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 here-to. In any case they are awful.

Faithfully yours,

Cordell Hull

The President,
The White House.
MR. KING submitted the following resolution (S. Res. 335), which was referred to the Committee on Foreign Relations:

Whereas the Kellogg Peace Pact signed at Paris on August 27, 1928, the high contracting parties (including the United States and Japan) with foreign dignitaries at their request, recommend recognition of the solution of international controversies; and

Whereas the Kellogg Peace Pact, signed at Washington on February 6, 1929, the contracting powers (including the United States and Japan) with foreign dignitaries at their request, declare the sovereignty, 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 infringe 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 Manchukuo Government, in setting up a government of the Manchurian puppet state of China, in disregard of the Kellogg peace pact of the nine-power treaty.

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions 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, in the conduct of the business to which the report 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.

MR. HAYDEN submitted the following resolution (S. Res. 35), which was referred to the Committee on Printing:

Resolved, That 4,000 additional copies of the report (no. 1459) of the Committee on Bank and Currency, Seventy-third Congress, second session, on Stock Exchange Practices, be printed for the use of the committee, and the expenses of such printing, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MR. CAPPERS, 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 the respective reports:

S. 395. An act to amend section 1180 of the Code of Law for the District of Columbia with respect to usury (Rept. No. 21).

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

The President,

The White House.
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
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
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 Aubin 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 submissio to the British Treasury for the approval of the Treasury.
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
reeestablished. But we know quite well that the day
when reestablishment arrives, the avoided expansion
would be produced tardily and inevitably. This poten-
tial inflation is what most English fear and it is this
that has made them hesitate for six months over consider-
ing plans which are periodically submitted to them perhaps
by America."

STRAUS.

EA:LEW
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,

[Signature]

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Manganese Production (Long Tons)</th>
<th>Percent of Domestic Consumption</th>
<th>Wage Earners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>21,327</td>
<td>6.5</td>
<td>---</td>
</tr>
<tr>
<td>1929</td>
<td>31,747</td>
<td>9.1</td>
<td>354 census data</td>
</tr>
<tr>
<td>1931</td>
<td>17,136</td>
<td>10.8</td>
<td>---</td>
</tr>
<tr>
<td>1933</td>
<td>8,700 (Est.)</td>
<td>6.4</td>
<td>100-200 (Est.)</td>
</tr>
</tbody>
</table>

1. 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.