PSF State Dept. 1935

CONTINUED

Manganese Ore

Under the Tariff Act of 1930 the duty on manganese ore containing over 10 percent manganese was 1 cent per pound upon the manganese content. This duty has been equivalent to slightly more than 100 percent ad valorem upon the value of imports during the Tariff Act of 1930.

In recent years there has been a great decline both in the consumption and the importation of manganese ore and the principal sources of imports vary. Russia is an important factor in the trade and has recently supplied 40 to 50 percent of the total imports whereas Brazil has supplied 20 to 30 percent.

Of the total domestic consumption of manganese in recent years, averaging about $6,250,000 annually (exclusive of transportation, and of the duty amounting to about $6,650,000 annually), imports have supplied almost exactly 80 percent of the total consumption in the United States. In terms of value in the United States, duty paid, imports have supplied about 90 percent of domestic consumption.

There are three general grades of manganese ore consumed in the United States, namely, battery grades, used in the production of electric storage batteries; ferro grades, used in the steel industry; and ferruginous grades, - a low grade ore likewise used in the steel industry.

Of the three grades of ore the ferro grade is of primary importance. For the five years ending in 1933 about 83 percent of the total consumption of all grades was ferro ore. This likewise is the grade in which imports are predominant and domestic production is comparatively small. Nearly 92 percent (foreign value) of the domestic consumption of ferro ore was supplied by imports and about 8.5 percent was supplied by domestic production.

At the present time the battery grade is comparatively unimportant in domestic consumption, accounting for less than 10 percent of the total. Of this consumption, however, domestic production is predominant, supplying nearly 84 percent of it during the five years ending in 1933.

Manganese is a necessary raw material in the production of practically all steel produced in the United States at the present time. Other alloys have special uses, but the use of manganese is indispensable in the domestic steel production.

Although the quantity used per ton of steel is not large yet spread over the total production averaging 35 to 50 million tons annually, it is a factor of importance from the point of view of the total cost to the consumer.

From the point of view of labor, during the last ten years the domestic manganese mines have never supplied an important part of the total manganese required for the steel industry, its principal use, although the duty has averaged more than 100 percent ad valorem in recent years. Therefore, there has not been built up a large labor force in this country for the production of the manganese ore. Under recent conditions full time operations would not require a force of more than one or two hundred men in the manganese mining industry. On the other hand the steel industry has employed under recent conditions about 400,000 men.

File State Dept

DEPARTMENT OF STATE
WASHINGTON

February 15, 1935.

My dear Mr. President:

I have read carefully the two letters dealing with the Brazilian exchange situation which you sent me along with your memorandum of February 13, and take occasion to briefly summarize for you the considerations and principles by which the Department has been guided in this matter.

I agree of course with the view expressed in the Hinrichs letter that "an increase in our exports is dependent entirely upon our getting paid for them". It is inescapable, however, that payment for a large volume of American exports such as we seek can only be achieved to the extent that our purchases or investments make available to foreign interests sufficient American funds. No change in the method we may use in our commercial relations and no coercion that we may be able to employ vis-à-vis a few countries will furnish a satisfactory answer to this problem as a whole.

In the Brazilian negotiations the problem facing the Department was to secure from Brazil guarantees regarding the exchange treatment it would accord to American interests, without resorting to a line of action that could be invoked against us by other countries at our serious expense.

The President,

The White House.

pense. These minimum guarantees are embodied in the exchange of notes with the Brazilian Government with which you are familiar and include promises of a prompt provision of the exchange necessary to pay for all future purchases of American goods, and the further provision of exchange gradually to pay off the present deferred indebtedness.

To have sought more far-reaching terms than these, might well have embittered our relations with Brazil. Besides it could have been used to justify many of our best customers, including Great Britain, Japan, France, Italy, and Canada, in applying the same principle to our trade since the trade relations between ourselves and these countries are the reverse of those in Brazil. As you know, strong forces of opinion, which are more or less the counterpart of the opinions expressed in the letters in question, have been urging that no payment should be made available for the purchases of goods from the United States or payments of debts due to Americans except out of such exchange as might be directly created by American purchases of their goods. The application of this policy to us would cause extremely heavy losses, the type we are now suffering at the hands of Germany, which is pursuing this policy, discriminatory as it may be.

Even these guarantees were difficult to secure and I regard them as a fairly satisfactory solution of the dilemma. The notes embodying them have not

been

been published and the Counselor of the Brazilian Embassy has expressed to the Department fears regarding the political effect. Second, that no termination of difficulties such as we are meeting in Brazil can be expected unless by proceeding as you are endeavoring to in the trade agreements program, we further open the channels of trade between ourselves and foreign countries. Special pressure to gain exceptional terms in the minor instances where we may do so offers no solution. Those who press them upon us are all too often inadequately informed of all American interests, with the exception of their own.

Faithfully yours,

Cordell Hull

Enclosures:
Correspondence.

Memorandum for the President = Hull
Feby 18 - 1938 =

Unfair and discriminating methods and trade practices are undoubtedly the greatest menace today to international relationships.

Instead of striving to promote distribution, all the nations of the world are doing their best to prevent it. The theory has been that each country proceeding alone would undertake to restore prosperity within its borders, with no interest in foreign trade beyond scattered or limited bilateral transactions of a bartering or bargaining nature. The forces of self-containment, regimentation and isolation, have during past years been championing this narrow economic course. Triangular, four-cornered and multilateral trading is being correspondingly antagonized and injured. The present program of this country proposes a balanced, liberal commercial policy for the normal restoration of international trade and finance. Reciprocity agreements to the extent that they are purely bilateral are but an initial step in this direction. This full program was adopted unanimously at Montevideo. Under this program every method of gradually readjusting downward trade barriers and obstructions is contemplated. Likewise, every method of bartering or other bilateral trading transactions between individuals or groups, and also

with

with governmental participation when not in direct contravention of a major policy of the government, are also contemplated. It is true that experience teaches that trade confined solely to bargaining or other bilateral transactions to the exclusion of triangular and multilateral commerce, while of apparent, as it may be of immediate, advantage, is in the end more restrictive of international trade than otherwise.

This country could get in the rut with other countries and confine its trade activities solely to the extremely narrow methods and practices of barter and bilateral bargaining transactions, but with the knowledge that during the last year our exports increased 450 million dollars, which is as much as the export increase of all the countries of Europe where several hundred of these narrow barter and bilateral bargaining treaty methods and devices were in operation. This country should propose to other nations a broader program calculated to restore the normal volume of international trade. If other nations, after reasonable time and opportunity, decline to join in support of such liberal program, this country then could only mark time and conduct educational appeals until a more favorable opportunity to rebuild

international

international trade. This is the least we can do however.

Our proposed reciprocity agreements, therefore, should contemplate the fullest measure of elasticity or flexibility, in contrast with the narrow bargaining methods, if their operation is to increase the sum total of international trade. It is in these circumstances that the favored-nation policy is made a chief feature of our present reciprocity program. The observation of this broad rule has the effect to encourage and induce nations at a far earlier stage than otherwise to proceed to eliminate and abandon their more drastic and extreme trade discriminations and practices, thereby liberating commerce to a corresponding extent. We should in any event consistently maintain the fundamentals of the favored-nation doctrine and keep this doctrine alive as our ultimate objective. Naturally, until other nations should get ready to join in this broad movement for trade restoration, we would find it necessary, at least for the time being, to make exceptions or modifications of the unconditional form of this policy. We would find it necessary to restrict the number of commodities in the initial agreement. We might find it

necessary

necessary also to delay any reciprocity agreement with countries where the disadvantages would outweigh the advantages. In any event, the general objective should be to bring American foreign trade through its present period of emergency by the operation of the most-favored-nation policy. The problem in brief is gradually to remove this country from the field of discriminations in all trade methods and practices to the larger field where these discriminations are by degrees abolished or reduced to a minimum under the operation of the doctrine of equality of commercial rights and treatment as embodied in the favored-nation policy. Every trade arrangement under this program would contemplate an increase of production and trade for the United States and the employment of a larger amount of labor than was previously employed.

The Montevideo economic program is based upon the principle that international trade is both a material and necessary factor in the full and stable domestic business recovery of individual nations. This program, therefore, rests upon the broad economic policy of gradually combining with the existing domestic programs

of

of at least the important nations of the world a suitable program of economic cooperation as they emerge from serious depression conditions. To this end it contemplates the gradual removal or reduction of unreasonable or excessive trade barriers to such moderate level as will permit mutually profitable movements of goods, services, and capital between nations.

In thus readjusting downward such trade barriers, special care and caution would be exercised to avoid unreasonable or excessive imports against a domestic industry functioning efficiently under normal conditions, or to afford shelter on the other hand for price monopolies.

While not overlooking any unilateral action deemed justifiable, this program is to be implemented by two additional methods of carrying it into effect, one of which is the pursuit of a policy of bilateral reciprocity trade agreements, based upon mutual concessions, with as much elasticity as can be agreed upon. This method is only a step in the direction of broader movements and methods of trade development, and contemplates the retention and preservation of the fundamentals of the unconditional favored-nation doctrine, and that therefore

there

there would not be enough exceptions to destroy or discredit this cardinal doctrine of equality of trade rights. The second method designed to restore international commerce contemplates that all important countries shall proceed simultaneously, naturally over a reasonable period of time and in their own way, to bring down the excessive and hurtful trade barriers to an ultimate level dictated by a sane, practical, and moderate tariff and liberal commercial policy. The entire program is bottomed upon the doctrine of gradually substituting equality of trade rights and opportunities for the existing network of discriminations, retaliations, and reprisals, under the effects of which world trade today continues at the lowest depression level.

Every method of restoring commerce would, in brief, be invoked to the extent deemed practicable and desirable, such as the unilateral, the bilateral, the regional, and the multilateral methods. Among the first steps would be to eliminate or reduce those excessive duties and restrictions which retard most severely the normal flow of international trade, such as duties or restrictions which exclude competition entirely or to

every

every practical extent, or which have been in effect for a considerable period of time without resulting in domestic production equal to more than 10% or 15% of the total home consumption, or which apply to notoriously inefficient businesses or industries, or those not justifiable from any business or practical viewpoint, or which apply to a vast range of novelties, specialties, patterns, designs, luxuries, semi-luxuries, articles of materially different qualities, commodities of different use, none of which are directly or seriously competitive.

The Montevideo program also would contemplate such sound loans or investments, especially in stable political and more or less undeveloped countries abroad, such as any hardheaded business man would approve. Experience teaches without qualification that nations with surplus capital and surplus production beyond their ability to consume at home or to sell for cash abroad, have found it profitable to supply other countries with credit and to engage in investments deemed sound from every business standpoint.

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DEPARTMENT OF STATE
WASHINGTON

March 16, 1935

My dear Mr. President:

I believe that you may be interested in the memorandum of which I send you herewith a copy, which contains certain reflections of the Division of Far Eastern Affairs in reference to the question, in broad outline, of the significance, from point of view of our Far Eastern relations, of the disposal which may be made of the Philippine Islands.

Perhaps most important of the ideas developed in this memorandum are: first, that the question of the Philippines should be considered from point of view of the "long swing"; second, that the American people have certain abiding conceptions which make it inevitable that, whether the Philippine Islands become independent or whether they remain under American sovereignty, the American people will continue to feel that they have a special interest in and a special concern with regard to the fate of those Islands and with regard to developments in the Far East in general;

The President,

The White House.

general; third, that, for economic reasons, American concern with regard to events in the Far East, as these events affect the question of commercial opportunity, will as time goes on probably increase rather than diminish; fourth, that the Japanese nation is engaged in a natural and inevitable course of expansion in the unfolding of which they are imperatively seeking increments of petroleum and mineral resources, which fact points toward movement by them southward; fifth, that neither relinquishment nor retention by us of sovereignty over the Philippine Islands will influence in any determining sense the question of peace between the United States and Japan; and, sixth, that our attitude should be determined from the viewpoint of seeking to apply the principle of "the greatest good to the greatest number".

Faithfully yours,

Cordell Hull

March 18 1935.

My dear Mr. President:

I believe that you may be interested in the memorandum of which I send you herewith a copy, which contains certain reflections of the Division of Far Eastern Affairs in reference to the question, in broad outline, of the significance, from point of view of our Far Eastern relations, of the disposal which may be made of the Philippine Islands.

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The President,

The White House.

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Faithfully yours,

Cordell Hull

Department of State

BUREAU / DIVISION: FE

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

The President.

March 5, 1935.

THE PHILIPPINE PROBLEM

It may be regarded as highly regrettable that the United States ever "took" the Philippine Islands. We did, however, take them. We brought them within our sovereignty, and by that act and by the whole process of our administration since then of those Islands we have created or assisted in creating a situation and a problem.

By no action which we can take now can we divest ourselves of the responsibilities inherent in and which flow from the facts of the course which we have pursued in this connection for three and one half decades.

The problem which confronts the present Administration at the present time is that of safeguarding and promoting the best interests of the United States in the premises. In giving thought to the question of "best interests", we need to think in terms not only of the present moment and the period of duration of the present Administration but of the indefinite future. It is the belief of the undersigned that in dealing with the question "what do the people of the United States want" we likewise should think not in terms of the moment or of the immediate past or immediate future but of the long swing or abiding conceptions, attitude, beliefs, aspirations and objectives of the American people.

One

One of the great weaknesses of the United States in connection with the problem of foreign relations, as disclosed in the facts of our history, has lain in the fact that, in the conducting of our foreign relations, some if not the majority of our administrations have made their decisions on the basis merely of the circumstances and the superficially apparent needs of the moment, according to the conceptions of parties in power or interests possessed of influence at the moment, without due attention to the characteristics, the aptitudes, the capacities, the inclinations, et cetera, the inevitable derivatives from heritage and environment, the mental and physical momentum, of the American people as a whole.

In considering the question what to do with or about the Philippines, we should first consider and come to definite conclusions with regard to our foreign policy as a whole and our Far Eastern practices and intention in particular.

Assuming that the corner stone of our policy is the intention to play the part of the "good neighbor", and that the greatest objective of our policy is "peace" (with national security), we should ask: what may we best do in the light of those facts and in accordance with those principles.

There

There are two ways in which the principle of the good neighbor may be violated: on the one hand by doing to others what we would not wish that they do to us; on the other hand by withholding from others what we would not wish that they withhold from us. There are two ways in which we may find ourselves parties to breaches of the peace: on the one hand by acts of aggression, political or economic, on our part against others; on the other hand by acts of aggression, political or economic, by others against us.

The American people believe that it is their (natural) right to go all over the world, enter other countries, engage there in legitimate activities, and receive there "fair" and "equal" treatment. We would affirm and concede that such is, in principle, everybody's right. We do not in practice live up to this conception when our own domain is in question and when immigration laws are in process of enactment or enforcement, but we believe in the principle and we ask for its application in regard to our nationals and their movements abroad.

We have contended for application of this principle in the Far East, in terms of our advocacy of the "open door", especially in and with relation to China.

The American people also believe that it is a (natural) right of free peoples to remain free. Here again, whatever

may

may be the inconsistencies between our own practices and the principle, we are opposed to efforts, where they occur, of this, that or the other nation or combination of nations to subjugate other nations or exercise over other nations control which is in impairment of or destructive to the "sovereign rights" or freedom or independence of the latter.

No matter what may be the acts of a given administration at a given moment, and no matter what our national inconsistencies, these ideas have prevailed and will for a long time to come prevail in the general thought of the American people.

Hence, we were perfectly capable of removing what we considered the abusive control of Spain over the Philippines and substituting for Spanish sovereignty American sovereignty, with the thought that we were going to give the Philippines good government in place of bad; but we would emphatically object to the forceful taking of the Philippines from us by any other nation and the substitution of another sovereignty (other than a Philippine) for ours; likewise, to the subjugation of an "independent" Philippine Islands state by any other power.

The question is occasionally asked: why should not the United States sell or give the Philippine Islands to Japan or to Great Britain. The answer to that question is: the idea has merit in theory, but the American people would not

for

for a moment assent to the sale or gift of fourteen million persons (human beings) by the United States to the sovereign authority of another country.

It may reasonably be assumed that, whether we "grant" the Filipinos their complete "independence", or whether we retain the Philippine Islands under our sovereignty, and whether or not, in the event of a compromise, we retain a measure of control with some vestiges of authority or retain a naval base or naval privileges or become parties to a "neutralization agreement", the American people will continue to feel that they have a special interest and a special concern with regard to the fate of the Philippines. And, furthermore, the American people will continue to feel that they have a right to equality of opportunity and equality of treatment in China and other regions of the Far East, and that whatever nations in those regions -- as in other regions -- are free have a right to remain free.

Thus, the fact of consummation of Philippine "independence" would not put an end to our special concern with regard to the Islands and our general interest in the Far East; nor would failure of such consummation in itself be the determining factor in perpetuation of that concern and interest.

Whether it be desirable or not, the American people have made investments, of influence and of business, in the Far East -- just as they have in other parts of the world, in varying amounts and degrees -- and the American Government

can

can no more "withdraw" the United States from the Far East than it can put an end to American contacts with and activities in Europe or Latin America.

It is true that we have special treaty commitments with and with regard to countries of the Far East; and we have, thus far, special legal obligations; and we have moral obligations. These can be altered. Some of them can be terminated. Our procedure in regard to the defense of American rights and interests can be modified. Some features of it can be given up. But, effect a complete alteration of the thought of the American people with regard to American rights and interests and obligations in the Far East, -- that is something that the American Government cannot do, at least no one Administration can do it.

The interest of the people of the United States in the Philippines and in China and Japan, and so forth, will continue. It probably will increase. As our own population becomes more dense, as the struggle for existence in this country becomes more intense, as we feel increasingly the need of foreign markets, our definite concern for open markets will be more widely felt among our people and our desire for and insistence upon free opportunity to trade with and among the peoples of the Far East will be intensified. For in that region lie the great potential markets of the future. (NOTE: Not as great and not as potential, however, as is ordinarily estimated.)

The

The question then is: What action on our part now with regard to the Philippines will contribute best toward preservation, for this country, for the future, of the opportunities and position which will be increasingly important to us?

It is believed that, from point of view of trade, the preservation of the existing market opportunities, back and forth, between the United States and the Philippine Islands, is of importance to the people of both countries. Nevertheless, while the United States is important to the Filipinos as a market, it would seem that, in the long run, the Filipinos could find other markets for their exports and could find their import needs supplied at lower prices from other countries than from the United States. In the long run, the China trade should be of greater importance both to the Filipinos and to us than is Philippine-American trade. Toward the retaining of unrestricted trade relations with China, both for ourselves and for the Filipinos, the possession by the United States of a commercial point d'appui in the Philippines by the United States is a substantial desideratum.

At the same time, it must be taken into consideration that the Japanese nation is engaged in a natural and inevitable course of expansion, which is manifesting itself partly in political moves and partly in economic moves. This is motivated by pressure and vitality from within Japan and the

the Japanese people. It will manifest itself along lines of aggregate "least resistance". Meeting with some obstacles, it will move in other directions; meeting with some other obstacles, it will overflow them or destroy them; meeting with still other obstacles, it will recoil and express itself elsewhere. The natural course of this expansion is southward and westward from Japan. The Philippines lie on one of the natural lines of Japanese advance. The Filipino people are more nearly related to the Japanese than are the Chinese people. The Philippine nation could be more easily conquered and controlled than can the Chinese. In the Philippines there are, near to Japan, mineral resources of which Japan, in her process of imperial growth, is greatly in need. In the Philippines, sugar is produced and rubber can be produced. To the south of the Philippines there lie great oil fields. Japan is greatly in need of oil. These oil fields belong to the Netherlands, a small country and not a great power, and to Great Britain, a power a long way off. The Philippines lie between Japan and these oil fields. Whether Japan does or does not, as yet, covet possession of the Philippines, Japan should, her situation and psychology being what they are, aspire to bring those Islands within her empire; and she some day will intensely cherish that desire.

Thus, possession of the Philippine Islands by the United States is or will be an obstacle to complete good will by the Japanese toward the United States. But equally,

withdrawal

withdrawal by the United States from the Philippine Islands will tend to accentuate Japanese interest in and efforts toward bringing those Islands within her own domain. And, should the day come when the Japanese attempt or effectuate a conquest of those Islands, definite objection on the part of the American people would probably be conceived and be promptly expressed. Thus, whether we stay there or whether we leave, the Philippine Islands are a bar to relations of complete good will and assured peace between Japan and the United States. This being the case, we cannot make a decision on the basis of the contention that one course leads conclusively toward war and the other course conclusively toward peace.

From point of view of the military problem, the strategy of preparedness in connection with the problem of national security, the opinions of military experts differ and vary. It is believed that it may safely be posited that possession of the Philippines <u>together with</u> possession of a navy adequate to maintain a line of communications between this country and the Islands would be, toward insuring our security, an asset; but that, retention of the Philippines <u>without</u> possession of such a navy renders possession of the Philippines a liability. Assuming that we build our navy up to the strength at present contemplated and that we thereafter maintain, in relation to the strength of the Japanese Navy, a 5-3 ratio, and assuming that the general principles of our general foreign policy

remain

remain what they have been, it is believed that retention of the Philippines would be to our advantage.

It is believed that the attitude of the executive branch of the American Government in regard to this matter should be formulated with due respect for past commitments but at the same time with the conception that those commitments need not necessarily be regarded as unalterable: more weighty than any other considerations should be the conclusion which may be arrived at, after full consideration of existing circumstances and of foreseeable probable developments, as to what course would be calculated best to serve American and world interests in the "long run".

The question of ways and means may need to be thought of before but need not be thoroughly canvassed until after the fundamental question of attitude (and policy) has been decided upon.

The question of peace or war between this country and Japan will not be disposed of by the decision, whatever it be, that we make with regard to the Philippines. What we need to consider is: What decision on our part will contribute most toward maintaining or bringing about conditions of national and international stability, conditions of human welfare, conditions of political order, conditions of justice, conditions of greatest opportunity (or good) for the greatest number, conditions which are physically and psychologically

tolerable

tolerable and acceptable to the peoples most directly affected, conditions in line with the ideals of a "new deal" in relation not alone to the people of the United States but to all peoples.

PSF: State

THE WHITE HOUSE
WASHINGTON

April 15, 1935.

MEMORANDUM FOR THE PRESIDENT

I gave Mr. Phillips your message about these men and he said the Norway appointment is a little complicated because it depends on the vacancy in Chile. They are waiting for the resignation of Mr. Sevier. The moment he resigns that will create the vacancy and Mr. Phillip, who is now in Norway, can be transferred to Chile and thereby create the vacancy in Norway.

Mr. Phillips feels very strongly that Norman Armour's name should not be sent up at this time. He feels a little more time should elapse, out of respect for Warren Robbins, before making the appointment.

G. G. T.

State Dept (5) (1)

THE UNDER SECRETARY OF STATE
WASHINGTON

~~Confidential~~

April 15, 1935

Dear Mr. President:

We have received a reply from Mr. Owsley in Bucharest accepting the post of Minister to the Irish Free State. He asks that his grateful appreciation of your continued confidence in him be conveyed to you. Leland Harrison is equally enthusiastic and grateful for the offer of the post to Rumania, and asks me to express to you his very deep appreciation. In the circumstances and in order to avoid any further delay with regard to filling the post at Dublin, we shall, if you approve, ask for the agrément of both Mr. Owsley and Mr. Harrison.

I have spoken to Norman Armour of your purpose to send him to Canada and I am sure that if he has

The President,

The White House.

an opportunity he will desire to express to you personally his grateful thanks. It would seem to us that in view of Warren Robbins' death, a reasonable time should elapse before the appointment of a new Minister to Ottawa. I suggest, therefore, with your approval, that we say nothing about Armour's forthcoming appointment for a period of two or three weeks.

Some time ago you expressed the desire that J. Van Ness Philip should receive some small and temporary appointment in the Department. It has been rather difficult to find a place for him in which he would fit, but he is now installed and will do some specialized work in connection with the trade agreements program at a salary of $3,800 per annum. I have made it clear, however, that we can not commit ourselves to employing

him

him beyond July 1st, since we do not know how the special fund for the maintenance of the trade agreements program will have to be allocated.

Word has just been received from Mr. Biddle that he accepts with much appreciation his designation as Minister to Norway. However, he requests, for certain personal reasons, that no announcement of this appointment be made for a brief period of time.

Faithfully yours,

William Phillips

~~CONFIDENTIAL~~

April 23, 1935.

MEMORANDUM FOR

THE SECRETARY OF STATE

The Secretary of the Treasury has, very properly, shown me the enclosed proposed memorandum on exchange stabilization, prepared by Mr. Hansen, which it was intended to send out to our representatives abroad.

I think Henry has already spoken to you about this and that you fully concur as to the vetoing of the suggestion.

The more I read the statement the more disturbed I am to think that Mr. Hansen could have been even capable of preparing it.

Frankly, it is so contrary to the facts as interpreted by the Administration, and so contrary to the policy of the Administration itself, that I can only say that it is either a very unintelligent piece of work or that it is done with knowledge that it is contrary to your policy and mine.

The whole argument is based on two premises - first, that business

confidence is the principle requisite to recovery -- a thesis adopted by President Hoover for three years and a thesis not accepted as such by this Administration; second, that recovery is not proceeding in this country, and that taking it by and large there is little sign of any improvement.

Please note my pencil markings in the margin. At the top of page #3, for example, he is deliberately attacking trade agreements and crying them down. In the next breath he speaks of the prevailing uncertainty with respect to the domestic foreign policies in the United States. That is an attack on a definite Treasury policy. At the bottom of page #4, he seems to argue for lower prices in this country -- again contrary to our policy. The argument on page #7 is for the British and not the American policy. On page #8 he takes the national British point of view and then misstates the fact in saying that there are still ten millions enrolled with the Employment Service. The actual figure is just half that amount. Finally, he goes on and states that a new crisis must be met. On pages #9 and #10 and #11 he puts out as a suggestion to all of our Consular and Diplomatic Officers that they should work for a program which does not have the approval of the Administration.

This is an illustration, which exists in several Departments, of somebody "down the line" putting out personal views which are contrary to those of the Administration they are serving. I think it of sufficient seriousness for you to consider letting Mr. Hansen go. He is evidently entirely misinformed in regard to our national policy. His point of view might have been written by the Guaranty Trust Company of New York. Don't you agree with me?

F. D. R.

State Dept
(5) (1)

May 13, 1935.

Dear Mr. Minister:-

Many thanks for yours of April 10th. I am delighted with your Siamese New Year present and they will form a fine addition to my collection.

Ray Stevens is back but is still in Florida and will stay there for a month or two, in order to regain his health.

We are still struggling with the Congress and I imagine it will stay in session until July.

I hope you will write me from time to time of the progress of events in Siam.

With my sincere regards,

Faithfully yours,

Honorable James M. Baker,
American Legation,
Bangkok,
Siam.

Bangkok, April 10, 1935

My dear Mr. President:

Your letter of January 16th conveying to me Mr. Stevens commendation of my work in Siam, pleases me very much and I thank you for the same.

Mr. Stevens' resignation here was much regretted by his numerous friends and especially by me. The King conferred upon him the Highest Order of the White Elephant for his distinguished services as Adviser of the Siamese Government. I hope his cruise home and a complete rest for several months will enable him to accept an appointment from you as he is an ardent supporter of yours and your policies.

The abdication of King Prajadhipok became effective March 2nd. The Premier who has complete control of the Assembly, through the State Council, has created a compromise Regency and succeeded in keeping peace and order in Siam. Some of the influential supporters of the King have been retained in their official positions, thus strengthening the forces of the present government. The new government has an ambitious program involving highway construction and better schools, and have increased their budget accordingly. The economic depression here has been severe and the improvement necessarily must be slow.

A word as to Japan. She is alert and engaged in a publicity program extending throughout the Far East. She is making great efforts to extend her trade in Siam, Burmah, the Dutch East Indies and the Philippines. I am glad to see in the press that our Asiatic Fleet is making a friendly visit to Japan.

Again thanking you for your letter and with assurances of my highest regards, believe me to be

Very sincerely yours,

James W. Baker

The President of the United
States of America

Bangkok, April 10, 1935

Dear Mr. President:

April 1st is Siamese New Year, and I am enclosing herewith a complete set of Siamese postage stamps.

King Prajadhipok abdicated on March 2nd and there will be no more stamps printed in Siam bearing his picture, therefore in the course of time it will be difficult to secure a complete set of stamps used during his reign.

Please accept these with my compliments and best wishes.

Very sincerely yours,

James M. Foley

The President of the United
States of America

Enclosure

COMPLETE SET OF SIAMESE POSTAGE

STAMPS NOW IN USE

MARCH 1935

ORDINARY	AIR MAIL	COMMEMORATIVE
.02	.02	.02
.03	.03	.03
.05	.05	.05
.10	.10	.10
.15	.15	.15
.25	.25	.25
.50	.50	.50
.80	-	-
1.00	1.00	1.00
2.00	-	-
3.00	-	-
5.00	-	-
10.00	-	-
20.00	-	-
40.00	-	-
82.90	2.10	2.10

TICALS 87.10

PSF: State Dept (S) (1)

THE SECRETARY OF STATE
WASHINGTON

June 5, 1935.

Dear Mr. President:

I enclose a copy of a telegram which we have just received from our Consulate in Bombay, relative to the silver situation in India, which may be of interest to you.

Faithfully yours,

Cordell Hull

Enclosure:
Telegram.

The President,
The White House.

PSF: State

FS
This telegram must be closely paraphrased before being communicated to anyone. (A)

Bombay

Dated June 5, 1935

Rec'd 8:35 a.m.

Secretary of State,

Washington.

42, June 5, noon.

FOR THE TREASURY.

In a special interview this morning with Sir James Grigg, Finance member of the Government of India, he authorizes me to state for the strictly confidential information of the Treasury and not to be permitted to get back to India, "I will do everything I possibly can, and the government of India will support me, to prevent the raising of the rupee sterling exchange rate". With regard to the other alternatives mentioned in my telegram of May 16, 5 p.m., he said that he obviously could not discuss them except that local talk to the effect that the Government of India would urge dollar sterling stabilization was utter rot. He requested me to state he would greatly appreciate any advance information regarding American silver policy which could properly (repeat properly) be given him in order to anticipate disastrous results to Indian currency.

CSW

WATERMAN

DEPARTMENT OF STATE

THE SECRETARY

File
Hull
(2)(1)

July 2, 1935.

MEMORANDUM

Dear Mr. President:-

Referring to your memorandum of July 1 about Hugh Grant for Minister to Albania, I would say that the entire matter hinges on your feeling as to the present and prospective attitude of the senator toward your administration. The Department of State is agreeable in other respects and leaves this phase entirely to you.

Hull

file personal

THE UNDER SECRETARY OF STATE
WASHINGTON

July 2, 1935

Dear Mr. President:

You will recollect that you asked me to obtain information from Rome and London with regard to public feeling in Italy in connection with the Italian Government's Abyssinian policy. I immediately sent telegrams to our Embassies in Rome and London, and have received the enclosed message from Kirk, dated yesterday. A reply from London has not yet been received.

Faithfully yours,

William Phillips

Enclosure:
No. 329, July 1, 5 p.m. from Rome.

The President,

The White House.

file "Personal"

PSF: State Dept (5) (15)

ASSISTANT SECRETARY OF STATE

WASHINGTON

July 12, 1935.

My dear Mr. President:

Father Burke informs me that Bishop Spellman came to Washington yesterday to see the Apostolic Delegate. Bishop Spellman stated that he had received no authorization from the Vatican to undertake the suggested conferences on the Mexican border, but had agreed to accompany Judge Manton solely because the latter had said he had a friend who was close to the Mexican Government and that this friend would be willing to act as go-between between Bishop Spellman, Judge Manton, and the Mexican Government. Msgr. Cicognani informed Bishop Spellman that he would not authorize the trip and, fortunately, the whole matter has fallen through. I do not believe you will hear any more on the subject.

The Mexican Ambassador informed me yesterday, very confidentially, that Archbishop Diaz had had some confidential conferences with Dr. Portes Gil and that the Archbishop's recent statement, which was very favorably received both in Mexico and here, was issued as the result of these conversations. The Ambassador also told

The President,

The White House.

me that he was confident that if the Vatican rescinded the appointment of Archbishop Ruiz y Flores as Apostolic Delegate and appointed Archbishop Diaz in his place, the Mexican Government would tacitly accept the designation of the latter; and that while it would make no public pronouncement it would give Archbishop Diaz, in that capacity, complete latitude to reorganize the Church in the Republic and to exercise the necessary authority over the Mexican bishops and priests. The Mexican Ambassador gave me further clearly to understand that if this step were taken, the state governments of Mexico would be encouraged to show increasing leniency to the Catholics.

Believe me

Faithfully yours,

Thomas Nelson Page

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

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
PC

July 17, 1935

My dear Mr. McIntyre:

You will recall that the President of Turkey sent President Roosevelt a set of Turkish postage stamps.

I understand that the President desires to write an informal long-hand letter to President Kamal Atatürk and I enclose a draft for his consideration.

If you will return the President's reply to me I shall be pleased to see that it is forwarded through our Embassy in Turkey.

Sincerely yours,

R. Southgate

Richard Southgate,
Chief, Division of Protocol
and Conferences.

Enclosure:
Draft reply.

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

DRAFT

My dear Mr. President:

I have received through the courtesy of Ambassador Mehmet Munir the set of Turkish postage stamps which you sent to me. I have of course been delighted to add this important set to my collection and I am exceedingly grateful to you for sending me such a welcome gift.

With kindest regards and best wishes,

Sincerely yours,

His Excellency

Kemal Atatürk,

President of the Republic of Turkey,

Ankara.

PSF: State

file personal

THE UNDER SECRETARY OF STATE
WASHINGTON

July 29, 1935.

My dear Mr. President:

I should be very grateful for your criticism and suggestions of the enclosed draft reply to the letter from the Jewish societies, which I have already spoken to you about. You will note that their letter (which I enclose) refers to Jews, Catholics, Protestants and "liberals of all description" as well as to labor.

We are called upon to protest against the general persecutions. Our reply is so important and so charged with dynamite, from a domestic as well as an international viewpoint, that I do not wish to send any reply without your careful consideration and cordial approval.

In the reply I have not mentioned the Catholics or any other group by name because the Catholics have

The President

The White House.

have not approached us and it may well be that they prefer to act through the Pope, who has already spoken.

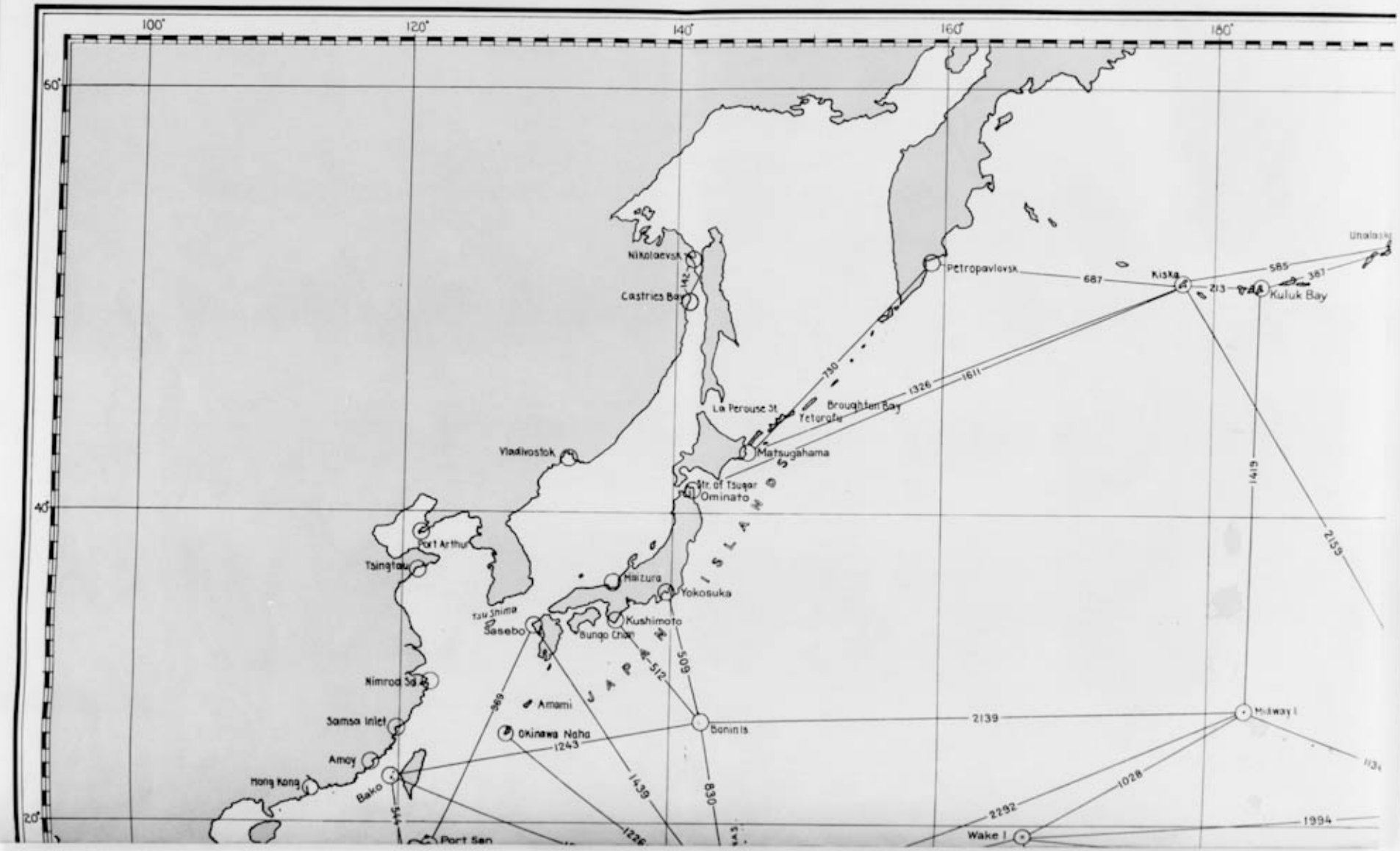
It is also to be borne in mind that our own position is not altogether perfect, in view of Mayor LaGuardia's recent action against a German citizen in New York and also the flag incident on the BREMEN resulting in a riot.

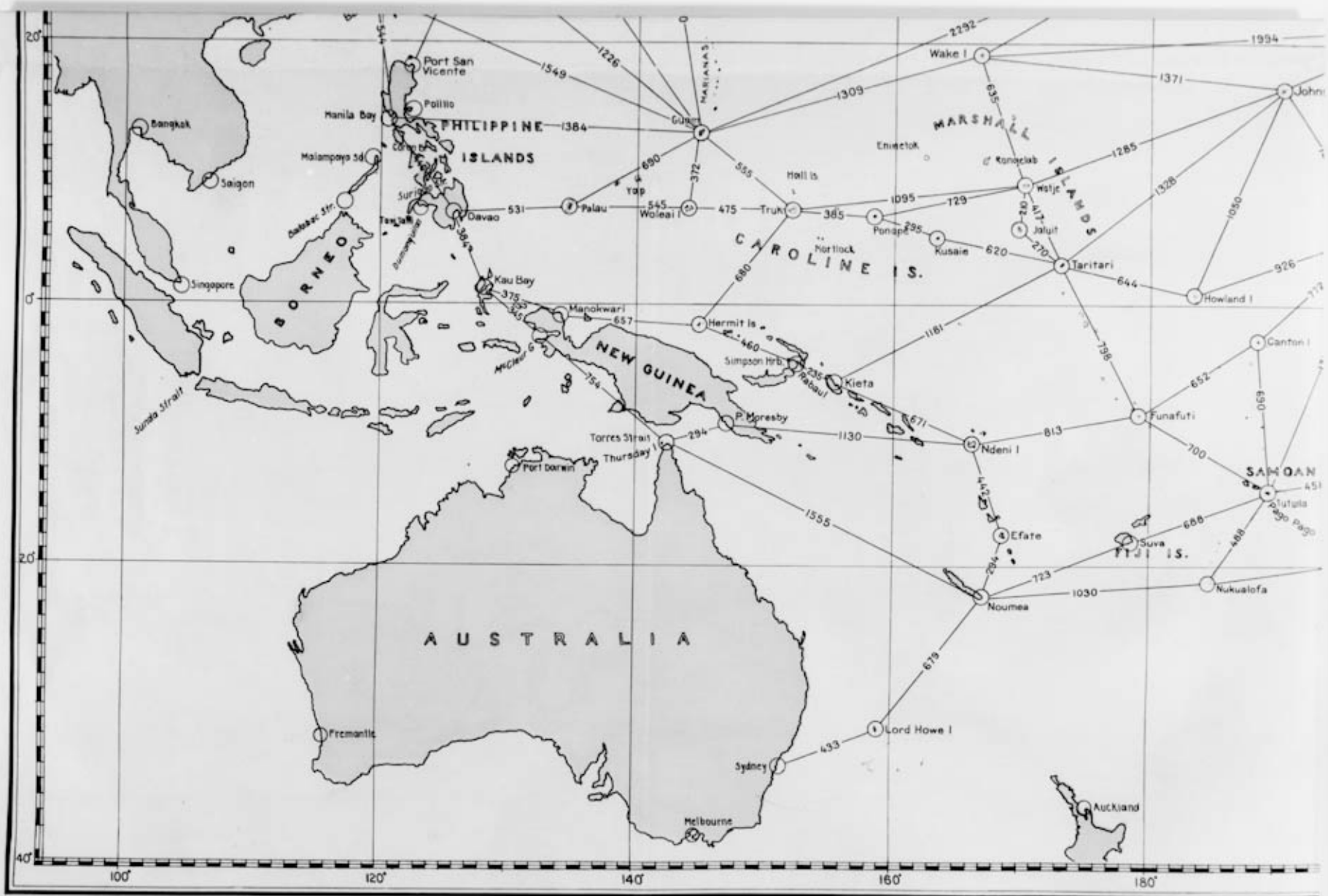
It seems to be wise not to go too far in a public statement and yet far enough, and this I have attempted to do.

Faithfully yours,

William Bullitt

THIS OVERSIZE ITEM HAS BEEN
MICROFILMED IN SECTIONS.



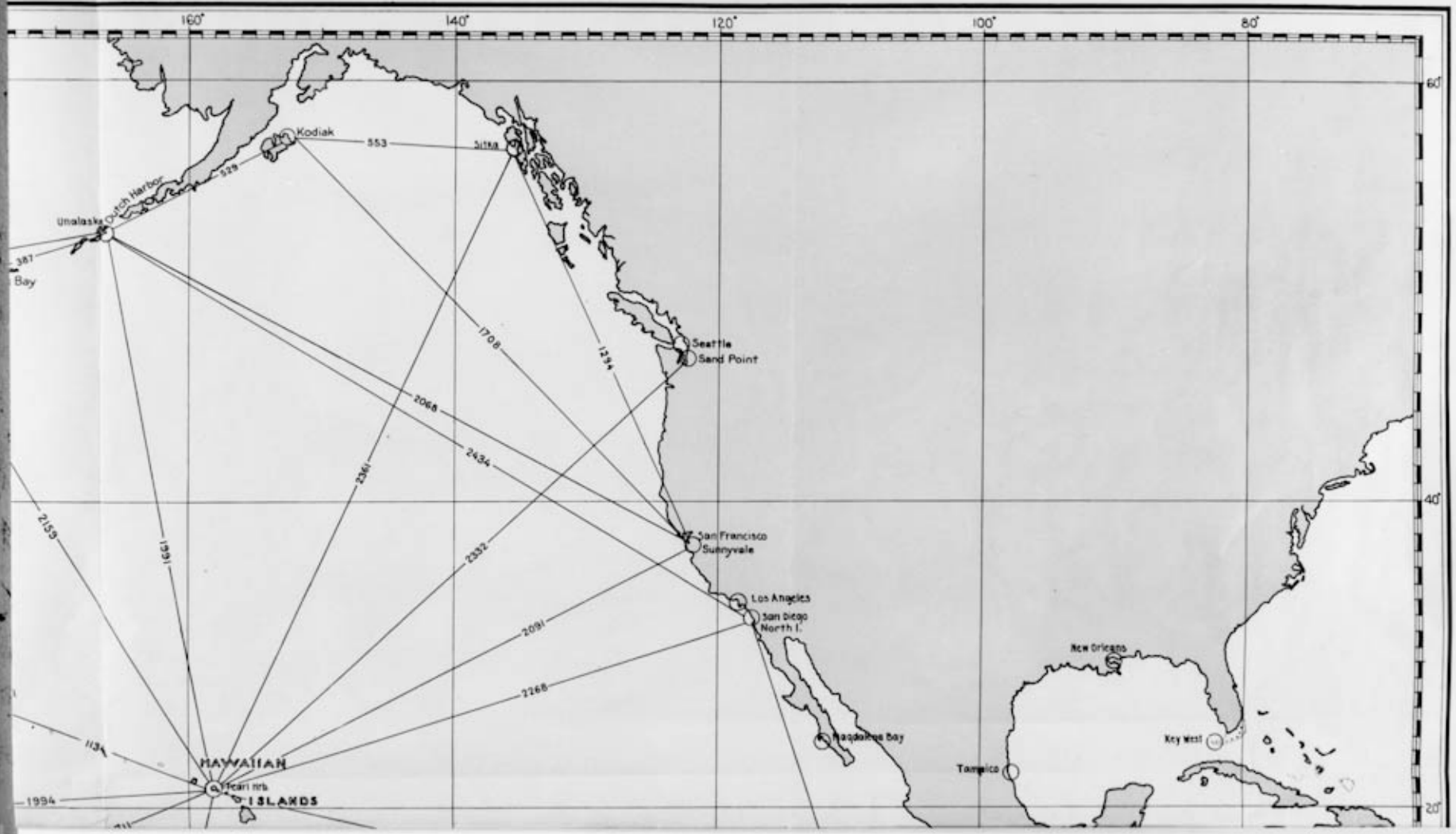


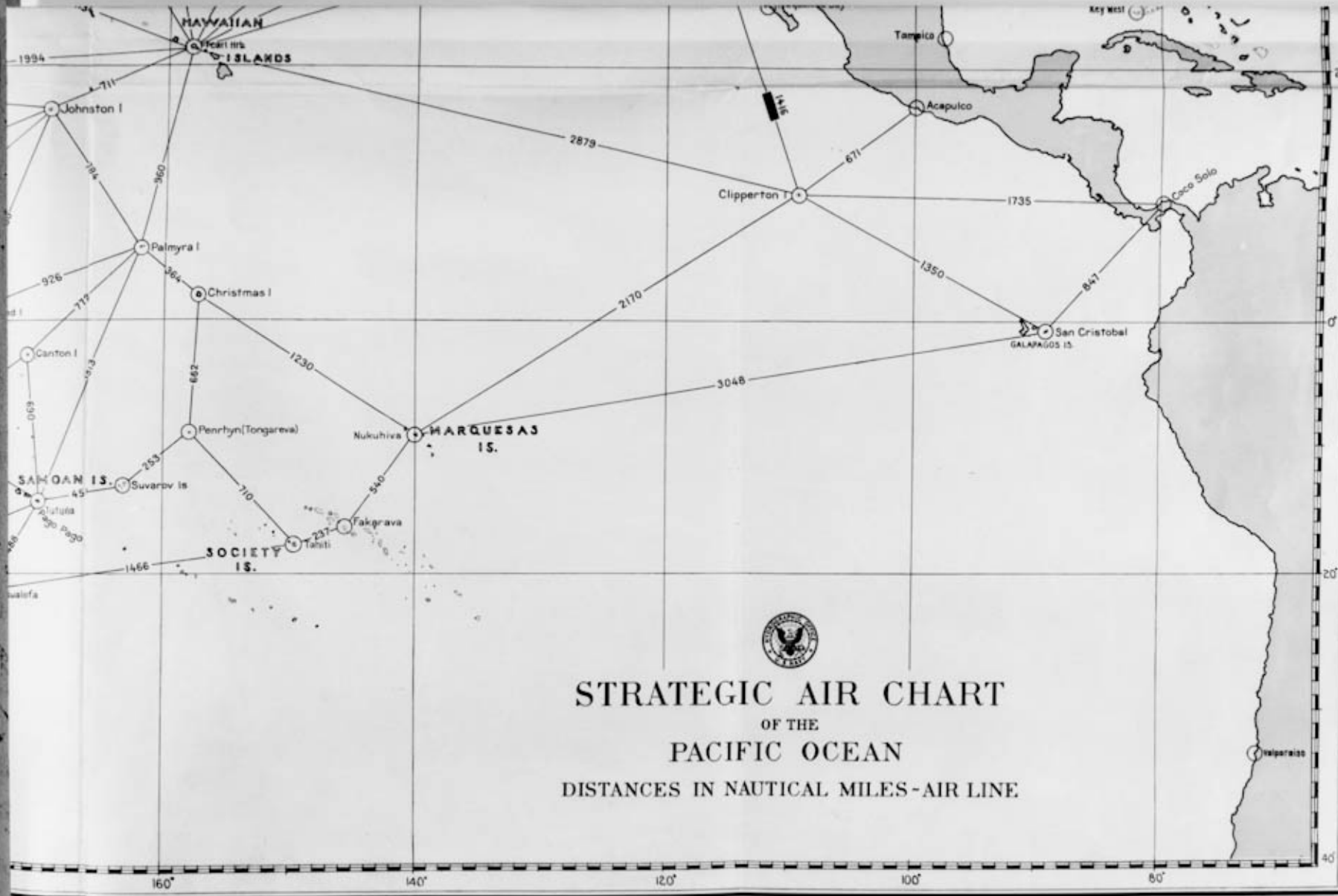
Small corrections from Malaya to Mariners; from other sources

RESTRICTED

Washington, D.C., published July 2 under the authority of the N

THIS OVERSIZE ITEM HAS BEEN
MICROFILMED IN SECTIONS.





1st EDITION, July, 1938

No. 5050, *Strategic Air Chart No. V-27*

State Dept.
(57) (1)

August 14, 1935.

Dear Mr. Baker:-

I am delighted to have your letter and to know that things are going well. I think of Siam as a comparatively peaceful spot!

I wish much that I could be with the Asiatic Fleet when it visits you.

Always sincerely,

Honorable James M. Baker,
American Legation,
Bangkok,
Siam.

Bangkok, July 18, 1935

My dear Mr. President:

As you have expressed a desire to be informed concerning the relations between Siam and Japan, I am sending you with this air mail letter a copy of a personal letter to me under date of May 2nd from Prince Varnvaidya, who is Adviser to the State Councillor for Foreign Affairs. See Exhibit "A".

This letter gave me an opportunity for a conference with Prince Varnvaidya and the State Councillor for Foreign Affairs who is also the Premier. It was suggested that I might make a statement as Minister to the Associated Press here, making a denial of the published statements based upon the authority of the Siamese Government. Whereupon I suggested that a denial by the Siamese Government through its Minister in Washington, Prince Damras, would be decidedly more effective. This course was pursued. See Exhibit "B" for statement.

I was gratified to see the authorized statement by the Siamese Government published in the New York Times of May 25, 1935. The statement will give the authors of the press releases in Tokyo something for reflection. Copies of Exhibits "A" and "B" will go to the Department in a fuller report.

I am very glad to know that the Asiatic Fleet is to visit Bangkok on October 15th.

With cordial regards and best wishes, believe me to be

Sincerely,

James W. Parker

The President of the United
States of America
Washington, D.C.

BY AIR MAIL

EXHIBIT "A"

C
O
P
Y

(Crest of Siam)

Ministry of Foreign Affairs
Saranromya Palace
2nd May, 1935

Dear Mr. Baker,

It appears that according to a report which has appeared in the New York Times, it is stated that the Chinese Government are contemplating the prohibition of the importation of rice from Siam into China, as an act of retaliation, so the report says, for an increase in the immigration fees in this country and also for the requirement that Chinese children are to study Siamese even in Chinese schools. It is also stated that the question is further complicated by the fact that there is a Japanese Adviser on the Board of Education and that Siam is very friendly with Japan.

I would have let the report pass without paying any attention to it but for the tendentious character of the statement that there is a Japanese adviser on the Board of education, which, as you yourself, of course, know, is not true; but I do not like Washington to be under any possible misapprehension on this matter. So I am just sending you these few lines before I leave for Hua Hin for a few days' holiday.

Yours sincerely,

VARNVAIDYA

His Excellency
Monsieur James M. Baker,
etc., etc., etc.,
Bangkok

VV:SP

EXHIBIT "B"

The following article appeared in the NEW YORK TIMES of May 25, 1935:

SIAM DENIES INCREASE IN TOKYO'S INFLUENCE

Prince Damras Repudiates Talk of Canal and Says Bangkok Has No Japanese Adviser.

Special to the New York Times.

WASHINGTON, May 24. -- Reports of increasing Japanese influence in Siam were declared today by Prince Damras Devakula, the Minister of Siam, to be utterly without foundation.

He said that supporting his own knowledge of the situation, confirmatory information had just been received from his government in response to inquiries he made concerning certain accounts published in the press of this country.

"The policy of my government is to strengthen the bonds of friendship with all the treaty powers alike, and not with any single one in particular," he remarked. "My government has particularly authorized me to say that Siam has entered no special treaty with Japan, nor have we placed any order for thirty warships with a Japanese shipbuilder, as one published account put it.

"There is no Japanese adviser employed in any department of the Siamese administration, either in the board of education or in the military establishment."

The reported political affiliation between Siam and Japan is usually linked with the possibility of cutting a ship canal through the upper part of the Malay Peninsula to afford direct steamer routes from Japan to India without making the detour around Singapore.

"In my own opinion such a canal would be an engineering impossibility," Prince Damras said.

FST
State Dept

Orig.

From THE COLUMBIA BROADCASTING SYSTEM
8th Floor, Earle Building, Washington, D. C. 9/21/48
Metropolitan 3200

For Release Sunday, September 22 at 10:00 P. M., EST

SENATOR BORAH DISCUSSES "OUR FOREIGN POLICY" OVER COLUMBIA BROADCASTING SYSTEM

(Following is a copy of an Address by Senator William E. Borah, Republican, of Idaho, over the Columbia Broadcasting System Sunday, September 22, at 9:30 P. M., EST. Senator Borah's topic was "Our Foreign Policy". He spoke from his home in Boise, Idaho.)

-oOo-

We have just passed the 148th anniversary of the submission to the states for ratification of the Constitution of the United States. The sentiments called forth by the occasion took a wide range and indicated a deep interest upon the part of the people in all walks of life.

I have been all my life a student of constitutional government. I have had an opportunity for a quarter of a century to study and consider the forces which make for its failure or success, to watch its friends and its foes. I give it as my opinion tonight that the greatest danger to constitutional government, the most insidious enemy of our dual system of state and Federal sovereignty, is that intense partisanship which sometimes places party interests above country, which surrenders conscience, abdicates reason and compromises patriotism, that the party's hold may be strengthened and the party reign extended. I am not speaking now of that waste and corruption which parties too often foster and protect or of the taxes and debts which arise out of party extravagance in public expenditures. These things are bad enough. I am speaking of that partisanship which, under the lash of party interests and the insatiable appetite for political power does not hesitate to assail our most essential institutions, submerges or takes away the liberty of the citizen and rides roughshod over the national Charter itself.

Twice at least in our history - leaving aside the Civil War - the most fundamental tenets of personal liberty were disregarded or permanently imperiled, local self-government assailed, and our free constitutional government brought to the very verge of destruction through sheer partisan bigotry, if not sheer partisan madness. The most vital guarantees of the Constitution, placed there for the future security of the citizen, were tossed aside in the interest of party. One can hardly mention a principle of government which has not at some time in our history suffered by reason of irresponsible partisanship.

Every attack of any moment that has ever been made upon the Supreme Court of the United States has been made at the behest, or under the inspiration or direction, of some political party for what was regarded as party advantage. In the early 1800's, the Democrats, - then passing under the name of Republicans, - began an

assault on the Court which lasted for a decade. Through the party press, by legislation, and by the threat of wholesale impeachment, an attempt was made to bring the Court under the direction and control of party policies and make it an adjunct of party power. Charges of bias and even corruption were made in connection with decisions of the Court, which decisions have since been recognized by all as sound and just and as laying a firm foundation for the nation's advancement and prosperity, and as among the surest guarantees of personal liberty.

In the 1860's and early '70's the Republican party began an assault upon the Court, unfounded and indefensible, malicious and vindicative, all in the vain effort to make the Court a part of the political machine and to compel it to serve party purposes. Bills were introduced to take away the jurisdiction of the Court in matters most vital to the personal interests of the citizen, the number of judges were changed, threatened impeachments were made. Nevertheless, the opinions about which this fight, long continued to range, are now referred to by all who have occasion to consult them or know their worth, as the very highest exemplification of the most salutary principles of free government and of personal liberty. I do not think it an exaggeration to say that, had blind partisanship had its way in that period, our whole theory of government, with its checks and balances, would have been radical and perhaps permanently changed and the conception of personal liberty, as known and cherished by all true Americans, would have been swept aside for decades, if not for all time.

We talk much in these days about dictators, here and abroad. We have had party dictatorship in this country more than once. - a dictatorship which respects neither the rights nor privileges of the citizen nor the plainest principles of constitutional law. Every political party in power in this country tends to become a dictatorship, and if it remains long enough in power with its retainers and pro-consuls, and political satraps, becomes so in fact. Those who oppose its measures or policies or decrees are denounced as renegades, insurgents, and outlaws, and are driven, if possible, into political exile. Such things can be endured and to some extent perhaps must be endured, since political parties seem to be a part of the system of free government, so long as they relate to ordinary measures or deal with passing matters. But when it comes to dealing with the very life of our free institutions, with the most vital underlying principles of personal liberty, when the Constitution itself is to be considered, it is plainly the duty of all to view these matters with less of partisanship and more as countrymen. It is not the changes which come as the result of experience and dispassionate consideration upon the part of the people which we need fear. It is the changes which are brought about and put through or defeated in the midst of party rage that we may well fear.

There has never been an hour in our entire history when our institutions or our constitutional form of government were imperiled by reason of the initiative of the

people. Every great crisis in civil government has invariably had its origin in partisan initiative, led on and directed by ambitious or reckless party leaders. We may find, as we have already found, it wise to make changes. But the time to make the change and the nature of the change should be determined free of partisan interests.

What can the people hope in the way of wise protection in the preservation of their rights and privileges from partisan leadership, when they see a political party earnestly advocating proposals as constitutional under the party administration and denouncing as unconstitutional the same measures and principles under another party's administration. Every political party, Federalist, Democratic, Whigs, Republicans, have zigzagged through our constitutional history, and their tracks out and in, going and coming, leaves one in doubt until you ascertain where their opponents are located. Partisanship has its place, but it is never a safe guide touching those things which are non-partisan, such as constitutional government and changes which it should undergo.

Few of our people, if any, fail to realize the strain which is now placed upon our constitutional system. Few, if any, I venture to believe, fail to fully appreciate what its preservation means to their children and their children's children. And, if in the consideration of those matters which will relate to the essential principles of constitutional government, we can have the untrammelled and uncontrolled judgment of the American people, the changes which may be made, or proposed and rejected, we can safely assume will not imperil our children's heritage.

What I have said will be considered no doubt as impolitic. But the soundness of my contention can not be disputed in the light of constitutional history in the United States. Whether Democrats or Republicans, when we approach the problems which involve our system of government, we are Americans! There is compensation to be found in almost all things, and it will be close to a divine blessing if this crisis leads the people to erect a constitutional "wailing wall" where all political parties may come in contrition and repentence and consider of their constitutional sins.

It seems too probable now that Europe is to have another war. While the world is struggling to break the depression brought on in a large measure by the World War, nations are maneuvering toward another conflict. While women and children are hungry and impoverished, vast profits are being realized and great sums expended for instruments fit only for the destruction of human beings. This situation also brings up the question of constitutional government. If we permit ourselves to be drawn into another foreign war or into a policy which would engage us from time to time in the hazardous enterprise of uncovering aggressors, or chastizing supposed national

culprits, we shall inevitably experience in time a change in our whole structure of government.

The framers of our government were also the authors in the first instance of our foreign policy. They believed then, as many people believe now, that the foreign policy of a popular government should be as free from foreign entanglements as their domestic policy, that the former is as essential to the vital liberty of the people as the latter. People who are not wholly free at any particular juncture of their foreign affairs to remain neutral or to take up arms have already succumbed in practice, if not in principle, to the doctrines upon which all arbitrary governments rest. The more nearly the power to have peace or make war is under the control of the people, the more certainly will there be peace. The fateful situation in Europe tonight arises out of the fact that those who must make the sacrifice in case war comes, have no voice as to whether there shall be peace or war. If speech were free, the press uncontrolled, liberty of action upon the part of the people unrestrained, if constitutional government prevailed throughout Europe, there would be little danger of war.

During the closing days of the session, Congress passed a Joint Resolution unmistakably pointing the course of this nation in the event of a foreign war, or wars. In technical scope the Resolution is far from complete. None knew this better than those of who, as a subcommittee of the Committee on Foreign Relations, gave days and even weeks to its consideration. But even so, its import and its purpose are clear and unmistakable. It plainly discloses that it is the policy of this nation to remain aloof from all foreign wars. Whatever may be the inadequacy of the Resolution in fully covering the subject with which it purports to deal, due notice is registered as to what our policy is to be. No one supposed, or should suppose, that the Resolution in and of itself will serve to keep us free from foreign wars. It is, however, a step in that direction. It plainly marks a milestone in our return to the long-established policy of this government, - "Peace, Commerce, and honest friendship with all nations - Entangling alliances with none".

It is fortunate that the purport of the Resolution has not been misunderstood or its significance underestimated abroad. Nothing contributes to good understanding between nations more than a firm and well-defined foreign policy. A weak, or uncertain, foreign policy inevitably invites contempt if not attack. If it be well understood once and for all among all nations that the United States has returned to the policy which it maintained with firmness, dignity, and success for more than a century; that we will seek within justice and honor to establish and maintain friendship with all nations; that we will neither interfere with their political affairs nor permit them to interfere with ours, with such an understanding is

bound to come greater respect from and far more cordial relations with all peoples.

The hopes entertained that the Great War was to give us a new world have not been realized. We are compelled to shape our course and determine our policy in the midst of affairs but little different from what they were when our government was organized. The weight of armaments is heavier now than at any time in recorded history, except in the midst of war. Boundary lines are yet unsatisfactory. The urge for expansion and the demand for territory are little different than 150 years ago. We should not hasten to abandon old policies once accepted as wise until we are sure conditions have changed which made those policies necessary. The traditions, policies and precepts of our country, domestic or foreign, which have become interwoven in the moral and intellectual fibre of our people, the traditions, customs, mode and standards of living, are a part of the people's wealth, an indispensable part of a nation's strength and the surest guarantees of continued national power. The test of greatness in a people has always been capacity to build the new into the old, to graft the demands of the present onto the experience of the past. It is wise to preserve as well as to create. We should not indulge in false theories or false hopes. The stakes are too heavy.

The Congress, therefore, in viewing the whole situation, declared, in the language of the Majority Leader, Senator Robinson,: "We want no war. We want peace. Europe must understand we will contribute neither of our manpower nor of our wealth to her conflicts."

The foreign policy which offers peace to all nations, political commitments, express or implied, with none, may not be perfect. But it is more nearly perfect, especially for a self-governing people, than any which has yet been devised. Thus, armed with a sense of justice toward other nations on the one hand, and a sense of duty toward our own people on the other, this nation will remain at peace with all nations who want peace; and if there be those who do not want peace and will not have peace, we under such circumstances need have no fear.

(END)

From the Washington Herald Sept 23 - 1935

GUARD COURT, CONSTITUTION, BORAH PLEADS

Calls on People to Help Steer U. S. Out of War; Denounces Undermining Partisanship

BOISE, Idaho, Sept. 22 (U.S.). A clarion call to the American people to defend their Constitution, safeguard the Supreme Court from partisan attacks and steer the nation clear of treacherous foreign entanglements, was sounded tonight by Senator Borah (R.), of Idaho.

Over a nation-wide radio network from his home here, Borah sternly denounced "the partisanship which assails our institutions, submerges the liberty of the citizen and rides roughshod over the national charter.

Policy Attacked

Asserting the probability of another European war, the former chairman of the Senate foreign relations committee branded the Administration-espoused policy of picking aggressors "hazardous" and predicted our involvement in the strife would completely change the structure of the American Government. He declared:

"The more nearly the power to have peace or make war is under control of the people, the more certainly will there be peace.

"If speech were free, the press uncontrolled, and liberty of action on the part of the people unrestrained — if constitutional government prevailed throughout Europe, there would be little danger of war."

Move for Peace

Borah termed the neutrality resolution enacted near the close of the last session "a milestone in our return to the long-established policy—'Peace, commerce and honest friendship with all nations—entangling alliances with none.'"

He declared it fortunate the significance of the resolution had not been underestimated abroad.

Coupled with his declaration for a peace policy unhampered by political commitments was an implied plea for watchful preparedness. He declared:

"This nation will remain at peace with all nations who want peace; and if there be those who do not want peace, we under the circumstances need have no fear."

Reverting to domestic issues, Borah dipped into his well of constitutional knowledge to recall past political attacks by both political parties on the Constitution and the Supreme Court.

In the early Nineteenth century, he asserted the Democrats, then called Republicans, launched a drive through a partisan press, legislation and threats of wholesale impeachment to make the court a party adjunct.

Again in the 1860's and 70's he charged, the Republicans hewed the court with "malicious and vindictive attacks," changed the number of judges, and threatened impeachment because of judicial opinions the party found unpalatable. Borah said:

"I do not think it an exaggeration to say that had blind partisanship had its way in that period, our whole theory of government, with its checks and balances, would have been changed and the cherished conception of personal liberty swept aside."

DICTATOR TENDENCY

More than once this country has had a "dictatorship which respects neither the rights nor privileges of the citizen nor the plainest principles of constitutional law," Borah declared, adding:

"Every political party in power in this country tends to become a dictatorship, but when it comes to dealing with the very life of our free institutions, with the most vital underlying principles of personal liberty, when the Constitution itself is to be considered, it is plainly the duty of all to view these matters with less of partisanship and more as countrymen.

"There has never been an hour in our entire history when our institutions or our constitutional form of Government was imperiled by reason of the initiative of the people. Every great crisis in civil government has invariably had its origin in partisan initiative, led on and directed by ambitious or reckless party leaders.

CAN PEOPLE HOPE?

"What can the people hope in the way of wise protection in the preservation of their rights and privileges from partisan leadership when they see a political party earnestly advocating proposals as constitutional under the party administration and denouncing as unconstitutional the same measures and principles under another party's administration?

"Few of our people, if any, fail to realize the strain which is now placed upon our constitutional system. Few, if any, I venture to believe, fail to fully appreciate what its preservation means to their children and their children's children. And, if in the consideration of those matters which will relate to the essential principles of constitutional government, we can have the untrammeled and uncontrolled judgment of the American people, the changes which may be made, or proposed and rejected, we can safely assume will not imperil our children's heritage.

WE ARE AMERICANS

"What I have said will be considered no doubt as impolitic. But the soundness of my contention can not be disputed in the light of constitutional history in the United States. Whether Democrats or Republicans, when we approach the problems which involve our system of government, we are Americans!

"There is compensation to be found in almost all things, and it will be close to a Divine blessing if this crisis leads the people to erect a constitutional 'wailing wall' where all political parties may come in contrition and repentance and consider of their constitutional sins."

File
State Dept
(1)

File
Personal Diplomatic

DEPARTMENT OF STATE
WASHINGTON

October 18, 1935

My dear Mr. President:

I feel sure you will be interested in the attached excerpt from a report dated September 5, 1935, from the American Consul General at Sydney, Australia, in regard to Mr. Lyons' visit to the United States and the relations between the two countries.

Faithfully yours,

Cordell Hull

Enclosure:
Excerpt from report.

The President,

The White House.

EXCERPT FROM REPORT OF AMERICAN CONSUL GENERAL,

SYDNEY, AUSTRALIA, SEPTEMBER 5, 1935.

RELATIONS WITH THE UNITED STATES.

A striking feature of the speeches made by the Prime Minister on his return was his frequent reference to the friendly attitude towards Australia which he encountered in the United States. One of his statements was to the effect that "the friendship of the President of the United States was something worth while to the people of Australia". Mrs. Lyons also in her speeches referred on various occasions to the great personal charm of President and Mrs. Roosevelt.

The Prime Minister, upon his return, suggested to Cabinet that an Australian goodwill mission should visit the United States and Canada next year. It was reported in the press, however, that a large section of the Cabinet is unfavorable to the proposal on the ground that such a mission could have no result that would justify the expenditure of public moneys. It is contended that there could be no practical object for such a mission, except the extension of Australian trade, and that competent authorities in both countries have stated that any considerable readjustment of trade is economically impossible. It is also reported that the reception of the proposal in the American press was "luke-warm".

No

No announcement was made by the Prime Minister after his return in connection with the proposal to extend an invitation to a delegation of American business men to visit Australia.

The value of foreign trips by Federal Ministers, particularly in view of the heavy expenses in this connection which have been incurred during the present year, has been repeatedly questioned by the local press.

THE LABOR DAILY has continued to praise the development of the New Deal and in particular, in an editorial on August 10, commended the proposal to distribute wealth by heavy taxation of the rich. The conservative press as a rule has maintained an attitude of aloof doubt regarding the prospects of any appreciable recovery in the United States.

October 18 1935

My dear Mr. President:

I feel sure you will be interested in the attached excerpt from a report dated September 5, 1935, from the American Consul General at Sydney, Australia, in regard to Mr. Lyons' visit to the United States and the relations between the two countries.

Faithfully yours,

Cordell Hull

Enclosure:
Excerpt from report.

The President,

The White House.

State Dept
(5)(1)

October 29, 1935.

My dear Lane:-

I was delighted to get your nice letter in Panama and I am only sorry that I could not have stopped at or near the Nicaraguan port on the way north.

You seem to be having a somewhat exciting time.

I hope the house is satisfactory and that the living conditions are improving.

My warm regards,

Always sincerely,

Honorable Arthur Bliss Lane,
American Legation,
Managua,
Nicaragua.

Managua, Nicaragua,
October 11, 1935.

My dear Mr. President:

I was deeply gratified to receive your cordial message of yesterday in reply to my radiogram of greeting. I trust that your vacation will do you a great deal of good, and that you will return home refreshed by the change.

As I do not wish to intrude on what should be a restful journey,--the European situation to the contrary,--I shall not burden you with an account of the local situation here, which has developed to the critical stage and may result in a coup d'état against President Sacasa's Government. The Government claims that General Somoza, Chief of the National Guard, will attempt such a move. As I assume that the Department will keep you fully informed of anything that

The President,
On board U.S.S. HOUSTON,
c/o American Legation,
Panamá, Panamá.

that happens, and for the reason already expressed of my desire not to intrude, I shall not send you further details, unless directed to the contrary.

Believe me, with respectful regards and kindest remembrances,

Faithfully yours,

Arthur Hill Daniel

file

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Lima, October 31, 1935.

Personal and
~~Confidential~~

My dear Mr. President:

Lima has just celebrated a most successful National Eucharistic Conference. My Colleague, the Papal Nuncio, tells me that although the church had counted upon the attendance of the women, it had felt it would be entirely successful if it could obtain the attendance of some fifteen thousand men. He told me, during a conversation yesterday, that the attendance had amounted to nearly ninety thousand men, and as I myself witnessed the rapt attention with which large audiences in all the churches listened to the exhortations of the priests, I can assure you that the Nuncio is right.

He is, however, not the least deceived by this spectacle and does not lend too much significance to it as he is well aware of the fickleness of Peruvian crowds

The President,
The White House,
Washington, D.C.

crowds. What they like, he tells me, is public ceremonial, and he recalls that the same people who applauded Leguia wildly in the last month of his regime, later were flocking about Sanchez Cerro with shouts and acclaim, simply because he provided the latest interest and the latest spectacle. The church, therefore, will be glad to get what it can out of the situation, but has no illusions as to the lasting quality of the impression it has just made.

Another significant thing of which the Nuncio informs me is that about eighty percent of this great crowd of men who received the sacrament were Apristas and indicated their allegiance to the church by waving white handkerchiefs, which is the high sign of allegiance to the Apra party. The Civilistas have been incensed by the circulation of a rather beautiful card showing the Savior at prayer and stating, in effect, that "only Christ can save the soul" and "only Apra can save Peru"!

We hear today - although the Nuncio did not mention it when he was speaking to me yesterday and when I suggested that the Eucharistic Congress might have taken

some

some of the sting out of the Aprista menace,- that the Archbishop of Lima, and other high dignitaries, are discussing an appeal to the President for a general amnesty for political prisoners, of whom there seem to be some fifteen hundred or two thousand. In many quarters this is felt to be a very unwise move.

The Civilistas and some Right groups, I am told, had made considerable progress towards a unification of those elements opposed to "Aprismo" and were going to dub their organization the "Catholic Party" and capitalize the effects of the Eucharistic Conference. Before they could go very far, however, it was pointed out to them that anything so international in character as a party inspired by Catholicism was directly contrary to the provisions of certain articles of the Constitution and this effort, therefore, has been thrown into disorder and must mark time until a new name can be found for the party and a different method adopted for realizing its purposes.

The Miro Quesada family and the COMERCIO are, I

am

am informed, riding for a fall. Ever since Antonio Miro Quesada and his wife were murdered by the young Aprista, Steer, in May last, the Miro Quesada family has undertaken to railroad the assassin to his death, instead of giving the Government, the courts and the army an opportunity to deal with the case in a disinterested manner so that justice might be done in an atmosphere of dignity and impartiality.

They have made the Welkin ring through their paper with what they would like to have known as their conception of the factors involved and have virtually challenged the President, the Cabinet and the courts to do their bidding or be stigmatized. The President and the Cabinet have greatly resented this, and so have a number of the judges in the civil courts. The family somewhat won its contentions when the Supreme Court turned the case over, as a political crime, to a military court, but in the last two or three days the military court has also incurred the displeasure of the Miro Quesada family by appointing a representative for the defendant who, in doing his best for his protegé, has run counter to Miro Quesada ideas.

The

of the Government. This is my own impression too. The outlook is confused, but it might be that Jorge Prado, the Peruvian Minister in Rio de Janeiro, could unite a sufficient following to take over the Government. Otherwise, we hear again that it will be put into the hands of a Military Junta and will not be permitted to go to the Apristas who, moreover, for the time being seem contented to concentrate their positions rather than to make a bid for power, which they seem to be reserving for some time in the future when they are even more completely organized than they are now.

Peruvian revenues have been increasing and we have it on good authority that there will be available to the Government about next March - the end of the Peruvian fiscal year - some ten million soles or more for application to certain long-standing debts, such as the Electric Boat Company and the United Aircraft bills, and service on Peruvian bonds held abroad.

At present we are endeavoring to dissuade the Peruvians from trying to buy up their depreciated bonds in the open market with part of this surplus

the

The COMERCIO, therefore, has come out in three or four editorials of so drastic and severe a character that a critical situation has been created. The Government is incensed and the army is so worked up about the matter that there is talk of duels (a rumor has just reached the Embassy of a duel early this morning between the Foreign Minister and one of the Deputies), the suspension of EL COMERCIO and various other dire consequences.

One can understand the feelings of the Miro Quesada family towards the murderer of their father and mother, but to carry their case to the publis, as the Miro Quesadas have done, and expect to oblige everybody in Peru to line up with them and do their bidding, is not only an exhibition of megalomania but is offensive and short-sighted and seems likely to cause serious trouble.

I get word that in the elections which will take place next year the President, General Benavides, will not take part and that he sincerely desires to get out

of

the Government is looking forward to, as a short-sighted and unprofitable operation which will destroy all the moral effect of the gesture the Government has made in inserting an item in the budget for the benefit of bondholders, and to convince them that if they really want their credit restored, it can only be done by initiating service to some extent on the bonds now in default. I am not without hope that the representatives of the Protective Committee and of the private committees can persuade the Minister of Finance of the wisdom of this policy. If they can and this can be done this winter, with the present well-intentioned Government, I believe a material gain will have been made and that the uncertainties that will surround the Presidential election of next year will thus be circumvented.

The Peruvians are in a quandary as to what they should do as members of the League of Nations in the face of the problem of sanctions. I have written a letter or two to the Secretary regarding an appeal

from

from the Foreign Minister for some indication as to our policy in this specific regard, and the Secretary has indicated to me that he would probably be discussing the matter with you. I quote as follows from my recent letter to him:

> "Please let me supplement my letter of October 23rd with regard to sanctions against Italy, by telling you that I get the impression that this Government is laying the ground for taking the position that it will be impossible to apply these sanctions with the vigor and completeness required by Article 16 of the pact establishing the League of Nations.
>
> "In EL COMERCIO of yesterday, Dr. Gerardo Balbueno, who is the Chairman of the Diplomatic Commission of the Constituent Assembly and also Chairman of the Finance Committee of the Constituent Assembly - the two committees which will have most to do with sanctions - has published an article which he is careful to sign as "Professor of International Commercial Law in the University of San Marcos" (a position he also holds) in which he, after citing various authorities and practices to show that complete sanctions are not feasible, expresses himself, in conclusion (in translation) as follows:
>
> "'Now, let us consider sanctions as they affect Italy and Peru. How can they be carried out with the completeness and absoluteness required by Article 16? How will it be possible for us to break all commercial or financial relations with Italy; to suppress all our relations with Italians, either in our own country or in other quarters of the earth. and make an end of all financial, commercial or personal contact with them in Peru and out of Peru?

"'All

"'All the compulsions of authority would be impotent and ineffectual; all administrative resorts, legal or otherwise, to bring it about that relations of all kinds which we maintain with the Italians in Peru and with Italy itself shall be destroyed, would be useless; such relations were born of tradition, have been founded upon culture, have developed in our families and are inseparable from our spiritual and economic life.

"'In all the manifestations of Peruvian life Italy is present; Italy's influence is seen in her science, her art, her education, her labor, her commerce, her finance, her industry and her agriculture. The application of sanctions would suppress all this; such enormous sacrifices as could not even be exacted from the vanquished in a war it is sought to impose in the name of an impossible fancy; and to oblige a people remote from the situation to make these sacrifices would amount to the same thing as asking a man to voluntarily tear out his heart so that in a struggle between others, one of the contestants should not lose the fight.

"'Since Peru cannot possibly be obliged to do what is impossible, Peru cannot be asked to carry out sanctions, because to do so would bring upon her tremendous and irreparable damage.'

"One of the strongest impressions I received upon first coming to Peru, about six years ago, was the depth and the extent of the Italian influence in this country. It was never more apparent than at the present time. On all occasions when there has been a change of Government in

Peru

Peru, Mussolini has hastened to be the first to recognize the new government, and he has undoubtedly been guided in this by the very astute and powerful head of the Banco Italiano, Señor Salocchi, whose fine Italian hand has largely controlled the Italian Legation and the relations between Italy and Peru.

"Señor Salocchi has directly befriended somewhat insecure governments on more than one occasion, and he is now exerting his influence to the full. I understand that he has close connections with Sr. Balbuena with relation to this question of sanctions, and the interest for Peru in our own Government's position in the matter.

"There has been published today in LA PRENSA an article - by a writer so far unknown to the Embassy - entitled 'Neither Politically nor Economically would Sanctions suit the United States'. This article, distinctly pro-Italian in tone, goes to some pains to show that in her desire to remain completely unentangled, the United States has no intention of taking part in any acts which might be offensive to Italy.

"The Embassy understands that in a number of secret sessions in the Constituent Assembly and with the Diplomatic Commission of the Constituent Assembly, the question of sanctions has been ardently discussed. The inquiry made by the Foreign Minister through this Embassy, and this article of Señor Balbuena's seem to indicate that the Government may soon take a position which will, while serving the letter of the obligation to the League, avoid as much as possible the application of harsh sanctions to Italy."

The formal declaration of the Chaco peace by the Peace Conference at Buenos Aires has made rather a deep

impression

impression upon Peru. It is regretted that the declaration is so formal a procedure and so little of a reality; is technical rather than real. Due note is taken of the fact that while hostilities are over and demilitarization and demobilization have taken place, and diplomatic relations have been reestablished, that there are serious divergencies between the two countries and that South America cannot really be tranquil until these differences are removed by direct conferences between the two nations. Expectations are not particularly sanguine, but most Peruvians seem to feel that sooner or later, with the terrible lesson of the recent war in mind, Bolivia and Paraguay will find a way to work out their problem.

Bob Bacon, George Baker and some friends are arriving in Callao today and I expect I shall see them before they leave as the elder Bob Bacon, now dead, befriended me very much long ago at the beginning of my career.

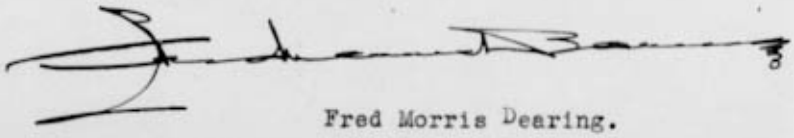
My wife is still up in Dutchess County enjoying the autumn leaves and improving, I hope, in health in the

the clean air of the Hudson Valley.

Hoffman Philip and his wife went through about a week ago, on their way to Chile, and I found them both looking exceedingly well. I was able to be with them most of the time they were here and thoroughly enjoyed it as I have known Hoffman for nearly thirty years and consider him to be one of the very finest men ever to have been in our Foreign Service. I expect you remember his marvelous record during the war in the hospitals and detention camps in Constantinople.

With warmest regards as always,

Yours as ever,



Fred Morris Dearing.

State Dept
(5) (1)

Hyde Park, N. Y.,
November 1, 1935.

Dear Leland:-

It is good to find your letter of September twenty-fourth on my return and to know that you are settled in Bucharest. Your picture of Rumania is very clear and I am sure that in these days of skating on thin ice, you are in an exceedingly interesting spot.

I find things progressing well over here and our neutrality stand is almost universally popular.

As ever yours,

Honorable S. Leland Harrison,
American Legation,
Bucharest,
Rumania.

Department of State

BUREAU / DIVISION: WE

ENCLOSURE

TO

Letter drafted 10/16/35

ADDRESSED TO

The President.

U. S. GOVERNMENT PRINTING OFFICE 1—[illegible]

Bucharest, September 24, 1935.

My dear Mr. President:

We had a good voyage. Belle Roosevelt, her children and other friends, also were on the S.S. Washington. In Paris I had the pleasure of meeting Mr. Strauss and found him delightful, well-informed and enjoying an enviable position. Paris was devoid of American tourists. Hotels empty. Shops with no business. People depressed. Lots of talk among rightist elements, but I do not see France going Fascist. General Gouraud handled the left and right demonstrations admirably on the 14th of July.

Sosthenes Behn of the I.T.&T. was on the Orient Express with us. He confirmed my impression that there had been improvement in Spain, Portugal, Belgium, Holland, Austria, Hungary, the Little Entente countries and Poland. Sweden and Norway have followed England, which is the best of all.

On arrival here I had to look for a residence. Meanwhile Nancy and the children remain in the mountains at Sinaia, some two hours north by motor over the only good road in the country. It was there that I presented my letters to the King in his Palace of Pelesh. After the usual exchange of amenities, the King entertained me at luncheon. His son was also present.

Carol is a shy, somewhat ackward person. But there is no question of his ability to handle this

The President,
The White House.

people. Under the constitution he is to all intents and purposes an absolute monarch. He can make and break governments. I was impressed by two things,- his evident love of country and his devotion to his son. The latter a quality of which we have not heard as much as of some others.

It was amusing to find on the luncheon menu the following two items:

"Oeufs brouillés à la Reine", and
"Noisettes de veau Favorite."

There seems to be no prospect of a reconciliation with the Queen, and the influence of the Favorite is still supreme.

Nancy and I were also received by Queen Marie in her Castle of Bran about an hour over the mountains from Sinaia across the old frontier into Transylvania. Bran was built in the 13th century by Teutonic Knights as a border fortress against the Turks. Queen Marie is permitted no role in political affairs. She evidently suffers. She hates Titulescu for having recognized the Soviets and also for having forbidden her daughter Ileana, who married a Hapsburg, to visit her this year. She is the acme of egoism, but she is at present rather a pitiable figure.

I have been impressed with this country. It is rich in resources,- agriculture, petroleum, wood, and some iron, coal and gold. Since the land reform of 1923 the peasantry remains contented. Hardworking, if not of high productive efficiency. Industry is on the up-grade, especially in Transylvania. There is practically no unemployment. On the other hand the standard of living and wages are low. The middle class is small and inclined to seek a government job for what they can get out of it. All government officials are shamefully underpaid and the system of "backsheesh" reigns supreme. This is the basic trouble. It is rampant amongst high and

low. It is the curse of this country. Rumania is a fair field for the unscrupulous, whether Jew or Christian. Yet, in spite of this, there are signs of improvement. Decent elements do exist, particularly amongst the peasant class in the territories acquired after the war. With them lies the hope of the country.

In foreign policy, Titulescu has his way, at least for the present. He has definitely and irrevocably cast his lot with France and French collective security. He has the support of the King though it may be that Carol has some inclination towards Germany. Titulescu stands four square for the status quo. "Hold what we have", explains all his actions. No revision. No Hapsburgs. No Anschluss. No Danubian pact, and no rearmament for Hungary or Bulgaria unless he can obtain more security and the confirmation of his boundaries. He dislikes Beck of Poland. He fears Russia but he will make a mutual assistance pact with the Soviets to please France.

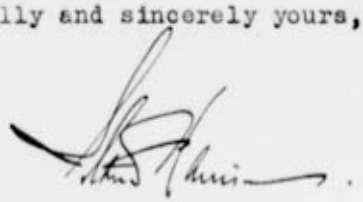
Of course, my colleagues complain bitterly that Titulescu is always absent. In all he is here about three months of the year and then usually at odd intervals. No one in the Foreign Office dares speak, and it is most difficult to obtain authentic information or get things done. Titulescu has not been in Bucharest since my arrival. It would be interesting to hear what he has to say about the Italo-Abyssinian crisis. He will support the League and the sanctity of Treaties. In the end he will follow France and if a break comes, he will do all he can to localize hostilities and keep the conflict out of Central Europe.

With the drop in world prices for her principal exports (petroleum, cereals and wood), Rumania has found it increasingly difficult to obtain foreign exchange. To obtain it and to hold her markets, she has had resort to such uneconomic expedients as

quotas, licenses, compensations, clearings, and finally export and import premiums. None have proved satisfactory and the result has been less free foreign exchange and an active black market. Trade has been forced to devious methods. Success depends largely upon backsheesh and favoritism. There are large arrears in her international payments. Her exports to countries with blocked currencies do not furnish free foreign exchange, and I see no permanent relief for Rumania except through world currency stabilization and the elimination of artificial restrictions to trade. Of course, our situation is extremely difficult as the balance of trade is greatly in our favor. Nevertheless, Rumania needs our specialties and somehow she still manages to obtain them although this is becoming increasingly difficult.

I must apologize for the length of this letter and can only hope that some of it may prove of interest. I would, however, like to say that after looking over the situation, I recommended that the offices of the Consulate and the Legation be combined for the sake of efficiency, and I am happy to say that the Department heartily concurred. I hope to have the combination completed shortly.

May I add my congratulations to those of many others for the success attending your program before the Congress, and especially for the notable improvement that has taken place in conditions generally throughout the country.

With kindest regards to Mrs. Roosevelt in which Nancy joins me, believe me,

Faithfully and sincerely yours,