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THE SECRETARY OF STATE  
WASHINGTON

January 8, 1935.

Dear Mr. President:

I do not know whether there is anything you could or should say to the press on the subject of the two King resolutions attached hereto. In any case they are awful.

Faithfully yours,

*Cordell Hull*

The President,  
The White House.

## JAPANESE POLICY IN MANCHURIA

Mr. KING submitted the following resolution (S. Res. 32), which was submitted to the Committee on Foreign Relations:

Whereas by the Kellogg Peace Pact signed at Paris on August 27, 1928, the high contracting parties (including the United States and Japan) solemnly declared that they condemn recourse to war for the solution of international controversies; and

Whereas by the nine-power treaty signed at Washington on February 8, 1922, the contracting powers (including the United States and Japan) agreed to respect the sovereignty, the independence, and the territorial and administrative integrity of China, and to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states; and

Whereas it is alleged that the policy pursued by Japan in Manchuria in establishing the Manchukuoan Government, in setting up a government of monopoly of foreign oil interests, and the refusal by Manchukuo, as stated in the Japanese press, to observe the open-door policy except as to nations according her recognition, is a violation of the above treaties; Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the policy pursued by Japan in Manchuria with a view to determining whether such policy has violated any of the provisions of the Kellogg peace pact or the nine-power treaty.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

## FORTIFICATION OF CERTAIN MANDATED ISLANDS IN THE PACIFIC

Mr. KING submitted the following resolution (S. Res. 33), which was referred to the Committee on Foreign Relations:

Whereas by article 119 of the treaty of peace with Germany, signed at Versailles on June 28, 1919, Germany renounced in favor of the Principal Allied and Associated Powers all rights over her overseas possessions, including the groups of islands in the Pacific Ocean lying north of the Equator; and

Whereas the Principal Allied and Associated Powers, including the United States, agreed that in accordance with article 22, part I (Covenant of the League of Nations), of the said treaty, a mandate should be conferred upon His Majesty the Emperor of Japan to administer the said islands; and

Whereas His Majesty the Emperor of Japan accepted such mandate, subject to the agreement, among others, that no military or naval bases should be established or fortifications erected in the mandated territory; and

Whereas for some 14 years there have been recurrent charges in the press to the effect that Japan has fortified her mandated islands in violation of the agreement not to do so; and

Whereas it is alleged that Japan has failed to make reports on its administration of its mandated islands, as required by the League of Nations; Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the charge that Japan is fortifying or has fortified her mandated islands and to report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman.

## HEARINGS BEFORE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. KING submitted the following resolution (S. Res. 34), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, is hereby authorized during the Seventy-fourth Congress to send for persons, books, and papers; to administer oaths; and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and the committee, or any subcommittee thereof, may sit during session or recess of the Senate.

## MONOPOLISTIC PRACTICES AND THE ANTI-TRUST LAWS

Mr. KING submitted the following resolution (S. Res. 35), which was referred to the Committee on the Judiciary:

Whereas to prevent monopolies and combinations in restraint of trade and efforts to obtain monopolistic control of trade and commerce, laws were enacted by the Congress which are still in force; and

Whereas it is claimed that such laws have not been enforced and that monopolies have increased and monopolistic control of industry has been strengthened; and

Whereas notwithstanding the enactment of said antitrust law it is alleged that the National Industrial Recovery Act has been construed as permitting monopolies and proto trusts the said antitrust laws; and

Whereas it is alleged that the said antitrust laws are inadequate to meet monopolistic developments and should therefore be strengthened in order that the purpose for which they were enacted might be realized: Now, therefore, be it

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized to conduct an investigation to determine (1) whether the National Industrial Recovery Act has encouraged or promoted monopolistic practices; (2) whether the National Industrial Recovery Act or rules, regulations, and codes issued under it have tended to nullify the antitrust laws; (3) whether, in that event, legislation is needed to restore the antitrust laws to the position which they occupied prior to the date of enactment of the National Industrial Recovery Act; and (4) whether the antitrust laws, if properly enforced, are adequate to control monopolistic practices.

The committee shall report as soon as practicable the results of its investigation, together with its recommendations, if any, for necessary legislation. For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth and succeeding Congresses until the final report is submitted; to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; and to take such testimony and make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

## PRINTING OF ADDITIONAL COPIES OF REPORT ON STOCK EXCHANGE PRACTICES

Mr. HAYDEN submitted the following resolution (S. Res. 36), which was referred to the Committee on Printing:

Resolved, That 4,000 additional copies of the report (No. 1455) of the Committee on Banking and Currency, Seventy-third Congress, second session, on Stock Exchange Practices, be printed for the use of the Senate document room.

## REPORTS OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 364) to exempt from taxation certain property of the Daughters of Union Veterans of the Civil War in the District of Columbia, reported it without amendment and submitted a report (No. 1) thereon.

Mr. KING, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 396. An act to amend section 1180 of the Code of Law for the District of Columbia with respect to usury (Rept. No. 2);

S. 397. An act to provide for recording of deeds of trust and mortgages secured on real estate in the District of Columbia, and for the releasing thereof, and for other purposes (Rept. No. 3);

S. 398. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto (Rept. No. 4);

S. 399. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia (Rept. No. 5);

S. 400. An act to permit the stepchildren of certain officers and employees of the United States to be admitted to the public schools of the District of Columbia without payment of tuition (Rept. No. 6);

S. 401. An act to amend the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929 (Rept. No. 7);

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DEPARTMENT OF STATE  
WASHINGTON

February 4, 1935.

My dear Mr. President:

There seems to be little doubt but that the French mission to England over the last weekend has discussed the question of stabilization with the British Government. I attach cables received from our Embassies in London and Paris reporting observations on the conversations, which I believe you will want to read.

The Department may receive more definite information shortly, particularly on the point as to whether the British actually did propose to the French a 30 percent devaluation.

Faithfully yours,

Enclosures:

Paraphrase, No. 50 from  
London, February 2.  
Paraphrase, No. 89 from  
Paris, February 2.

*Cordell Hull*

The President,

The White House.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London, England

DATE: February 2, 1935, 5 p.m.

No.: 50 ~~STRICTLY CONFIDENTIAL~~ FOR TREASURY

RUSH

Robert Brand of Lazard Frères had a frank talk with Flandin, at Flandin's request, yesterday. This was in preparation for Flandin's conference today with Leith-Ross, and his meeting with Chamberlain over the weekend.

The following considerations, contributing factors to the formation of the British attitudes, were outlined by Brand:

First. The possibility of an uncontrolled currency depreciation race is not viewed by the British with such apprehension. This is due primarily to the fact that America returned to the gold unit and within fixed limits. A second reason is that should the gold bloc break up, the British still have their trade agreements, which would have a stabilizing effect.

Second. The national government would not have a political election asset in stabilization. The French contend that with elections in 1936, stabilization must be achieved in 1935 or postponed until 1937. Granted this, opinion here is willing, for the next two years, to face the prospect of being off gold.

Third. It is not believed by the British that

in the immediate future there will be a very substantial rise in American prices. It is their view that the dollar is undervalued in terms of sterling by approximately 15 percent. They are inclined to allow time to test their theory.

Fourth. Brand brought up the implications arising out of the fact that, nevertheless, "the pound is more in equilibrium with both the franc and the dollar than they are with each other", which expression was used by Chamberlain in his speech reported in No. 632 of December 21, 6 p.m., from the Embassy.

These impressions were received by Brand:

(i) The fact that Flandin's position was not improving was known to Flandin, and the situation required action on his part - see telegram No. 3 of January 7, 6 p.m., from the Embassy.

(ii) Flandin was disposed to make concessions on the quota and tariff.

(iii) In the long run the gold bloc would have to adjust their parities in one way or another - this was the understanding Brand received from Flandin, although Flandin did not say so.

I hear from another source, incidentally, that it is being urged by certain elements in the Government which view as politically unwise the undertaking of further "continental commitments", that as a partial alternative

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an attempt be made in the economic and financial sphere to satisfy the French.

My informants particularly requested that all the information given above be treated with the strictest confidence.

ATHERTON

EA:LEW

PARTIAL PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: February 2, 1935, noon

No.: 89 FROM COCHRAN

An invoice for two million francs gold bars was made by Aublin and Company, bullion brokers, for shipment on the BREMEN to Johnson Matthey.

There is a fairly active Paris exchange market today. The gold clause decision and London conversations continue to cause nervousness. It is feared in market circles, with respect to the London conversations, that the French situation may be made more difficult. They fear that in reply to French advances in regard to sterling stabilization the British may insist upon immediate 30 percent devaluation of the franc and furthermore retain their own liberty of action to lower sterling further, should it be necessary subsequently because of the American gold clause and indebtedness factors making necessary a further downward revaluation of the dollar. A Paris friend was told today by an officer of the Union Corporation (of which Strakosch is head) that the British answer would be in the above sense, as decided upon after a meeting between the Bank of England and Treasury officials held yesterday. The recent annual reports of the big five banks, he added, were all in unison on stabilization policy following their prior submission to the British Treasury for the approval of the Treasury.

JOURNEE

JOURNEE INDUSTRIALLE writes in above connection "meetings of the big English banks have taken place. The thesis maintained in each case by the directors has been the disparity between the three currencies, dollar, pound and franc. Each time it was said that the pound is too low in relation to the dollar; that in relation to the pound the franc is too high, and that there must necessarily take place some adjustment.

We say with the same persistence that this disparity is not our doing but comes from the voluntary devaluation of the pound, and the policy followed parallel with this revaluation, that of avoiding any monetary expansion which would correspond to devaluation action.

To devalue similarly the new franc by 30 percent avoiding all monetary expansion would be easy for us. We would obtain in this way similar results which would put us, (B), on equal footing with economic parity reestablished. But we know quite well that the day when restabilization arrives, the avoided expansion would be produced tardily and inevitably. This potential inflation is what most English fear and it is this that has made them hesitate for six months over considering plans which are periodically submitted to them perhaps by America."

STRAUS.

EA:LEW

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DEPARTMENT OF STATE  
WASHINGTON

February 4, 1935.

My dear Mr. President:

I am sending you herewith a brief memorandum showing the production, the percent of domestic consumption, and the number of wage earners employed in the manganese mining industry. Mr. Sumner Welles told me that you desired this information and asked me to send it to you because he had to leave Saturday night.

I have had it prepared in very brief condensed form. If you desire anything further, please let me know.

Faithfully yours,

*Wm. B. Sayre*

Enclosure:  
Memorandum  
as stated.

The President,  
The White House.

The following table shows the production, the percent of domestic consumption, and the number of wage earners employed in the manganese mining industry.

U.S. Production of	Manganese Long Tons	Percent of Domestic Consumption	Wage Earners <sup>1</sup>
1927	21,327	6.5	---
1929	31,747	9.1	354 census data
1931	17,136	10.8	---
1933	8,700 (Est.)	6.4	100-200 (Est.)

<sup>1</sup>Mining Ore

1. More than 90% of manganese, both domestic and imported, is used in the manufacture of steel (directly or in form of alloys).
2. The remainder is used in dry batteries, chemicals and special manganese alloys.
3. About one-third of the domestic production is a chemical grade not always directly competitive with foreign manganese.
4. The manganese industry was developed during the war. Domestic production reached its peak in 1918. Based on quantity produced no more employment has been given since the industry received protection in 1922 than when it was duty free in 1919 and 1920.

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