States or its citizens may have with respect to this matter.

Accept [etc.]

For the Secretary of State:
R. WALTON MOORE

031 Byrd South Polar Expedition/161

The Secretary of State to the British Ambassador (Lindsay)

WASHINGTON, November 14, 1934.

MY DEAR SIR RONALD: Referring to your recent inquiry, I beg to inform you that so far as I am advised the only action taken by my Government relative to the Byrd Expedition to the Antarctic since your note of January 29, 1934, and my reply thereto of February 24, 1934, consists in the Postmaster General of my Government having instructed a representative of his Department to proceed to Little America, Admiral Byrd's base, "for the purpose of assuming charge of the handling of the mail at that place."

It is understood that His Majesty's Government in New Zealand bases its claim of sovereignty on the discovery of a portion of the region in question. While it is unnecessary to enter into any detailed discussion of the subject at this time, nevertheless, in order to avoid

misapprehension, it is proper for me to say, in the light of long established principles of international law, that I can not admit that sovereignty accrues from mere discovery unaccompanied by occupancy and use.

I am [etc.]

CORDELL HULL

031 Byrd South Polar Expedition/166

The British Ambassador (Lindsay) to the Secretary of State

No. 402

WASHINGTON, December 27, 1934.

SIR: With reference to the letter which you were so good as to address to me on November 14th last, I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, at the instance of His Majesty's Government in New Zealand to inform you that the supposition that the British claim to sovereignty over the Ross Dependency is based on discovery alone, and, moreover, on the discovery of only a portion of the region, is based on a misapprehension of the facts of the situation.

2. The Dependency was established and placed under New Zealand Administration by an Order in Council of 1923¹⁴ in which the Dependency's geographical limits were precisely defined. Regulations have been made by the Governor General of New Zealand in respect of the Dependency and the British title has been kept up by the exercise in respect of the Dependency of administrative and governmental powers, e. g. as regards the issue of whaling licences and the appointment of a special officer to act as magistrate for the Dependency.

3. As I had the honour to state in my Note No. 33 of January 29th last, His Majesty's Government in New Zealand recognize the absence of ordinary postal facilities in the Dependency and desire therefore to facilitate as far as possible the carriage of mail by United States authorities to and from the Byrd Expedition. As regards Mr. Anderson's present mission, they understand that he is carrying letters to which are, or will be, affixed special stamps printed in the United States and that these stamps are to be cancelled and date-stamped on board the Expedition's vessel. They also understand that these stamps are intended to be commemorative of the Byrd Expedition and have been issued as a matter of philatelic interest.

4. In the above circumstances His Majesty's Government in New Zealand have no objection to the proposed visit of Mr. Anderson. They must, however, place it on record that, had his mission appeared to them to be designed as an assertion of United States sovereignty

¹⁴ *The New Zealand Official Year-Book, 1924* (Wellington, N. Z.: W. A. G. Skinner, Government Printer 1923), pp. 724-725.

over any part of the Ross Dependency or as a challenge to British sovereignty therein, they would have been compelled to make a protest.

I have [etc.]

R. C. LINDSAY

031 Byrd South Polar Expedition/177

The Secretary of State to the British Ambassador (Lindsay)

WASHINGTON, February 7, 1935.

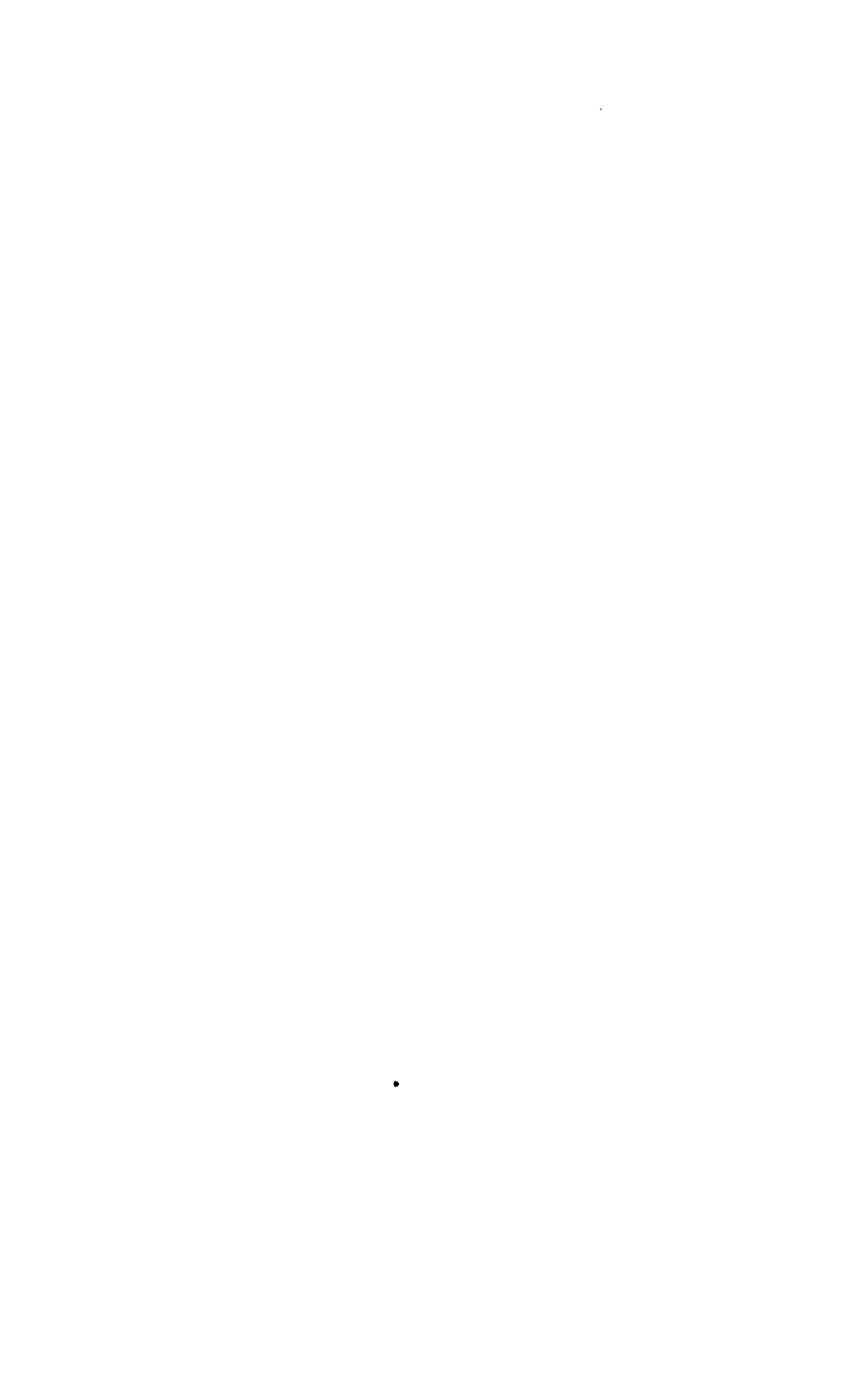
EXCELLENCY: I have received your note No. 402 dated December 27, 1934, concerning the British claim to sovereignty over the Ross Dependency. It is noted that His Majesty's Government in New Zealand have no objection to the proposed visit of Mr. Anderson.

The Government of the United States considers that no useful purpose would be served by a discussion at this time of the questions raised in your note. In the circumstances, I consider it desirable merely to reaffirm the statement contained in my note of February 24, 1934, to the effect that the United States reserves all rights which this country or its citizens may have with respect to the matter.

Accept [etc.]

CORDELL HULL

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