●PSF

State Dept.

1933-34

1931 — 1933

PSF: State Dept

Henry L. Stimson

Secretary of State of the United States of America.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, That the Congress of the United States, at the first session, seventy-second Congress begun at the City of Washington on Monday, the seventh day of December, in the year one thousand nine hundred and thirty-one, passed a Joint Resolution in the words and figures as follows: to wit—

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"ARTICLE—

"Section 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"Sec. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"Sec. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"Sec. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"Sec. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"Sec. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

And, further, that it appears from official documents on file in the Department of State that the Amendment to the Constitution of the United States proposed as aforesaid has been ratified by the Legislatures of the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

And, further, that the States whose Legislatures have so ratified the said proposed Amendment, constitute more than the requisite three-fourths of the whole number of States in the United States.

NOW, therefore, be it known that I, Henry L. Stimson, Secretary of State of the United States, by virtue and in pursuance of Section 160, Title 5, of the United States Code, do hereby certify that the Amendment aforesaid has become valid to all intents and purposes as a part of the Constitution of the United States.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the Department of State to be affixed.

DONE at the City of Washington this sixth day of February, in the year of
[SEAL] our Lord one thousand nine hundred and thirty-three.

HENRY L STIMSON

U. S. GOVERNMENT PRINTING OFFICE: 1933

DEPARTMENT OF STATE

FOR THE PRESS FEBRUARY 6, 1933

HENRY L. STIMSON

Secretary of State of the United States of America.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, That the Congress of the United States, at the first session, seventy-second Congress begun at the City of Washington on Monday, the seventh day of December, in the year one thousand nine hundred and thirty-one, passed a Joint Resolution in the words and figures as follows: to wit-

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

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"Sec. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

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"Sec. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

And, further, that it appears from official documents on file in the Department of State that the Amendment to the Constitution of the United States proposed as aforesaid has been ratified by the Legislatures of the States of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Lousiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

And, further, that the States whose Legislatures have so ratified the said proposed Amendment, constitute more than the requisite three-fourths of the whole number of States in the United States.

NOW, therefore, be it known that I, Henry L. Stimson, Secretary of State of the United States, by virtue and in pursuance of Section 160, Title 5, of the United States Code, do hereby certify that the Amendment aforesaid has become valid to all intents and purposes as a part of the Constitution of the United States.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the Department of State to be affixed.

(SEAL)

DONE at the City of Washington
this sixth day of February,
in the year of our Lord
one thousand nine hundred
and thirty-three.

***

File "Confidential"

PSF: State

THE UNDER SECRETARY OF STATE
WASHINGTON

April 28, 1933.

Dear Mr. McIntyre:

The President asked me yesterday to let him have the definition of "an aggressor nation" which was made by Litvinoff at the meeting of the General Disarmament Conference on February 6, 1933. I enclose herewith the definition in question, which I shall be grateful if you would hand to the President.

Sincerely yours,

William Phillips

The Honorable
Marvin H. McIntyre,
Secretary to the President,
The White House.

CORRECTED COPY

This telegram must be closely paraphrased before being communicated to anyone (C)

LONDON

Dated July 11, 1933

Rec'd 12th, 1:45 a. m.

Secretary of State,

Washington.

RUSH.

210, July 11, 11 p. m.

By order of the Secretary of State Hull this is to be decoded only by Salmon personally.

~~STRICTLY CONFIDENTIAL~~ FOR THE PRESIDENT. No distribution to any person.

I am very grateful for your congratulatory telegram No. 111, July 6, 10 p. m. It is most painful in this connection to have to report an attitude and course of conduct on the part of Professor Moley which has been utterly dumbfounding to me. I brushed aside the evident motives behind his radio speech of May which expressly discounted much or most of what you and I at the time, and all other supporters of the program for London Conference, thought could reasonably be accomplished by this Conference. He sent along at least one woman from his office who according to reliable information has consistently attempted to spy on my movements and make secret reports back to Moley. After his May speech, parts of

which

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which were broadcast over England repeatedly, every reason why he should not come to the Conference while being heralded as more closely in your confidence and more entitled to speak for you than any other person, was patent. Notwithstanding, he came, with the result that for some eight days while on his voyage here the press of London and Paris, which had most unfairly assailed the American Delegation, first about debts and next about temporary stabilization, with neither one of which the Delegation had anything to do, then proceeded to dramatize Moley as coming to speak and act for you and to take charge of American interests in London, with the result that the American Delegation found it impossible seriously to function in the face of great headlines morning and afternoon here about how Moley was coming to dispense salvation to every part of the world, especially as it might relate to matters immediately pending here.

When he finally arrived the high officials of the gold countries and of the United Kingdom riveted all their attention upon him, Moley. He sent Bullitt to me with the definite request that I announce to the Delegation that he, Moley, would in company with Doctor Sprague take custody of the temporary stabilization matter to the entire exclusion, again at his express request, of Warburg. Assuming that you authorized or directed statement I simply repeated the announcement he then asked me to make. And in this

connection

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connection, after his failure he pretended to claim that I on my initiative directed him to assume the task. Bullitt and I agree in total refutation of this. He likewise represented to the Delegation after his failure to secure your approval of temporary stabilization proposal that he was not expressing any personal views about the matter whatever but was merely acting ad referendum.

Anyhow, he left my apartment in the forenoon and without any information on my part as to what he was doing, proceeded during the day to negotiate directly with MacDonald and other Prime Ministers or heads of treasuries from the gold countries, with the result that the first information I had came from him over the telephone near five o'clock that afternoon to the effect that "they had agreed", and requesting me to join in ratification, which I declined to do upon the ground that the Delegation had no jurisdiction and that I had expressed no opinion to you, pro or con, on temporary stabilization and that I and the Delegation had refused to MacDonald and gold countries every request to send one word to you, pro or con, about merits of temporary stabilization.

After your program had thus been forced a third time on this question within a few days it was but natural that you would be somewhat emphatic in making comment. This was followed by the efforts, especially of the British and the gold countries and certain other delegations controlled by the British, to adjourn the Conference and charge sole

responsibility

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responsibility for its wrecking to you. The resolution was actually written and the gold delegates discussed it in my presence, wherein you were personally charged with wrecking the Conference. The chances seemed ninety-nine to a hundred that this course would be taken. Many of the Delegates were frozen towards me as I strove to quiet and compose them at the meeting called expressly to carry out this adjournment program. At any rate, while it so happened that I was in the position of undertaking to deal with this crisis single handed, and was lucky enough if I may say so to be the chief single factor in preserving the life of the Conference and in saving you from the outrage of being branded as its destroyer, Moley was secretly sending code messages to you about my incapacity to function here. He was at the same time pretending absolute loyalty of friendship and of official attitude toward me. He does not know that I am aware of this fact and I only discovered it after he sailed. My regret only equals my amazement to discover the deliberate attempt of one I have implicitly trusted thus secretly to undermine and destroy me in my situation while openly professing both friendship and loyalty. I refer you to Senator Pittman, Governor Cox, Mr. Morrison the Texas Delegate, and others for absolute confirmation of the essentials of the statements I have herein made. HULL.

BINGHAM

DAS

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PSF, State Dept

P.F. "Foreign Trade" Thomas Hewes (c. 1933?)

DEPARTMENT OF STATE

THE SECRETARY

Memorandum re suggestions of forming large regional areas as more or less complete customs unions.

Regional customs unions might conceivably have two quite separate objectives in view, as follows: (1) they might be established purely for the purpose of lowering tariff rates between the states forming the customs unions, thereby establishing a larger free trade area covering a region which could achieve more or less self-sufficiency, and which would at any rate be less dependent than smaller separate units could be on the outside world; (2) they might be established with the objective in view of achieving a greater measure of exchange stability and minimizing the difficulties arising out of separate currencies and international balance of payments.

I.

With respect to the first objective, the proposal to establish large regional customs unions (or an approach thereto) has merit. In general, it may probably be said that a system of large empires establishing free trade over a considerable area is to be preferred to a world broken up into a large number of petty states. The regional customs

union

union is, in part, an economic substitute for large political empires. The difficulties of the succession states in the Danubian area illustrate pointedly the difficulties arising when a large economic entity is broken up into small units.

On the other hand, it should be pointed out that any sudden change from one condition to another is fraught with danger and economic disturbance. If, for example, there were suddenly established within a very short period of time large regional customs unions comprising, by way of illustration: (1) the British Empire; (2) the United States, Central and South America; (3) the Orient; (4) the Danubian countries; (5) the Union of Socialist Soviet Republics; (6) Germany, Poland, the Baltic and some of the Balkan States; and (7) the Latin countries and their colonies, including France, Spain, Portugal, with perhaps Belgium, Switzerland, Holland, and Denmark, it is certain that this action would give the world economy a severe jolt and would cause, for some very considerable period, very serious readjustments in the internal economic structure of each of these areas. In consequence of such action, agriculture in certain parts of the world would have to be definitely deflated and in other parts expanded. In

like

like manner, some industries would find themselves with huge over-capacity and new industries would have to be developed elsewhere. The maladjustments would undoubtedly be serious and repercussions would follow therefrom.

The long-run effects are, however, quite different. Clearly, benefits would follow from the larger free trade market within the customs union, and if each of these customs unions maintained reasonable tariff relations with each other there would be a general world gain. Moreover, if it is really true that the ideal of self-sufficiency is to grow and dominate economic affairs, it would surely be better to have such self-sufficiency based upon large rather than small areas.

For the United States, the immediate effect of establishment of such regional customs unions would be very serious indeed. Agriculture particularly would almost certainly stand to lose in such an arrangement. This can be clearly exemplified in the case of the British imperial preference system. This system has thus far proven an important factor in diverting trade from the United States. The Dominions - Australia, New Zealand, and Canada, notably - in consequence of this arrangement are supplying a much larger proportion of the British

agricultural

agricultural imports than formerly, at the expense of American agriculture.

II.

With respect to the second objective, it may be pointed out at once that this presents a far more difficult task and implies a much more ambitious undertaking. If a genuine contribution were to be made toward exchange stability by the establishment of regional customs unions, these areas would have to become highly integrated economic entities involving not merely common customs barriers but also a unified monetary system covering the entire area with a single central bank, and with a unified control of the budgets of all the various states included in a single customs union. A customs union alone would, to be sure, contribute some toward exchange stability within the area affected, but this would not be adequate. If, for example, the different states within the customs union were pursuing diametrically different policies with respect to Government expenditures, certain states rigorously balancing their budgets and others having highly unbalanced budgets, the effect would almost inevitably result in pressure on the balance of payments and in exchange instability. Similarly, if divergent monetary policies were pursued by the different states, each

with

with its own monetary system and with its own central bank, it would be quite impossible to maintain exchange stability within the area covered by the customs unions.

It will be seen, therefore, that a program designed to achieve exchange stability would involve modifications in the sovereign rights and powers of the various states. The mere citation of these facts indicates how extraordinarily difficult, even though it were desirable, it would be to induce countries to enter into such an arrangement.

III.

Present world conditions of trade and finance are so disturbed, with the resulting damage to the integrity and stability of the existing important nations, that it would seem preferable to endeavor now by cooperative action to achieve order and a degree of permanency out of the existing status rather than postpone such initiative in favor of procedure along the lines previously discussed.

Yours

Thomas Hewes.

SA-H TH:MRR

PSF: State

File OK

OK FDR

THE UNDER SECRETARY
NOV 15 1933
DEPARTMENT OF STATE

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DEPARTMENT OF STATE
WASHINGTON

November 4, 1933

DIVISION OF
COMMUNICATIONS
AND RECORDS

My dear Mr. President:

I am enclosing herewith for your consideration and approval certain of the draft instructions to our delegates to the Conference at Montevideo covering the more important items on the Agenda. These include the subjects under Chapter I of the Agenda, the so-called "Organization of Peace" questions, and those under Chapter IV on commercial and financial policy. I also attach draft instructions on the subject of the Monroe Doctrine; non-recognition of the Martinez regime in El Salvador; external loans of the Latin American countries now in default; and participation in the Pan American Conferences.

710.g

As you may recall, the question of "Intervention" has always been a thorny subject for us at these Pan American Conferences. Our record in the matter, particularly in late years, has been so fine and straightforward -

e.g.

The President,

The White House.

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B/

e.g. withdrawal from Nicaragua, the agreement with Haiti providing for withdrawal of Marines next October, our attitude towards Cuba - that I think we can make a good showing on the subject and one that should command the respect and admiration of all fair-minded Latin Americans. However, we of course cannot renounce our right, recognized under international law, to protect our citizens in foreign countries in the event of complete breakdown of government. Nor can we renounce certain special rights and responsibilities granted us under treaties with certain Latin American countries, e.g. Cuba, Haiti, Panama, and the Dominican Republic. The question of intervention is likely to arise under various guises at the Montevideo Conference, probably chiefly in connection with the chapter of the Agenda on the codification of international law, one item of which covers the subject "The Rights and Duties of States". In this connection we propose, if possible, to avoid discussion of the matter through laying emphasis on the fact that codification of international law obviously can take place only when there is general agreement upon the principles involved, and that it would therefore be advisable to concentrate effort for codification on subjects concerning which there appears to be such general agreement as would give hope of making

progress

progress in this field. For instance, subjects which might be treated with some hope of constructive accomplishment in the way of codification would be: Extradition; Territorial Sea; and Nationality.

In addition to the topics mentioned hereinabove, the Agenda covers many other items of a more or less routine nature; I do not feel it necessary to take your time for a consideration of the instructions concerning them.

In connection with the instruction on the Monroe Doctrine, I should like to invite your attention particularly to the statement therein that there would be no objection on the part of the United States to the adoption of a resolution, if desired by the Latin American Republics, that in the event the rights of an American nation are threatened by an aggressive action of a non-American power, the American Republics should communicate with one another fully and frankly in order to reach an understanding concerning the measures to be taken, jointly or separately, to meet the exigencies of the particular situation, provided always that freedom of action on the part of the United States under the Monroe Doctrine were completely reserved. This statement is taken bodily from the instructions to our Delegates to the Fifth and Sixth Pan American Conferences.

I

I am in favor of the proposal, and feel that, as stated subsequently in the instruction, it might be advisable for our Delegation to put forward such a proposal in an effort to forestall action by other Delegations seeking to limit the scope of the Monroe Doctrine. I might add that in general the proposal to communicate with one another in the event of threat of aggressive action is similar to the obligation undertaken in the treaty of December 13, 1921, between the United States, the British Empire, France and Japan, relating to their possessions in the region of the Pacific Ocean.

The draft instructions covering the Monroe Doctrine and external debts refer to statements which, under certain contingencies, it might be advisable for the head of our Delegation to make at Montevideo. I am having these statements prepared and shall submit them to you later for your approval.

Faithfully yours,

William Phillips

Enclosures:

Draft instructions.

CHAPTER I

ORGANIZATION OF PEACE

1. Methods for the prevention and pacific settlement of Inter-American Conflicts.

This Government has always manifested a keen and active interest in the promotion of the pacific settlement of international disputes. The international organization of the Western Hemisphere has developed, as the result of many years of effort, a comprehensive peace machinery (see memorandum attached as Appendix). You will endeavor, in your work at the Conference, to encourage the improvement of existing machinery for settling American disputes rather than the creation of new machinery; the creation of a multiplicity of devices is likely to impede rather than promote settlements by giving the parties an opportunity to vacillate between several different methods.

The Pan American Peace organization offers no antagonism to nor is it in conflict with any world organization. Encouragement should be given to efforts to improve the existing Inter-American peace machinery and to promote more extensive use of such machinery. After all, it is not lack of adequate peace machinery, but a failure of the will to make use of such machinery, that lies at the root of the problem of the peaceful settlement of international disputes.

2(a) Inter-American Commission of Conciliation.

It is the belief of this Government that the Treaty to Avoid and Prevent Conflicts between American States, as supplemented by the Convention on Inter-American Conciliation of 1929, furnish adequate machinery for the investigation and conciliation of inter-American disputes. The texts of these treaties are contained on pages 26 to 46 in the handbook for the use of the delegates.

The American Institute of International Law has submitted to the Governing Board of the Pan American Union a draft project on the creation of an international American Commission of Conciliation. The text of this project is printed on pages 3 to 7 of pamphlet No. 4 of the documents published by the Pan American Union for the use of delegates. It is the view of this Government that the project of the American Institute does not offer an improvement over the system established by the so-called Gondra Treaty of 1923, and the 1929 Convention on Inter-American Conciliation. Your attention is called to the memorandum on the project, which is attached hereto as Appendix .

It is believed that in order that these treaties may be effective it is necessary that they be ratified by all of the American Republics. You may point out the fact that this Government has ratified both of these Conventions and you will make an earnest effort to promote in any proper manner the acceptance by other Governments of these two Conventions.

3. Declaration of August 3, 1932.

This Government is deeply interested in maintaining the principle enunciated in the Declaration of August 3, 1932, and will be glad to cooperate with the other American Republics to that end. A copy of this Declaration appears on page 47 of the Handbook for the Use of Delegates.

It would seem that the Declaration of August 3, as a development from the Pact of Paris, could possibly be drafted in a convention which would be satisfactory to the various governments. It is doubtful, however, whether any additional strength would arise from such form. In fact, quite the opposite might easily be the result through making the doctrine inflexible and preventing its proper development to meet particular emergencies as they arise.

In this connection, however, it will be noted that Topic 4 relates to the Argentine Anti-War Pact, Article II of which contains the essential features of the Declaration of August 3, 1932, in the following terms:

> "They declare that territorial questions must not be settled by resort to violence and that they shall recognize no territorial arrangement not obtained through pacific means, nor the validity of an occupation or acquisition of territory brought about by armed force."

The instructions given you in relation to Topic 4 authorize you to state, under certain conditions, that the United States will sign the Argentine Anti-War Pact.

4. Anti-War Pacts - Argentine Pact.

The Governments of Argentina, Brazil, Chile, Paraguay, Mexico, and Uruguay signed at Rio de Janeiro on October 10, 1933, the anti-war pact proposed by Argentina. Chile signed with reservations excepting paragraphs a, b, c, and d of Article 5. This Government recognizes and appreciates the high aims of those Governments in their praiseworthy efforts to work for peace on this continent.

This Government has heretofore declined to sign the Argentine Anti-War Treaty, feeling that the Treaty was to some extent a step backward as regards the existing conciliation machinery on this continent, and also that it did not add anything useful to the Briand-Kellogg Pact. However, largely as a matter of expediency it may appear advisable for the United States to consider signing this Treaty. For one thing, it is noted that Argentina has not adhered to the Pact of Paris, nor has it become a party to any of the Conventions establishing peace machinery on the Western Hemisphere, such as the 1923 Treaty to Avoid and Prevent Conflicts between American States, the 1929 Convention on Inter-American Conciliation or the General Treaty on Inter-American Arbitration. Obviously, if Argentina should adhere to these instruments, such action would strengthen materially the American peace machinery. It is possible that if the United States should be willing to sign the Argentine Anti-War Pact, Argentina would consider favorably adherence to the Briand Kellogg Pact and the other peace conventions mentioned above.

Furthermore,

Furthermore, an expressed willingness on our part to sign Señor Saavedra Lamas' Anti-War Treaty might conceivably be of considerable assistance to our delegation in working for cooperation and harmony at the Conference and avoiding the creation of embarrassing incidents arising through an attempt on the part of other delegations to raise controversial questions involving the United States.

You are, therefore, authorized in your discretion to discuss this question confidentially and discreetly with Señor Saavedra Lamas early in the Conference. If you believe it advisable, you are authorized to inform him that you will be prepared, at the end of the Conference, to sign the Anti-War Treaty on behalf of the United States.

In this connection, however, it is evident that Article II of the Treaty reading as follows:

> "They declare that territorial questions must not be settled by resort to violence and that they shall recognize no territorial arrangement not obtained through pacific means, nor the validity of an occupation or acquisition of territory brought about by armed forces"

will require a reservation on the part of the United States. The reference in Article II to a non-recognition of "occupation" of territory by armed forces is much broader than the provision in the Pact of Paris with respect to the settlement of disputes or conflicts by pacific means or the somewhat similar provision of the so-called Hoover-Stimson doctrine. Unless an appropriate safe-guarding reservation were made it might conceivably raise questions as to our rights under certain existing treaties (e.g., those with Cuba, Panama, Haiti, and the Dominican Republic) as well as

the

the recognized right under international law to protect our nationals when they are in danger owing to a breakdown of local government. In the event that you proceed to sign this Treaty you will do so with the following reservation:

> "In signing this Treaty the United States does not thereby waive any rights which it may have under other treaties or conventions or under international law."

5. Consideration of a plan to secure the prompt ratification of the General Treaty of Inter-American Arbitration and of the General Convention of Inter-American Conciliation of January 5, 1929, and in general to secure the prompt ratification of treaties and conventions and the early application of the resolutions adopted at the International Conferences of American States.

This Government ratified the General Treaty of Inter-American Conciliation on February 26, 1929. You are referred to the instructions under Topic 2(a) regarding the attitude which is to be taken on this subject.

The Senate of the United States gave its advice and consent on January 19, 1932, to the ratification of the General Treaty of Inter-American Arbitration with reservations of such a nature that ratification has not been completed. The President, however, will exert every effort to bring about the early ratification of this treaty in the most liberal form which is feasible. You may use your efforts in whatever way might be feasible to encourage the ratification of this convention by those governments which have not yet done so. Your attention is called to Appendix for further information concerning this matter.

With regard to a plan to secure prompt ratification of treaties and conventions, it is the feeling of this Government that the desired result can, in large measure, be accomplished by the conclusion of a smaller number of generally acceptable and more important treaties and conventions. It is believed that the conclusion of a large number of treaties and conventions at a single international conference

is a retarding influence, in so far as ratification is concerned. This is true not only because of the difficulty in getting legislative approval of a large number of treaties, but also because it has not always been possible for the general conference to give the required care in drafting a large number of treaties which are satisfactory to all of the governments.

It is possible that efforts may be made at the Conference to grant to the Pan American Union certain functions with a view to facilitating the ratification of Inter-American treaties or conventions. With reference to the project of the American Institute of International Law printed on pages 9 and 10 of Pamphlet No. 4 of the Pan American Union, it would appear that the proposed functions of the Pan American Union as outlined in the draft project are unobjectionable.

This Government is of the opinion that the administrative details incident to the deposit and exchange of the instruments of ratification of conventions adopted at the Pan American Conferences should be centralized and coordinated at one place. It is believed that the Pan American Union is the logical place for such work. The Sixth Conference adopted this plan by inserting in all but two of the conventions a provision for the deposit of the instruments of ratification with the Pan American Union. It would seem that this practice has worked satisfactorily, and it is believed that the precedent established by the Sixth Conference should be continued

tinued. You will therefore support a proposal to include in any conventions or treaties which might be drafted at the Conference a provision designating the Pan American Union as the depository for instruments of ratification.

The Governing Board on May 4, 1932, adopted a tentative procedure which is to be followed with respect to the deposit of instruments of ratification of the conventions for which the Union is the depository. The procedure as formulated is as follows:

"1. To assume the custody of the original instrument.

"2. To furnish copies thereof to all the signatory Governments.

"3. To receive the instruments of ratification of the Signatory States, including the reservations.

"4. To communicate the deposit of ratifications to the other Signatory States and, in the case of reservations, to inform them thereof.

"5. To receive the replies of the other Signatory States as to whether or not they accept the reservations.

"6. To inform all the States, signatory to the treaty, if the reservations have or have not been accepted."

The Governing Board also agreed to the following understanding with respect to the juridical status of treaties ratified with reservations:

"1. The treaty shall be in force, in the form in which it was signed, as between those countries which ratify it without reservations, in the terms in which it was originally drafted and signed.

"2. It shall be in force as between the Governments which ratify it with reservations and the Signatory States which accept the reservations in the form in which the treaty may be modified by said

reservations.

reservations.

"3. It shall not be in force between a Government which may have ratified with reservations and another which may have already ratified, and which does not accept such reservations."

It is believed that the above procedure and understanding, which are of a provisional character, are satisfactory and should be made definitive by the Conference.

Chap IV.

CHAPTER IV.

ECONOMIC AND FINANCIAL PROBLEMS.

It will be perceived that the Items under this Chapter include in their scope the whole field of international commercial policy, and the delegates may expect that the discussions of these topics will turn into a review of the policies now being pursued by all governments, the serious state of hindrance to international commerce now existing, and a great variety of proposals aimed to lessen this hindrance.

The general memoranda sketch in broad terms the main proposals for international agreement that have come before previous Pan-American conferences and various other proposals that might be worth consideration. At many points and in regard to many proposals, the attitude of the American Delegation will have to be one of just sympathetic consideration.

If circumstances and the attitudes of other countries seem to promise success, the American Delegation may wish to bring forward certain limited positive proposals in this field, and to that end there have been drafted tentative texts of proposals which it is believed fit in with the existing American situation and will serve to advance commerce between the governments represented at the conference. These possible proposals are as follows:

(1) An endorsing agreement of the existing tariff truce (which introduces a slightly new note of interpretation of the truce). (Attached as Appendix /)

(2) A

(2) A resolution encouraging the practice of bilateral agreements. (Attached as Appendix 2)

(3) A resolution dealing with the practice of discrimination under exchange controls. (Attached as Appendix 3)

(4) A resolution favoring the study by a committee of the possibilities of multilateral agreement, which committee might pursue its work continuously. (Attached as Appendix 4)

It has not appeared advisable that the American Delegation should seek to put forward any broad project for multilateral agreement, at least until the course of discussion of the conference has given some sign as to whether it might be feasible. The attention of the Delegation is particularly drawn to the proposal in this field put forward by the American Delegation at London on June 22, a copy of which is attached hereto as Appendix 5. A thorough discussion of its ideas might be profitable and lead to the formulation of something mutually acceptable.

An endorsing agreement of the existing tariff truce (which introduces a slightly new note of interpretation of the truce).

The Governments represented at this Conference take note of the fact that there exists today as between almost sixty countries a truce agreement against new initiatives creating additional obstacles to international commerce. The terms of this truce are as follows:

"The Governments of the United Kingdom, Germany, Belgium, United States of America, France, Italy, Japan, and Norway, represented on the Organising Committee for the Monetary and Economic Conference, convinced that it is essential for the successful conclusion of the Conference that the measures of all kinds which at the present time misdirect and paralyse international trade be not intensified pending an opportunity for the Conference to deal effectively with the problems created thereby, recognize the urgency of adopting at the beginning of the Conference a tariff truce, the provisions of which shall be laid down by common agreement.

"The said Governments, being further convinced that immediate action is of greater importance, themselves agree, and strongly urge all other Governments participating in the Conference to agree, that they will not before the 12th of June nor during the proceedings of the Conference, adopt any new initiatives which might increase the many varieties of difficulties now arresting international commerce, subject to the proviso that they retain the right to withdraw from this agreement at any time after July 31st, 1933, on giving one month's previous notice to the Conference.

"One of the main motives which brings the Governments together in Conference is to surmount the obstacles to international trade above referred to; the said Governments therefore urge all other Governments represented at the Conference to act in conformity with the spirit of this objective."

They recognize that despite the limitations of this agreement, and the serious reservations which many governments have attached to their adherence, its maintenance is highly desirable to check further mutually injurious extensions of economic warfare.

They

They agree as between themselves they will enter upon and maintain this truce. The obligation accepted shall apply only as between governments parties to the agreement.

It is furthermore agreed that this truce is to be a ruling consideration as between the parties -- to be carried out in sincere spirit. The ever-changing course of economic life may compel, as a matter of urgent necessity, small and scattered changes in the barriers maintained in each, and it is agreed that these will not be considered a violation of the truce.

It is furthermore agreed that each government retains the full right of judgment as to the sincere observance of the truce agreement by other parties, and the right of withdrawal from the agreement after one month's previous notice.

They further agree to notify the Pan American Union at once of all changes in their trade restrictions.

Appendix 2
Chapter IV.

A resolution encouraging the practice of bilateral agreements.

The Governments represented at this Conference resolve that they will undertake vigorously to endeavor to lessen the barriers to trade between them, and as a means thereto, they furthermore resolve that they will enter, as promptly as possible, into bilateral discussions and agreements for effecting this end.

A resolution dealing with the practice of discrimination under exchange controls.

The Governments represented at this Conference recognize that official control or regulation of the foreign exchanges may in some instances be necessary or advisable during the crisis which still prevails for the protection of currencies.

They are aware, however, that such control or supervision is apt to be restrictive of commerce between them, and resolve to modify or end them as promptly as circumstances permit.

Furthermore, they resolve that any regime of control or regulation should be administered without discrimination as between the countries with whose trade or investments they deal, and in accordance with policies which divert the currents of trade as little as possible from their natural channels.

A resolution favoring the study by a committee of the possibilities of multilateral agreement, which committee might pursue its work continuously.

The American Government might suggest that the Conference establish a committee for the study of possible multilateral trade agreements between the countries represented at the Conference. It is possible that an agreement could be reached which the rest of the world would accept as a regional agreement and therefore exempt from the obligations of the unconditional most-favored-nation clause.

This committee might be visualized as a continuing committee which would begin its studies at Montevideo and continue its deliberations thereafter.

29 (b). Participation in the Pan American Conferences, and the adhesion of non-signatory States to the conventions signed at such Conferences.

This topic was included on the agenda at the suggestion of the Government of Mexico. The original proposal referred specifically to the participation of Canada in the Pan American Conferences, but due to certain objections of a technical character, the item was changed to a more general nature. This eliminated the question of the participation of Canada at the Seventh Conference, but left the question open for the consideration of the Conference as far as the future is concerned.

The question of participation in the Pan American Conferences will probably center around the admission of (I) Canada, but it is possible that the participation, either officially or by unofficial observers, of (II) Spain, or the colonies of European nations located in the Western Hemisphere, and of the (III) League of Nations, might also be considered.

I. CANADA

1. Sixth Conference.

The question of the admission of Canada to the Pan American Union and the Pan American Conferences was unofficially broached during the Sixth International Conference in 1928. The head of the Mexican delegation, Senor Julio Garcia, in an interview, expressed himself in favor of admitting Canada as a member of the Pan American Union. His colleague, Fernando Gonzales Roa, and the Chilean delegate, Carlos Silva Vildosola, were also

also represented as favoring such a move. No proposal, however, was presented to the Conference.

During the conference, the following telegrams were exchanged between the delegation and the Department:

"57. February 1, 5 p.m.

"But only for the Secretary.

"Your number 38 January 31, 6 p.m.

"I know of no movement to propose inclusion of Canada in Pan American Union. It is of course entirely possible that Mexico or even some other delegation may propose Canada for membership. In such case I do not think it would be advisable for the United States to oppose. Rather I think it desirable in case such proposal is made that we should welcome it at once. My feeling is that while we should not make such a proposal we should not take the attitude of opposing. I am inclined to think no statement should be made in Washington in relation to the matter.

HUGHES"

"February 4, 1928, 11 a.m.

"CONFIDENTIAL FOR MR. HUGHES.,

"Your 57, February 1, 5 P.M. garbled in transmission. Just corrected this morning. I could not understand original telegram that I should make statement in Washington. As corrected, I understand I should make none. Quite agree with you. Please disregard my telegram of February

third

third. I have made no statement whatever.

"I have just talked the matter over with the President. He is very disinclined to have the present status of the Pan American Union changed. Does not like the idea of British Empire being indirectly admitted. Agrees with me, however, that if it is proposed by South American countries with any prospect of its being accepted, the United States should not oppose it.

KELLOGG"

The Canadian Minister, in a conference with Secretary Kellogg on January 31, 1928, said that there was no movement in Canada to obtain membership in the Pan American Union. He stated that he did not think the British Government would object, but made no statement regarding Canada. Mr. Kellogg, however, felt that Canada would probably be gratified by such action. The Legation at Ottawa reported that the press contained no editorial comment regarding the proposal and therefore it would seem that the suggestion did not arouse any great interest or enthusiasm in the Dominion. (File, 710.001/451).

2. Mexican proposal for agenda of the Seventh Conference.

The Mexican Government proposed for inclusion in the program for the Montevideo Conference the following: "Consideration of the desirability of having Canada participate in the Inter-American Conferences". This topic was changed by the Committee on Program to: "Participation in Pan American Conferences". The Mexican Ambassador let it be known that in addition to proposing the

the topic for inclusion on the agenda, he intended to introduce at the meeting of the Governing Board of the Pan American Union a resolution to extend an invitation to Canada to send an observer to the Montevideo Conference. Most of the Latin American Chiefs of Missions seemed opposed to the suggestion in principle and the proposed resolution was not introduced by the Mexican Ambassador.

The following considerations seemed to present themselves as opposing the admission of Canada:

(1) There was the technical difficulty involved, in that the official name of the Pan American Union is the "Union of American Republics". The preamble of the Convention on the Pan American Union, signed at Habana in 1928, and already ratified by a number of the signatory countries, refers to the "American Republics". It would therefore appear that the Convention would have to be changed should Canada be admitted to the organization. The Resolutions regarding the Pan American Union also provide for a Union of American Republics.

(2) The admission of a new member into an international organization should first be made the subject of an interchange of views between the Governments, Members of the Union. It would not seem appropriate to invite a prospective member before there is a unanimity of opinion regarding the matter.

(3) It would seem that Canada has not shown any indication that she desires to attend the Pan American Conferences or to become a member of the Pan American Union. The Department has no information regarding any movement or agitation in Canada at the present time in favor of joining the Pan American Union.

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The Legation at Ottawa, in commenting upon the Mexican proposal that Canada be invited to participate in the Seventh Conference, reported as follows:

"The matter has apparently never been officially brought up or examined by the Canadian Government, but has merely remained at the stage of being informally discussed by the officials of the Government interested in the foreign relations of Canada. I gather the very distinct impression that Canada has no desire whatsoever to be represented in any way at Pan American conferences and that the excuse that Canada is not a republic was found a very convenient one and was immediately seized upon with delight and encouraged as far as possible. My informant, who is in a position to be thoroughly conversant with the ideas held on this subject in official quarters, said to me:

"'We know perfectly well why Mexico wishes to pull Canada into the Pan American conferences. Mexico is looking for an Anglo-Saxon counter-balance to oppose to the United States at the Conference, and we have no desire whatsoever to function in that character.'" (710.G/58).

While the Department feels, in view of the considerations set out above, that it would be inadvisable to admit Canada to the Pan American Union, nevertheless if the proposal comes before the Conference, you will not oppose it.

II.

II. REPRESENTATION OF SPAIN OR OTHER EUROPEAN COUNTRIES AT THE CONFERENCES

You will be guided by the following instructions to the delegates to the Sixth Conference on the question of the participation of Spain or other European countries at the Pan American Conferences:

"You are instructed to oppose any suggestion which may be made for the representation of Spain, Portugal, France, Italy or any other country not a member of the Pan American Union to be represented at the Conference by an unofficial observer.

"The Pan American Conferences are strictly conferences of American States, held to discuss matters of especial and peculiar importance to the nations of the Western Hemisphere and it would obviously not be possible or proper to have other states represented at these conferences even by unofficial observers who would take no part in the discussions and would not even vote. Should there be no necessity for discussing matters affecting only the American nations there would be no reason for these conferences; and should there be a necessity for discussing matters of world-wide concern or affecting non-American countries the need would be for some other form of conference of wider scope. For the discussion of questions affecting nations in both hemispheres there are many international conferences at which both European and American States are represented and at which world-wide problems are discussed. But as there are also problems pertaining especially to this hemisphere, these Pan American conferences

are

are held.

"The United States entertains the friendliest feelings towards all the European countries and its action in opposing their representation at the Conference, even by unofficial observers, should not be considered as showing any lack of friendliness for them. It is clear that if they were represented the conferences would cease to be purely Pan American conferences. Furthermore, if one non-American power should be represented there would be no reason why others who have possessions in this hemisphere, or who bear the relation of a 'mother country' to one or more of the American nations, should be excluded. It would be difficult to say that one non-American country should be represented and not any other, and in any case the presence of one non-American country would change the character of the conference, which would no longer be a conference of purely American States to discuss purely American problems." (See Appendix 1)

III. LEAGUE OF NATIONS

Should the question of the participation of the League of Nations be considered, you will be guided by the following instructions to the delegates to the Sixth Conference:

"Reference may here be made also to the participation, which has been informally suggested, of representatives of the League of Nations in the Pan American Conference. It should be understood that no disparagement or criticism of the League of Nations is intended, when it is observed that the Pan American Conference

is

is organized upon a distinct and separate basis. The scope of the League of Nations is intended to be world-wide and a number of American States are members of the League and are thus able to express their point of view on matters of world-wide import which come before the attention of the Council and the Assembly of the League respectively. The Pan American Conference exists because of the distinct interests of American States which, without antagonism to any world relationship, makes it desirable for them to confer with respect to the problems which especially relate to States of this hemisphere."

There has been full cooperation with the technical services of the League of Nations through the exchange of reports and information, and reciprocal advantage may thus appropriately be taken of statistics and reports of investigation. This Government has always taken an active interest in the maintenance of peace, but in its efforts it has been necessary for this Government to retain a freedom of action in exercising independence of judgment. With this in view, it has cooperated with and supported the League in its efforts to bring about a peaceful settlement of recent international disputes and, accordingly, a representative has participated, without the right to vote, in certain deliberations of the Advisory Committee of the League Council. This has been prompted by the wholehearted desire of the United States to obtain, in so far as possible, a universal support for peace.

The instructions for the Sixth Conference also stated:

"Participation

"Participation of representatives of the League of Nations in the Pan American Conference, however, would bring to the Conference the viewpoints and policies of the States who are members of the League of Nations and are not American States and thus fundamentally alter the nature of the Conference itself. The scope of the Pan American Conference is defined by Pan American interests and aims and if its usefulness is to be preserved, the integrity of the Conference as an exclusively American Conference should be maintained."

Your attention is called to a memorandum which is attached hereto as Appendix ____ concerning this matter.

It appears that in connection with the preparation for the Montevideo Conference, Senor Buero, Secretary General of the Montevideo Conference, with the concurrence of the Uruguayan Government, requested the Secretariat of the League of Nations to prepare a memorandum for the use of the Montevideo Conference on the activities of the League concerning problems regarded as of particular interest to the latter. It was understood that this memorandum would merely set forth in "objectivity the work of the League."

The Department instructed our Minister at Montevideo to express to Señor Buero this Government's surprise at this action. Señor Buero informed our Minister, Mr. Wright, as follows regarding the matter:

"33,

"33, October 8, 10 a.m.

"Your 18, October 6, 6 p.m.

"Buero informs me that some time ago, at the time of the Conference on matters pertaining to the region of the Pacific, Nogueira, Uruguayan member of the Secretariat of the League of Nations, suggested to him that information concerning those matters to be dealt with at the Seventh Pan American Conference, which had their 'antecedents' in questions which had been dealt with by the League or by its dependent or affiliated organizations, might be of value. Buero recently informed Nogueira of his acquiescence in the suggestion and requested that he prepare a memorandum, which is understood to be in course of preparation, in order that reference material otherwise unobtainable here may be available in case requests or necessity therefor should arise. He has especially in mind such matters as fluvial questions, labor, and the rights of women.

"He adds that his action met with the concurrence of the Uruguayan Government but I have not spoken to any other Uruguayan official regarding your inquiry. He further tells me confidentially that he contemplates suggesting to the Committee on Initiatives of the Conference, also with the concurrence of his Government, that the American states which have not yet ratified the Narcotics Convention be invited during the Conference to do so, as Uruguay is particularly concerned about smuggling from Brazil which has not yet adhered.

WRIGHT"

Should

Should an attempt be made to submit officially to the Conference a memorandum from the League Secretariat you will take up the matter confidentially with the Secretary General of the Conference and point out the understanding as indicated in the above telegram.

Non-Recognition of the Martinez Régime in El Salvador

A detailed memorandum regarding the Salvador situation and the question of recognition under the 1923 Central American Treaty of Peace and Amity is attached as appendix ____. It may be stated here briefly that the Martinez régime came into power in El Salvador as the result of a revolution and that there can be no reasonable doubt that General Martinez is barred from recognition under the terms of the 1923 Treaty. The other Central American states, principally Honduras and Guatemala, took the lead in stating their views to this effect immediately after the revolution took place. The four Central American states all announced publicly, after full consideration, that they regarded the Government of General Martinez as barred from recognition by the Treaty. The United States Government consulted with the other Central American Governments and, in view of its policy publicly announced in 1923 of supporting the Treaty, in order to assist the Central American states in their own efforts to promote stability and discourage revolution in Central America, took the same position.

There has of course at no time been any animus on the part of the United States against the Martinez Government. As a matter of fact, General Martinez seems to have given El Salvador a relatively satisfactory and efficient government.

The non-recognition of the Martinez Government by the other Governments of Central America has created, obviously, an anomalous situation. Friendly informal

relations

relations are carried on with El Salvador by the other four Central American countries through a Chargé d'Affaires, in the case of Costa Rica, a Consul in the case of Nicaragua, and confidential agents in the cases of Guatemala and Honduras.

The situation has been further complicated by the denunciation of the treaty by Costa Rica and El Salvador, to take effect January 1, 1934. The Treaty provides that so long as three countries which have ratified it have not denounced it, it remains in force as among those three. The Department understands that the Governments of Guatemala, Nicaragua and Honduras support the Treaty and believe it of decided value to their countries. On the other hand, it is quite likely that those Governments desire to clear up the present anomalous situation and to be in a position to recognize the Salvadoran Government, without sacrificing the benefits which they have derived from the Treaty.

Of course the decision to be taken as regards the future of the 1923 Treaty is one for the Central American Governments to determine themselves. The United States Government feels that, looking at the matter objectively, and comparing the state of chronic revolution and international warfare which existed in Central America prior to the 1907 Treaty (the principles of which were developed in the 1923 Treaty) with the situation which has existed in Central America since that time, there can be no reasonable doubt that these treaties have been of positive benefit to Central America in the way of progress towards stability and

orderly

orderly government. We can only hope that the Central American states, before reaching a decision as to the future of the 1923 Treaty, will consider the whole matter carefully, keeping clearly before them the long time interests of their people which are obviously bound up with the maintenance of peace and stability.

While of course the question of El Salvador is not on the agenda of the Conference there will nevertheless undoubtedly be considerable discussion of the matter among the different delegations. It is not unlikely that a suggestion will be made along something like the following lines: That in view of the denunciation of the Treaty by El Salvador and Costa Rica, the three Governments maintaining the Treaty in force, Nicaragua, Honduras and Guatemala, would reach an agreement declaring that they regard the 1923 Treaty as being in force with respect to the relations maintained by said three states with each other, but not in force with respect to their relations with Costa Rica and El Salvador. The purpose of such an agreement would be to clear the way for recognition of the existing de facto Government of El Salvador by the Governments of Guatemala, Honduras and Nicaragua. Presumably some provision would also be made for holding another conference to consider modification or some other action regarding the 1923 Treaty.

It is possible that there may exist a feeling on the part of ~~the~~ some of the Central American Governments that the United States Government would not regard with favor any arrangement looking to the

ultimate

ultimate recognition of the Martinez Government by the other Central American Governments, or any arrangement for modification of the 1923 Treaty. In any discussions you may have with other delegates regarding these questions, you should make it clear that the Government of the United States feels that these are questions to be dealt with by the Central American states themselves.

E (c)

THE MONROE DOCTRINE

It is not the desire of this Government that the Monroe Doctrine should be discussed at the Conference.

In the view of this Government, that Doctrine has no place in the discussions of the Conference as it is essentially a national policy of the United States. It is not a part of international law nor is it a "regional understanding", -- to refer to the inaccurate phrase used in the Covenant of the League of Nations. While conditions have changed, and the attitude of the non-American Powers does not at this time give rise to apprehension with respect to aggression on their part as against at least the stronger Latin American Republics, still the Monroe Doctrine, however infrequent or limited may be the necessity of its application, should be maintained in its integrity and no action should be countenanced by this Government which would in the slightest degree impair its efficacy.

Note may be taken of the content of this Doctrine. Properly understood, it is opposed (a) to any non-American action encroaching upon the political independence of American States under any guise, and (b) to any acquisition by any non-American Power of any territorial control over American soil by any process whatever. It may be observed that the United States is uninfluenced even by the willingness or desire of an American State to yield any transfer of its territory or to submit to any form of political control or influence of a non-American State. In maintaining its position, the United States has been governed primarily by its own interests, involving its conception of what was essential to its security and its

distinctive

distinctive position in this hemisphere. Its unselfish and friendly regard for its American neighbors has had a potent influence and should never fail of recognition in an estimate of our traditional policy, but the controlling consideration has been one of national interest.

Mr. J. Reuben Clark, in his memorandum to the Secretary of State of December 17, 1928, pertinently stated:

> "The Doctrine does not concern itself with purely inter-American relations; it has nothing to do with the relationship between the United States and other American nations, except where other American nations shall become involved with European governments in arrangements which threaten the security of the United States, and even in such cases, the Doctrine runs against the European country, not the American nation, and the United States would primarily deal thereunder with the European country and not with the American nation concerned. The Doctrine states a case of the United States vs. Europe, and not of the United States vs. Latin America. Furthermore, the fact should never be lost to view that in applying this Doctrine during the period of one hundred years since it was announced, our Government has over and over again driven it in as a shield between Europe and the Americas to protect Latin America from the political and territorial thrusts of Europe; and this was done at times when the American nations were weak and struggling for the establishment of stable, permanent governments; when the political morality of Europe sanctioned, indeed encouraged, the acquisition of territory by force; and when many of the great powers of Europe looked with eager, covetous eyes to the rich, undeveloped areas of the American hemisphere."

In maintaining and applying the Monroe Doctrine the United States has commonly avoided concerted action with other States, especially European States. Nor has the Government of the United States been disposed to enter into an arrangement with States of this hemisphere for the purpose of safeguarding them against conduct which would be regarded by this Government as in violation of the Monroe Doctrine. The essential character of the Doctrine itself has led to the taking of this attitude

which

which it is believed should be maintained. The nature of the Doctrine should not be altered, its strength weakened or its effect diminished by any concert.

On the other hand, it should always be remembered that the Monroe Doctrine thus fully maintained as a national policy of the United States, carries with it no suggestion which threatens in any sense the just independence, or the political integrity of the American States; much less does it involve any thought of action inimical to their security or interest. On the contrary, it has received a constantly widening recognition on the part of thoughtful Latin Americans, as a bulwark of their independence, safety and progress. The United States has not, and does not intend to use, this national policy for the purpose of conserving any other national interest than its own essential security. The United States seeks no territory; it does not seek to establish any state of tutelage with respect to any American Republic; it has no desire to aggrandize itself at the expense of its Latin American neighbors or to promote selfish interests in diminution of their own. It earnestly desires a common prosperity.

There is thus nothing in the Monroe Doctrine which is opposed to Pan American cooperation. It establishes the necessary and most hopeful bases of that cooperation. As stated by President Roosevelt before the Special Session of the Governing Board of the Pan American Union on the occasion of the celebration of Pan American Day, April 12, 1933:

"The

"The essential qualities of a true Pan Americanism must be the same as those which constitute a good neighbor, namely, mutual understanding, and, through such understanding, a sympathetic appreciation of the other's point of view. It is only in this manner that we can hope to build up a system of which confidence, friendship and good-will are the cornerstones.

"In this spirit the people of every Republic on our continent are coming to a deep understanding of the fact that the Monroe Doctrine, of which so much has been written and spoken for more than a century, was and is directed at the maintenance of independence by the peoples of the continent. It was aimed and is aimed against the acquisition in any manner of the control of additional territory in this hemisphere by any non-American power."

No arrangement should be entered into, or resolution agreed to, which could possibly be interpreted as curtailing in any way the application by the United States of the Monroe Doctrine. There should be no opening for the limitation of its action in that application through acquiescence in any arrangement whereby an American State could accept non-American control of its territory or political action. No opportunity should be given to a non-American state through any Pan American agreement to seek to impair the position which the United States has won through its assertion of its national policy.

This Government, however, has no objection to the adoption of resolutions, if this course is desired by the Latin American Republics, asserting their opposition to all attempts at aggression or invasion of their rights by non-American Powers. It is not deemed to be probable that proposals for a definite alliance would meet with the favor of the Conference. Such proposals should not be encouraged by the delegates from the United States. If it were proposed that if the rights of an American

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nation were threatened by the unjust and aggressive action of a non-American Power, the American Republics should communicate with one another fully and frankly in order to reach an understanding concerning the measures to be taken, jointly or separately, to meet the exigencies of the particular situation, there would be no objection on the part of this Government provided always that freedom of action on the part of the United States under the Monroe Doctrine were completely reserved.

While the question of the Monroe Doctrine, as such, is, of course, not on the Agenda of the Conference, nevertheless, it is likely that an effort will be made, probably by the Mexican Delegation, to provoke discussion of the Doctrine by the Conference. It is understood that the Mexican Government has been sounding out the other Governments of Latin America in the matter. There is attached hereto a translation of a memorandum furnished to Ambassador Daniels at Mexico City by Dr. Puig, Foreign Minister of Mexico, comprising Dr. Puig's ideas on the Monroe Doctrine and its "amplification" at the Montevideo Conference. It is understood that this memorandum has received the approval of President Rodriguez of Mexico. The formula suggested by Dr. Puig is as follows:

> "The Nations of America, which are as one in the defense of their respective sovereignty and integrity, make their own the principle of continental independence proclaimed by the President of the United States, Mr. James Monroe, in his Message to the Congress of the Union of December 2, 1823, elevating said principle to the category of the American Doctrine, with the rights and obligations which its maintenance confers upon each one of them.

"At

"At the same time they proclaim the inviolability of the principle of national autonomy, subordinating it only to the compulsory arbitration which they establish for the solution of their differences; and they proscribe absolutely all interference (intromisión) among themselves which does not emanate from national treaties freely concluded or from the awards of arbitral tribunals, or which does not result from the offer of mediation, good offices, or other means recognized by international law, which means, as in all similar cases, may be accepted or rejected freely by the countries to which offered."

There would probably be no objection on the part of the United States to the first paragraph quoted hereinabove, provided, of course, that complete freedom of action on the part of the United States under the Monroe Doctrine were reserved. The second paragraph, however, is evidently intended to strike at the rights of the United States under existing treaties with certain Latin American countries, and at the right clearly recognized under international law for a Government to take action for the purpose of protecting the lives of its nationals in a foreign country, when they are endangered through a breakdown of the local government. For the United States to accept this second paragraph would necessitate a reservation of the rights of the United States under existing treaties and conventions, and also the rights recognized under international law. Furthermore, the reference "to the compulsory arbitration which they (the nations of America) establish for the solution of their differences" is inaccurate as regards the existing status of arbitration treaties in the American continent. In other words, this second paragraph of the Mexican proposal would be wholly unacceptable to the United States.

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It is believed that the best course for you to pursue, in the event of efforts to promote discussion of the Monroe Doctrine before the Conference, will be to discuss the matter discreetly but frankly with your various colleagues of the other Delegations, being guided by the views expressed hereinabove, in an effort to avoid having the subject of the Doctrine come before the Conference for discussion. One way to achieve this result might be for you to make the proposal referred to earlier in this instruction, namely, that in the event of a threat of use of force by a non-American power against an American power, the American Republics should communicate with one another in order to reach an understanding concerning the measures to be taken, jointly or separately, to meet the exigencies of the particular situation, it being, of course, clearly understood that freedom of action on the part of the United States -- as well as on the part of every other American State -- is completely reserved. Another possible way of forestalling action on the part of other Delegations to bring the subject of the Doctrine before the Conference might be for the Secretary to make an address to the Conference defining the content of the Doctrine in its original terms stripped of the subsequent interpretations and so-called corollaries which have undoubtedly given rise to much of the ciriticism of the Doctrine heard in the Latin American countries. The wisdom of making such an address at the Conference, of course, appears somewhat doubtful. The fact that an address was made on the subject might readily be seized upon by other Delegations as opening the door for a discussion and attack on their part on the Doctrine. You should, therefore,

fore, hold this course in reserve as a final step in your effort to forestall any effort to bring the Doctrine before the Conference. There is attached hereto the text of an address on the subject of the Doctrine which you are authorized to use under the conditions set out above.

External Loans of Latin American States.

Our historic policy has been one of noninterference in transactions between private citizens and foreign governments. Recently the Government has emphatically reiterated the principle that the Government of the United States does not undertake to pass upon the soundness of investments and that parties engaging in such transactions do so upon their own responsibility and at their own risk.

The plight of American investors holding foreign issues floated and sold in the American market in the post bellum period received the sympathetic attention of the President of the United States and Congress and culminated in the passage by Congress of Title I known as "Securities Act of 1933" and its approval by the President on May 27, 1933, and the passage by Congress of Title II known as "Corporation of Foreign Bondholders Act, 1933".

A copy of the Securities Act of 1933 is attached hereto.

The President, on October 20, 1933, conferred with a group of individuals to discuss the creation of an organization for the protection of American bondholders. Following this preliminary meeting the President issued the following release concerning the purpose of the proposed organization:

> "A task of adequate organization obviously exists to be undertaken. In many situations the proper organization of the American bondholders is urgently needed in order to make possible fair and satisfactory arrangement with foreign governments undergoing difficulties, and to properly protect American interests.

"This

"This is a task primarily for private initiative and interests. The traditional policy of the American Government has been that such loan and investment transactions were primarily private actions, to be handled by the parties directly concerned. The Government realizes a duty, within the proper limits of international law and international amity, to defend American interests abroad. However, it would not be wise for the Government to undertake directly the settlement of private debt situations.

"It was decided, therefore, to call together a small group to take upon themselves the patriotic duty of bringing into existence an adequate, effective and disinterested organization to carry on this work. The organization should exist not for profits but for aiding the American interests which it will represent, and of aiding them at the lowest possible expense to the many thousands of bondholders.

"Because of the fact that these interests are widely scattered, the fact that there are so many different loan issues to be considered, and so many different groups to be consulted, this is no easy task. But it must be achieved and the Government expects that it will be achieved. The organization when it comes into existence is to be entirely independent of any special private interest; it is to have no connections of any kind with the investment banking houses which originally issued the loans. It will decide its own affairs independently. Naturally, its decisions will ultimately depend on the will of those who possess the securities. Too, another of its duties naturally will be to keep intimate contact with all American interests concerned and to unify, so far as possible, all American groups that seek to act in protection of American interests. The organization contemplated in a sense will be a unifying center for the activities of all proper American interests.

"The meeting was called in order to get the task well launched. Administration officials will follow the course of developments with interest. They have no intention, however, of seeking governmental direction or control of the organization, nor will they assume responsibility for its actions. Towards this organization, as towards all other legitimate American interests, the Government will seek to give such friendly aid as may be proper under the circumstances. The group undertaking the foundation of this organization will announce, as soon as possible, its plans. In the meeting today all phases of the form and work of the contemplated organization were discussed."

The

The Mexican Government has suggested to various American Governments an extension of the agenda of the Montevideo Conference to include a number of new topics, among which is the subject of "debts". Upon learning of this Mexican initiative, Mexico was advised that this Government has no authority to deal with external debts due from foreign countries to private creditors in this country. We would deprecate any discussion of this debt question at Montevideo but if other states insist on discussing it you will not oppose a discussion but endeavor to see that no action at all be taken by the Conference.

If, despite your efforts, it appears that the Conference contemplates taking some action on the subject, you should invite attention to the report of the Monetary and Financial Sub-Commission I, of July 20, 1933, at the London Conference (copy attached hereto as Appendix ___) and endeavor to have the principles of this report govern any resolution adopted at Montevideo. You should completely disassociate yourselves from any action such as proposed by Mexico looking to a general moratorium on external debt service.

You will find in the records of the Delegation data concerning Latin American loans floated in the United States. If there appears to be any inclination on the part of others at Montevideo to criticize the flotation of these Latin American loans in the United States, it is the view of this Government that a very adequate defense can be made by the Delegation. It is noted, for instance, that in the period from the beginning

ning of the World War to the end of 1932, a total of $2,382,000,000 Latin American loans were floated in the United States, of which $1,518,000,000 were outstanding as of the end of 1932; of this amount outstanding $1,032,000,000 are in default. It further appears that of the total floated during this period in the United States some $2,127,000,000 were for such purposes as public works, debt retirement and refunding, and banking facilities, all of which obviously provided direct and substantial benefits for the Latin American countries. Furthermore, it is noted that the average price per country at which these loans were offered to the American investors was over 96. It would appear evident that in any equitable and dispassionate consideration of this problem, the plight of thousands of small American investors who put up in good faith their money for the obligations of the Latin American countries should be borne in mind.

If it should appear to you, as the Conference develops, advisable to make a statement along these lines regarding this question of the flotation of Latin American loans in the United States, there is attached hereto a draft of such a statement for your use and guidance.

app 5
Chapter IV

Conf. M.E/21.

London, 21st July 1933.

LEAGUE OF NATIONS.

MONETARY & ECONOMIC CONFERENCE.

COMMUNICATION BY THE DELEGATION OF THE UNITED STATES OF AMERICA.

Dear M. Colijn,

Although the chief portion of its work is uncompleted, the Conference is about to enter upon a recess. During and following this recess it is to be hoped that the interested governments will bring forward, through diplomatic or other channels, substantial proposals aimed to carry out ultimately the fundamental purpose for which the Conference was called. I herewith forward a document which I hope will, along with others of a similar character that may come from other sources, receive the attention of those who have the duty of planning the continuation of the work of the Conference.

This document contains the outline of a possible agreement for a protracted truce against measures restrictive of international trade. I contemplate that this truce agreement might be carried into effect when and as the Conference truce - which I understand remains in effect among the adhering states during the recess - may end. This further truce may carry through the longer period required for the carrying out of the general aim of reducing existing barriers. The terms suggested are more precise than those of the Conference truce. Other governments may quite possibly feel that their national necessities would require them to add various points even to the substantial list of reservations and exceptions proposed. A continuing truce should serve to restrict new barriers to such instances of evident and unusual necessity as may arise, even while general governmental policy was aimed in the other direction.

It will be seen that in this document the American Government indicates the precise test of necessity which it expects to observe before introducing any new restrictions that may seem imperative for the success of the domestic program of recovery upon which it is engaged. American policy will in general seek to further international commerce to the fullest possible extent compatible with the essential aims of this program.

The document advocates, furthermore, the immediate undertaking of reductions of the existing barriers by the encouragement of bilateral and of practical multilateral agreements.

It

The Honorable
H. Colijn,
Chairman of the Economic Commission,
Monetary and Economic Conference,
London.

It does not attempt to put into legal form of agreement the terms of possible action; the difficulties of this require further discussion among governments. But it does attempt to limit with some degree of precision the exceptions and reservations which may be necessary.

It also sets forth the present American attitude towards other matters involved in commercial treaty negotiations, such as the most-favoured-nation principle and the possible special exceptions from that principle that might be allowed by governments to facilitate agreements for the lowering of trade barriers.

I trust that these proposals will turn out to be a useful contribution to the long term plan of attack upon existing trade obstacles. Despite their limitations and imperfections, I am confident that their acceptance in substance would mark an important advance towards the restoration of international commerce.

The American Government reserves the liberty in the course of any future discussion that may take place of modifying its attitude on details. Other governments will no doubt find that their approach to this question, as dictated by their own national situations, is somewhat different and may have modifications and additions to present. However, it is my hope that the governments will be able to adjust their national interests and necessities and devise the means for achieving the general purpose upon which we have all agreed.

Sincerely yours,

(signed) CORDELL HULL.

Annex

AMERICAN SUGGESTION FOR THE FURTHER DEVELOPMENT, DURING THE RECESS AND LATER STAGES OF THE CONFERENCE, OF A PROGRAM ON COMMERCIAL POLICY.

The Governments represented at the World Economic Conference, being desirous of abandoning economic conflict and collaborating in seeking general economic improvement through the mutually profitable exchange of goods, undertake to reach agreement, first in the negative way of ceasing to erect new barriers, and then in the positive way of progressive reduction of existing barriers;

SECTION I

Are resolved, as a first step in carrying out this program, to endeavour to reach agreement, at the earliest moment favourable to such action, along the following lines:

The participating governments agree not to introduce any new obstacles, direct or indirect, to the movements of international commerce, whether such obstacles are embodied in new legislation or brought into existence by the exercise of administrative or executive power under existing legislation. This truce against new barriers is to become effective as between the countries participating in it but will not, subject to treaty obligations, bind participating governments towards those governments which do not participate.

The preceding agreement shall be subject to the following reservations and exceptions:

(a) The exceptions generally admitted in existing treaties, for purposes of safety, sanitation, plant and animal protection, morals, et cetera (such as are enumerated in Article 4 of the Geneva Convention of 1927 and reproduced as annex to document Conf. M.E./C.E.24, and that for the purpose of exclusion of products of convict or forced labour).

(b) Duties or taxes imposed on imported products merely to offset internal excise taxes on competing domestic products.

(c) Arrangements, whether of duties, quotas, or other forms, applied in connection with multilateral agreements for the regulation of production and/or marketing of natural products, provided such agreements conform to principles which have received general approval.

(d) Additional duties imposed upon goods found to be "dumped", in the strict sense of having been sold for exportation for less than for consumption at home, or benefiting directly or indirectly from governmental or other bounties (such additional duties being limited to the difference in the prices or to the amount of the bounties as nearly as may be ascertainable).

(e)

(e) Additional duties imposed on products of particular countries which refuse to accord equality of treatment.

(f) New or additional duties or restrictions necessitated by governmental measures of an emergency character which - by raising wages, shortening hours and improving conditions of labour - have resulted in increased costs and prices.

Any new or additional duties or restrictions authorised under the above circumstances shall be imposed only for the purpose of preventing an excessive influx of imports of particular commodities(1). They should not be more than sufficient to meet the emergency and should continue in force only for the period of the emergency. They should not reduce foreign trade in the commodities affected below the level of a pre-determined period, and should be used only to prevent drastic increases of imports above the level of such period. They should not be imposed or applied in such manner as to discriminate against the trade in the products concerned of any country participating in the truce.

Before

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(1) As a practical basis for discussion, the following limits of action might be considered:

"New or additional duties or restrictions authorised under the above circumstances shall not be imposed on any commodity unless, during a period of (say) two months, the imports of the commodity shall have exceeded (say) five per cent of the estimated domestic consumption, and unless they shall have exceeded the average imports during the corresponding months of the three-year period 1930, 1931 and 1932:

"(1) By at least (say) ten per cent in the case of any article of which the imports during the two months period have either exceeded (say) twenty per cent of domestic consumption, or have constituted a materially larger proportion of domestic consumption than during normal years preceding 1930.

"(2) By at least (say) 25 per cent in the case of any article of which the imports during the two months period have exceeded (say) 10 per cent of domestic consumption but have been less than 20 per cent thereof.

"(3) By at least (say) 50 per cent in the case of any article of which the imports during the two months period have not exceeded (say) 10 per cent of domestic consumption."

Before exercising the right conferred in this reservation, governments are to give preliminary notice to the principal foreign countries supplying their imports of the particular commodity, and to allow reasonable opportunity for representation of the viewpoints of such governments with regard to such duties or restrictions each government having the right, in the case of an unsatisfactory result of such consultations, to denounce the agreement with reference to the products of the country availing itself of this safeguarding provision.

This agreement would be open to adhesion by all governments, and would come into force when accepted by governments representing (say) 50 per cent of the world's international commerce. It is to be of indefinite duration, but one year after coming into force it may be subject to denunciation upon one month's notice.

SECTION II

Are further resolved forthwith to initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates; and they declare that their aim in those treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes.

In shaping its policy and in executing its obligations under any agreements, each government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly:

(a) Duties or restrictions which now completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent of the domestic consumption thereof,

(b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929 as compared with domestic consumption,

(c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent of the total domestic consumption thereof).

Such agreements should have incorporated in them the most-favored-nation principle in its unconditional and unrestricted form - to be applied to all forms and methods of control of imports, and not only to import duties - subject only to such limited or temporary exceptions as have been recognised in the past or may gain general assent.

Such agreements shall not introduce discriminatory features which, while providing an immediate advantage to

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the contracting parties, will react disadvantageously upon world trade as a whole.

The governments declare that the most-favored-nation principle enjoins upon every power making use of the quota system or other systems for limiting imports, to apply these systems so as to derange as little as possible the natural relative competitive positions of the various countries supplying the imports of articles affected.

The participating governments urge the general acceptance of the principle that the rule of equality shall not require the generalisation to non-participants of the reduction of tariff rates or import restrictions made in conformity with plurilateral agreements that give reasonable promise of bringing about such general economic strengthening of the trade area involved as to prove of benefit to the nations generally; provided such agreements

(a) Include a trade area of substantial size;
(b) Call for reductions that are made by uniform percentages of all tariff rates or by some other formula of equally broad applicability;
(c) Are open to the accession of all countries;
(d) Give the benefit of the reductions to all countries which in fact make the concessions stipulated; and
(e) When the countries party to the plurilateral agreement do not, during the term of the plurilateral treaty, materially increase trade barriers against imports from countries outside of such agreement.

file

THE WHITE HOUSE
DEC 8 1933
RECEIVED

DEPARTMENT OF STATE
WASHINGTON

December 8, 1933

My dear Mr. President:

With reference to your memorandum of October 26, 1933, enclosing a letter and memorandum from Ambassador Gibson in Rio de Janeiro, I am happy to inform you that paragraph three of the Ambassador's memorandum regarding the lack of good steamship communications between the United States and Brazil was taken up with the Secretary of Commerce, who has replied in substance as follows:

The Department of Commerce appreciates the importance of a good passenger steamship service in promoting our commercial relations with Brazil and other South American countries. Secretary Roper is advised that at the direction of the Shipping Board, the Munson South American Line spent $278,000 within the past year in improving the fleet from an operating standpoint, and that plans are under consideration for improvement of the passenger facilities on these steamers as quickly as the financial condition of the company will permit.

Mr. Roper

The President,

The White House.

Mr. Roper also advised me that the question of food and personal service on the vessels is being given serious attention and that no effort will be spared to have the company raise the standard of the passenger service on these vessels to conform with the importance of this trade.

Ambassador Gibson is being informed of the above.

Faithfully yours,

William Phillips

MUNITION MANUFACTURERS SHOULD BE CURBED

NO TREATY, NO LAW MADE BY MAN OR GOD CONTROLS MUNITION MANUFACTURERS

File

Speech of

Hon. William E. Borah

of Idaho

in the

Senate of the United States

Monday, March 5, 1934

(Not printed at Government expense)

United States
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Washington : 1934

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so similar to the statements made prior to the actual breaking out of the great World War that one is prone to believe that it had its inspiration in the same source as had those which preceded the outbreak of that war. The Japanese admiral says:

> The United States has now restored normal relations with Soviet Russia. We naturally think that the restoration of normal diplomatic relations between them, two good neighbors of Japan, involves a scheme to surround Japan for some military purpose.

In other words, it is now being propagandized that the recognition of Russia by the United States has as its ultimate object and purpose the surrounding of Japan for military purposes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. CLARK. Has it not been the Senator's observation that for the last 25 years, at least, every time a big Navy bill came before either the House or the Senate of the United States it was invariably accompanied by propaganda as to the possibility or probability of a war with some foreign power, usually with Japan?

Mr. BORAH. Yes; that is true. The first disagreement I ever had with President Theodore Roosevelt was when a vessel-building program was proposed in the Senate. When I expressed my disapproval of it I was informed that we were upon the verge of a war with Japan.

I was proceeding to say, Mr. President, that this statement purporting to come from an admiral of the Japanese Navy, in my opinion, is the result of some such propaganda as that which emanates from munition manufacturers of the world. No sane, thoughtful, healthy mind knowing anything about the attitude or disposition of the people of the United States would for a moment entertain the view that the recognition of the Soviet Government by the United States had an ulterior purpose with reference to Japan or that we in doing so entertained anything in the way of an unpeaceful attitude toward the people of Japan. The people of the United States desire nothing but peace with reference to the great Japanese nation, and those who disseminate the propaganda that we are disposed to formulate our policies and our program with a view of attacking Japan must do so not because they are misled, but because they have sordid ulterior motives such as have characterized the great munitions manufacturers throughout the history of the world whenever an occasion of this kind has arisen.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BONE. May I express the hope that as the Senator from Idaho proceeds he will discuss the feasibility of this Government preparing for war in its own plants? I mean

by that, the public manufacturers of munitions and the instrumentalities of war. I think it will be opportune to discuss that question at this time, in face of the pending bill.

Mr. BORAH. I thank the Senator. I am of the opinion my general proposition may include the suggestion of the able Senator.

Mr. President, everything at the present time points unfortunately to a naval race, to a competitive naval-building program. I do not know what can be done, or whether anything can be done to mollify the situation, but I do think that, in view of the circumstances as they now present themselves with reference to the naval-building programs of several great nations, it is worth while to stop and consider what we can do with reference to controlling the evil, pernicious influence of those who will make vast gains in case a disturbance shall occur. A naval-building program means that the munition manufacturers will aggravate the situation in every conceivable way.

A short time ago one of the leading statesmen of Great Britain, Winston Churchill, declared that Great Britain should denounce the London Naval Treaty in order to enable Great Britain to build a navy in proportion to her needs and in harmony with her desires.

We are informed by the press that a very strong sentiment now obtains in Great Britain with a view to denouncing that treaty. On yesterday the ex-Premier of Great Britain said:

> An understanding on armaments is also remote and the present situation will inevitably lead to a competitive increase in arms. Agitation in Britain for a more powerful air fleet and a larger number of cruisers is growing in momentum and its influence will be felt in the coming budget.

In the magazine known as Contemporary Japan we read an article by a prominent Japanese publicist who said:

> It is for this reason that the present writer wishes to state that Japan cannot accept any arrangement at the forthcoming conference which seeks to perpetuate the present ratio of 5-5-3, the inadequacy of which for purposes of Japan's national defense he hopes to demonstrate in what follows.

A vast amount of material might be gathered and presented to disclose that at the present time we seem to be entering upon a real naval race or a competitive armament race instead of making progress toward disarmament. A naval race or anything which looks like a naval race is a Christmas holiday season for the munition manufacturers. They take advantage of that kind of situation to circulate just such statements as I read a few moments ago as to the evil purposes of the United States in recognizing Russia, and to circulate such statements as are calculated to augment the purposes on the part of the respective nations to build armaments and to bring about a greater estrangement and a deeper feeling of resentment on the part of the respective nations.

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Now, what is the game? Here are France and Germany in a tense situation, the result of centuries of disagreement. The munitions manufacturers ship armaments to Germany, to Hitler. They have the influence to help build up the Hitler regime. They loaned money to the Hitler campaign, not because they cared for Hitler but because they knew it would furnish a place to sell their armaments. They betray their own country; they sell their own people's security; they coin the blood of their fellow citizens.

Capone, Dillinger on the highway, are not more heartless and bloodthirsty than the man who builds up armaments in another nation for the purpose of sending his own people to the front that they may furnish the means by which to murder them.

This magazine—this is a most extraordinary article, and I shall read only brief paragraphs from it—gives a list of the different munitions manufacturers—the Krupp people in Germany, the Bethlehem Steel Co. in this country—and, on that subject, says:

> We have * * * our Colt's Patent Firearms Manufacturing Co., which supplies machine guns as well as squirrel rifles, which declared an extra dividend in 1933; our Remington Arms Co., * * * whose output of firearms and ammunition together is one third of United States production. And we have our Bethlehem Steel Co.
>
> Bethlehem's Mr. Charles M. Schwab dismayed the cadets of West Point in 1927 by saying: "Today the Bethlehem Steel Co. has definitely abandoned any thought of ever again engaging in the manufacture of ordnance except in times of great national emergency." Such times are apparently with us now—have, in fact, been continually with us since Mr. Schwab unloosed this shaft of oratory. In the official listing of Bethlehem's products * * * you will find armor plate, projectiles, gun and shell forgings, battleships, battle cruisers, scout cruisers, destroyers, submarines, and airplane carriers, all listed as products of Bethlehem's plants—
>
> And so forth.

Then we have a description of Vickers-Armstrongs in England. This article says:

> The sun never sets upon Vickers. It has its factories in Rumania where, for greater convenience, Sir Herbert Lawrence is a director of the Bank of Rumania (and Vickers to some degree allies itself with the Czechoslovakian armament firm of Skoda). In Italy it latinizes its name to Società Vickers-Terni; in Japan it has as a subsidiary the Japan Steel Works, and thus allies itself with the Japanese armament and industrial firm of Mitsui. There are Vickers factories or subsidiary companies in Spain, Canada, Ireland, Holland * * * and New Zealand.

In other words, while the pantomime called the International Disarmament Conference is going on in Geneva, this tremendous power located in Great Britain has spread out its network into every nation in the world, and is interested in selling its armaments and is selling its armaments, fit for no other purpose than carrying on war, to all the nations with which the conference is undertaking to bring about disarmament.

Through these industrial and financial interlockings, Vickers-Armstrongs conducts its affairs. They are profitable affairs—for as the agreement with Sun Insurance indicates, a profit of some $4,500,000 a year is considered so unsatisfactory that insurance must be carried against it. And England's aristocracy takes pleasure in clipping its coupons. Among the more prominent shareholders of Vickers or allied concerns in 1932 were: Right Honorable Neville Chamberlain, Chancellor of the Exchequer; Sir Austen Chamberlain, M. P., winner of the Nobel Peace Prize in 1925; and Sir John Simon, Secretary of State for Foreign Affairs (but who sold out his shares last year). In 1914 the list was even more imposing. It included that lofty philosopher, Lord Balfour, * * * Lord Curzon, and also Lord Kinnaird (president of the Y.M.C.A.), three bishops, and Dean Inge, of St. Paul's. It was in that same year that Socialist Philip Snowden spoke in Parliament:

Listen to his words:

It would be impossible to throw a stone—

Says the ex-Chancellor of the Exchequer—

on the benches opposite without hitting a member who is a shareholder in one or the other of these firms.

Great opportunity to disarm. No wonder the disarmament conference and disarmament have come to be a kind of an organised piece of hypocrisy. There is lying back of it, constantly in operation, the influences which work against anything in the nature of disarmament. It is not to their interest to see disarmament. They see, therefore, that nothing is really accomplished; and there, Senators, is the influence which in some way or other men must control before we will secure any success in disarmament; and, secondly, before we will have any real assurance of amity among the nations of the world.

What does a declaration of good will, such as the President of the United States announced when the recognition of Russia took place, amount to in the way of arousing friendly feeling and sentiment as against what is given out, purporting to be the actual fact, that the United States is seeking to surround Japan and to enforce her military dominance upon Japan? A more cowardly or infamous falsehood could not be circulated, and yet you can imagine what effect it has among the masses in the great nation of Japan. If the lips which publish or pronounce such falsehoods cannot be silenced—and they cannot be silenced so long as there is gain—we will not have any real amity or good will among the nations of the world.

Another paragraph or two from this article, which I trust will be very generally read, and I shall pass from it.

This article says:

France stands at the very top. She stands at the top in the amount her Government spends on armaments; at the top in the amount of arms she exports to other nations; at the top also by virtue of the billion francs she has spent to build a military Chinese wall of forts, many of them underground, along her eastern boundaries.

We read just a few minutes ago how, at the very time France was seeking to make herself secure against the invasion of Hitler's forces, the French manufacturers were selling armaments to Hitler, and were furnishing money for Hitler's campaign. What a medley of crime!

She stands today as a queer paradox: France, the democracy, a quiet pastoraland for the world's most famous peasantry, coexisting with France, the greatest military power of modern times, with an army which all but equals in number and far surpasses in equipment Germany's vast militaristic machine of 1914.

At the head of this latter France stands the figure of Gen. Maxime Weygand (vice president of the higher war council, inspector general of the army, possessor of the grand cross of the legion of honor, member of the French Academy), ruling an army (including colonials) of 650,000 men. But, despite his decorations, his medals, his orders, and the power he has, once a new war begins, to order several million men to death, General Weygand * * * represents not the urge for war but, on the contrary, France's desire for peace—by means of "security." The French threat to the peace of the world lies elsewhere—in France. For in France, and only in France, a new situation exists! The armament-makers are no longer, like Alfred Krupp or Sir Basil Zaharoff, in his younger days, humble petitioners of government, hat-in-hand solicitors of orders—their influence is so infiltrated into the industrial, social, and political affairs of the nation that they have power in some ways beyond the state; a power so mighty that they are all but able, for their own individualistic reasons, to sweep the state along in a course of action against its own will.

They are displeased by publicity and are well able to enforce their displeasure. But we must now displease one of them, and present the figure of M. Charles Prosper Eugène Schneider.

Charles Prosper Eugène Schneider is a man of many offices—the executive head of hundreds of armament firms throughout Europe. He is the president of the Schneider-Creusot Co., armament manufacturers with mines, smelters, and foundries scattered throughout France. He is director of the Banque de l'Union Parisienne, one of whose most profitable sources of business is the financing of loans for armaments. In 1930 he founded and became the president of l'Union Européenne Industriale et Financière—a holding company capitalized at 140,000,000 francs. Through it Schneider-Creusot controls 182 French companies that manufacture heavy ordnance, machine guns, tanks, shells, ammunition, and warfare chemicals. Out of the $300,000,000 which, at the most conservative guess, represents the annual billing of France's armament concerns, Schneider-Creusot or subsidiaries take the lion's share.

But l'Union Européenne has an even more important function. Through it Schneider-Creusot reaches out to control 250 armament and allied enterprises outside France. The greatest of these concerns is that glittering jewel in the crown of the principal ideal state that came into being in 1919 as the result of the self-determination of oppressed people. The state is Czechoslovakia, and its jewel is Skoda.

In other words, the French control the munitions manufactures of all the nations now allied with France, either directly or indirectly, in what we might call a "military alliance."

Mr. SHIPSTEAD. And they are also members of the League of Nations.

Mr. BORAH. Yes; France is for the League.

Let me read what Lord Cecil said on the question of disarmament, speaking sometime ago.

Therein lay one difficulty. But why could concerted action toward disarmament make so little progress?

One important reason was first laid bare by Lord Robert Cecil. He said:

There is a very sinister feature to all the disarmament discussions. I refer to the tremendous power wielded against all the proposals by armament firms. We must aim at getting rid of this immense instrument in the maintenance of suspicion. Yet in 1932 the Disarmament Conference was enriched by the presence of Mr. Charles Dumont of Schneider-Creusot, president of the Schneider-controlled Banque Franco-Japonaise, on the French delegation. The British delegation was similarly benefited by the advice of Col. A. G. C. Dawney, the brother of a director of Vickers-Armstrongs, and now the political supervisor of the British Broadcasting Corporation.

If the armament business were conducted by an outlawed band of international gangsters, the problem would be simple to define. The difficulty is that precisely the opposite is the case. The armament business is a part of the most essential industries of industrialized nations—steel and chemicals. But even so the problem does not become acute until you have a nation in which the biggest part or a very, very large part of these essential industries is the manufacture of the actual munitions of war. Such is the case in France, and also in Czechoslovakia.

Also in Great Britain, also to a marked extent in the United States. And yet we talk about disarmament and peace.

I said a few moments ago that during the depression these great munitions manufacturers have enjoyed a profit of from 12 to 20 and 30 percent. That is not to be compared, however, with the profits they enjoy during a struggle in any part of the world, and particularly when it is a struggle such as that which began in 1914.

Mr. President, I venture to believe, and I have no hesitancy in saying, that when we shall have passed this bill, we will see circulated by someone interested in these munition manufactures, possibly imposing upon public men sufficiently to believe that they are true, statements to the effect that the United States, in addition to recognizing Russia for the purpose of aggression upon Japan, is completing her Navy for the purpose of attacking Japan; and against that the world must be prepared to stand, or we will drift into a situation which we and the whole world may have cause to regret.

Mr. President, I read a paragraph or two from other publications. I now read from an article appearing in the Living Age, from an article issued by the Union of Democratic Control, London. I read briefly:

While scientists, acting on the instructions of the politicians, make war more and more deadly, the armament manufacturers and the makers of material essential to this manufacture watch their profits grow. While almost every other form of industry is

in the slough of depression, the shares of armament firms improve in value.

The Aeroplane, a paper which may be fairly described as the unofficial, and sometimes surprisingly outspoken, voice of the Air Ministry, says:

The manufacturers of both aeroplanes and engines may hope for increased turnover and profits a year or so hence when the Disarmament Conference has faded out and the program of expansion (of armaments) is allowed to proceed.

Does anyone suppose that they are listless or indifferent in seeing that the Disarmament Conference fades out? Has anyone any doubt that the inability of these nations to get together has been largely influenced by these same forces? The peoples of the world do not want to go to war. As Woodrow Wilson once said, the peoples of the nations do not make war. They desire peace. But they are not permitted to have that which they desire, because sitting on the throne of power, speaking from the source of authority, are those who make their unspeakable fortunes out of the fact that we do not have disarmament, and that we do not have peace.

I quote from an article by George Hoog, on Steel Against Peace, the following:

During the last half century many monarchies have collapsed, but monarchy itself is not dead. It has simply changed its name. We are now living under a capitalistic monarchy which, like all others, has its kings and dynasties. It even has its princes of the blood, cannon merchants, the purpose of whose industries is to fill the charnel houses of all nations impartially by means of war. They are the real aristocrats of modern times. Before the war they included four principal dynasties:

Vickers and Armstrong in England, Schneider in France, Krupp and Stumm in Germany, and Putilov in Russia. Naturally the governments treated such powerful families like aristocrats.

In fact, all governments did them honor, no matter what the nationality of these princes of the blood might happen to be. For princes demand international courtesy.

Thus Napoleon III made the head of the Krupp dynasty an officer in the French Legion of Honor. And, of course, the German Emperor had to treat the Krupps at least as well as the French Emperor did, so that William II offered one of the Krupps the title of prince. But, since Krupp was more accustomed to finahcial activity than to court titles, he refused the honor. However, he accepted for his daughter what he had refused for himself.

Again, this article says:

The question of the labor member of Parliament from Liverpool applied to English industrialists. Here is something about French industrialists. "We bring back from Geneva", wrote the deputy, Pierre Cot, in the Republic for February 21, 1932, "a piece of information that stands in no danger of being denied. Here it is: The House of Schneider has received orders for heavy artillery from Japan."

One of the gentlemen attending the disarmament conference was unable to bring anything home of any moment with reference to peace, but he was able to notify his associates and those in interest that he had brought home a

large order for military supplies to Japan, and our people, our own manufacturing institutions, are now selling on a very large scale military equipment in the Orient, to both Japan and China.

Mr. President, I have no expectation whatever of any contest or conflict between the United States and Japan. I do not believe that even the munitions manufacturers can bring about such a war. Suppose, however, it should happen. Suppose such a war should come. The American soldier would be torn limb from limb, disemboweled by the munitions sold by his own compatriots in the United States to the enemy. And if war should come, even the approaching hour of conflict would not stay the insatiable greed of the men engaged in the manufacture of munitions. To the very hour when the embargo would be laid they would be selling and sending away their munitions, which munitions would be used for the purpose of enabling the enemy to destroy the American boys.

Mr. President, the thought of making profits out of war, of building fortunes out of the misery and the sorrows of the maimed, the broken in health, and the insane is revolting enough to anyone who has left in him a spark of human sympathy or a sense of decency. But to foment discord and to spread false and sordid statements, to engender bitterness and suspicion and hate and fear among nations, all that such profits may be made and enlarged reaches the dead level of human depravity. There is nothing lower in the scale of human avarice.

Mr. President, I ask permission to print two editorials from the Baltimore Sun.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Baltimore (Md.) Sun, Mar. 4, 1934]

REPETITION

The State Department's latest announcement of American policy on disarmament repeats in wearisome what President Roosevelt said with enthusiasm in his address to the heads of all nations on May 16 last.

Much water has gone over the diplomatic dams since that earlier pronouncement. Speaking through Norman H. Davis, our Government has offered to modify its traditional doctrine about the freedom of the seas as our contribution to the solution of Europe's problem of security. Europe in its turn has gone from hope to despair as a result of Hitler's disturbing influence on German policy. The Disarmament Conference, which the President sought to save by his proclamation of last May, is now concerned more with finding a formula to camouflage its failure than with concluding a treaty of positive disarmament. It is not surprising, therefore, that the State Department should be disposed merely to reiteration of what has been said before. Nor is it surprising that our policy should seem to be inspired by benevolence rather than by determination.

The negotiations of the Disarmament Conference are now in reality subordinate in importance to the question of German

policy. It may be possible for the conference to find some way to check the rapidity of the rearmament to which the Hitler Government in Germany is dedicating its energies. But positive reduction in the forces of any of the other European governments seems out of the question in the light of the new German attitude. And as for a pact of nonaggression, do we not already have the Kellogg Pact outlawing war as an instrument of national policy? If the nations will not honor that, of what avail to create another obligation of the same tenor?

This is not to say that any blame attaches to our own Government for the impasse which exists. Washington has done its part by the Disarmament Conference time and time again. President Hoover presented a formula in 1932. Mr. Roosevelt presented another in 1933. There have been occasions when we seemed to move half-heartedly and when a little more get-up on the part of our spokesmen might have exercised a favorable influence. But, by and large, the distressing situation by which we are now confronted is due not to anything in the disarmament negotiations in themselves, but to the failure of Europe to make readjustments in the post-war system while there was yet time.

Our own intransigeance on debts and reparations perhaps contributed to the failure, but our course in the Disarmament Conference is, at least, as clear if not clearer than that of any other first-rate power.

[From the Baltimore Sun of Feb. 12, 1934]

TRAGIC NAVAL POLICIES

Next year or early in 1936 there should be held a new naval conference for the purpose of revising and extending the Washington and London treaties. We say "should be held" and not "will be held", for there have lately been accumulating many indications that the conference may never be called. In that event the existing naval treaties will automatically lapse and we shall then without question be treated to a spirited competition in ship construction such as the world has never witnessed. And for this, if it really comes to pass, we will have the tragic naval policies of the three great maritime powers to blame.

The British, strangely enough, have until now pursued a less aggressive course than either of their two rivals. Although the admiralty and an influential section of the press, disturbed by the huge American and Japanese programs, have been demanding new ships, the MacDonald-Baldwin government has been reluctant to encourage them. The British program has been expanded somewhat, but by no means on a scale comparable with the Japanese and American extensions. Now, however, the British are reaching the end of their patience. Spurred on by men like Winston Churchill, who is demanding that the Geneva Conference be stopped and the naval treaties be forthwith denounced, and who is said to have the support of a majority of the Conservative (Government) Party, spokesmen for the cabinet have given notice that England will increase its armaments if its latest effort—the Simon plan providing for partial rearmament of Germany and abolition of all "offensive" weapons—should fail. According to Stanley Baldwin, "If we fail, the Government will feel their duty it to look after the interests of this country, first and quickly."

Meanwhile the Japanese admirals are going their perilous way quite without regard to its probable consequences. The liberal and moderate elements in Japan have been speaking out a bit more boldly of late, but this has not chastened the admirals one whit or reduced the naval budget a single yen. Though warned by business men and responsible Government officials that war will almost certainly follow if the admiralty continues along its present course, the Minister of the Navy, Admiral Osumi, has not for a moment stopped discussing the ways and means by

which the Japanese Navy is preparing for what he calls "the extraordinary situation" on the seas. The Navy, he declares, will go ahead with its building plans, though it knows that these plans exceed the limits set down in the Washington and London Treaties.

Nor does there seem to be anything that will stop the Roosevelt administration. It is not yet clear whether the administration actually means to build all of the ships included in its present program or intends to keep most of them on paper for bargaining purposes at the 1935 conference. In either case the success of the conference is bound to be endangered, for it does not seem likely that real success can be built on a "big-stick" policy. The Roosevelt program has aroused Japanese liberal opinion to active realization of the foolhardiness of a naval race with America, but since the Japanese admirals, far from being deflected from their course, seem only the more determined to carry on with their own plans, it should be obvious that as a threat the Roosevelt program is doomed to failure.

It would be worse than futile to hold the 1935 conference with the three maritime powers in their present frame of mind. It is imperative, nevertheless, that the conference be held. Preparations should begin at once, and the first step in that direction should consist in a resolution by the three countries that in order to show they are sincere in desiring naval disarmament they will promptly call a halt to their senseless and costly building programs.

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file Panama Phc.

WASHINGTON, D.C.

9 April 1934

~~CONFIDENTIAL.~~

Dear Mr. President:

Pursuant to the instructions contained in your letter of March 26, 1934, representatives of our respective Departments have conferred on the situation in Panama in order to advise us as to whether all practicable measures are being taken and, if not, to make such recommendations as may appear to fit the immediate needs.

After consideration of the report of our representatives, whose recommendations we have approved and are putting into effect, we are of opinion that all practicable measures have been taken or are in process of accomplishment to meet the immediate needs.

Sincerely yours,

Cordell Hull
Secretary of State.

Geo. H. Dern
Secretary of War.

Claude A. Swanson
Secretary of the Navy.

PSF: State

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D.C.

file

DEPARTMENT OF STATE
WASHINGTON

May 12, 1934

My dear Mr. McIntyre:

On October 4, 1933 the President approved the appointment of Mr. Paul Knabenshue, Minister Resident and Consul General at Baghdad, Iraq, as Envoy Extraordinary and Minister Plenipotentiary to His Highness the Sultan of Muscat on the occasion of the one hundredth anniversary of the signature on September 21, 1833, of the Treaty of Amity and Commerce between the United States and Muscat.

Mr. Knabenshue proceeded from Baghdad on March 1st, arrived at Muscat on March 18th, and on the following day had an audience with the Sultan to present his credentials. I enclose for your information a copy of Mr. Knabenshue's despatch outlining the picturesque ceremonies surrounding his reception. To this despatch are

The Honorable

Marvin H. McIntyre,

Assistant Secretary to the President,

The White House.

are attached translations of the Sultan's letter to the President and of the remarks which he made at the time the Minister presented his letter of credence.

Sincerely yours,

William Phillips

Enclosures:
Despatch No. 289, April 6, 1934,
from Baghdad, with enclosures.

epartment of State

BUREAU / DIVISION NE

ENCLOSURE

TO

Letter drafted May 11, 1934

ADDRESSED TO

The Honorable
Marvin H. McIntyre,
Assistant Secretary to
the President,
The White House.

COPY LVD

LEGATION OF THE
UNITED STATES OF AMERICA

No. 289 - Diplomatic Baghdad, April 6, 1934.

Subject: Visit of Courtesy to Sultan of Muscat.

The Honorable

The Secretary of State,

Washington.

Sir:

In its instruction No. 50 of October 17, 1933 the Department informed me that, on the occasion of the one hundredth anniversary of the signature of the Treaty of Amity and Commerce between the United States and Muscat, the President had appointed me as his representative with the rank of Envoy Extraordinary and Minister Plenipotentiary on Special Mission to represent the United States Government near the Government of His Highness the Sultan of Muscat, with instruction to hand to His Highness, with the President's compliments, when presenting my letter of credence, the latter's autographed photograph in silver frame which had been sent to me for the purpose.

I have the honor to report that having been informed of the return to Muscat of His Highness after a protracted visit of several months in his province of Dofar, and having been informed that His Highness would be pleased to receive my visit during the month of March, I proceeded

to

to Muscat on March 1st accompanied by Diplomatic Secretary James S. Moose and my son Paul Denis Knabenshue, and arrived at Muscat at 1:00 p.m. on March 18th, aboard the S.S. BANDRA of the British India Steamship Navigation Company.

I have much pleasure in reporting that the arrangements made for my reception and entertainment at Muscat were eminently satisfactory, a brief review of which follows.

The ship having anchored in the roadstead of the picturesque harbor of Muscat, it was boarded first by the British quarantine officer of the port and then by the British Political Agent Major C.E.U. Bremner, who came to greet me and to present to me on behalf of His Highness and for my approval, a tentative program of arrangements for my visit. Major Bremner was immediately followed by an official delegation sent to greet me on behalf of His Highness, consisting of the following dignitaries:

Saiyid Hamad
Saiyid Mahmoud
Saiyid Sayf
Shaikh Zubeir.

After an exchange of appropriate mutual expressions of courtesy, I proceeded ashore with the Sultan's delegation. When passing in front of the old Portuguese fort on the north shore of the harbor I was honored by

by a salute of fifteen guns fired from a battery of four ancient cannons on the ramparts of the fort. The salute should have been 17 guns, but the local authorities having no copy of regulations determining the correct number it was fixed by guess work at 15.

I was landed at the wharf of the Royal Palace and conducted immediately therefrom, by the official delegation, in the Sultan's automobiles, to the residence of Dr. and Mrs. P. W. Harrison, of the American Mission at Matrah, my hosts during my visit.

During the course of the afternoon Major Bremner called upon me officially, in uniform, at the residence of Dr. Harrison. I returned his visit within half an hour.

Arrangements having been made for me to present my letter of credence to the Sultan on the following morning, Monday, March 19th, the Sultan's Prime Minister, Shaikh Zubeir, called upon me at 10:00 a.m. to conduct me to the Royal Palace. I was accompanied by Diplomatic Secretary Moose, my son and Dr. Harrison followed in another car. Upon arrival at the Palace I first reviewed the guard of honor made up of a company of the Sultan's Levies. I was then met at the main entrance to the Palace by the Sultan himself who, after cordial greetings, conducted me to the reception room of the Palace. The halls and stairs were lined by Palace guards and in the

reception

reception room were gathered all of the members of the Royal Palace and other dignitaries and notables of Muscat. The Sultan conducted me to the top of the room, seating me on his right with the British Political Agent on his left. The assembled gathering dressed in brilliant uniforms and costumes, presented a most interesting and picturesque spectacle. After the usual ceremonial of the passing of sweetmeats, coffee, the sprinkling of rose water on the guests' hands and the passing of incense which was wafted by the guest into his beard and nostrils and which is the Arab ceremonial indication that the guest is now permitted to take leave of his host, the Sultan very tactfully indicated to me that the time of making my address had arrived. I then rose and made my brief address to His Highness, a copy of which is enclosed herewith. I presented my letter of credence to His Highness at the conclusion of the first paragraph; and I presented, with the President's compliments his autographed photograph, at the conclusion of my address. An Arabic translation of my address was then read by the Royal Interpreter.

His Highness then arose signalling at the same time for the assembly to be seated and read his response to my address. A translation of the Sultan's remarks was likewise read by the Royal Interpreter. The ceremony thus being completed, His Highness personally conducted

me

me to the other door of the Palace and I was accompanied to the residence of my hosts by the Sultan's Prime Minister. On the evening of the same day His Highness gave a banquet in my honor at the Royal Palace. The guests numbering about 40, included the members of the Royal Family, Mr. Moose and my son, Dr. Harrison and the British Political Agent. The banquet was given in true Arab style with the guests squatted on the floor and the sumptuous feast spread before them. Aside from a plate and a spoon for the more liquid of sweets, china-ware and cutlery were dispensed with as usual, the right hand only being used by the guests in partaking of the food which was varied and sumptuous and surpassing in excellence.

On the afternoon of Tuesday, March 20th, I was invited by Dr. Harrison to officially open the new American Mission Hospital which had been recently built at Matrah. This ceremony was presided over by Sayid Hamad, the senior uncle of the Sultan, and it was attended by other members of the Royal Family and notables of the district. I enclose herewith a copy of my address on this occasion. I also enclose a copy of a brief address made on this occasion by Saiyid Hamad.

On the evening of Tuesday, March 20th, Major Bremner, British Political Agent, gave a small informal dinner in my honor which was attended by His Highness

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the Sultan, Saiyid Hamad, the British quarantine officer of the port, Dr. Harrison, Mr. Moose and my son.

My visit having come to an end, I left Muscat by the S.S. BARODA at 11:00 a.m. on the morning of Wednesday, March 21st. The Sultan kindly placed automobiles at the disposal of myself and my party and in response to his invitation visited him at the Palace and proceeded therefrom in his boats to the ship. His Highness again very cordially met me at the entrance to the Palace upon my arrival, which is the usual Arab custom of a host, and conducted me again to his reception room. He had made arrangements to have our photographs taken together and this was done in the Palace.

I enclose herewith a letter to the President which His Highness handed to me for transmission. An English translation of the letter is also enclosed herewith.

I took advantage of this occasion to express my thanks and appreciation of his cordial reception and the entertainment which he provided for me during my visit. I was conducted from the Palace to the ship by the same delegation which met me upon my arrival. After boarding the ship, Sayid Hamad presented to me on behalf of His Highness the Sultan, a broad sword, a curved dagger of the usual Arab pattern and a small rhinoceros hide shield mounted in silver. My son and I were also each presented with autographed photographs of the Sultan.

This

This despatch briefly outlining the outstanding incidents of my visit to Muscat, will be followed by a report giving my comments on the political and economic conditions as I found them in the various areas visited by me on this occasion.

Respectfully yours,

(SGD) P. Knabenshue

COPY

TRANSLATION

SPEECH OF HIS HIGHNESS SAID BIN TAIMUR,
SULTAN OF MUSCAT AND OMAN

Praising God and calling down blessings upon His Prophet

Your Excellency the Minister Plenipotentiary:

We, and all our family and our officials, take the utmost pleasure in extending to you a cordial welcome on your arrival at the capital of our country as a special envoy from our friend the President of the United States of America to present to us the President's salutations and good wishes in commemoration of the centennial of this treaty of amity and commerce which was concluded on the 6th day of Jumadi al-Awwal, 1249 A.H., corresponding to the 21st of September, 1833, A.D., in the 57th year of the independence of the United States of America. This treaty was concluded between our illustrious grandfather, the Saiyid Sa'id bin Sultan and our friend the Government of the United States of America during the term of President Jackson acting through the intermediary of Edmund Roberts, the envoy specially designated to sign the above-mentioned treaty.

We take great pleasure in the long period through which this treaty between our government and the Government of the United States of America has endured, and in the cordial and amicable relationship and perfect accord during that period, and we hope that this friendship will grow even firmer with the passage of time.

You have come on this occasion in the quality of Envoy Extraordinary and Minister Plenipotentiary on Special Mission from the President of the Republic, bringing to us a message from His Excellency to commemorate the centennial of this treaty; and there can be no doubt that it is out of the kindness and consideration of the President and the Republic that he renews these cordial relations with manifest proof of the good intentions and the sincerity which he entertains toward our government.

Henceforth we will always be justly appreciative of this consideration and, if God permits, we will maintain the relationship of sincerity and accord which now exists between us and the Republic.

Certainly,

Certainly, the picture of His Excellency the President is, as you have said, another proof of his esteem. We accept it with great pleasure and we shall keep and preserve it as a memento of this occasion.

We avail ourselves of this opportunity to express our thanks and pleasure, and our good wishes toward our friend, His Excellency the President, and toward the American Government and people, and we request your Excellency to transmit our words to them.

In closing, we thank your Excellency and wish you happiness.

COPY

In the Name of God the Merciful the Compassionate

From Sa'id bin Taimur to our esteemed friend, His Excellency Mr. Franklin D. Roosevelt, President of the Republic of the United States of America.

Greetings:

We have taken great pleasure in receiving from the hands of your Minister, His Excellency Paul Knabenshue, your gracious portrait and your eloquent communication dated September 21, 1933, which was couched in terms of the greatest cordiality and which renewed for us the epoch of friendship and amity entered into by our illustrious forebear His Majesty the Saiyid Sa'id bin Sultan and our friend the President of the United States of America, then President Jackson, through the intermediary of his envoy, Edmund Roberts.

A century has passed since the signature of the treaty between our government and the Government of the United States of America, and this period is not a short time. We therefore look with satisfaction on the long time which has elapsed and on the relationship of perfect accord and enduring friendship which exists between the two countries. We hope for its continuation between the two governments in the future to a greater extent even than in the past.

Your Minister, His Excellency Paul Knabenshue, came to us in virtue of the confidence which you repose in him; and we have received orally from him your kind greetings as well as those of the Government and people of the United States of America. He performed his mission to us exceedingly well; and on our part, we thank him very much. We trust that Your Excellency will learn from him the respect accorded him and the welcome which we extended to him because of the recommendations with regard to him which Your Excellency's letter contained. Henceforth we will always welcome the officials of our friend, the Government of the United States of America at whatever time they may visit the capital of our country.

Before finishing this missive, we take pleasure in presenting to Your Excellency our most profound thanks and gratitude, particularly for the visit of His Excellency your Minister hereinbefore mentioned to the capital of our country. We consider this as a kindness and as a testimonial of affection, esteem, good wishes, and devotion.

We