

Neutrality (1939-1941) Subject File Box 160

Box 160

PSF: Neutrality

Personal file.

CONFIDENTIAL  
Press Conference #523,  
Executive Offices of the White House,  
February 3, 1939, 10.50 A.M.

MR. DONALDSON: All in.

THE PRESIDENT: The most important news is that this is Fred Storm's birthday. I turn him over to you; you know what to do.

Q Hurrah! (Laughter)

Q Mr. President, did you see the story in this morning's paper that the Franco Government is suing the United States in regard to the purchase of \$11,000,000 worth of silver?

THE PRESIDENT: Yes, I screamed with laughter when I saw it because all of that story came out in 1938. It was given front page principal headlines; it is all out and has been out for a long time. No news in it.

Q The morning papers have a lot to say about your trip down to Guantanamo, linking it up with your defense program

THE PRESIDENT: I did not even read that. As far as I know I am not going to Guantanamo.

Q Are you quite sure you are going, sir?

THE PRESIDENT: I am not sure I am going at all in the first place, and in the second place, if I do go I do not think Guantanamo is on the trip. I think I will be away to the eastward of that, if I do go.

Q The Naval maneuvers?

THE PRESIDENT: Yes.

Q The other day, when I was swinging in my pep talk for the Buffalo Chamber of Commerce, Fred Esary stepped in front of me and, if

I can arrange a division of time, I would like to go back over that bit.

THE PRESIDENT: Yes.

Q The A.P. carried a story yesterday that, as part of the national defense program, a survey was being made of the possibility of selling planes in South America.

THE PRESIDENT: I do not know.

Q The thing that interested me was that right now some airplane producers are being prosecuted in New York for selling airplanes which the Government contends were for military use whereas they contend they were for civilian use.

THE PRESIDENT: What is the connection?

Q I wondered whether or not those two things squared up.

THE PRESIDENT: I do not see where they have any relationship to it at all. In other words, it is a perfectly simple thing. We had a definite and definite proclamation under it relating to the Bolivian-Paraguayan war and the Government is claiming in this suit that these planes were shipped in violation of that proclamation. It happened three years ago. What can possibly be the tie-in between that and the sale of planes to South America today?

Q I do not know that it is. It is a question of military planes again being sold by our people.

THE PRESIDENT: I have not heard of any plane sales or prospective plane sales down there, except those proceeding along the line of trade.

Q When will you sign the Relief Bill?

THE PRESIDENT: Has it come to me yet, Mac?

MR. McINTYRE: No, sir.

Q Have you been requested by Democratic members of the Senate Interstate Commerce Committee to withdraw the nomination of Amlic?

THE PRESIDENT: No.

Q Mr. President, is it likely that changed world conditions may require the readjustment of the silver purchase program?

THE PRESIDENT: I don't know; I have no idea.

Q I had in mind Mexico.

THE PRESIDENT: I have no idea at all.

Q Is there nothing you can tell us about the development of that program?

THE PRESIDENT: I think you had better ask the Secretary of the Treasury about it because it is rather a technical thing. I don't know of any particular changes lately.

Q I see Senator Pittman on the side and I thought --

THE PRESIDENT: (interposing) No, I was going to talk to the Senator about some other matters and I suggested that while he was down here he could come in here and tell the Senate what has really happened in this conference. (Laughter)

Q Are we sworn to secrecy? (Laughter)

THE PRESIDENT: Sometimes we go off the record and we talk about birthday parties, but that is about all. We discovered, when was it, about three years ago that this off-the-record stuff on important subjects was not much liked by the Press.

will

Q What would be the status of these 33,000 W.P.A. administrative personnel so far as Civil Service is concerned, since the Congress has barred them? You said at your last conference --

THE PRESIDENT: (interposing) If the Act is signed, the status will be that they have been covered in to the Civil Service under the February first order in so far as being eligible. On February first they became eligible to take the examinations. Now, if the Act is signed, it precludes their taking the examination. In other words, they are half way in but they cannot go any further. I suppose that is the easiest way of putting it.

Q They are eligible to take the examinations but the Act does not provide money?

THE PRESIDENT: That is it. They can take the examinations but won't take the jobs because they cannot get paid. They are half way in but, from the practical point of view, they cannot go all the way in.

Qc Have you any plans for meeting that situation?

THE PRESIDENT: No.

Q Will another Executive Order be issued to exempt them?

THE PRESIDENT: No, I do not think it is necessary because the Act says to everyone of them, "You cannot get any money."

Q You say, "if" the Act is signed. Is that a capital letter "IF"?

THE PRESIDENT: No, it is just the fact that the Act has not come to me. It is to avoid somebody saying that I answered that last question in such a way as to intimate that I would sign the Act. You see, I am getting cagey. (Laughter)

Q Mr. President, you have adopted that form of response ever since I have covered you. Is there anything significant about this

particular occasion?

THE PRESIDENT: No.

Q Mr. President, is it true, as reported, that you see a theoretical possibility of an attack on the Panama Canal by Europe?

THE PRESIDENT: Oh, that is doubly "iffy."

Q There are reports to that effect?

THE PRESIDENT: Yes.

Q Mr. President, some people seem to have some difficulty understanding foreign policy. Have you any intention of getting down to the elementary A, B and C's in a statement, or speech or fireside talk in the near future?

THE PRESIDENT: Well, let us do a little analyzing for the benefit of some people. In the first place, the foreign policy of the United States has been thoroughly covered in my Messages to Congress, completely and adequately covered in every way. No. 2, there is nothing new about it. No. 3, the people in this country are confronted at the present time by a simple fact and that is that a great many people, some members of the House, some members of the Senate and quite a number of newspaper owners, are deliberately putting before the American people a deliberate misrepresentation of facts --deliberate.

I had always supposed, and I still believe, that the foreign policy of the United States should not be involved in either legislative or party or newspaper politics. In other words, I do not think that the 1940 campaign should enter into the problem either on foreign policy or American defense in the year 1939. All you have to do is to read stories and headlines to realize

that poor guesses dressed up have become, in the next step, statements of fact. I have in front of me, Oh, about eight or ten different newspapers. There isn't one story or one headline in all of those papers that does not give, to put it politely, an erroneous impression -- not one. It is a rather interesting fact. These things have been manufactured by deliberate misrepresentation of facts, existing facts. The foreign policy has not changed and it is not going to change. If you want a comparatively simple statement of the policy, I will give it to you and Kannee can copy it out afterwards:

Number 1: We are against any entangling alliances, obviously.

Number 2: We are in favor of the maintenance of world trade for everybody -- all nations -- including ourselves.

Number 3: We are in complete sympathy with any and every effort made to reduce or limit armaments.

Number 4: As a Nation -- as American people -- we are sympathetic with the peaceful maintenance of political, economic and social independence of all nations in the world.

Now, that is very, very simple. There is absolutely nothing new in it. The American people are beginning to realize that the things they have read and heard, both from agitators of the legislative variety and the agitators of the newspaper owner variety, have been pure bunk -- b-u-n-k, bunk; that these people are appealing to the ignorance, the prejudice and the fears of Americans and are acting in an un-American way.

You will also notice that quite a number of them are receiving the loud acclaim, the applause of those governments in the world which do not believe in the continued independence of all nations.

I think that covers it pretty well. (Laughter)

Q Mr. President, did the Rome Embassy report to you that the Italian Government is going to change the name of Via Woodrow Wilson to Hamilton Fish?

THE PRESIDENT: All I can say/<sup>is</sup>that that is rather joyous.

Q Is it possible then, in connection with this, to clarify the differences in interpretations that have been coming from the conferences you have had? In other words, can you now give us exactly what happened there?

THE PRESIDENT: I don't believe I could without asking them on the Hill what they think about it.

Now, on the question of secrecy, that also is 100% bunk.

Q In what way?

THE PRESIDENT: In this way: I will ask you a question: Do you think that -- suppose I had information which came in through the intelligence service, that such and such things were going on in such and such a country. There are no names, no way of proving the information before a court, and yet it is information which, because it has been checked from two or three different sources, looks to be, as far as we can tell now, to be reasonably true.

Now, suppose I held a press conference every day and gave out information of that kind to the public. In the first place, we are not definitely sure of it; it would be almost like certain stories that you read -- many of them are true, many of them turn out later on not to be true. In the second place, giving out information of that kind would completely terminate the getting of future information, because the sources of the information would be immediately blocked.

Now, in that conference the other day, I told them of some things, information of that type, which we at the present time ~~do~~ believe to be true but it is not the kind of thing to write a newspaper story about because it may not be true. It is merely our best slant as of today. It may be changed two weeks or a month from now by other information.

That is the only element of secrecy that has entered into either of the conferences, either with the Senate Committee or the House Committee. I told them both one or

two pieces of -- you would not even call it information -- matters that have been reported to us, which we have reason to believe are true. Now, that is the only element of secrecy in either of those conferences. The rest of the conferences related solely to what I have just given you.

Q One of the principal items of the conference is that you are supposed to have told some of the conferees that the Rhine was our frontier in the battle of democracies versus fascism.

THE PRESIDENT: What shall I say? Shall I be polite or call it by the right name?

Q Call it by the right name.

THE PRESIDENT: Deliberate lie.

Q ~~May we say~~ That goes too, for the French?

THE PRESIDENT: Yes.

Q May we quote that?

THE PRESIDENT: Yes.

Q Was there any discussion of the manner in which the purchase of planes by France and Great Britain would be financed?

THE PRESIDENT: Well, they asked in both conferences -- the question has been asked about ten times before, "Are they going to be paid for in cash?" I said, "Yes." That is all; there is no further discussion.

Q Will the RFC help them?

THE PRESIDENT: No.

Q You indicated a moment ago that in these fourteen or fifteen newspapers you have on your desk there was an impression given, erroneously, of both facts and in the headlines, as I understood it, in practically every paper. Did your reading of those papers go far enough to convince you of what may be the motive of fifteen or more of our newspapers on a given day writing erroneous information --

THE PRESIDENT: (Interposing) Oh, Fred (Essary), that is a very long subject. You know perfectly well that a story that starts as a story -- "it is learned from reliable sources", that kind of a thing, or "it is believed," "sources close to the President suggested," etc., and so on. Now, when that story goes out, you are all covered by making that qualification, but the fellow who writes it up the next day, either in the editorials or in the subsequent news stories, leaves out <sup>all</sup> your qualifying phrases. We have/had that happen. There isn't a person here who hasn't had that happen. That is the mechanics of journalism, and that is what happened in this case. I read, for instance, a compendium or concensus of editorial opinion I have here, and you will find that every one of those editorials put down as facts what you boys had said, "it was learned from so and so but it was contradicted by somebody else," or "it is understood that/<sup>at</sup>the conference the President did this, that or the other thing." Now, in these editorials there isn't one that does not affect those qualified statements as facts, and that is one of the

troubles with our newspapers today. The public understands pretty well when it is said that such and such a thing is learned on good authority, or it has been suggested by White House sources, or things like that. They understand that that is not news, it is only a rumor of news. It does not make anybody sore; it is part of our system of a free press and it is primarily all right and the public is getting more and more discriminatory, which is fine.

Q The thing that impresses me most about your observation is that the things that we are writing or our editors are writing and our publishers are publishing are being applauded abroad. There seems to be something sinister about the way what we are writing is getting foreign applause.

THE PRESIDENT: That follows out the statement that the American frontier is the Rhine. Some boob got that off; I don't think it was a member of the press. That was applauded in France. There were editorials about it; newspaper stories about this great thing that the President had said, and it was attacked in Germany, and it was attacked in Italy. It was applauded in London. In other words, the attack and the applause are again based on a misstatement of fact. Now, what can I do about it?

Q Have somebody in the Senate give the correct version.

THE PRESIDENT: No, you have got the correct version. I just gave it to you.

Q Do you doubt that somebody said that?

THE PRESIDENT: I doubt it very much. I would like to have that traced down and find out who it was, and if you can get him, Earl (Godwin), and bring him down here and let me ask him "Did you say that?"

Q Do you doubt somebody said that to a newspaper man?

THE PRESIDENT: Yes, I believe somebody did say it, but I would like to have you bring that fellow down here. That would be very good.

Q (Mr. Godwin) Yes, I would be glad to do that. (Laughter)

Q Mr. President, do you think that that catch phrase sums up the situation?

THE PRESIDENT: What phrase?

Q The American frontier is on the Rhine.

THE PRESIDENT: Of course not.

Q There is another manner in which that can get into print and that is by somebody in the conference making that remark to you. Could that happen or did it happen?

THE PRESIDENT: No, the remark was not even made to me.

MR. STORM: Thank you, Mr. President.

Q Are you going to withdraw the name of the Virginia judge?

THE PRESIDENT: No. On the Virginia judge, the Senate, of course, has not taken action but if the Senate should refuse confirmation it is my plan to write a letter to Judge Roberts and that letter, I think, will be quite interesting.

Q Would that same course be followed in case Mr. Amlie's appointment or nomination were not confirmed.

THE PRESIDENT: I do not know at all; I haven't thought of it.

Q You are not withdrawing the Amlie nomination?

THE PRESIDENT: No.

End.

Excerpt from Press Conference No. 523

February 3, 1939

The President: The (Foreign) Policy has not changed and it is not going to change. If you want a comparatively simple statement of the policy, I will give it to you and Kannee can copy it out afterwards;

No. 1: We are against any entangling alliances, obviously.

No. 2: We are in favor of the maintenance of world trade for everybody — all nations — including ourselves.

No. 3: We are in complete sympathy with any and every effort made to reduce or limit armaments.

No. 4: As a nation — as American people — we are sympathetic with the peaceful maintenance of political, economic and social independence of all nations in the world.

OFFICE OF  
THE COUNSELOR



DEPARTMENT OF STATE  
WASHINGTON

March 18, 1939.

*Mc one*

Dear Mr. President:

For some time, as you know, Senator Pittman has thought of introducing a neutrality bill which if enacted would be a substitute for the existing law and even if not enacted would suggest what he regards as desirable modifications of the law.

Yesterday he spent more than two hours at my office stating what he intends his bill to contain and in having it properly drafted.

He now has in hand a draft satisfactorily embodying his proposals, and he expects to introduce the bill Monday (the Senate not being in session today) but in advance to meet the newspaper people and explain the measure. In answer to a question that will doubtless be asked him, as to whether you have seen the bill, he will make a negative reply and will further say that while the bill is not sponsored by you or by this Department, he believes that its provisions will be regarded as much more desirable than the present law.

The President,

The White House.

*File BF Neutrality - 1939*

I may briefly summarize what Senator Pittman proposes:

1. Any reference to a civil war is excluded.
2. It is provided that within thirty days after an international armed conflict begins, the President shall issue a proclamation confining all American shipments to the belligerent countries to foreign vessels under the cash and carry plan. When it was suggested to the Senator that while this would enable the European democracies to obtain from this country arms, ammunition and implements of war, as well as other supplies, it would place Japan at an advantage over China, he said that he believes independent legislation will be enacted to prevent the shipment to Japan of articles and material that can be made use of in carrying on war and particularly in bombing activities. There is the further thought that even without such legislation American producers can be expected to respond to an appeal not to make sales to Japan that will facilitate it in the Chinese conflict.
3. Although such a provision as that just mentioned would prevent American vessels ~~and nationals~~ from conducting business with the belligerent nations, it would not prevent them from going into danger zones, and therefore it is provided that they shall not enter such zones as the President may from time to time proclaim to be dangerous and thus the risk will be avoided of incidents occurring that might create

for

for us grave difficulties.

4. The cash and carry provision will not apply to countries bordering on our own, Canada of course being mainly in mind, nor to the transportation of Red Cross personnel and supplies.

5. The Senator incorporates in his bill many of the provisions of the existing law, as for example those that apply to Americans traveling on the vessels of the belligerents, and the discretion that is vested in the President to authorize short time credits. In fact, except as above stated, his bill does not widely vary from the existing law.

The Senator expects at an early date to start committee hearings on the subject, and probably in executive session; not to ask the officials of this Department to appear until he has called on several outsiders who have studied the subject to present their views, and he expects that the first witness he calls will be Mr. Stimson. This Department will of course be fully advised of all the views that are presented, and of the apparent attitude of the Committee, so that when Secretary Hull or any of his assistants appear, they will have a good idea of what the situation is.

Senator Pittman does not believe there is the slightest prospect of any measure being adopted expressing the aggressor theory, nor does he believe that there is any possibility of

an

an outright repeal of the present law, with nothing substituted therefor. As I understand, his belief is that the alternative to what he proposes would be the retention of the present law with its undesirable features.

This letter has been seen by Mr. Welles.

Yours very sincerely,

*Rosetta Moon*

THE WHITE HOUSE  
WASHINGTON

PSF  
*Neutrality*

PRIVATE

March 28, 1939.

MEMORANDUM FOR

THE SECRETARY OF STATE  
THE UNDERSECRETARY OF STATE

You have doubtless read No. 303, March twenty-seventh, from Peck in Chungking referring to the cash and carry provisions of the Pittman bill. I think that before the bill gets too far it should be called to the attention of Senator Pittman that while the cash and carry plan works all right in the Atlantic, it works all wrong in the Pacific.

The more I think the problem through, the more I am convinced that the existing Neutrality Act should be repealed in toto without any substitute.

I do not mind if you pass this word to Senator Pittman and the leaders.

F. D. R.

NA 84-48

PSF Neutrality-1939

THE WHITE HOUSE  
WASHINGTON

*file  
president*

*d-1*

JUDGE MOORE WANTS THE PRESIDENT TO SEE  
THIS BEFORE 11:30 TODAY.

WASHINGTON  
THE WHITE HOUSE

OFFICE OF  
THE COUNSELOR



DEPARTMENT OF STATE  
WASHINGTON

May 12, 1939.

Dear Mr. President:

It was only at the Secretary's request that I tried to reach you by telephone.

Yesterday I discussed at length with Key Pittman and Tom Connally the status of neutrality legislation. They are hopeful of final action that will eliminate the rigid embargo contained in the first section of the present law but the Senators seem to be of the opinion that it is best to keep quiet for at least a few days. Pittman's idea is that for a time Hitler should be left in doubt as to what our Government will do because should a debate be precipitated there would certainly be statements made tending to encourage Hitler.

My understanding is that Sol Bloom, the Acting Chairman of the House Committee, is to see you this morning and whether the view above stated is correct or not it seems to me that Bloom should be advised to confer with Pittman before he introduces a bill or even discusses the draft of a bill with his Committee. I think he has in

The President  
The White House.

in mind legislation vesting practically unlimited discretion in the Executive which, while very desirable, is hardly within the range of possibility. I have thought that you may believe it wise to urge Bloom to talk with Pittman at once.

There are some members of Congress who are against a repeal of the embargo provision on the theory that that action would palpably favor the British and French in the event of an outbreak of war, but the fact is, as shown by available data that the embargo would place the British and French at a great disadvantage due to Germany having acquired so much additional war strength by the seizure of Austria and Czechoslovakia. I have been astonished to find how many up to date war material plants are operating in Czechoslovakia and what an enormous quantity of supplies have been taken over by Germany. Should Congress retain the embargo provision there would be great rejoicing in Berlin and corresponding depression in London and Paris. You may have seen a cable from Bullitt that came in yesterday stating that the only fear the British have of war is based upon the possibility that Congress may leave the embargo provision in effect.

Yours very sincerely,

*Roosevelt*

OFFICE OF  
THE COUNSELOR



DEPARTMENT OF STATE  
WASHINGTON

*PSF: Neutrality - 1939  
File personally*

May 19, 1939.

Dear Mr. President:

Perhaps you may have time to glance at the enclosed memorandum, a copy of which I have handed Secretary Hull.

My belief is that some not very important changes can be made in the Bloom Bill so as to avoid useless discussion, and that if the matter is carefully handled in the House there is an excellent prospect of a measure being put through that will not contain an arms embargo.

I have heard it suggested that a possible defeat in the House would have an injurious effect and that thus no risk should be taken, but when a great issue is at stake I do not understand how people are justified in taking counsel of their fears and avoiding a fight. I entertain a very deliberate opinion that the arms embargo provision raises an issue that bears directly upon the cause of European and world peace.

Yours very sincerely,

Enclosure:  
Memorandum  
May 19, 1939.

The President  
The White House.

*R. W. Altamirano*



May 19, 1939.

It is evident from information coming from the other side that Europe is intently wondering what neutrality legislation Congress will enact. Here there is uncertainty as to whether the present law will remain intact, or be repealed without anything substituted, or subjected to amendment.

While the Administration has not sponsored any measure in substitution for the existing law, it is well known that the unanimous opinion of the officials of the Government is that the first section of the present law should be repealed. That section in substance provides that in the event of a foreign war the sale of arms, ammunition and implements of war by this country to the belligerents shall be prohibited.

When this mandatory embargo provision was enacted it met with opposition. Those who opposed it urged that it was an unnecessary change of the principles of international law. They further urged that it was wholly illogical since many articles not listed as arms, ammunition and implements of war are just as necessary in conducting war as are those articles. For instance, it was pointed out that tanks and airplanes can not be operated without oil and gasoline and it was further pointed out that scrap iron and steel, pig iron and copper can easily be converted into implements of war.

✓ Too little attention has been given to the change that has ~~been~~ taken place since the existing statute was enacted. It is a change that directly and seriously affects our position as a neutral because, if the embargo is to be retained at least two of the European nations, Germany and Italy, will be placed at a great advantage in comparison with other nations such as Great Britain and France. The change has been brought about

about by Germany's seizure of Austria and Czechoslovakia which makes it self sufficient in respect to war materials.

Germany was placed at a decided advantage when the present law was passed because of its great superiority in the air over any other nation. That advantage is tremendously increased by the seizure of Austria and Czechoslovakia, and particularly the latter. Reliable statistics show that many munition plants are operated in Austria which are now under German ownership. Those plants produce artillery weapons, small arms, powder, grenades, fuses and other articles. More important is what Germany gets by the acquisition of Czechoslovakia. She is known to have acquired over 1500 airplanes, over 50<sup>0</sup> anti-aircraft guns, over 2,000 pieces of artillery, 43,000 machine guns, over one million rifles, over 400 tanks, a billion rounds of infantry ammunition and three billion rounds of artillery ammunition and other articles in vast quantities. She acquired munition plants with almost unlimited production capacity engaged in manufacturing all the implements and instruments of warfare. There is not only the Skoda Works, which makes tanks, airplanes, bombs, ammunition of all types and calibers. In fact it produces all that a warlike customer can desire. There are at least a dozen other smaller plants besides the most extensive chemical-making plant on the Continent outside of Germany and three or four other smaller chemical plants that make chemicals and gas masks.

Anyone who examines the statistics that have been carefully compiled will have no misgiving that the European situation has been radically altered by Germany's seizure of the two countries mentioned.

The

The United States intends to be neutral in the event of war and does not intend to enact legislation designed to encourage one belligerent against another. But the grave question is whether it intends to maintain legislation that will not only encourage but aid and assist one powerfully and thoroughly equipped belligerent against another belligerent that is poorly equipped and can only increase to some extent its power by purchasing in the markets of the world arms, ammunition and implements of war.

PSF  
*Neutrality*

**[CONFIDENTIAL COMMITTEE PRINT]**

MAY 11, 1939

Not To Be Released

70TH CONGRESS  
1st Session

**H. J. RES.**

IN THE HOUSE OF REPRESENTATIVES

MAY , 1939

Mr. BLOOM introduced the following joint resolution; which was referred to the Committee on Foreign Affairs

**JOINT RESOLUTION**

Neutrality Act of 1939.

Whereas the policy of the United States in foreign wars not affecting the defense of the United States is a policy of neutrality in accordance with the rules of international law; and

Whereas the United States stands for restating and strengthening the rights of neutrals at the earliest practicable time; and

Whereas it seems advisable, until these rights can be restated, to diminish the risk of this Nation becoming involved in foreign wars by restricting the exercise of certain neutral rights of our citizens: Therefore be it

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*

J. 147395

1 PROCLAMATION OF A STATE OF WAR BETWEEN FOREIGN  
2 STATES

3 SECTION 1. (a) That whenever the President shall  
4 find that there exists a state of war between foreign states,  
5 and that such war endangers the lives of citizens of the  
6 United States and threatens the peace of the United States,  
7 the President shall issue a proclamation naming the states  
8 involved; and he shall, from time to time, by proclamation,  
9 name other states as and when they may become involved  
10 in the war.

11 (b) Whenever the conditions which have caused the  
12 President to issue any proclamation under the authority of  
13 this section have ceased to exist, he shall revoke the same.

14 TRAVEL ON VESSELS OF FOREIGN STATES

15 SEC. 2. (a) Whenever the President shall have issued  
16 a proclamation under the authority of section 1 (a), it shall  
17 thereafter be unlawful for any citizen of the United States to  
18 travel on any vessel of the state or states named in such  
19 proclamation, except in accordance with such rules and  
20 regulations as the President shall prescribe.

21 (b) Whenever the President shall have revoked any  
22 proclamation issued under the authority of section 1 (a),  
23 the provisions of this section and of any regulations issued  
24 by the President hereunder shall thereupon cease to apply  
25 with respect to the state or states named in such procla-

Sec. 1 differs from the corresponding section in the Neutrality Act of May 1, 1937, in that:  
(1) There is no provision for an arms embargo.  
(2) There is no provision for the application of this joint resolution to civil strife. (3) This joint resolution does not go into effect automatically when the President finds the existence of a state of war between foreign states; he must also find that such war endangers the lives of citizens of the United States and threatens the peace of the United States.

Sec. 2 is essentially the same as section 9 of the Act of May 1, 1937; it is clarified and shortened.

1 mation, except with respect to offenses committed prior to  
2 such revocation.

### 3 AREAS OF COMBAT OPERATIONS

4 Sec. 3 is  
the same as  
the corres-  
ponding  
section in  
the Honnings  
Bill (H.R.5575)  
and Pittman  
Resolution  
(S.J.Res.97).

5 SEC. 3. (a) Whenever the President shall have issued a  
6 proclamation under the authority of section 1 (a), and he  
7 shall thereafter find that the protection of citizens of the  
8 United States so requires, he shall issue a proclamation,  
9 whereupon it shall be unlawful, except under such limitations  
10 and exceptions as the President may prescribe, for citizens of  
11 the United States or vessels flying the flag of the United  
12 States to proceed through any areas defined from time to  
13 time by the President to be areas of combat operations and  
14 so specified in his proclamation.

15 (b) The President may from time to time modify or  
16 extend his proclamation, and when the conditions which  
17 have caused him to issue his proclamation have ceased  
18 to exist he shall revoke the same and the provisions of this  
19 section shall thereupon cease to apply.

### 20 FINANCIAL TRANSACTIONS

21 Sec. 4 con-  
tains with-  
out change  
the provi-  
sions on  
loans and  
credits in  
the Act of  
May 1, 1937.

22 SEC. 4. (a) Whenever the President shall have issued  
23 a proclamation under the authority of section 1 (a), it shall  
24 thereafter be unlawful for any person within the United  
25 States to purchase, sell, or exchange bonds, securities, or  
other obligations of the government of any state named  
in such proclamation, or of any political subdivision of

1 any such state, or of any person acting for or on behalf  
2 of the government of any such state, issued after the date  
3 of such proclamation, or to make any loan or extend any  
4 credit to any such government, political subdivision, or  
5 person: *Provided*, That if the President shall find that such  
6 action will serve to protect the commercial or other interests  
7 of the United States or its citizens, he may, in his discretion,  
8 and to such extent and under such regulations as he may  
9 prescribe, except from the operation of this section ordi-  
10 nary commercial credits and short-time obligations in aid  
11 of legal transactions and of a character customarily used in  
12 normal peacetime commercial transactions.

13 (b) The provisions of this section shall not apply to a  
14 renewal or adjustment of such indebtedness as may exist  
15 on the date of the President's proclamation.

16 (c) Whoever shall violate the provisions of this section  
17 or of any regulations issued hereunder shall, upon conviction  
18 thereof, be fined not more than \$50,000 or imprisoned for  
19 not more than five years, or both. Should the violation be  
20 by a corporation, organization, or association, each officer  
21 or agent thereof participating in the violation may be liable  
22 to the penalty herein prescribed.

23 (d) Whenever the President shall have revoked any  
24 proclamation issued under the authority of section 1 (a),  
25 the provisions of this section and of any regulations issued

1 by the President hereunder shall thereupon cease to apply  
 2 with respect to the state or states named in such proclama-  
 3 tion, except with respect to offenses committed prior to such  
 4 revocation.

5 SOLICITATION AND COLLECTION OF FUNDS

6 SEC. 5. (a) Whenever the President shall have issued  
 7 a proclamation under the authority of section 1 (a), it shall  
 8 thereafter be unlawful for any person within the United  
 9 States to solicit or receive any contribution for or on behalf  
 10 of the government of any State named in the proclamation  
 11 or of any association, organization, or person acting for on  
 12 on behalf of such government. Nothing in this section shall  
 13 be construed to prohibit the solicitation or collection of con-  
 14 tributions to be used for medical aid and assistance, or for  
 15 food and clothing to relieve human suffering, when such  
 16 solicitation or collection of contributions is made on behalf  
 17 of and for use by any person or organization which is not  
 18 acting for or on behalf or in aid of any such government, but  
 19 all such solicitations and collections of contributions shall  
 20 be subject to the approval of the President and shall be made  
 21 under such rules and regulations as he shall prescribe.

22 (b) Whenever the President shall have revoked any  
 23 proclamation issued under the authority of section 1 (a),  
 24 the provisions of this section and of any regulations issued  
 25 by the President hereunder shall thereupon cease to apply

Soc. 5 in-  
 cludes with-  
 out essential  
 change the  
 provisions  
 on sollicita-  
 tion and  
 collection  
 of funds in  
 the Act of  
 May 1, 1937.  
 For clarity  
 these pro-  
 visions are  
 in a separ-  
 ate section  
 as in the  
 Hennings  
 Bill (H.R.5575)  
 and Pittman  
 Resolution  
 (S.J.Res.97).

1 with respect to the States named in such proclamation, ex-  
 2 cept with respect to offenses committed prior to such  
 3 revocation.

4 AMERICAN REPUBLICS

5 SEC. 6. The foregoing provisions of this joint resolution  
 6 shall not apply to any American republic.

7 USE OF AMERICAN PORTS AS BASE OF SUPPLY

8 SEC. 7. (a) Whenever, during any war in which the  
 9 United States is neutral, the President, or any person there-  
 10 unto authorized by him, shall have cause to believe that  
 11 any vessel, domestic or foreign, whether requiring clear-  
 12 ance or not, is about to carry out of a port of the United  
 13 States, fuel, men, arms, ammunition, implements of war,  
 14 or other supplies to any warship, tender, or supply ship  
 15 of a belligerent state, but the evidence is not deemed suffi-  
 16 cient to justify forbidding the departure of the vessel as  
 17 provided for by section 1, title V, chapter 30, of the Act  
 18 approved June 15, 1917 (40 Stat. 217, 221; U. S. C.,  
 19 1934 edition, title 18, sec. 31), and if, in the President's  
 20 judgment, such action will serve to maintain peace between  
 21 the United States and foreign states, or to protect the com-  
 22 mercial interests of the United States and its citizens, or to  
 23 promote the security or neutrality of the United States,  
 24 he shall have the power, and it shall be his duty, to require  
 25 the owner, master, or person in command thereof, before

stitute for the following in  
 1937: "Sec. 4. This Act shall  
 American republic or republics  
 against a non-American state or  
 the American republic is not  
 a non-American state or states

Sec. 7 is  
 the same  
 as the  
 correspond-  
 ing sec-  
 tion in  
 the Act  
 of May 1,  
 1937.

1 departing from a port of the United States, to give a bond  
 2 to the United States, with sufficient sureties, in such amount  
 3 as he shall deem proper, conditioned that the vessel will  
 4 not deliver the men, or any part of the cargo, to any war-  
 5 ship, tender, or supply ship of a belligerent state.

6 (b) If the President, or any person thereunto author-  
 7 ized by him, shall find that a vessel, domestic or foreign,  
 8 in a port of the United States, has previously cleared from  
 9 a port of the United States during such war and delivered  
 10 its cargo or any part thereof to a warship, tender, or  
 11 supply ship of a belligerent state, he may prohibit the  
 12 departure of such vessel during the duration of the war.

13 SUBMARINES AND ARMED MERCHANT VESSELS

14 SEC. 8. Whenever, during any war in which the United  
 15 States is neutral, the President shall find that special restric-  
 16 tions placed on the use of the ports and territorial waters of  
 17 the United States by the submarines or armed merchant  
 18 vessels of a foreign state, will serve to maintain peace be-  
 19 tween the United States and foreign states, or to protect the  
 20 commercial interests of the United States and its citizens,  
 21 or to promote the security of the United States, and shall  
 22 make proclamation thereof, it shall thereafter be unlawful  
 23 for any such submarine or armed merchant vessel to enter  
 24 a port or the territorial waters of the United States or to  
 25 depart therefrom, except under such conditions and subject

Sec. 8 is  
 the same  
 as the cor-  
 responding  
 section in  
 the Act of  
 May 1, 1937.

1 to such limitations as the President may prescribe. When-  
 2 ever, in his judgment, the conditions which have caused him  
 3 to issue his proclamation have ceased to exist, he shall re-  
 4 voke his proclamation and the provisions of this section  
 5 shall thereupon cease to apply.

6 NATIONAL MUNITIONS CONTROL BOARD

7 SEC. 9. (a) There is hereby established a National  
 8 Munitions Control Board (hereinafter referred to as the  
 9 "Board"). The Board shall consist of the Secretary of  
 10 State, who shall be chairman and executive officer of the  
 11 Board, the Secretary of the Treasury, the Secretary of War,  
 12 the Secretary of the Navy, and the Secretary of Commerce.  
 13 Except as otherwise provided in this joint resolution, or by  
 14 other law, the administration of this joint resolution is vested  
 15 in the Department of State. The Secretary of State shall  
 16 promulgate such rules and regulations with regard to the  
 17 enforcement of this section as he may deem necessary to  
 18 carry out its provisions. The Board shall be convened  
 19 by the chairman and shall hold at least one meeting a year.

20 (b) Every person who engages in the business of manu-  
 21 facturing, exporting, or importing any of the arms, ammuni-  
 22 tion, or implements of war referred to in this joint resolution,  
 23 whether as an exporter, importer, manufacturer, or dealer,  
 24 shall register with the Secretary of State his name, or busi-  
 25 ness name, principal place of business, and places of business

Sec. 9 is essentially the same as section 5 of the Act of May 1, 1937, except for the elimination of a provision on arms embargo, which embargo is not contemplated in this joint resolution.

1 in the United States, and a list of the arms, ammunition,  
2 and implements of war which he manufactures, imports,  
3 or exports.

4 (c) Every person required to register under this sec-  
5 tion shall notify the Secretary of State of any change in the  
6 arms, ammunition, or implements of war which he exports,  
7 imports, or manufactures; and upon such notification the  
8 Secretary of State shall issue to such person an amended  
9 certificate of registration, free of charge, which shall remain  
10 valid until the date of expiration of the original certificate.  
11 Every person required to register under the provisions of  
12 this section shall pay a registration fee of \$100. Upon  
13 receipt of the required registration fee, the Secretary of State  
14 shall issue a registration certificate valid for five years, which  
15 shall be renewable for further periods of five years upon  
16 the payment for each renewal of a fee of \$100.

17 (d) It shall be unlawful for any person to export, or  
18 attempt to export, from the United States to any other  
19 state, any of the arms, ammunition, or implements of war  
20 referred to in this joint resolution, or to import, or attempt  
21 to import, to the United States from any other state, any  
22 of the arms, ammunition, or implements of war referred to  
23 in this joint resolution, without first having obtained a license  
24 therefor.

1 (e) All persons required to register under this section  
2 shall maintain, subject to the inspection of the Secretary of  
3 State, or any person or persons designated by him, such per-  
4 manent records of manufacture for export, importation, and  
5 exportation of arms, ammunition, and implements of war as  
6 the Secretary of State shall prescribe.

7 (f) Licenses shall be issued to persons who have regis-  
8 tered as herein provided for, except in cases of export or  
9 import licenses where the export of arms, ammunition, or  
10 implements of war would be in violation of this joint reso-  
11 lution or any other law of the United States, or of a treaty  
12 to which the United States is a party, in which cases such  
13 licenses shall not be issued.

14 (g) No purchase of arms, ammunition, or implements  
15 of war shall be made on behalf of the United States by any  
16 officer, executive department, or independent establishment  
17 of the Government from any person who shall have failed  
18 to register under the provisions of this joint resolution.

19 (h) The provisions of the Act of August 29, 1916,  
20 relating to the sale of ordnance and stores to the Govern-  
21 ment of Cuba (39 Stat. 619, 643; U. S. C., 1934 edition,  
22 title 50, sec. 72), are hereby repealed as of December 31,  
23 1937.

24 (i) The Board shall make an annual report to Congress,  
25 copies of which shall be distributed as are other reports

1 transmitted to Congress. Such reports shall contain such  
 2 information and data collected by the Board as may be con-  
 3 sidered of value in the determination of questions connected  
 4 with the control of trade in arms, ammunition, and imple-  
 5 ments of war. The Board shall include in such reports a  
 6 list of all persons required to register under the provisions  
 7 of this joint resolution, and full information concerning the  
 8 licenses issued hereunder.

9 (j) The President is hereby authorized to proclaim  
 10 upon recommendation of the Board from time to time a list  
 11 of articles which shall be considered arms, ammunition, and  
 12 implements of war for the purposes of this section.

13 REGULATIONS

14 SEC. 10. The President may, from time to time, promul-  
 15 gate such rules and regulations, not inconsistent with law,  
 16 as may be necessary and proper to carry out any of the  
 17 provisions of this joint resolution; and he may exercise any  
 18 power or authority conferred on him by this joint resolution  
 19 through such officer or officers, or agency or agencies, as he  
 20 shall direct.

21 GENERAL PENALTY PROVISION

22 SEC. 11. In every case of the violation of any of the  
 23 provisions of this joint resolution or of any rule or regula-  
 24 tion issued pursuant thereto where a specific penalty is not

Sec. 10 is  
the same  
as section  
11 in the  
Act of  
May 1, 1937.

Sec. 11 dif-  
fers from a  
correspond-  
ing provi-  
sion in the  
Act of May 1,  
1937, in that the amount of the fine has been reduced  
from \$10,000 to \$1,000.

1 herein provided, such violator or violators, upon conviction,  
 2 shall be fined not more than \$1,000 or imprisoned not more  
 3 than five years, or both.

#### 4 DEFINITIONS

5 Sec. 12 is  
 6 the same as  
 7 Section 13  
 8 of the Act  
 9 of May 1,  
 10 1937, except  
 11 for the eli-  
 12 mination  
 13 of defini-  
 14 tions of the  
 15 terms "Ameri-  
 16 can vessel"  
 17 and "vehiclo",  
 18 which terms  
 19 are not used  
 20 in this  
 21 joint res-  
 22 olution.

5 SEC. 12. For the purposes of this joint resolution—

6 (a) The term "United States", when used in a geo-  
 7 graphical sense, includes the several States and Territories,  
 8 the insular possessions of the United States (including the  
 9 Philippine Islands), the Canal Zone, and the District of  
 10 Columbia.

11 (b) The term "person" includes a partnership, com-  
 12 pany, association, or corporation, as well as a natural person.

13 (c) The term "vessel" means every description of  
 14 watercraft (including aircraft) or other contrivance used,  
 15 or capable of being used, as a means of transportation on,  
 16 under, or over water.

17 (d) The term "state" shall include nation, government,  
 18 and country.

#### 19 SEPARABILITY OF PROVISIONS

20 SEC. 13. If any of the provisions of this joint resolution,  
 21 or the application thereof to any person or circumstance, is  
 22 held invalid, the remainder of the joint resolution, and the  
 23 application of such provision to other persons or circum-  
 24 stances, shall not be affected thereby.

20 Sec. 13 is  
 21 the same  
 22 as section  
 23 14 of the  
 24 Act of  
 25 May 1, 1937.

## APPROPRIATIONS

Sec. 14 is  
the same  
as section  
15 of the  
Act of  
May 1, 1937.

1  
2           SEC. 14. There is hereby authorized to be appropriated  
3 from time to time, out of any money in the Treasury not  
4 otherwise appropriated, such amounts as may be necessary  
5 to carry out the provisions and accomplish the purposes of  
6 this joint resolution.

## REPEAL OF ACTS OF 1935, 1936, 1937

Sec. 15 is  
the same  
as a cor-  
responding  
provision  
in the  
Honnings  
Bill  
(H.R.5575)  
and Pittman  
Bill  
(S.J.Res.97).

7  
8           SEC. 15. The Act of August 31, 1935 (Public Resolu-  
9 tion Numbered 67, Seventy-fourth Congress), as amended  
10 by the Act of February 29, 1936 (Public Resolution Num-  
11 bered 74, Seventy-fourth Congress), and the Act of May 1,  
12 1937 (Public Resolution Numbered 27, Seventy-fifth Con-  
13 gress), and the Act of January 8, 1937 (Public Resolution  
14 Numbered 1, Seventy-fifth Congress), are hereby repealed.

[CONFIDENTIAL COMMITTEE PRINT]

MAY 11, 1939

76TH CONGRESS  
1ST SESSION

**H. J. RES.**

---

---

**JOINT RESOLUTION**

Neutrality Act of 1939.

---

---

By Mr. BLOOM

---

---

MAY , 1939

Referred to the Committee on Foreign Affairs

↓

PSF Neutrality - 1939

June 7, 1939.

Dear Walton:-

Thank you for your note. I am pushing the Neutrality matter and hope you will see as many people in the House and Senate as you can.

If you write George Creel tell him I cannot possibly go to the Coast until July second at the earliest, and, in all probability, not until after Congress adjourns.

Ever so many thanks for those interesting envelopes. I did not have them.

My best wishes to you,

As ever yours,

Hon. R. Walton Moore,  
Office of the Counselor,  
Department of State,  
Washington, D. C.



DEPARTMENT OF STATE  
WASHINGTON

June 2, 1939.

Dear Mr. President:

Last Wednesday I received from Bullitt quite a lengthy personal letter written on May 19th in which he expresses an opinion as to the correctness of which I do not think there can be any doubt. He says:

"Incidentally, I am inclined to agree with your view that there is a very good chance that we will have no war this year; but I should consider the chance increased greatly if the provision of the Neutrality Act which forbids shipments of arms, munitions, and airplanes should be altered at once. In Germany, Ribbentrop and others who desire war are arguing that the Neutrality Act will not be changed; that supplies to France and England from the United States will be cut off, and that Germany, therefore, may risk war with impunity. Hitler, on the basis of this information, may risk it. A change in our Neutrality Act at the present moment, therefore, would enormously strengthen the chance of peace."

Even now, it is perhaps not too late to present the facts and arguments that will convince Congress of the importance of eliminating the arms embargo provision of the present law. In a conference at my office the other day with the Acting Chairman and several members of the House Committee I found them very anxious to know definitely the considerations that support that proposal when I

The President

did

The White House.

RECEIVED  
DECEMBER 1941



did what I could to supply them adequate information. It seems to me that adjournment of Congress without action would clearly serve to encourage the probability of an extensive war.

Referring to a matter I mentioned to you several weeks ago, a note from George Creel indicates that if you are to be in the West this month, he may not be able to see me in Washington until next month. He knows what I hope he will discuss in an article he may write for *Colliers*.

The enclosures will probably add nothing to your stamp collection.

This morning the suggested appropriation for the Antarctic project was considered by the House Committee when no opposition whatever developed.

Yours very sincerely,

Enclosure:  
2 air mail envelopes.

Beginning of first draft  
Neutralities PSF

It is only right that I should renew to the Congress certain recommendations which in messages from the President and in statements by the Secretary of State ~~of the United States~~ have been brought to your attention for many months past.

I trust that the Congress will do me the honor of believing certain facts which seem basic:

That the President of the United States, with the assistance of the Secretary of State and the duly appointed officers of the Department of State, is by custom and by law called upon to obtain, at all times, all possible information relating to intercourse between the United States and foreign nations and intercourse between foreign nations, one with the other.

That under the Constitution and many interpretations thereof by the Supreme Court, the President is principally charged with the conduct of the foreign relations of the United States.

That in our long and honorable history no President has ~~had sufficient~~ <sup>ed</sup> disregard ~~for~~ his solemn duty or the deep-seated desires of our citizens to ~~such~~

1122 846'14

P3F  
Neutrality

*Honorable members to present*

~~to present~~ the entry of the Nation into a state of war with another country or countries.

That to the Congress alone belongs the right to declare war; and that the Congress has entered into no war except with the belief, by overwhelming vote, that their constituents felt that no other course was open.

That in the consideration of our foreign relations whether in time of war or in time of peace the Congress has taken action, with rare exceptions, without regard to party labels and without regard to considerations of party advantage.

Beating these truths in mind, I call to your attention the fact which is based on the best knowledge obtainable

PSF  
Neutrality

It is only right that I should renew to the Congress certain recommendations which in messages from the President and in statements by the Secretary of State of the United States have been brought to your attention for many months past.

I trust that the Congress will do me the honor of believing certain facts which seem basic:

That the President of the United States, with the assistance of the Secretary of State and the duly appointed officers of the Department of State, is by custom and by law called upon to obtain, at all times, all possible information relating to intercourse between the United States and foreign nations and intercourse between foreign nations, one with the other.

That under the Constitution and many interpretations thereof by the Supreme Court, the President is principally charged with the conduct of the foreign relations of the United States.

That in our long and honorable history no President has had sufficient disregard for his solemn duty or the deep-seated desires of our citizens to seek

- 2 -

or to condone the entry of the Nation into a state of war with another country or countries.

That to the Congress alone belongs the right to declare war; and that the Congress has entered into no war except with the belief, by overwhelming vote, that their constituents felt that no other course was open.

That in the consideration of our foreign relations whether in time of war or in time of peace the Congress has taken action, with rare exceptions, without regard to party labels and without regard to considerations of party advantage.

Bearing these truths in mind, I call to your attention the fact which is based on the best knowledge obtainable

MESSAGE TO CONGRESS

*PSF  
neutrality*

*7/14/39*

It is only right that I should renew to the Congress certain recommendations which in messages from the President and in statements by the Secretary of State have been brought to your attention for many months past.

I trust that the Congress will do me the honor of believing certain facts which seem basic:

That the President of the United States, with the assistance of the Secretary of State and the duly appointed officers of the Department of State, is by custom and by law called upon to obtain, at all times, all possible information relating to intercourse between the United States and foreign nations and intercourse between foreign nations one with the other.

That under the Constitution and many interpretations thereof by the Supreme Court, the President is principally charged with the conduct of the foreign relations of the United States.

That in our long and honorable history no President has disregarded his solemn duty or the deep-seated desires of our citizens to use every honorable means to prevent the entry of the Nation into a state of war with another country or countries.

That to the Congress alone belongs the right to declare war; and that the Congress has entered into no war except with the belief, by overwhelming vote, that their constituents felt that no other course was open.

That in the discussion of our foreign relations in time of war or in time of peace, Members of the Senate and the House of Representatives, with rare exceptions, have disregarded party labels and considerations of party or personal advantage. They have proceeded on the correct theory that domestic issues terminate at low-water mark.

That the President of the United States has maintained the same high motive.

For eight years past it is a matter of history that world relationships have passed through a series of recurring crises. There have been wars between nations, civil wars and armed occupations in many parts of the world. Each occasion has presented a new situation which has differed from the others.

In all of these unfortunate events the United States has sought to maintain a true neutrality; to avoid American involvement while at the same time maintaining American rights; to base its action on fundamental principles of international law and to seek, by every reasonable means, to prevent impending armed conflict before the event itself.

In 1934 the Congress passed a Neutrality Act in the belief that by specific legislation a permanent procedure could be laid down to meet any and all situations involving foreign nations in the future. The first Act left some discretion in the President. But this was followed by the Act of 1935, which sought even more stringently to lay down iron-clad rules. In both those years I reluctantly gave my signature to these Acts. They seemed to fit the events of the moment, but I realized, and I think the Congress realized, that the Acts themselves might have to be altered to meet any new set of facts. I regret today that I approved these so-called Neutrality Acts.

It is abundantly clear that since that time the world situation has grown worse and not better; that unthought of situations have arisen on two Continents; and that the maintenance of the rules set out in 1934 or 1935 may well result in unneutrality instead of neutrality on our part.

It is unfortunate for the future peace and security of the nation when some of our citizens allow personal vindictiveness to charge, without support of fact, that any responsible member of their government would make alliances or so conduct himself as to head the nation in the direction of war. The lives of too many people are at stake.

Those who scream from the housetops that this nation is being led into a world war, that American armies will soon be headed overseas to the East or to the West, that their government is being tricked into the support of any group of foreign nations, deserve only the utmost contempt and pity of the American people. It is legitimate for all of us who seek to maintain peace and neutrality, who believe that we should throw the great weight of our moral influence to every effort, without entanglement, to prevent war between other nations, to inquire into the personal or partisan motives of those who make unspeakable and unsupported charges.

On two occasions within the year, the office of the President and the Secretary of State have had some influence in deferring armed conflicts, which, at the heat of crisis, seemed inevitable. This has been acknowledged by the heads and by the peoples of many nations.

Crises recur. The sober judgment of most leaders and most peoples is that dangers have not been ended, that new crises may spring up in any one of many places, and that there is no assurance either as to the precise character of each possible crisis, nor that such a crisis will of necessity be solved peacefully without resort to arms.

There is the situation, and it is a situation which may come to a head at any unexpected moment. That is why there should be a greater latitude in the American Government - a latitude to be used in the cause of peace, a latitude to try its utmost to prevent an actual explosion, and a latitude to fit American neutrality into actual events, the specifications of which cannot be written down beforehand.

It has been suggested that action by the Congress in relation to American neutrality should be deferred until the next session, allowing the existing statutory situation as it is. This suggestion is based on the happy thought that between now and next Spring no difficult international situation will arise, but that if one should arise, the President could convene the Congress in Special Session to meet the new situation.

It is not in any way <sup>in derogation</sup> ~~in derogation~~ either of the powers or the procedure of the Congress to point out the probability of long debates seeking perhaps to lock the stable door after the horse has escaped. It is also clear, of course, that any action taken by the Congress after the event and after much delay would inevitably be regarded by large sections of our own population and by the peoples of

other nations as well, as being unneutral in fact. In the kaleidoscopic changes affecting every nation in the world, which would result from anything greater than a localized war, detailed legislation would almost inevitably result in a set of rules which might have to be changed the following week in order to maintain our neutrality.

That is one reason that the framers of the Constitution, who were fully aware of the constantly changing cross-currents of the Europe of the Eighteenth Century, gave to the President the conduct of foreign affairs.

Since the day the Maine was blown up in Havana harbor, the United States has learned many lessons of what to do and what not to do. These lessons were brought home to us by the events which led up to the World War, by the happenings of the war period itself, and by the aftermath of that war.

I realize that the Congress has been in session for six months and that an adjournment would normally be in order soon.

I would not fulfill the duties of my office were I to agree that the world situation is so reasonably safe from the point of view of the United States that action by

the Congress can be deferred until next Spring.

There is no sound reason, in my judgment, for unconscionable debate or delay. The subject has been debated in the Halls of Congress and in the pages of newspapers and books for several years. There is little new that can be said or written.

The policy of the President is well known; if it is any help, I repeat it:

1. To do all in the power of the Government to prevent wars from starting between foreign nations.
2. To avoid any entangling alliances on our part.
3. To keep the United States out of war. Lest these words be insufficiently clear -- to send no American armies overseas.
4. In the unfortunate event of a great foreign war, to maintain a true neutrality on the part of the United States.
5. In order to avoid involvement on our part, to keep American citizens and ships out of conflict zones, except at their own risk, and to avoid financial losses by the prevention of loans and credits to belligerents.

Because it is manifestly impossible, in the light of history and of present conditions, for any legislative body in the world to draw up a complete set of rules for international situations or international wars, which have never been conducted in accordance with rules, I ask for action by the Congress at this session, in order to make American neutrality more safe and American security in the days to come more sure.

\*\*\*\*\*

PSF. Neutrality - 1939

IN THE EVENT OF A EUROPEAN WAR

country, just as Russia, France and England did. While actual

I.

hostilities proved a surprise, public opinion in the United States

1. It is of the highest importance that public opinion  
condemned the Triple Alliance not because of a difference in fund-  
be mobilized in the first week. In 1914 the State Department  
affairs of civilization, but because they started war on the side  
and the President did absolutely to lead public opinion except  
pretext of the assassination of Archduke Franz Ferdinand because almost im-

(a) The statement of Secretary Bryan that the  
United States proposed to be wholly neutral,  
and

(b) The appeal by ~~the~~ President Wilson to the  
Nation, asking the country not only to be  
neutral in act but also neutral in their  
minds.

For ten years in the United States, a new form

The result was a conflicting flood of opinions, sug-  
gestions, forecasts and general confusion.

It is my belief, based on close association with the  
1914 situation that today certain fundamentals of humanity and  
christianity are more clearly apparent than in 1914. That year  
marked the culmination not of two schools of thought - two fund-  
amentals of government - but rather the culminating point of  
forty-three years (since 1871) of a race for domination between  
two approximately equal groups of nations. The German Empire,  
the Austro-Hungarian Empire, and the Kingdom of Italy, were,  
after all, considered to hold the same adherence to the rules of  
international law and of warfare as the Russian Empire and the  
French Republic. Great Britain fell into the same category  
of what were then thought of as standards of civilization. There-  
fore, the Triple Alliance in July, 1914, had many friends in this

10 11 21

Progresses and acts have definitely concerned themselves with the country, just as Russia, France and England did. While actual affairs of other nations. That is the point in the account as far hostilities proved a surprise, public opinion in the United States as American opinion is concerned. They realize that if Germany and Italy succeed in imposing the dictator form of government on the continent of civilization, but because they forced war on the slim pretext of the assassinations of Sarajevo, and because almost immediately Germany invaded a neutral State - Belgium -

and logical German or Italian movement, separately or in combination will be against other parts of the world. - French Colonies, Belgian Colonies, British Colonies - or with equal likelihood, one of government has not only been put into operation, but has, we must admit, succeeded to a great extent in the internal affairs of each nation. This form of government, especially in Germany is hated by 90 percent. of us Americans because it has denied to the German, and to a less extent, the Italian peoples, the liberties which these peoples had before - liberties which we consider essential to any representative or democratic form of government.

Minorities have been ruthlessly terrorized or evicted, free elections are abolished, free speech and free press are destroyed, and on top of all of this, the people of both nations have been put to work building up armaments of all kinds to an unimagined extent.

The American Government thinks of the outbreak of a general European war, and just where the American people ought to stand in relation to that war.

German and Italian purposes and actions related solely to internal policies; but the American people realize that German and Italian

processes and acts have definitely concerned themselves with the  
 2. At the same time it is my thought that the Congress  
 affairs of other nations. That is the meat in the coconut so far  
 should be advised of the policy of the Secretary of State and the  
 as American opinion is concerned. They realize that if Germany  
 President, and be asked for the necessary legislation to carry  
 and Italy succeed in imposing the dictator form of government on  
 out that policy. In other words, a Message to the Congress  
 their European neighbors, or become so powerful that the smaller  
 could cover very simply the following:  
 states of Europe will be bullied into doing their will, the next  
 (a) A European War has broken out, threatening  
 and logical German or Italian movement, separately or in combination  
 will be against other parts of the world, - French Colonies,  
 of any person as to the fundamental issue in-  
 Belgian Colonies, British Colonies - or with equal likelihood, one  
 or more of the American Republics. (whatever may be said  
 for it in regard to its internal affairs) is, as

Summing it up, therefore, I am convinced that the American  
 people realize exactly where we should stand - not as a possible  
 which are differently governed.  
 belligerent, but as the greatest nation whose public opinion and  
 sympathies lie definitely against the actions of Germany and  
 against Europe.  
 Italy, and therefore definitely on the side of those other nations  
 which abhor those methods. (The Overthrow  
 the majority of Americans realize that if Germany

It is my thought that the President should inform the  
 American people as a whole, either by a formal statement of by  
 seek to extend their methods and their domination  
 a broadcast, or both, in the simplest possible terms, just what  
 the American Government thinks of the outbreak of a general Europ-  
 in the American hemisphere. Probably that they would  
 ean war, and just where the American people ought to stand in  
 relation to that war. Europe, would strike in the Americas  
 while fully mobilized and victorious.

2. At the same time it is my thought that the Congress should be advised of the policy of the Secretary of State and the President, and be asked for the necessary legislation to carry out that policy. In other words, a Message to the Congress could cover very simply the following:

(a) A European War has broken out, threatening to involve the cradle of western civilization.

(b) This time there is no doubt in the minds of any person as to the fundamental issues involved in this war. It is a conflict between a form of government which (whatever may be said for it in regard to its internal affairs) is, as practiced, a menace to peace, because it seeks to extend its influence by conquest to other nations which are differently governed.

(c) The United States purposes to take no military part in this war, and intends to send no armies to Europe.

(d) The United States has, however, a definite interest in the outcome of this war. The overwhelming majority of Americans realize that if Germany and Italy and their methods are victorious, it is as certain as anything can be certain that they will seek to extend their methods and their domination all over the world. That means that if they are victorious in Europe, we would have to fight them in the American hemisphere. Probably that day would come quickly, because Germany and Italy, completely victorious in Europe, would strike in the Americas while fully mobilized and victorious.

(e) There can be, therefore, no question that the United States must do everything that it can, short of fighting in the European zone, to prevent Italy and Germany from a victorious assumption of their methods and policies.

In this there is, I believe, overwhelming approval on the part of our people.

(f) In order to do what America can, the Neutrality law should be at once amended as follows:

1. American citizens should be allowed to go into the war zone only at their own risk.
2. American ships would go into the war zone only at their own risk.
3. American citizens would travel on foreign flagships only at their own risk.
4. No munitions or supplies should be allowed to go directly or indirectly into German or Italian dominated countries from the United States except at their own risk.
5. American supplies of all kinds, including every kind of war material, food stuffs, etc. should be allowed to be sold to any nation at war with Germany and Italy - and to neutral nations if it is clearly established that American exports will not be used ~~and~~ in any shape, manner or form by Germany or Italy.
6. Every effort should be made to line up every other nation, especially in this hemisphere, in the adoption of this policy in the interest of the maintenance of the democratic form of government.

Put in War Speech material  
as the President may want to use  
some time later.  
G.C.T.

Remain of  
Neutrality laws  
7-14-30

Draft of possible Message on  
Neutrality - July, 1939.

*file  
Neutrality*

The Congress has pending before it at the present time certain proposals providing for the amendment of the existing so-called neutrality legislation. Some of these proposed changes I regard as necessary to promote the peace and security of the United States.

There is an astonishing amount of confusion and misunderstanding as regards the legislation under consideration, and particularly with regard to the operation of the existing arms embargo.

I shall try to bring out as clearly as I can the important points of agreement and disagreement between those who support the principles contained in the six point peace and neutrality program recommended by the Executive branch of the Government and those who oppose these recommendations.

In substance and in principle both sides of the discussion agree on the following points:

1. Both sides agree that the first concern of the United States must be its own peace and security.
2. Both sides agree that it should be the policy of this Government to avoid being drawn into wars between other nations.

3. Both sides agree that this nation should at all times avoid entangling alliances or involvements with other nations.

4. Both sides agree that in the event of foreign wars this nation should maintain a status of strict neutrality, and that around the structure of neutrality this country should so shape its policies as to keep this nation from being drawn into war.

On the other hand, the following is the chief essential point of disagreement between those who favor the adoption of the recommendations formulated by the Executive branch of the Government and those who are opposing these recommendations:

The proponents, including the Executive branch of the Government, at the time when the arms embargo was originally adopted called attention to the fact that its enactment constituted a hazardous departure from the principle of international law which recognizes the right of neutrals to trade with belligerents and of belligerents to trade with neutrals. They believe that neutrality means impartiality, and in their view an arms embargo is directly opposed to the idea of neutrality. It is not humanly possible, by enacting an arms

embargo, or by refraining from such enactment, to hold the scales exactly even between two belligerents. In either case one belligerent may find itself in a position of relative advantage or disadvantage. The important difference between the two cases is that when such a condition arises in the absence of an arms embargo on our part, no responsibility attaches to this country, whereas in the presence of an embargo, the responsibility of this country for the creation of the condition is direct and clear.

There is no theory or practice to be found in international law pertaining to neutrality to the effect that the advantages that any particular belligerent might procure through its geographic location, its superiority on land or at sea, or through other circumstances, should be offset by the establishment by neutral nations of embargoes.

The opposition to the present substitute proposal join issue on this point and stand for the present rigid embargo as a permanent part of our neutrality policy. And yet by insisting on an arms embargo in time of war they are, to that extent for the reasons I have stated, urging not

neutrality, but a species of unneutrality, the serious  
the right of belligerents to treat any such commodities  
as contraband. There is no shred of

consequences of which no one can predict.

Those who urge the retention of the present embargo continue to advance the view that it will keep this country out of war, - thereby misleading the American people to rely upon a false and illogical delusion as a means of keeping out of war.

I say it is illogical, because while the trade in "arms, ammunition and implements of war" is at present banned, the trade in equally essential war materials, as well as all the essential materials out of which the finished articles are made can continue. For example, in time of war, we can sell cotton for the manufacture of explosives, but not the explosives; we can sell the steel and copper for cannon and for shells but not the cannon nor the shells; we can continue to sell to belligerents the high powered fuel necessary for the operation of airplanes, but we are not able to sell the airplanes.

I say it is a false delusion because a continuation of the trade in arms is a clearly recognized and traditional right of the nationals of a neutral country in time of war, subject only to effective blockade and to the right of belligerents to treat any such commodities as contraband. There is no shred of

It means that if any country is disposed towards conquest, evidence to support the assertion that this country and devotes its energy and resources to establish itself has ever engaged or may become engaged in serious contest as a superior fighting power, that country may be more controversy solely over the fact that its nationals have tempted to try the fortunes of war if it feels that the sold arms to belligerents. All available evidence is less well prepared opponents should be shut off from those directly to the contrary. Controversies which would supplies which, under every rule of international law, involve the United States are far more likely to arise they should be able to buy in all neutral countries, from the entrance of American ships or American citizens including the United States. It means also that some in the danger zones or through the sinking on the high of those countries which have only limited facilities seas of American vessels carrying commodities other than for the production of arms, munitions and implements of those covered by the arms embargo. In the recommendations war are put in a position of increased dependence. Delformulated by the Executive as a substitute for the presing possibilities they would feel the desirability of changing ent legislation it was especially urged that provisions their political policy to suit the military strength of be adopted which would exclude American nationals and others; and during war-time their powers of defense would American ships from zones where real danger to their be limited. safety might exist.

For these reasons those who are supporting the recommendations for the abandonment of existing legislation Those of us who support the recommendations formulated for the elimination of the embargo are convinced recognize definitely that the present embargo encourages that the arms embargo plays into the hands of those nations both in Europe and Asia. Since the present embargo tions which have taken the lead in building up their has this effect its results are directly prejudicial to fighting power. It works directly against the interests the highest interests and to the peace and to the security ests of the peace-loving nations, especially those which of the United States, do not possess their own munitions plants.

It means that if any country is disposed towards conquest,  
and devotes its energy and resources to establish itself  
as a superior fighting power, that country may be more  
tempted to try the fortunes of war if it feels that its  
less well prepared opponents would be shut off from those  
supplies which, under every rule of international law,  
they should be able to buy in all neutral countries,  
including the United States. It means also that some  
of those countries which have only limited facilities  
for the production of arms, munitions and implements of  
war are put in a position of increased dependence. Dur-  
ing peace-time they would feel the compulsion of shaping  
their political policy to suit the military strength of  
others; and during war-time their powers of defense would  
be limited.

For these reasons those who are supporting the recom-  
mendations for the amendment of existing legislation  
recognize definitely that the present embargo encourages  
war both in Europe and Asia. Since the present embargo  
has this effect its results are directly prejudicial to  
the highest interests and to the peace and to the security  
of the United States.

In the present grave conditions of international anarchy and of danger to peace, in more than one part of the world, I profoundly believe that the first great step towards safeguarding this nation from being drawn into war is to use whatever influence it can, compatible with the traditional policy of our country of non-involvement, so as to make less likely the outbreak of a major war. This is a duty placed upon our Government which some may choose to belittle or to reject. But it must be clear to every one of us that the outbreak of a general war increases the dangers confronting the United States. This fact cannot be ignored.

I would emphasize that the course proposed through the substitute legislation recommended by the Executive is consistent with the rules of international law and with the policy of our own country over a period of 150 years. The basis for the recommendations made is the firm intention of keeping this country from being drawn into war. If there existed any desire to assist or to injure particular foreign countries this Government would not have been endeavoring persistently, within the limitations of,

our traditional policy, over a period of many years to do its utmost to avoid the outbreak of war. I earnestly appeal to the Congress to lend the fullest measure of its cooperation to the Executive in the endeavor to avoid war and implements of war by this country is immoral and in the first place and to place this country in a position that on this ground it should be recognized in view of the greatest security possible, should war break out.

In the tragic event that peace efforts fail and that a major war occurs, there will be unanimous agreement with- in the United States that this nation shall not participate therein.

dedicated to the maintenance of peace, but who have felt the necessity of creating or of augmenting their means of national self-defense, thereby protecting otherwise helpless men, women and children in the event that other powers resort to war. In the face of the present universal danger all countries including our own feel the necessity of increasing armament, and small countries in particular are dependent upon countries like the United States which have the capacity to produce armaments. Our refusal

I must also refer to the impression sedulously created to the effect that the sale of arms, munitions and implements of war by this country is immoral and that on this ground it should be suppressed in time of war.

As a matter of fact almost all sales of arms and ammunition made in recent years by our nationals have been made to governments whose policies have been dedicated to the maintenance of peace, but who have felt the necessity of creating or of augmenting their means of national self-defense, thereby protecting otherwise helpless men, women and children in the event that other powers resort to war. In the face of the present universal danger all countries including our own feel the necessity of increasing armament, and small countries in particular are dependent upon countries like the United States which have the capacity to produce armaments. Our refusal

to make it possible for them to obtain such means  
of necessary self-defense in a time of grave emergency  
would contribute solely towards making more helpless  
the law-abiding and peace-devoted peoples of the world.  
If such action is moral and if, on the contrary, sales  
of the means of self-defense for the protection of  
peaceful and law-abiding peoples are immoral, then  
a new definition of morality and immorality must be  
written. I shall leave this task to the proponents  
of the arms embargo.

I must also refer to another impression created by  
propaganda to the effect that the abandonment of the  
arms embargo would increase power of action on the part of  
the Executive branch of the Government and conversely that  
the maintenance of the embargo would serve as an additional  
check on the powers of the Executive. It is difficult to  
see how either of these propositions could possibly hold  
true. An impartial granting of access to American markets

to all countries without distinction gives the Executive no additional power to choose among them and to commit this country to any line of policy or action which may lead it either into a dangerous controversy or into war with any foreign power.

The proposals for amendment of the existing legislation which were recommended to the legislative branch of our Government through the communications transmitted by the Secretary of State to Senator Pittman and to Congressman Bloom on May 27 and which will safeguard our nation to the fullest possible extent from incurring the risks of involvement in war are as follows:

- (1) To prohibit American ships from entering combat areas;
- (2) To restrict travel by American citizens in combat areas;
- (3) To require that goods exported from the United States to belligerent countries shall be preceded by the transfer of title to the foreign

**purchasers;**

There has thus been offered as a substitute

**(4) To continue the existing legislation respecting loans and credits to belligerent nations;**

set of provisions, which in no conceivable sense could

**(5) To regulate the solicitation and collection of funds for belligerents;**

in this country of funds for belligerents; and the present act would aid both in avoiding war in the

**(6) To continue the National Munitions Control Board and the licensing system with respect to the importation and exportation of arms, ammunition, and implements of war.**

implements of war.

In connection with our foreign affairs, I think all

**This six-point program was the best that could be devised after much painstaking thought and study, and after many conferences with members of the Congress, Executive and Legislative departments of the Government, of how best to keep this country out of a conflict should it arise. It rests primarily on the established**

**rules of international law plus the curtailment of**

**certain rights, the exercise of which is permitted under international law but might lead to controversies with belligerents and eventual involvement in foreign wars.**

The fullest measure of constructive criticism is helpful

There has thus been offered as a substitute for the present act a far broader and more effective set of provisions, which in no conceivable sense could breed trouble, but which to a far greater extent than the present act would aid both in avoiding war in the first place, and while keeping strictly within the limits of neutrality, would likewise help to keep this nation from being drawn into war if war comes.

In connection with our foreign affairs, I think all must agree that, unless a spirit of collaboration and cooperation characterizes the relations between the Executive and Legislative departments of the Government, the peace and other vital interests of this country will inevitably be jeopardized.

At this time when critical conditions obtain throughout the greater part of the world I am sure that we are all equally persuaded that politics should play no part in the determination of the foreign policy of this country. The fullest measure of constructive criticism is helpful

and desirable, and is of course most welcome.

In the present situation of danger a peaceful nation like ours cannot complacently close its eyes and ears in formulating a peace and neutrality policy, as though such abnormal and critical conditions did not exist. Such course would offer the strongest possible incentive to war-like countries speedily to overrun their respective areas of the world.

The entire question of peace and neutrality at this serious juncture in its possible effects upon the safety and the interest of the United States during coming months is of the utmost importance. This question should, in my judgment, receive full and careful consideration and be acted upon by this Government without unnecessary or undue delay.

Senator Barkley said:

The consensus of opinion was on the part of those members of the Senate present was that no action on <sup>legislation</sup> neutrality can be returned in the Senate at the present session, and that a majority of the Senate would oppose in this view. Senator McNary expressed the same belief. They agreed that a majority of the Senate would consider neutrality legislation at the beginning of the next session.

The President & the Chief of State maintained the definite position that failure by the Senate to take action now would weaken the leadership of the U.S. in exercising its <sup>responsibilities</sup> ~~responsibilities~~ in the issue of <sup>preparation</sup> ~~preparation~~ <sup>preparing</sup> ~~preparing~~ other nations in the event of a new crisis in Europe between now and next January.

Statements written by the President in his own hand and issued to the Press at 11:45 P.M. July 18, 1939, following discussion with the Democratic and Republican leaders of the Senate on neutrality legislation.

PSF  
Neutrality

*PSF  
Neutrality*

DEPARTMENT OF STATE

FOR THE PRESS

SEPTEMBER 5, 1939  
No. 379

PROCLAIMING THE NEUTRALITY OF THE UNITED STATES  
IN THE WAR BETWEEN GERMANY AND FRANCE; POLAND; AND  
THE UNITED KINGDOM, INDIA, AUSTRALIA AND NEW ZEALAND.

-----  
BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS a state of war unhappily exists between Germany and France; Poland; and the United Kingdom, India, Australia and New Zealand;

AND WHEREAS the United States is on terms of friendship and amity with the contending powers, and with the persons inhabiting their several dominions;

AND WHEREAS there are nationals of the United States residing within the territories or dominions of each of the said belligerents, and carrying on commerce, trade, or other business or pursuits therein;

AND WHEREAS there are nationals of each of the said belligerents residing within the territory or jurisdiction of the United States, and carrying on commerce, trade, or other business or pursuits therein;

AND WHEREAS the laws and treaties of the United States, without interfering with the free expression of opinion and sympathy, nevertheless impose upon all persons who may be within their territory and jurisdiction the duty of an impartial neutrality during the existence of the contest;

AND WHEREAS it is the duty of a neutral government not to permit or suffer the making of its territory or territorial waters subservient to the purposes of war;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, in order to preserve the neutrality of the United States and of its citizens and of persons within its territory and jurisdiction, and to enforce its laws and treaties, and in order that all persons, being warned of the general tenor of the laws and treaties of the United States in this behalf, and of the law of nations, may thus be prevented from any violation of the same, do hereby declare and proclaim that by certain provisions

of

of the act approved on the 4th day of March, A.D. 1909, commonly known as the "Penal Code of the United States" and of the act approved on the 15th day of June, A.D. 1917, the following acts are forbidden to be done, under severe penalties, within the territory and jurisdiction of the United States, to wit:

1. Accepting and exercising a commission to serve one of the said belligerents by land or by sea against an opposing belligerent.
2. Enlisting or entering into the service of a belligerent as a soldier, or as a marine, or seaman on board of any ship of war, letter of marque, or privateer.
3. Hiring or retaining another person to enlist or enter himself in the service of a belligerent as a soldier, or as a marine, or seaman on board of any ship of war, letter of marque, or privateer.
4. Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be enlisted as aforesaid.
5. Hiring another person to go beyond the limits or jurisdiction of the United States with intent to be entered into service as aforesaid.
6. Retaining another person to go beyond the limits or jurisdiction of the United States to be enlisted as aforesaid.
7. Retaining another person to go beyond the limits or jurisdiction of the United States with intent to be entered into service as aforesaid. (But the said act of the 4th day of March, A.D. 1909, as amended by the act of the 15th day of June, A.D. 1917, is not to be construed to extend to a citizen or subject of a belligerent who, being transiently within the jurisdiction of the United States, shall, on board of any ship of war, which, at the time of its arrival within the jurisdiction of the United States, was fitted and equipped as such ship of war, enlist or enter himself or hire or retain another subject or citizen of the same belligerent, who is transiently within the jurisdiction of the United States, to enlist or enter himself to serve such belligerent on board such ship of war, if the United States shall then be at peace with such belligerent.)
8. Fitting out and arming, or attempting to fit out and arm, or procuring to be fitted out and armed, or knowingly being concerned in the furnishing, fitting out, or arming of any ship or vessel with intent that such ship or vessel shall be employed in the service of one of the said belligerents to cruise, or commit hostilities against the

subjects,

subjects, citizens, or property of an opposing belligerent.

9. Issuing or delivering a commission within the territory or jurisdiction of the United States for any ship or vessel to the intent that she may be employed as aforesaid.

10. Increasing or augmenting, or procuring to be increased or augmented, or knowingly being concerned in increasing or augmenting, the force of any ship of war, cruiser, or other armed vessel, which at the time of her arrival within the jurisdiction of the United States was a ship of war, cruiser, or armed vessel in the service of a belligerent, or belonging to a national thereof, by adding to the number of guns of such vessel, or by changing those on board of her for guns of a larger caliber, or by the addition thereto of any equipment solely applicable to war.

11. Knowingly beginning or setting on foot or providing or preparing a means for or furnishing the money for, or taking part in, any military or naval expedition or enterprise to be carried on from the territory or jurisdiction of the United States against the territory or dominion of a belligerent.

12. Despatching from the United States, or any place subject to the jurisdiction thereof, any vessel, domestic or foreign, which is about to carry to a warship, tender, or supply ship of a belligerent any fuel, arms, ammunition, men, supplies, despatches, or information shipped or received on board within the jurisdiction of the United States.

13. Despatching from the United States, or any place subject to the jurisdiction thereof, any armed vessel owned wholly or in part by American citizens, or any vessel, domestic or foreign (other than one which has entered the jurisdiction of the United States as a public vessel), which is manifestly built for warlike purposes or has been converted or adapted from a private vessel to one suitable for warlike use, and which is to be employed to cruise against or commit or attempt to commit hostilities upon the subjects, citizens, or property of a belligerent nation, or which will be sold or delivered to a belligerent nation, or to an agent, officer, or citizen thereof, within the jurisdiction of the United States, or, having left that jurisdiction, upon the high seas.

14. Despatching from the United States, or any place subject to the jurisdiction thereof, any vessel built, armed, or equipped as a ship of war, or converted from a private vessel into a ship of war (other than one which has entered the jurisdiction of the United States as a public vessel), with any intent or under any agreement or contract, written or oral, that such vessel shall be delivered

to

to a belligerent nation, or to any agent, officer, or citizen of such nation, or where there is reasonable cause to believe that the said vessel shall or will be employed in the service of such belligerent nation after its departure from the jurisdiction of the United States.

15. Taking, or attempting or conspiring to take, or authorizing the taking of any vessel out of port or from the jurisdiction of the United States in violation of the said act of the 15th day of June, A.D. 1917, as set forth in the preceding paragraphs numbered 11 to 14 inclusive.

16. Leaving or attempting to leave the jurisdiction of the United States by a person belonging to the armed land or naval forces of a belligerent who shall have been interned within the jurisdiction of the United States in accordance with the law of nations, or leaving or attempting to leave the limits of internment in which freedom of movement has been allowed, without permission from the proper official of the United States in charge, or wilfully overstaying a leave of absence granted by such official.

17. Aiding or enticing any interned person to escape or attempt to escape from the jurisdiction of the United States, or from the limits of internment prescribed.

AND I do hereby further declare and proclaim that any frequenting and use of the waters within the territorial jurisdiction of the United States by the vessels of a belligerent, whether public ships or privateers for the purpose of preparing for hostile operations, or as posts of observation upon the ships of war or privateers or merchant vessels of an opposing belligerent must be regarded as 'unfriendly and offensive, and in violation of that neutrality which it is the determination of this government to observe; and to the end that the hazard and inconvenience of such apprehended practices may be avoided, I further proclaim and declare that from and after the fifth day of September instant, and so long as this proclamation shall be in effect, no ship of war or privateer of any belligerent shall be permitted to make use of any port, harbor, roadstead, or waters subject to the jurisdiction of the United States as a station or place of resort for any warlike purpose or for the purpose of obtaining warlike equipment; no privateer of a belligerent shall be permitted to depart from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States; and no ship of war of a belligerent shall be permitted to sail out of or leave any port, harbor, roadstead, or waters subject to the jurisdiction of the United States from which a vessel of an opposing belligerent (whether the same shall be a ship of war or a

merchant

merchant ship) shall have previously departed, until after the expiration of at least twenty-four hours from the departure of such last mentioned vessel beyond the jurisdiction of the United States.

If any ship of war of a belligerent shall, after the time this notification takes effect, be found in, or shall enter any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, such vessel shall not be permitted to remain in such port, harbor, roadstead, or waters more than twenty-four hours, except in case of stress of weather, or for delay in receiving supplies or repairs, or when detained by the United States; in any of which cases the authorities of the port, or of the nearest port (as the case may be), shall require her to put to sea as soon as the cause of the delay is at an end, unless within the preceding twenty-four hours a vessel, whether ship of war or merchant ship of an opposing belligerent, shall have departed therefrom, in which case the time limited for the departure of such ship of war shall be extended so far as may be necessary to secure an interval of not less than twenty-four hours between such departure and that of any ship of war or merchant ship of an opposing belligerent which may have previously quit the same port, harbor, roadstead, or waters.

Vessels used exclusively for scientific, religious, or philanthropic purposes are exempted from the foregoing provisions as to the length of time ships of war may remain in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

The maximum number of ships of war belonging to a belligerent and its allies which may be in one of the ports, harbors, or roadsteads subject to the jurisdiction of the United States simultaneously shall be three.

When ships of war of opposing belligerents are present simultaneously in the same port, harbor, roadstead, or waters, subject to the jurisdiction of the United States, the one entering first shall depart first, unless she is in such condition as to warrant extending her stay. In any case the ship which arrived later has the right to notify the other through the competent local authority that within twenty-four hours she will leave such port, harbor, roadstead, or waters, the one first entering, however, having the right to depart within that time. If the one first entering leaves, the notifying ship must observe the prescribed interval of twenty-four hours. If a delay beyond twenty-four hours from the time of arrival is granted, the termination of the cause of delay will be considered the time of arrival in deciding the right of priority in departing.

Vessels

Vessels of a belligerent shall not be permitted to depart successively from any port, harbor, roadstead, or waters subject to the jurisdiction of the United States at such intervals as will delay the departure of a ship of war of an opposing belligerent from such ports, harbors, roadsteads, or waters for more than twenty-four hours beyond her desired time of sailing. If, however, the departure of several ships of war and merchant ships of opposing belligerents from the same port, harbor, roadstead, or waters is involved, the order of their departure therefrom shall be so arranged as to afford the opportunity of leaving alternately to the vessels of the opposing belligerents, and to cause the least detention consistent with the objects of this proclamation.

All belligerent vessels shall refrain from use of their radio and signal apparatus while in the harbors, ports, roadsteads, or waters subject to the jurisdiction of the United States, except for calls of distress and communications connected with safe navigation or arrangements for the arrival of the vessel within, or departure from, such harbors, ports, roadsteads, or waters, or passage through such waters; provided that such communications will not be of direct material aid to the belligerent in the conduct of military operations against an opposing belligerent. The radio of belligerent merchant vessels may be sealed by the authorities of the United States, and such seals shall not be broken within the jurisdiction of the United States except by proper authority of the United States.

No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to take in any supplies except provisions and such other things as may be requisite for the subsistence of her crew in amounts necessary to bring such supplies to her peace standard, and except such fuel, lubricants, and feed water only as may be sufficient, with that already on board, to carry such vessel, if without any sail power, to the nearest port of her own country; or in case a vessel is rigged to go under sail, and may also be propelled by machinery, then half the quantity of fuel, lubricants, and feed water which she would be entitled to have on board, if dependent upon propelling machinery alone, and no fuel, lubricants, or feed water shall be again supplied to any such ship of war in the same or any other port, harbor, roadstead, or waters subject to the jurisdiction of the United States until after the expiration of three months from the time when such fuel, lubricants and feed water may have been last supplied to her within waters subject to the jurisdiction of the United States. The amounts of fuel, lubricants, and feed water allowable under the above provisions shall be based on the economical speed of the vessel,

plus

plus an allowance of thirty per centum for eventualities.

No ship of war of a belligerent shall be permitted, while in any port, harbor, roadstead, or waters subject to the jurisdiction of the United States, to make repairs beyond those that are essential to render the vessel seaworthy and which in no degree constitute an increase in her military strength. Repairs shall be made without delay. Damages which are found to have been produced by the enemy's fire shall in no case be repaired.

No ship of war of a belligerent shall effect repairs or receive fuel, lubricants, feed water, or provisions within the jurisdiction of the United States without written authorization of the proper authorities of the United States. Before such authorization will be issued, the commander of the vessel shall furnish to such authorities a written declaration, duly signed by such commander, stating the date, port, and amounts of supplies last received in the jurisdiction of the United States, the amounts of fuel, lubricants, feed water, and provisions on board, the port to which the vessel is proceeding, the economical speed of the vessel, the rate of consumption of fuel, lubricants, and food water at such speed, and the amount of each class of supplies desired. If repairs are desired, a similar declaration shall be furnished stating the cause of the damage and the nature of the repairs. In either case, a certificate shall be included to the effect that the desired services are in accord with the rules of the United States in that behalf.

No agency of the United States Government shall, directly or indirectly, provide supplies nor effect repairs to a belligerent ship of war.

No vessel of a belligerent shall exercise the right of search within the waters under the jurisdiction of the United States, nor shall prizes be taken by belligerent vessels within such waters. Subject to any applicable treaty provisions in force, prizes captured by belligerent vessels shall not enter any port, harbor, roadstead, or waters under the jurisdiction of the United States except in case of unseaworthiness, stress of weather, or want of fuel or provisions; when the cause has disappeared, the prize must leave immediately, and if a prize captured by a belligerent vessel enters any port, harbor, roadstead, or waters subject to the jurisdiction of the United States for any other reason than on account of unseaworthiness, stress of weather, or want of fuel or provisions, or fails to leave as soon as the circumstances which justified the entrance are at an end, the prize with its officers and crew will be released and the prize crew will be interned. A belligerent Prize Court can not be

set up on territory subject to the jurisdiction of the United States or on a vessel in the ports, harbors, roadsteads, or waters subject to the jurisdiction of the United States.

The provisions of this proclamation pertaining to ships of war shall apply equally to any vessel operating under public control for hostile or military purposes.

AND I do further declare and proclaim that the statutes and the treaties of the United States and the law of nations alike require that no person, within the territory and jurisdiction of the United States, shall take part, directly or indirectly, in the said war, but shall remain at peace with all of the said belligerents, and shall maintain a strict and impartial neutrality.

AND I do further declare and proclaim that the provisions of this proclamation shall apply to the Canal Zone except in so far as such provisions may be specifically modified by a proclamation or proclamations issued for the Canal Zone.

AND I do hereby enjoin all nationals of the United States, and all persons residing or being within the territory or jurisdiction of the United States, to observe the laws thereof, and to commit no act contrary to the provisions of the said statutes or treaties or in violation of the law of nations in that behalf.

AND I do hereby give notice that all nationals of the United States and others who may claim the protection of this government, who may misconduct themselves in the premises, will do so at their peril, and that they can in no wise obtain any protection from the government of the United States against the consequences of their misconduct.

This proclamation shall continue in full force and effect unless and until modified, revoked or otherwise terminated, pursuant to law.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the city of Washington this fifth day of ~~September~~ in the year of our Lord nineteen hundred and thirty-nine, and of the Independence of the United States of America the one hundred and sixty-fourth.

[SEAL]

By the President:

FRANKLIN D. ROOSEVELT

CORDELL HULL

Secretary of State.

PSF: *Neutrality*

*File  
Personal +  
Private  
Sept. 15, 1939  
PSF: Neutrality  
2*

MEMORANDUM

Re: Neutrality Act

From very reliable sources. As of today the plans of the Republican National Committee Publicity Section (Waltman) in respect of the Neutrality Act are as follows:

(1) A period of resistance to repeal designed to disseminate the impression that the President will, if not restrained, get the country into war. This will be accomplished by a "filibuster" by present outspoken foes of modification of the Act -- Borah, Nye, Vandenberg, etc. -- to create an uneasiness that the President's intentions or "blundering" under his "vague" powers are dangerously likely to get the country into war.

(2) This period will last up to the point where the benefit of political damage to the President will be outweighed by the political damage to the Republican Party from pro-allied and business profits sentiment.

(3) At that point the Republican direction will be taken up by men like Martin and McNary, who will then say that all the Republicans are really objecting to is vague personal powers of the President and that if the President really means what he says about national unity and a cessation of politics and will sit down with Republican leaders to draft a new bill which will be called "An Act to Protect the United States Against Involvement in War", the Republican leaders are sure that a satisfactory bill can be worked out. Then they will cooperate in drafting a bill which in substance meets the needs of the Allies and the demands of business men. But they will then publicize the act as a "victory for peace" for which the credit goes to the Republicans by reason of the fact that the new bill curtails the "vague and broad" powers which the President has asked for himself.

*Y. R. B. Mitchell  
Y.R.B. 2-1-4*

*copy sent to  
Director*

PET HARRISON, MISS., CHAIRMAN  
 WILLIAM H. KING, UTAH  
 WALTER F. GEORGE, GA.  
 DAVID L. WELLS, MASS.  
 ALBEN W. BARKLEY, KY.  
 TOM CORNHALL, TEX.  
 JOSHUA W. BAILEY, R. C.  
 BENNETT CLAYTON CLARK, MO.  
 HARRY FLOOD BYRD, VA.  
 PETER B. BERRY, R. I.  
 JOSEPH F. GUFFEY, PA.  
 PRENTISS M. BROWN, MISS.  
 CLYDE L. HERRING, IOWA  
 EDWIN C. JOHNSON, CALIF.  
 EDWARD L. RAOULIFFE, MD.  
 FELTON M. JOHNSON, CLARK

*file personal*

*PSF*  
*Neutrality*  
**United States Senate**

COMMITTEE ON FINANCE

Gulfport, Mississippi,  
 September 18, 1939.

*rw*  
 THE WHITE HOUSE  
 SEP 20 9 00 AM '39  
 RECEIVED

My dear Mr. President:

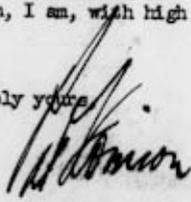
I have just learned that you have invited, among other distinguished Republican leaders, Governor Alf Landon and Colonel Knox to attend the conference at the White House on Wednesday, September 20th. I hasten to congratulate you on this move. Certainly, in this international crisis politics should be adjourned.

As I told you over the telephone, I must be assured that my vote will be counted in the Senate Foreign Relations Committee in favor of the Administration's Neutrality program. In the event I do not receive that assurance, I will get out of bed and return, regardless. I am feeling much better, but want to obey the doctor and finish out my three weeks in bed, which will be up on the 24th.

I have asked Colonel Halscy to confer with Senator Pittman just as soon as he returns, so that no slip-up will occur.

Again assuring you of my wholehearted cooperation in the Neutrality program, I am, with high esteem,

Sincerely yours,



Honorable Franklin D. Roosevelt,  
 President of the United States,  
 The White House,  
 Washington, D. C.



*file  
journal*

THE SECRETARY OF THE INTERIOR  
WASHINGTON

*PSF  
Neutrality*

September 20, 1939.

My dear Mr. President:

Governor Olson, of California, called me yesterday from Los Angeles. He wanted me to tell you that sentiment in California is swinging in favor of doing nothing about the present neutrality law. He said that there was a strong sentiment against the neutrality law at the time of the war in Spain because it was felt that a republican form of government was being destroyed with the aid of this law but that recently the sentiment has begun to change the other way.

Sincerely yours,

*Harold I. Peters*

Secretary of the Interior.

The President,  
The White House.

*file  
Confidential*

*BSF  
Neutrality*

THE WHITE HOUSE  
WASHINGTON

September 21, 1959

The Vice President says:

"Tell Barkley, ~~and~~ Sherman Minton *and Jim Byrnes* to do two things:

"1 - To keep their mouths shut and to shut off debate.

"2 - Keep the ball going at least six hours a day for a week. If, at the end of a week, a filibuster starts, have night sessions and move the convening hour from noon to 11:00 and run it through to 10:00 or 11:00 every night. Tell them we are going to take care of neutrality first. Such other legislation as might be desired for emergency purposes might be considered after neutrality has been passed but NOT before. "

The Vice President said you should by all means go to Hyde Park and be with your mother on her birthday. He said it would be silly not to do it and there is no reason for you to stay here.

Copy

September 21, 1939.

PSF  
Neutrality

Dear Steve:

The Secretary and I have been talking about various features of what may be said in respect to the modification of the Neutrality Law and have concluded that it would be well for the President to make some statement in his message to negative the contention that repeal during the progress of the war would be an unneutral act, and the Secretary has requested me to make a memorandum which is herewith embodying that thought.

Among those who support the contention are Messrs. Hyde and Jessup whose joint letter is printed on the editorial page of the New York Times of this morning and, of course, there are many other people who take their view. This is certain to be one of the main points in the fight against repeal.

Yours very sincerely,

R. Walton Moore

Enclosure:  
Memorandum

The Honorable  
Stephen Early  
The White House

Attached is memo for the President from Hull thru Watson hoping that Pres could include the suggestion of Walton Moore in Speech.

See: Current Speech Material File for this correspondence-given t  
G. Tully-Sept 25, 1939

*PSF  
Neutrality*

THE WHITE HOUSE  
WASHINGTON

*file  
personal*

9-25-39

MEMORANDUM FOR THE PRESIDENT:

Senator Pittman just 'phoned me as follows:

"Section 2-A prohibiting American vessels to carry passengers or articles and materials to belligerents does not prohibit an aeroplane from landing at Martinique and Trinidad for the purpose of refueling because the airship is not carrying to Martinique or Trinidad any passengers or materials.

"In the nature of things we had to make some compromise in the Committee. We got as much as we could. We are reporting the bill out immediately and carrying it on to the Floor of the Senate. There was insistence by two Senators that there should be the same control over sales to individuals in belligerent countries as were imposed on sales to belligerent governments. We avoided that issue by requiring those selling arms and ammunition and the implements of war to submit to the Board the name of the purchaser and the terms of sale."

E.M.W.

*file personal*  
*Soc'y, Watson*

*PSF*  
*Neutrality*

THE WHITE HOUSE  
WASHINGTON

*Cabinet*

September 20, 1939

*This memo to be given the President as a reminder when he sees Sen. Lee*

MEMORANDUM:

The Vice President called and said:

"Please ask the President to talk to Senator Josh Lee and ask him not to insist upon injecting his views on confiscation of wealth in time of war etc. into the present situation in the Senate.

"The Vice President says Senator Lee has a three or four hour speech in his system and that if he begins to talk about the confiscation of wealth, it only will lead to extended debate of that subject by those opposed to the proposed neutrality bill and will serve to delay action on the bill in the Senate."

*J.E.*

PSF  
Neutrality folder  
2

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

September 30, 1939.

MEMORANDUM FOR

C. H.

Please read enclosed excerpt from Mr. Bryan's letter to the German Ambassador early in 1915. This may be used against us on the Senate floor and I think you should have an answer for one of our people to make on the spot. It is perfectly simple to answer it because the situations are wholly different.

F. D. R.

In the third place, I note with sincere regret that, in discussing the sale and exportation of arms by citizens of the United States to the enemies of Germany, your excellency seems to be under the impression that it was within the choice of the Government of the United States, notwithstanding its professed neutrality and its diligent efforts to maintain it in other particulars, to inhibit this trade, and that its failure to do so manifested an unfair attitude towards Germany. This Government holds, as I believe your excellency is aware, and as it is constrained to hold in view of the present indisputable doctrines of accepted international law, that any change in its own laws of neutrality during the progress of a war which would affect unequally the relations of the United States with the nations at war would be an unjustifiable departure from the principle of strict neutrality by which it has consistently sought to direct its actions, and I respectfully submit that none of the circumstances urged in your excellency's memorandum alters the principle involved. The placing of an embargo on the trade in arms at the present time would constitute such a change and be a direct violation of the neutrality of the United States. It will, I feel assured, be clear to your excellency that, holding this view and considering itself in honor bound by it, it is out of the question for this Government to consider such a course.

Extract from letter from

The Secretary of State to the German Ambassador  
(Bernstorff).

No. 1379.

Dated Washington, April 21, 1915.

File No. 762.7211/1930.

Copied from: "Papers Relating to the Foreign Relations  
of the United States", 1915 Supplement.  
The World War. Page 162.



*file  
Confidential*

*PSF  
Neutrality  
2*

THE SECRETARY OF THE TREASURY  
WASHINGTON

October 1, 1939

MEMORANDUM

Re: Credits to Belligerents

Section 7 of the Senate neutrality bill relates to financial transactions with belligerents. It continues the existing provisions of the neutrality statute which prohibits the making of loans and credits to belligerents and persons acting on their behalf. It is also to be noted that the existing neutrality law authorizes the President, when he finds it in the interest of the United States, to exempt from this prohibition "ordinary commercial credits and short-term obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions." The Senate Committee apparently felt that the existing provision could be strengthened, without sacrificing American interests, by limiting the discretion of the President and by confining to a more limited category the permissible forms of short-term commercial credits. Accordingly, the Senate bill provides that (i) the short-term commercial credits may not be for a period more than 90 days without renewal; (ii) if any belligerent or person acting for a belligerent defaults on any such 90-day credit, no new commercial credit may be extended; and (iii) the President report to Congress every six months full information as to each commercial credit which has thus been permitted.

It is thus entirely clear that Presidential authority to permit short-term commercial credits to belligerents has been a part of the neutrality law continuously since February, 1936, and that the only changes which the Senate bill makes in the existing law are in the direction of additional restrictions on the Presidential discretion to permit short-term commercial credits.

It has been charged that the provision in the present bill relating to short-term commercial credits to belligerents is inconsistent with the Johnson Act of 1934, and is the opening wedge for the granting of loans to belligerents. I think that an examination of the history of the Johnson Act and the Neutrality Act will show these charges to be unfounded.

#### JOHNSON ACT

The Johnson Act provided in part as follows:

"That hereafter it shall be unlawful within the United States or any place subject to the jurisdiction of the United States for any person to purchase or sell the bonds, securities, or other obligations of, any foreign government or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof, issued after the passage of this Act, or to make any loan to such foreign government, political subdivision, organization, or association, except a renewal or adjustment of existing indebtedness while such government, political subdivision, organization, or association, is in default in the payment of its obligations, or any part thereof, to the Government of the United States. \* \* \*"

Within a few weeks after the passage of the Johnson Act a number of problems arose necessitating the interpretation of that statute. On April 27, 1934, a conference was held at the Treasury

Department attended by Senator Johnson, the Attorney General, the Secretary of State, the Secretary of the Treasury and a number of other officials of the State, Treasury and Justice Departments. During the conference, Senator Johnson was asked if he thought that the statute applied to such every-day commercial instruments as time drafts, bankers' acceptances, etc. Senator Johnson stated that he did not think that the statute could be interpreted in any such manner and that it was not the intention of the statute to interfere in any way with ordinary commercial transactions. It also appeared to have been the view of the participants in the conference, including Senator Johnson, that the Johnson Act did not apply to time drafts, acceptances, etc., employed in connection with ordinary commercial transactions. A memorandum of the conference is in the Treasury Department's files. A copy of the memorandum is attached.

On the same day the State Department issued the following press release:

"Enquiries have been received at the Department of State as to whether the Act of Congress approved April 13, 1934, to prohibit financial transactions with foreign governments in default on their obligations to the United States, applies to ordinary commercial 'acceptances or time drafts,' such as are used by foreign governments to finance the current requirements of their embassies and consulates in the United States.

"The Department of State and the Attorney General are in agreement that such instruments do not constitute 'obligations' within the purview of the Act.

"Certain other questions that have been presented regarding the interpretation of the Act are under consideration."

On May 5, 1934, the Attorney General, in response to a request

from the Secretary of State, rendered an opinion on a number of questions relating to the Johnson Act, which opinion stated in part as follows:

"(2) To what types of transactions does the Act apply?"

"The Committee Reports (S. Rept. 20 and House Rept. 974, 73d Cong.) recite that the bill was introduced following an investigation by the Senate Committee on Finance and the revelation therein that 'billions of dollars of securities \* \* \* offered for sale to the American people' were overdue and unpaid; that some of these 'foreign bonds and obligations \* \* \* were sold by the American financiers to make outrageously high profits'; and stated a purpose 'to prevent a recurrence of the practices which were shown by the investigation to be little less than a fraud upon the American people \* \* \* to curb the rapacity of those engaged in the sale of foreign obligations \* \* \*.'

"This, I think, is indicative of a purpose to deal with such 'bonds' and 'securities' and with 'other obligations' of like nature, observing the rule of eiusdem generis - that is, obligations such as those which had been sold to the American public to raise money for the use of the foreign governments issuing them - not contemplating foreign currency, postal money orders, drafts, checks and other ordinary aids to banking and commercial transactions, which are 'obligations' in a broad sense but not in the sense intended. It was obviously not the purpose of the Congress to discontinue all commercial relations with the defaulting countries."

\* \* \* \* \*

"(4) Does the Act apply to acceptances or time drafts?"

"This question appears to be sufficiently answered by the comments under Question No. 2, *supra*. It appears proper to add, however, that such transactions must be conducted in good faith, in order to be within the law, and not as mere subterfuges to circumvent its purpose."

In other words, the Attorney General found that while the Johnson Act prohibited the sale of bonds and securities of countries

in default it did not prohibit those ordinary short-term commercial credit devices customarily used in international trade. The entire text of the opinion of the Attorney General was quoted in a State Department press release dated May 5, 1934 which also included the statement that the State Department concurred in the Attorney General's interpretation of the Johnson Act. Unquestionably this opinion has been relied upon by American business interests in their commercial transactions with defaulting countries and persons on their behalf. In the light of this background and at this late date, the Johnson Act should not be construed as making illegal short-term credit transactions with defaulting governments relating to otherwise permissible trade and commercial transactions.

NEUTRALITY ACT

In February, 1936, Congress in amending the then existing Neutrality Act included the following provision:

"SEC. 1a Whenever the President shall have issued his proclamation as provided for in section 1 of this Act, it shall thereafter during the period of the war be unlawful for any person within the United States to purchase, sell, or exchange bonds, securities, or other obligations of the government of any belligerent country, or of any political subdivision thereof, or of any person acting for or on behalf of such government, issued after the date of such proclamation, or to make any loan or extend any credit to any such government or person: Provided, That if the President shall find that such action will serve to protect the commercial or other interests of the United States or its nationals, he may, in his discretion, and to such extent and under such regulation as he may prescribe, except from the operation of this section ordinary commercial credits and short-term obligations in aid of legal transactions and of a character customarily used in normal peace-

time commercial transactions."

It will be noted that this provision, which has been the law since February, 1936, specifically authorized the President to permit short-term ordinary commercial loans to belligerents and persons acting on their behalf. The debate in Congress reveals no feeling that this provision was inconsistent or in conflict with the provisions of the Johnson Act. The view of Congress was quite the contrary. The House report on this provision in the 1936 amendment stated:

"\* \* \* It is the law now under the Johnson Act that it is unlawful to sell bonds, securities, etc., in this country or any foreign country that is in default of its indebtedness to the United States. This covers most of the greater powers in Europe. This section, however, goes much further and makes it unlawful, as before stated, to all belligerent countries. Now, there is a provision in this section that if the President shall find that such action will serve to protect the commercial or other interests of the United States or its nationals, he may, in his discretion, and to such extent and under such regulation as he may prescribe, except from the operation of this section ordinary commercial credits and short-time obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions. There is also another provision that this section does not apply to renewal or adjustment of indebtedness which may exist on the date of the President's proclamation. The only discretion given the President under this section is in reference to such credits used in normal peacetime commercial transactions."

By specifically prohibiting in the Neutrality Act the extension of "any credit" (which words do not appear in the Johnson Act) Congress, in view of the purposes of the Neutrality Act, apparently intended thereby to prohibit even short-term commercial credits unless the

President found that the making of such short-term commercial credits to belligerents was in the public interest, in which event, such credits would be lawful.

No change was made in this provision of the Neutrality Act when the Neutrality Act was otherwise amended in 1937. When the neutrality legislation was considered in the House of Representatives last July, it was proposed to circumscribe further the President's power to permit short-term commercial credits to belligerents by limiting such credits to 90 days without renewal, and requiring the President to make periodic reports to Congress of such transactions. These limitations on the power given to the President by the existing statutory provision are included in the Senate bill, and in addition the Senate bill prohibits further 90-day credits if a belligerent defaults on prior 90-day credits given to it.



TREASURY DEPARTMENT

WASHINGTON

Commissioner of  
Accounts and Deposits

CONFERENCE RE: JOHNSON BILL:

(Public No. 151, 73rd Congress)

The Secretary of the Treasury called a conference at 11 o'clock Friday, April 27, 1934, for the purpose of considering some of the difficulties in interpreting the provisions of the so-called Johnson Bill, which prohibits the flotation of loans in the United States by governments in default on their indebtedness to the United States Government. Those present were the Secretary of the Treasury, the Attorney General of the United States, Senator Johnson of California, Under Secretary Phillips and Assistant Secretary Moore of the State Department, Mr. Hackworth, Solicitor of the State Department, Mr. MacLean, Assistant Solicitor General, Mr. Coolidge, Mr. Oliphant, and Mr. Bell, of the Treasury. Secretary Hull came in at 11:20.

The Secretary asked Senator Johnson to outline to the meeting the objectives which he had in mind in presenting the bill to the Congress.

Senator Johnson went into the history of the measure and stated that as it was first introduced and passed the Senate more than a year ago, he had in mind definitely the protection of the American citizen in his purchases of foreign securities in the United States issued by foreign governments which are in default on any of their indebtedness to the United States Government or its nationals. He stated that he had definitely in mind at that time the South American governments. He stated that just after the bill first passed the Senate, Senator Robinson asked that it be laid on the table and reconsidered. At a conference between him and Senator Robinson at a later date, he agreed to further amendments, after which it was referred back to the Foreign Relations Committee and was there amended to its present form. He thought as the bill now stands, its main objective was to preclude the flotation in this country of any securities of those governments or any subdivisions thereof which are in default on their indebtedness to the United States Government.

The Secretary asked him just what he meant by the term "default" and did he have definitely in mind including those governments which have made token payments as a result of which the President had stated that he did not consider those governments in default?

Senator Johnson said that it was his personal opinion that if these governments did not pay the full amount due they were certainly in default as to the remaining balance. However, he realized that this was largely an administrative matter and the President under the powers granted by the Constitution to handle foreign affairs, certainly had the authority to state whether or not a particular government was in default on its indebtedness to the United States Government. He did not think

that the act was intended to disturb the action already taken by the President in declaring those governments not in default.

The Attorney General stated to the Senator that he thought the President's previous action was quite in line with his authority, but asked the Senator if he thought the President could take similar action on future token payments in view of the act.

The Senator stated that his personal opinion was that the President had no authority after the passage of this act to accept from our debtors token payments and then consider them not in default.

The Secretary then asked the Senator if he thought the bill included such everyday commercial transactions as time drafts and bankers' acceptances etc. The Senator said he did not think it could be interpreted in any such manner and that it was not the intention of the bill to interfere in any way with ordinary commercial transactions. The question was then raised as to what was meant by time drafts, acceptances, etc. Mr. Coolidge explained an ordinary commercial transaction with respect to the purchase of cotton in the United States by the national of some foreign government - that the concern selling the cotton might draw a bill of exchange on the purchaser, which would be honored in thirty days more or less and that this bill of exchange could be sold on various terms. It was the consensus of opinion that such a transaction would not fall within the provisions of the act.

The Attorney General then asked the Senator if he thought that a fair interpretation of the act was that it did not intend in any way to limit the ordinary everyday commercial transaction, and the Senator said that, certainly, was the interpretation he would put on it.

Mr. MacLean, Assistant Solicitor General, then called attention to the fact that France exercised a monopoly in tobacco, and that the organizations in this monopoly would no doubt in the course of business sell their drafts and other instruments of credit in this country. The Senator said that he did not have such transactions in mind and that the words "organizations or associations" in the act were not his language. It seemed to be the consensus of opinion that these transactions would fall within a commercial transaction and not within the provisions of the Act.

Mr. Hackworth brought up the question that had been presented to him just before he came to the Treasury, i. e., as to whether the operations in coupons on German bonds would fall within the provisions of the act. He explained that coupons falling due on many of the German bonds were paid partly in cash and partly in scrip, and that later the scrip was purchased by a bank in Germany which was more or less under the supervision of the Reichsbank and the German Government.

Senator Johnson thought that such a transaction would clearly fall within the exception in the act with respect to renewal or adjustment of existing indebtedness.

Mr. Coolidge said that he thought that one way in which to interpret the act was to decide whether or not any of the transactions passed upon involved new American money and that this should be a deciding factor. This seemed to be agreed to by the Attorney General and Mr. Hackworth.

(Initialed) D.W.B.

THE WHITE HOUSE  
WASHINGTON

*file Neutrality  
folder - 23*

October 2, 1939.

**MEMORANDUM FOR**  
**ARCHBISHOP SPELLMAN**  
**FOR YOUR INFORMATION**

**F. D. R.**

Copy of attached memorandum  
sent to Archbishop Spellman.

September 22, 1939

CONFIDENTIAL MEMORANDUM

file →  
Congressmen Arthur Healey and Flaherty, of Massachusetts, both informed me today that there is a strong and violent effort being made to rouse up sentiment against revision of the Arms Embargo among the Catholic citizens of their districts.

Flaherty's district is in the heart of Boston and Healey's embraces several cities and towns adjacent thereto.

They further said that from what they have been able to learn from other Congressmen, the same effort is being made in Philadelphia particularly, and in New York and Brooklyn.

As a matter of fact, in Healey's district Clergymen have spoken from the Altar and said to contact their Senators and Congressmen and emphasize the necessity of their voting against revision.

One of the Clergymen mentioned particularly a very "cogent strong argument couched in simple language \* \* \*", written by the Reverend Edmund Lodge Curran, of New York, and urged his parishioners to

"Get it -- commit it to memory - and tell all of  
your friends \* \* \*"

Congressman Flaherty received a communication  
from the Pastor of <sup>culate</sup> Immanuel Conception Church, a Jesuit  
Church in Boston, Reverend Francis J.J. Archdeacon, S.J.,  
who said that 7000 souls in that parish were definitely  
committed against revision.

As heretofore said, similar effort is being  
made in Philadelphia, Brooklyn and New York. And in  
Philadelphia Father Coughlin is alleged to have called  
up one of his former organizers of Social Justice  
group to rouse up Catholic antipathy.

Any further information received will  
immediately follow.

THE WHITE HOUSE  
WASHINGTON

2  
BF  
Neutrality  
2

Col. Halsey said:

"The conferees have agreed.  
The Senate met at 2 o'clock and  
has taken a recess for two hours  
to let the Clerk prepare the  
report. It will begin consider-  
ation of the Conference Report  
at 4 o'clock."



PSF: Neutrality  
file

THE WHITE HOUSE  
WASHINGTON

personal +  
confidential  
Neutrality

10-2-39

MEMORANDUM FOR THE PRESIDENT:

1. Senator Byrnes 'phones me that Frank Hague reported that Barbour was going to vote "right" but would not announce it until the voting started.
2. Senator O'Mahoney reports that he has spoken to Maloney and he believes he, Maloney, is coming over.

Emm.  
E. M. W.

PSF: Neutrality

file  
Neutrality  
✓

THE WHITE HOUSE  
WASHINGTON

October 5, 1939

Sen Watson

~~MR. EARLY.~~

~~Fred Essary would like you to call  
him Dist 1234~~

Max Gardner called -- said he just heard from Senator Bailey that Senator Reynolds will vote against the neutrality bill. He wanted you to have this information and asked there is anything he could do to help.





THE SECRETARY OF THE TREASURY  
WASHINGTON

*file personal*  
*BF*  
*Neutrality*  
2  
OCT 14 11 40 AM '39  
RECEIVED  
THE WHITE HOUSE  
October 14 1939

MEMORANDUM FOR THE PRESIDENT:

Re: Short-term commercial credits  
to belligerents.

The present Neutrality Act contains a provision which was first enacted in February, 1936, prohibiting the extension of credit to, or the purchase of obligations of, belligerents or their agents, but authorizing the President to exempt from such prohibition ordinary short-term commercial credits. This power the President exercised by issuance of regulations on September 6, 1939, which regulations designated the Treasury to administer the provisions thereof. The Treasury has had very few inquiries from the public with respect to this matter.

The Neutrality Bill passed by the House last July limited the aforementioned Presidential power under existing law by providing that such commercial credits should be for no longer than 90 days, without renewals, and that the President was to make public every 90 days all extensions of such credits to belligerents.

The bill reported in the Senate contains the same 90-day limitation on short-term credits that was contained in the House bill; provides that the President must report to Congress every six months all the extensions of short-term credits to belligerents; and also provides that if a belligerent defaults on any such credits, no further credits may be extended to it while the default continues.

Normally the function of short-term credit in international trade is principally to finance the sale of goods while the goods are in transit from the seller to the buyer. The bank doing the financing customarily retains title to the goods while in transit and until payment is made by the foreign purchaser. If the Neutrality Act prohibits the extension of any credits, commercial or otherwise, to belligerents, and requires the transfer of title to some foreigner before the goods leave the country, sales of goods to belligerent countries having dollar funds will be executed on the basis of payment being made by the belligerent in this country to the seller before the goods leave the country. It is likely that in view of all the circumstances and for the time being the vast bulk of sales by Americans to belligerents will be conducted on precisely this basis even if short-term commercial credits were to be permitted. This is true because (a) the belligerents that are good short-term credit risks have dollar balances in this country, and (b) customarily not even short-term credit is extended in international trade unless title to the goods is retained by the party extending the credit.

If the Neutrality Act permitted short-term commercial credit, it would be possible for an American to sell his goods to a belligerent, transfer title to such goods to the belligerent before the goods left the United States, and rely exclusively on the credit of the belligerent for payment in the 90-day period. For example, an American manufacturer might be willing to sell

merchandise to Britain and transfer title to Britain before the goods left New York, and rely exclusively on the general credit of Britain for payment within the 90-day period. If this were done generally, a belligerent would be able to make purchases on short-term credit, and this credit would be a continuing one on the basis of the belligerent's over-all purchases, even though any particular credit could not be renewed. In this way a belligerent like Great Britain might be able to build up a short-term credit running into several hundred-million dollars. However, for at least some time there would be no great loss to American commercial interests if this type of transaction is forbidden because of the dollar balances available to the belligerents.

For the reasons indicated below, I believe that, although it might be of some slight value for the Neutrality Act to contain a short-term credit provision such as exists in the present law or as is proposed in the Senate bill, the provision is not of great significance and should not be fought for. Furthermore, I would recommend the elimination of the short-term credit provision if its elimination would help in the passage of the bill.

(1) The belligerents to whom such short-term credit is likely to be extended are in a position to pay cash in this country before the goods leave the United States. Accordingly, the elimination of the short-term credit provision will not decrease appreciably the amount of our trade with such belligerents.

(2) It may be charged that the extension of short-term commercial credits will result in our acquiring a financial stake in the outcome of the war since a belligerent might acquire a continual short-term credit running into several hundred-million dollars and this might ease the way for longer credits to favored belligerents.

(3) Neither the existing law nor the proposed bill affects the extension of credit to a national of a belligerent not acting on behalf of a belligerent.

John W. Hanes

THE WHITE HOUSE  
WASHINGTON

PSF:

*Neutrality*  
2

October 14, 1939.

MEMORANDUM FOR  
THE SECRETARY OF STATE

Will you bring this in  
tomorrow or Monday when we draft  
our final recommendations?

F. D. R.

Letter to the President dated  
October 14, 1939, proposing three  
amendments to the present bill -- *Neutrality*  
H. J. Res. 306.

THE WHITE HOUSE  
WASHINGTON

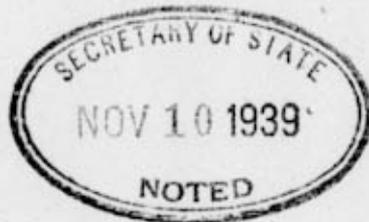
*file  
passed*

October 14, 1939.

MEMORANDUM FOR  
THE SECRETARY OF STATE

Will you bring this in  
tomorrow or Monday when we draft  
our final recommendations?

F. D. R.



JOSIAH WILLIAM BAILEY, N. C., CHAIRMAN  
MORRIS SHEPPARD, TEX.  
HATTIE W. CARAWAY, ARK.  
BENNETT CHAMP CLARK, MO.  
JOHN H. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHAY, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

A. HAMB JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

## United States Senate

COMMITTEE ON COMMERCE

*PSF: Neutrality*  
2

October 14, 1939

His Excellency Franklin D. Roosevelt,  
President of the United States,  
The White House,  
Washington, D. C.

Dear Mr. President:

I have lodged with Senator Pittman, at his request, three proposed amendments to the pending bill, copies of which are hereto attached, and I am about to make some comments for you. They are made in full realization that my efforts must be in subordinate cooperation with Senator Pittman, according to my statement on the floor. Senator Barkley and Senator Byrnes have copies of these amendments, but there are no others outstanding.

The first amendment relates to reservations which I consider necessary. The form in which I have undertaken to put the reservations may by no means be appropriate or adequate. I am laying the amendment before you as a suggestion and I realize that you or the State Department may greatly improve upon the form which I am submitting. The important thing is to consider the necessity for reservations in the interest of the preservation of our rights as a neutral under the international law and in the interest also of preserving a reasonable mobility in the premises.

The second amendment delimits a zone in the Atlantic into which our ships are prohibited to go, the zone being determined by the 30° of latitude and the 50° of longitude. These lines come from the Maritime Commission. They may not be the best lines. As to the Pacific, the amendment opens the entire Pacific traffic to ships carrying our flag, following the principle of the legislation, which is that we shall send our ships wherever it may be safe for them to go in the full exercise of our rights as a neutral.

Senator Pittman has suggested that we should prohibit our ships from carrying arms, ammunition and implements of war to ports of belligerent nations in the Pacific and the other waters in that part of the world. I question the wisdom of this.

JOSIAH WILLIAM BAILEY, N. C., CHAIRMAN  
MORRIS SHEPPARD, TEX.  
MATTIE W. CARAWAY, ARK.  
BENNETT CHAMP CLARK, MO.  
JOHN H. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHAY, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

CHARLES L. McNARY, OREG.  
HIRSH W. JOHNSON, CALIF.  
ARTHUR H. VANDERBORN, MICH.  
WALLACE H. WHITE, JR., MAINE  
ERNEST W. GIBSON, VT.  
W. WARREN BARBOUR, N. J.

## United States Senate

COMMITTEE ON COMMERCE

A. HEND JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

-2- His Excellency Franklin D. Roosevelt.

In the first place, it is an unnecessary abandonment of our rights. In the second, in a war of stalemate on land and strangulation by sea, merchant ships are of primary importance. It is conceivable that if the war shall be prolonged there will be a shortage of merchant ships. I understand the German merchant fleet is no longer on the seas. Fleets of other nations may be bottled up, and if the war shall be prolonged, the tonnage of the French and British fleets will be greatly reduced. We cannot foresee the consequences of airplane attacks on merchantmen, but I think they will be very great.

If I am right, we should not foreclose our right to carry whatever we please in the Pacific and the adjacent water.

There is another consideration. It may be necessary for us to supply Australia, Singapore and HongKong with airplanes and other means of warfare. One cannot say just what Japan may do. I think we can count always on the Oriental strategy of surprise.

With reference to this amendment, you will observe the phrase "dependent waters". I am informed that this is a phrase of established meaning in the international law and is sufficient without naming the several seas embraced in the phrase. I got this information from the Maritime Commission, and specifically from Mr. Lutz, Assistant Counsel. We should not place ourselves in the position of not being able to do whatever may be necessary to our interest as matters develop. I learned from newspaper reporters on yesterday that Australia has a large order in this country for airplanes, and she may need them before this business is over.

The third amendment is of no importance or consequence. It is in line with your message in which you used the phrase "the Secretary of State and other Executive agencies". It might appear to be a concession and in that view be well received, but I would not insist upon it.

The truth is I am not in position to insist upon any amendments because I have given assurances of wholehearted support of the legislation in whatever form it may take.

Let me say further that it seems to me that we may so contrive our policy as to come to the end of this war with a

JOSIAH WILLIAM BAILEY, N. C., CHAIRMAN  
MORRIS SHEPPARD, TEX.  
HATTIE W. CARAWAY, ARK.  
BENNETT CHAMP CLARK, MO.  
JOHN H. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHEY, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

CHARLES L. MCHARY, OREG.  
HIRAM W. JOHNSON, CALIF.  
ARTHUR H. VANDERBENS, MICH.  
WALLACE H. WHITE, JR., MAINE  
ERNEST W. GIBSON, VT.  
W. WARREN BARBOUR, N. J.

## United States Senate

COMMITTEE ON COMMERCE

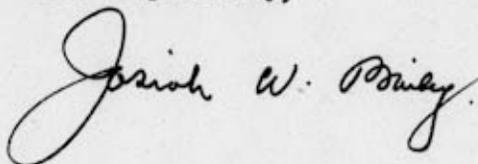
A. HANO JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

-3- His Excellency Franklin D. Roosevelt.

first class, modern merchant fleet, having in the meantime gotten rid of many old age ships, and I think we should keep this in mind.

In view of all the circumstances, I think it best that it should not be disclosed that I have laid this matter before you.

Most respectfully,



SENATOR BAILEY

---

Amendment to H. J. Res. 306

Amend H. J. Res. 306. On page 18, line 14, after semicolon, insert the following:

"(3) to transportation by American vessels of mail, passengers, articles or materials to any port on the Pacific or Indian Oceans and their dependent waters, or to any port on the Atlantic Ocean and its dependent waters south of 30° north latitude or west of 50° west longitude, except any such port as may be within combat areas defined as hereinafter provided."

In line 14 strike out the figure (3) and insert in lieu thereof the figure "(4)".

In line 20, strike out the period and insert a comma and the following:

"but no loss incurred in connection with transportation by water as provided in this subsection shall be made the basis of any claim put forward by the Government of the United States."

JOSIAH WILLIAM BAILEY, N. C., CHAIRMAN  
MORRIS SHEPPARD, TEX.  
HATTIE W. CARAWAY, ARK.  
BENNETT CHAMP CLARK, MO.  
JOHN H. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHAY, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

CHARLES L. MC HARY, OREG.  
HIRAM W. JOHNSON, CALIF.  
ARTHUR H. VANDENBERG, MICH.  
WALLACE H. WHITE, JR., MAINE  
ERNEST W. GIBSON, VT.  
W. WARREN BARBOUR, N. J.

A. HANCOCK JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

## United States Senate

COMMITTEE ON COMMERCE

To be inserted as Preamble -

Whereas, The United States of America, having declared its neutrality in the existing war, and being desirous of avoiding involvement therein, and to prevent incidents that might tend to involve it, proposes hereby voluntarily to impose upon itself and its nationals, the restrictions set out herein upon its rights and privileges as a neutral under international law, and whereas by so doing it intends to waive no rights consistent with neutrality under international law, and expressly reserves all rights and privileges necessary to accommodate its policy to its peace, security and welfare in the existing war or any other; and whereas it intends expressly that whenever it shall satisfactorily appear that a port or area now considered a source of danger to ships under the American flag shall have become safe, the Congress may except such port or area from the operation of this Statute; now, therefore:-

Be it enacted:

JOSIAH WILLIAM BAILEY, N. C., CHAIRMAN  
MORRIS SHEPPARD, TEX.  
HATTIE W. CARAWAY, ARK.  
BENNETT CHAMP CLARK, MO.  
JOHN N. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHUE, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

CHARLES L. McNARY, OREG.  
HIRAM W. JOHNSON, CALIF.  
ARTHUR H. VANDENBERG, MICH.  
WALLACE H. WHITE, JR., MAINE  
ERNEST W. BISHOP, VT.  
W. WARREN BARBOUR, N. J.  
A. HAND JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

## United States Senate

COMMITTEE ON COMMERCE

Amend by inserting after the word "find" in line  
24, page 18, the following:

"From information lodged with him by the Maritime  
Commission, the Navy Department, or the Department of State,  
the Civil Aeronautics Authority, or any other administrative  
agency."

1  
**United States Senate**

*file  
per and  
confidential*

**MEMORANDUM**

October 13, 1939

For the President:

Senator Bailey will propose  
to the Committee the two amendments  
hereto attached.

J.F.B.

*Jimmy Byrnes.*

WILLIAM BAILEY, N. C., CHAIRMAN  
LEPPARD, TEX.  
CARAWAY, ARK.  
NETT CHAMP CLARK, MO.  
H. OVERTON, LA.  
THEODORE G. BILBO, MISS.  
VIC DONAHEY, OHIO  
FRANCIS T. MALONEY, CONN.  
GEORGE L. RADCLIFFE, MD.  
CLAUDE PEPPER, FLA.  
JOHN LEE, OKLA.  
LISTER HILL, ALA.  
JAMES M. MEAD, N. Y.  
JAMES M. SLATTERY, ILL.

CHARLES L. McNARY, OREG.  
HIRAM W. JOHNSON, CALIF.  
ARTHUR H. VANDENBERG, MICH.  
WALLACE H. WHITE, JR., MAINE  
ERNEST W. GIBSON, VT.  
W. WARREN BARBOUR, N. J.

A. HAND JAMES, CLERK  
ROGER WILLIAMSON, ASST. CLERK

**United States Senate**  
COMMITTEE ON COMMERCE

*Neutrality*  
2

To be inserted as Preamble -

Whereas, The United States of America, having declared its neutrality in the existing war, and being desirous of avoiding involvement therein, and to prevent incidents that might tend to involve it, ~~hereby~~ <sup>expressly</sup> voluntarily ~~to~~ impose upon itself and its nationals, the restrictions set out herein upon its rights and privileges as a neutral under international law. By so doing it waives no rights consistent with neutrality under international law, and expressly reserves all rights and privileges necessary to accommodate its policy to its peace, security and welfare in the existing war or any other. And expressly whenever it shall satisfactorily appear that a port or area now considered a source of danger to ships under the American flag has become safe, the Congress may except such port or area from the operation of this Statute:-

*expressly*

Be it enacted:

SENATOR BAILEY

Amendment to H. J. Res. 306

Amend H. J. Res. 306. On page 18, line 14, after the semi-colon, insert the following:

"(3) to transportation by American vessels of mail, passengers, articles or materials to any port on the Pacific or Indian Oceans, including the China Sea, the Bay of Bengal, the Arabian Sea, and the Atlantic Ocean south of 30° north latitude and west of 50° west longitude, except any such port as may be within combat areas defined as hereinafter provided."

In line 14 strike out the figure (3) and insert in lieu thereof the figure "(4)."

In line 20, strike out the period and insert a comma and the following:

"but no loss incurred in connection with transportation by water as provided in this subsection shall be made the basis of any claim put forward by the Government of the United States."



PSF: Neutrality  
File  
Purona

THE SECRETARY OF THE INTERIOR  
WASHINGTON

October 16, 1939.

My dear Mr. President:

Congressman Dempsey of New Mexico called me this morning. He talked with the Speaker on Saturday and asked him whether a check had been made on the neutrality legislation. The Speaker's reply was that those had been checked who had voted against the Administration's neutrality position at the regular session. Dempsey then asked whether those who had voted "right" at the last session had been checked. The Speaker's answer to this was "No, that is not necessary". Then Dempsey remarked that it was necessary because they were just as likely to change their position as those who had voted "wrong". He named three such persons to the Speaker's great surprise. The Speaker then said that he would have a check made. Dempsey thinks that it is very important to assure that those who voted with the Administration at the regular session are still with it.

Sincerely yours,

*Harold Z. Ickes*

Secretary of the Interior.

The President,  
The White House.

*file  
personal*

*PSF*

*Neutrality*

THE WHITE HOUSE  
WASHINGTON

October 18, 1939.

MEMORANDUM FOR THE PRESIDENT:

Mr. Lamont phoned that he dined with Senator Bridges yesterday and found that he has come around almost completely to the President's line of thought, after his recent visit with the President. Lamont says it is almost unbelievable, because Bridges is now trying to work on the House where Bridges and Lamont think the danger lies.

Lamont saw Bruce Barton yesterday and found that he was backsliding, but Lamont has put Hillis on his trail and hopes to bring him back into the fold.

Lamont reports regretfully that Al Smith is not amenable to the idea of speaking in Boston.

*E.M.W.*  
E.M.W.

PSF  
Neutrality

THE WHITE HOUSE  
WASHINGTON

File  
Personal

October 18, 1939.

MEMORANDUM FOR THE PRESIDENT:

Carter Glass phones that he is desperately sorry that he cannot get down to the Senate to take part in this fight. He cannot understand how anybody, after the President's speech, would not be with him.

He had a little relapse last night and asked me to come up to see him at 5:30, which I shall do.

  
E.M.W.

*file  
personal*

THE WHITE HOUSE  
WASHINGTON

*PSF: Neutrality  
2.*

10-19-39

MEMORANDUM FOR THE PRESIDENT:

Frank Walker told me that he forgot to give a message to you from Pat Boland, as follows:

The Democrats lost sixty-five votes last time, causing our defeat by a majority of forty, on Neutrality. Boland says he has regained twenty-five already, which would carry the proposition if a vote were taken tomorrow. There are still five, according to Boland, that can be regained. Four come from Brooklyn, and Frank Kelly can handle them. The other is Mrs. Caroline ODay.

*E. M. W.*

*file  
personal*

THE WHITE HOUSE  
WASHINGTON

*PSF: Neutrality  
2*

October 26, 1939

MEMORANDUM FOR THE PRESIDENT:

Jimmy Byrnes phones that everything is all right and they think they can get the vote by tomorrow night. He says that the statement at the White House regarding Wallace's announcement was regarded on the Hill as being 100% and wiped out all the damage that Wallace had done.

*Emm.*  
E. M. V.

For the President

Advance Copy

Subject to some minor corrections

PSF Neutrality

139

Jerry Land.

UNITED STATES MARITIME COMMISSION  
Statement Showing Vessels Approved for Transfer  
to Foreign Ownership and/or Registry  
October 26, 1938 to October 25, 1939

<u>Date</u> <u>1938</u>	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions</u> #
Nov.	JOSEPHINE WIMSATT	Sch.	148	1891	Johnson & Wimsatt	Ruby Shipping Co.Ltd., Nassau N.P., Bahama Isl.	British	D
	CUMBERLAND	St. Sc.	2,599	1919	Eastern SS Co.	Maritime Nav.Co.,Ltd. of Liverpool, N.S.	British	D
	LING DAR	Oil Sc.	93	1927	Andrew S. Velez	Arsenio Reyes, Marecaibo, Venez.	Venezuelan	D
	EVA CONWAY	Oil Sc.	76	1882	Ralph H. Wiley	Planters and Traders of the Bahamas, Ltd. Nassau, Bahama Isl.	British	D
	ETHEL	Sch. Bg.	2,886	1896	Geistman SS Co.	Lakehead Transporta- tion Co.Ltd., Fort William, Ontario, Canada	Canadian	D
	JOHN B. GEISTMAN	St. Sc.	<u>3,979</u> 9,781	1896	"	"	"	D
Dec.	*MAYAN	St. Sc.	1,973	1905	Felix B. Rexach		Dominican	D
	EL SEGUNDO	St. Sc.	3,663	1912	Standard Oil Co. of California	Balboa Transport Corp.Colon, Rep. of Panama	Panamaian	D
	TAMERLANE	Oil Sc. Yct.	44	1933	Geo. B. Knowles	Col.J.Edward Tennant London, England	British	D
	CATHERINE G. SUDDEN	St. Sc.	2,052	1907	Sudden & Christenson of San Francisco	Emmanuel P.Yannoulatos Shanghai, China	Greek	AD
	ATLANTIC SUN	St. Sc.	<u>6,735</u> 14,467	1920	Sun Oil Co.	Villein & Fassio Societa Italiana di Navigazione, Genoa, Italy	Italian	D

Neutrality  
PSF

<u>Date</u> <u>1939</u>	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions ##</u>
Jan.	DORIS	Oil Sc.	17	1917	Wm. B. Crofton	Victor Angulo Ensenada, Lower Cal., Mexico	Mexican	D
	ANNETTE R.	Oil Sc.	92	1932	Philip N. Dumbrille	A. C. Hardy, Brockville, Ontario, Canada	British	D
	MEMORY	Oil Sc.	139.76	1917	Lewis Hirshon	Societe Anonyme Fran- caise de Pirae, Papeete, Tahiti	French	D
	AVALON	Oil Sc.	422	1931	Ogden Livingston Mills	Gov. of Colombia S.A.	Colombian	D
	SIDNEY G. THOMAS	Sch. Bg.	3,200	1897	Detroit Sulphite Transportation Co.	Driftwood Lands & Timber Ltd. Pt. Arthur, Ontario, Canada	British	D
	MITSCHFIBRE	Steel Bg.	2,237	1895	"	"	"	D
	CORDOVA	Steel Bg.	3,180	1897	"	"	"	D
	SULPHITE	St. Tug	437	1919	"	"	"	D
	KAMINE	Oil Sc.	35	1926	Merino Bagelini	Sociedad Cooperativa Mixta de Pescadores	Mexican	D
	ALBACORE	Gas. Sc.	24	1917	Fish & Game Com. Dept. of Nat'l Re- sources	Victor Angulo Ensenada, Mex.	Mexican	D
	LEANDER	Gas. Sc.	<u>117</u> 9,900.76	1926	Margaret Louise Van Alen,	Frederick Sigrist, Warfield Hall, Brack- nell, England	British	D
Feb.	FAIRFIELD	St. Sc.	2,848	1918	Quinnipiac Shipping Corp.	P. Kleppe of Oslo, Norway	Norwegian	A
	SO. CO. NO. 95	Sch. Bg.	<u>4,212</u> 7,060	1904	Standard Oil Co. of Calif.	Standard Oil Co. of B.C., Ltd. Vancouver	Canadian	D
March	SUNBEAM	St. Sc.	6,664	1919	Sun Oil Co.	Rodrigo, Arciti, London, Eng.	Panamaian	D
	K. V. KRUSE	Sch.	1,728	1920	The Savanna Corp. of Washington	W. C. Gibson Vancouver, B.D.	Canadian	D
	FLORENCE C. ROBINSON	Brig.	81	1928	Wm. A. Robinson Ipswich, Mass.	H. Grande Papeete, Tahiti	French	D

<u>Date</u>	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions ##</u>
<u>1939</u>								
March (Cont'd)	MERCURY	Oil Sc.	42	1920	Anton Bozanich	Victor Angulo, Ensenada, Mexico	Mexican	D
	CAMERICNA	Oil Sc. Yct.	<u>954</u> 9,469	1930	Walter O. Briggs	Compania Minera Agua Fria Tegucigalpa, Honduras	Honduran	D
April	EXPLORER	Gas. Sc.	18	1910	D. J. McCarthy	Mrs.H.I. Quinn MineCentre, Ontario Canada	Canadian	D
	CATHERINE BURKE	Oil Sc.	130	1904	Gorton-Pew Fisher- ies Co.Ltd.	Emanuel Pike Ltd. Channel,Newfoundland, Canada	British	D
	H-10 WATER TAXI 7	Gas. Sc.	7	1925	E. W. Bartell	Luis Grandi Ensenada, Mexico	Mexican	D
	MOLLIE G.	Oil Sc.	99	1936	United Shipyards Inc. N.Y.	Kenneth C. Irving St.John N.B.,Canada	Canadian	D
	MA-JA	Gas Yct.	29	1929	M.M. French & Howland Spencer	John MacDonald, West- mont, Montreal	Canadian	D
	RHODORA	Oil Sc.	116	1910	Gorton-Pew Fisher- ies Co. Ltd.	Southern Fisheries Ltd. St.Johns, New- foundland	British	D
	DOUGLAS ALEXANDER	Oil Sc.	355	1920	Security Towing Corp. of N.Y.	Bahamas Govt.	British	D
	WISCONSIN	St. Sc.	<u>6,076</u> 6,830	1919	Wisconsin Steamship Co., N.Y.	Rederiaktieselskapet Nidaros (Geo.Hansen, Mgr.)Oslo, Norway	Norwegian	AB ( 2)
May	LUCIUS W. ROBINSON	St. Sc.	1,899	1912	Geo.Hall Corp.	Hell Corp. of Canada Montreal, Canada	Canadian	D
	PALMETTO	Oil Sc.	252	1926	Bank of Gloucester, Executor Est.Wm.T. Ashe,Dec.	Cia.Cantareira E. Viscao Fluminense, Rio de Janeiro,Brazil	Brazilian	D
	LANIKAI	Oil Sc. Yct.	209	1914	Geo. W. Simmie	Luzon Stevedoring Co. Manila, P.I.	Philippine	D
	LIBERTY	Gas. Yct.	19	1929	C.C.Carroll,Amer. citizen residing at Eleuthera, Bahamas	Eleuthera Ltd. Hatchet Bay, Eleuthera,Bahamas	British	D

<u>Date</u>	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions #</u>
<u>1939</u> May (Cont'd)	CAMARGO	Oil Sc. Yct.	968	1928	Julius Fleischmann	Gen. Dr. Rafael L. Trujillo Molina Ciudad Trujillo, Dominican Rep.	Dominican	D
	HANOVER	St. Sc.	<u>5,840</u> 9,187	1919	Lykes Bros. SS Co. Inc.	Costas M. Lemos Greek citizen of London, England	Greek	AB (2)
June	COXIE	Gas. Sc.	18	1933	Jas. H. Corbin & Robert Quigley	Wm. Jones, Cockburn Is., Ontario, Canada	Canadian	D
	MARTINIQUE	St. Sc.	2,559	1920	Colombian SS Co.	Uniao Salineira e de Navegacao Paraense Ltd.	Brazilian	AD
	* TACHIRA	St. Sc.	2,838	1920	Grace Line		Panamaian	D
	DORIS III	Gas. Yct.	21	1939	Electric Boat Co. N.Y.	P. H. Wills, Northport, Ont.	Canadian	D
	WOODROW WILSON	Oil Sc.	40	1919	American Prawn Co.	Enrique Landell, Nogales, Sonora, Mex.	Mexican	D
	IRENE	St. Sc.	<u>3,482</u> 8,958	1919	A. H. Bull SS Co. N.Y.	Skibs, A/S Krogstads Dampskibsrederi II	Norwegian	AD
July	WESTERN EXPLORER	Oil Sc.	115	1938	M. A. Petrich	J. H. Gorvin, Commr. Nat. Resources, Newfoundland Govt., St. Johns	Newfoundland	D
	DAY DAWN	Gas Yct.	23	1929	L. M. Rakestraw	Compania Anonima-Central Venezuela, Maracaibo, Venez.	Venezuelan	D
	YOLANDE	Gas. Sc. Yct.	21	1939	Electric Boat Co.	Stewart C. Knox, Montreal, Quebec, Canada	Canadian	D
	* WANDERTHIRST	Schooner	<u>343</u> 502	1917	Howard Livingston		Panamaian	D
<u>Aug.</u>	SEABORN	Oil Sc.	510.88	1925	Goldie Archanna Morrison	Northumberland Ferries, Ltd., Charlottetown, Pr. Ed. Isl., Canada	Canadian	D
	UAUTOGO II	Gas Sc.	7	1907	D. F. Ross	Thos. G. Tilton, Iva Lee, Ontario, Canada	Canadian	D

<u>Date</u> 1939	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions ##</u>
Aug. (Cont'd)	SONNY BOY	Gas Sc.	13	1914	Mrs. Mary Soldner	Sociedad Cooperativa de Pescadores del Yaqui, S.C.L.Guaymas, Sonora, Mex.	Mexican	D
	CHINCHA	Steam Sc.	6,348 <del>6,875.38</del> 6875.38	1912	American South African Line, Inc.	Captain Ant. Babarovic, Susak, Yugoslavia	Yugoslavian	ABD
Sept.	HENRY T. SHERMAN	Oil Sc.	77	1926	The St. Andrews Bay Foundry & Machine Co.	Elkannah S. Archbald St. Andrews, Colombia	Colombian	D
	ALBERT F. PAUL	Schooner	735	1917	C. C. Paul & Co.	J.L. Publicover Dublin Shore, Nova Scotia, Canada	British	D
	WESTERN PRIDE	Oil Sc.	118	1930	Western Boat Bldg. Corp.	J.H. Gorvin, Commissioner of Natural Resources, Newfoundland Gov., St. Johns, Newfoundland	Newfoundland	D
	IMPERIAL	Oil Sc.	37	1914	Matt J. Walsh	La Industrial de Ensenada, S.A. Ensenada, Mexico	Mexican	D
	H. H. ROGERS	Tanker	8,807	1916	Standard Oil Co. of New Jersey	Panama Transport Co., Panama City	Panamaian	DF
	CHARLES PRATT	"	8,982	1916	"	"	"	DF
	BEACONLIGHT	"	6,926	1920	"	"	"	DF
	W. H. LIBBY	"	7,992	1921	"	"	"	DF
	I. C. WHITE	"	7,052	1920	"	"	"	DF
	H. M. FLAGLER	"	8,207	1918	"	"	"	DF
	JOSEPH SEEP	"	7,088	1920	"	"	"	DF
	ELISHA WALKER	"	7,007	1920	"	"	"	DF
	BEACONHILL	"	6,941	1919	"	"	"	DF
	STANDARD	"	9,724	1914	"	"	"	DF
	GEO H. JONES	"	6,914	1919	"	"	"	DF
	DEAN EMERY	"	6,664	1919	"	"	"	DF
	BEACONCIL	"	6,893	1919	"	"	"	DF
	W. C. TEAGLE	"	9,551	1917	"	"	"	DF
	JAMES McGEE	"	9,859	1917	"	"	"	DF
			119,574					

<u>Date</u> 1939 Oct.	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions ##</u>
	BIDGEE	Gas Sc. Yct.	28	1924	Charles S. Elder	Peter R. Jack, Halifax Nova Scotia	Canadian	D
	ROCKET	St. Sc.	39	1901	T.J. McCarthy SS Co.	Newaygo Timber Co., Ltd., Port Arthur, Ontario	"	D
	C. J. BARKDULL	Tanker	6,773	1917	Standard Oil Co. of New Jersey	Compania de Petroleo Lago, Caracas, Venezuela	Venezuelan	D
*	LARA	St. Sc.	2,967	1919	Grace Line Inc.		Panamaian	D
*	CACIQUE	St. Sc.	2,718	1918	"		"	D
	TRANSFORD II	Tanker	1,703	1920	Transford Corp.	Trinidad Leaseholds, Ltd. Maidenhead, England	British	D
	SUSAN A. MORAN	Tug	344	1912	Moran Towing Corp.	Govt. of Colombia Minister of Public Works	Colombian	D
*	TANAMO	St. Sc.	3,211	1914	United Fruit Steamship Corp.		Honduran	D
*	SAGUA	St. Sc.	3,298	1914	"		"	D
	WHITE CAP	St. Sc.	303	1916	Gutterson & Gould, Inc.	St. John Tug Boat Co. East St. John, New Brunswick, Canada	Canadian	D
	SATURN	St. Sc.	292	1920	"	"	"	D
#	POINT ESTERC	St. Sc.	4,743	1920	Swayne & Hoyt, Inc.	A.G. Pappadakis, a Greek citizen residing at New York, N.Y.	Panamaian	ABD
			26,419					
	TOTAL 88 VESSELS		<del>228,926.64</del>					
			229,026.64					

\*Transfer only

#Sale cancelled by buyer.

Since the compilation of the above the following Transfers to Foreign Ownership and/or Registry have been approved by the Commission

<u>Date</u>	<u>Name of Vessel</u>	<u>Type</u>	<u>Gross Tonnage</u>	<u>Year Built</u>	<u>Owner</u>	<u>Purchaser</u>	<u>Registry</u>	<u>Restrictions ##</u>
1939 Oct. 26	LUCKY LADY III	Gas Sc. Yct.	18	1923	Harry McKinney	Jack Stahl, a citizen of Latvia, residing at Torrance, Calif.	(No change)	D
	SCANMAIL	St. Sc.	5,152.85	1919	Moore-McCormack Lines, Inc.	Lloyd Brasileiro, Rio de Janeiro, Brazil	Brazilian	D
	SCANYORK	St. Sc.	5,163.92	1919	"	"	"	D
	SGANSTATES	St. Sc.	5,163.92	1919	"	"	"	D
	SCANPENN	St. Sc.	5,152.52	1919	"	"	"	D
	MORMACSTAR	St. Sc.	4,941.02	1919	"	"	"	D
	MORMACSEA	St. Sc.	4,955.41	1919	"	"	"	D
	MORMACPORT	St. Sc.	4,942.32	1919	"	"	"	D
	MORMACTIDE	St. Sc.	4,951.58	1919	"	"	"	D
	SOUTHFOLK	St. Sc.	4,925.04	1919	"	"	"	D
	SOUTHLAND	St. Sc.	5,052.63	1919	"	"	"	D
	SOUTHERNER	St. Sc.	5,083.09	1919	"	"	"	D
	SOUTHLURE	St. Sc.	4,986.74	1920	"	"	"	D
	MORMACSUN	St. Sc.	4,996.15	1920	"	"	"	D
	COMMERCIAL BOSTONIAN	St. Sc.	2,730.10	1919	"	"	"	D
Nov.	LINA B	Oil Sc.	136	1936	Jos. F. Gisler and Frances A. Wandtke	J.H. Gorvin, Commissioner of Natural Resources, Newfoundland Govt.	Newfoundland	D
	YOSEMITE	St. Sc.	1,782	1923	Southern Pacific Golden Gate Ferries Ltd.	Compania Argentina-Uruguay de Navegacion y Turismo, S.A. Montevideo, Uruguay.	Uruguayan	D
	PRESIDENT MADISON	St. Sc.	14,187	1921	Harry E. Warner	Jose Cojuangco, Manila, Philippine Islands	Philippine	G
	TOTAL 18 VESSELS		84,320.29		Trustee, American Mail Line			

CONDITIONS UNDER WHICH APPROVAL OF TRANSFER  
TO FOREIGN OWNERSHIP AND/OR REGISTRY WAS  
GRANTED BY UNITED STATES MARITIME COMMISSION

- A - Commodities on first outward voyage from a U. S. port restricted.
- B - Trade restrictions - Trade with U. S. ports restricted for given number of years.
- C - To be scrapped
- D - That there shall not be any liens or encumbrances on record against said vessel in the Customhouse at its last U. S. home port when the outstanding marine document is surrendered.
- E - Funds impounded.
- F - Redocumentation of vessel under U. S. registry upon request.
- G - Vendee will agree not to sell vessel without prior approval of U.S.M.C.; vendee will agree to conform to conference rates and practices when operating vessel in competition with U.S. services; vendee will agree to sell or charter vessel to U. S. on same terms and conditions upon which any American flag vessel could be requisitioned for purchase.

Note: Bond required of vendor and/or vendee under all of the above conditions with the exception of "D" to secure performance of any conditions imposed by Commission.

\*Transfer Only - Ownership retained in American company; therefore, subject to provisions of Section 902, Merchant Marine Act 1936, as amended.

#Sale cancelled by buyer.

*2* *com*

THE WHITE HOUSE  
WASHINGTON

*file*  
*personal*  
*BF*  
*Neutrality*  
*2*

November 3, 1939.

MEMORANDUM FOR MISS LE HAND:

Just after General Watson left the office, Colonel Halsey, Secretary of the Senate, phoned the following information for the President:

"The Senate has voted, by a vote of 45 to 25, to adjourn today. They have agreed to the House resolution.

"The House is yet in session, voting on the conference report. As soon as we get word that they have agreed to that and get the Bill signed, then we will adjourn.

"The Vice President laid before the Senate the President's letter. He got a good laugh when he wished him a happy Thanksgiving and a Merry Christmas. The point about the two Thanksgivings was very amusing."

PSF  
Neutrality

COPY

SECRETARY OF STATE

NOVEMBER 6, 1939.

Dear Mr. Chairman:

In accordance with our telephone conversation, I repeat to you what I read to you over the telephone, defining the attitude of the State Department in response to your inquiry as to whether the State Department had any comment to offer regarding the pending application before the Maritime Commission for the transfer of nine privately owned merchant vessels from the American flag to the flag of Panama, which reply was as follows:

No question of foreign policy is involved, therefore the State Department has nothing to do with the proposed transaction except to say that if any of the vessels have trouble abroad, they must not call on the State Department for aid.

Respectfully yours,

Cordell Hull

Rear Admiral Emory S. Land,  
Chairman, Maritime Commission,  
Washington, D. C.

*PSF Neutrality*

*PSF*

DRAFT

*Nov 8, 1939*

THREE FALLACIES

*Subject File*

"Isolation"

The greatest ultimate good to the American people arising out of the Senate and House and radio and newspaper debate of American neutrality is the lesson in geography.

Geography doesn't consist merely of map knowledge. It is not enough bases on which to form an opinion to know roughly that Colombia borders both the Pacific and the Caribbean Sea; that the Suez Canal and the Red Sea divide Africa from Asia Minor; that China is a very big country; or that Poland lies, or perhaps "lay", between Germany and Russia.

It is, in the proper sense of geography, vital to know that Colombia touches Venezuela, Brazil and Equador on the south, extending down to navigable waters on the Amazon River; that Colombia has enormous untapped natural resources and millions of unoccupied acres fit for white colonization; that Colombia on the northwest borders the Republic of Panama and that the distance from Colombia to the Panama Canal is less than one hour by airplane.

That in the case of the Suez Canal, it is necessary to know that it is at sea level; that it is owned and operated by a French-British-Egyptian company; that it is a vital link to all trade between Europe and the Far East; that the Red Sea beyond it is very long and narrow and can be dominated by any country which is in complete possession of Arabia or Ethiopia or Aden; and that any nation which has the physical power to operate and protect it permanently could, if it desired, use the Canal for a selfish purpose; but that in all the years of its existence (except during the World War) it was open to the equally free trade of all nations; in the case of China geography, it is necessary to know

DRAFT

- 2 -

that Manchuria had been for centuries an integral part of the Chinese Empire and later of the Chinese Republic; that the population of China was really four times that of the United States; that the back parts of China extended almost to Europe; that the southern parts bordered India and Siam and Indo-China; and that China's access to the sea has been practically cut off in its entirety during the present conflict with Japan; in the case of Poland, Poland's geography it is necessary to know the historical fact of Poland's long existence as an independent kingdom; of its so-called partition on at least three different occasions; of its borders sometimes greater, sometimes smaller; of its continuing demand for independence when divided up among other nations; of its lack of access to the sea until after the World War; and of its racial groups.

I cite these as examples because such examples could be multiplied as essentials for forming any individual American opinion. It is equally important, in the broader sense of geography, to know distances -- especially distances in terms of modern communications.

First, we all know that information through the radio and the cable is almost instantaneous from one part of the world to the other -- public information -- except to and from those countries which live under dictatorships and censor incoming and outgoing news.

Distance by airplane changes with each passing year. We know that there is passenger travel by plane to almost every part of the world and that this passenger travel proceeds roughly at a speed of less than 200 miles an hour. That means that a straight flight of 3,000 miles to Europe would take more than 15 hours to cover 3,000 miles. And that it would take      hours from Miami to Venezuela, a distance of      hours.

+

DRAFT

- 3 -

But in time of war we have to think of the speed of military planes. Modern, large bombing planes can fly at a rate of 300 miles an hour, thereby reducing the time of commercial planes by a third. We know, too, that for shorter distances, fast, light planes can fly at a rate of 400 miles an hour. Finally, we know that the speed of planes and the endurance of planes are both of them being increased with every passing year.

Let us, however, leave out of consideration for a moment the ability of Europe to conduct air war against the United States from Europe, direct. What would happen if some European nation were to acquire a land base in Newfoundland or northern Nova Scotia? Newfoundland is only an average of \_\_\_\_\_ miles from the principal manufacturing section of New England -- Massachusetts, Rhode Island and Connecticut; only \_\_\_\_\_ miles from New York and \_\_\_\_\_ miles from Philadelphia. An air base of an enemy in Newfoundland would, therefore, be only \_\_\_\_\_ hours for a heavy bomber or \_\_\_\_\_ hours for a light plane in order to make an attack from the air on New England and only a few minutes or, at the most, an hour further to the New York or Philadelphia areas.

People in the center of the country -- the South and the great Middle West do not get gooseflesh over the thought of attacks on the Atlantic Seaboard -- the South of the Middle West must be safe because they are so far away from the Coast. Suppose, for the sake of argument, that the United States adopted the pure isolationist policy and would do nothing whatever to prevent a powerful enemy from establishing great bases in Mexico -- either under their own name or in the name of a puppet Mexican government. It is not beyond the realm of possibilities that a dictator-controlled Europe and dictator-controlled sea power, combining all the naval facilities of Europe, would, with complete logic, seek to dominate one or more Central or South American Republics. Such a Republic

or Republics depend, in greater part, on continuing to sell its raw materials such as wheat, cattle, cotton and rubber to Europe, would protest vigorously against a dictated trade, whereby the South American Republic would be compelled to take payment in whatever goods the dictator-controlled Europe decided on. The South American Republic could protest but would be wholly unable to resist either a dictator-paid revolution or a dictator invasion. Under the pure isolationist policy, the United States would do nothing and the South American Republics would yield to force majeure.

If that Republic were Brazil, it would seem a long ways off to us even though Brazil and the United States have an historic and close association of nearly a century and a quarter. From Brazil, it is but a hop to Venezuela and Venezuela is by air less than three hours by bombing plane to Miami.

From western Venezuela, without even stopping in Colombia, it is only an hour and a half for bombing planes to the Panama Canal -- and yet, it would be the isolationist theory that we should do nothing about the occupation of Venezuela, nothing about the building up of great forces of attack relatively close to us ~~and~~ unless the Panama Canal or Puerto Rico or the continental United States were physically invaded.

In the case of Mexico, there could be all kinds of excuses for attempted domination by European nations -- quarrels over the taking of oil wells, quarrels over Mexican debts. Mexico is not the United States and the isolationist point of view would make us sit by quietly and allow the establishment of great foreign bases in Mexico itself.

Suppose you who dwell in the South or the Middlewest look at your geography book again. A hostile air base in Yucatan is only a short hop from there to Mobile or New Orleans or Galveston or Houston.

DRAFT

- 5 -

It is only a matter of \_\_\_\_\_ hours for an enemy squadron of bombers to go from Yucatan or from Tampico all the way up to St. Louis or Kansas City, or many other large and prosperous communities lying on the Mississippi River or its tributaries.

It is all very well to say that if the United States has an enormous air force -- equal to or bigger than any other nation -- such an air force would smash any bases of an enemy after they had attacked us from Venezuela or Colombia or Costa Rica or Guatemala or Mexico but the fact would remain that the war would already have been carried into our own country and that we could not guarantee against enormous destruction or an inconclusive, indecisive result.

Therefore, the isolationist point of view that talks about limiting our defensive plans to attack by an enemy on our continental limits must start off by making an exception, following this up by pure logic with further exception.

First of all, the isolationist must agree that we could not allow great armaments controlled by dictatorships or the puppets of dictatorships to grow up in Mexico. The second exception is that we could not allow such armaments to grow up anywhere near the Panama Canal. The third and necessary exception is that we could not allow such armaments to grow up in Brazil or in Chile or in Peru or in Argentina or Uruguay because they would form the nucleus of setting up attack points within reach of the Canal or the Caribbean or the southern part of the United States itself.

Therefore, even the isolationist, driven to think in terms of geography and distance and speed of transportation, is compelled by logic to admit that the United States, in order to defend itself on continental limits, must equally defend the whole of the American Continent all the way from Alaska and Canada to Cape Horn.

DRAFT

- 6 -

People will shy off if I go any further because they will say "he is automatically urging the United States to get into all kinds of wars at even greater distance on the theory of self-defense".

That, of course, is one of those illogical and "un-geographical" statements that does not hold water. If it did, the President and the Administration would be urging American participation in the present European war on the theory that dictatorships might win that war, destroy the British Navy, disband the French Army and be in a position to attack North and Central and South America. The President and the Administration and the Congress do not let their imaginations run wild but they do say, in effect, it is not necessary to take part in the European war; that if the dictatorships are defeated, there will be no more danger of an attack on the American Continent by France and England than there has been by these powers during the past hundred years. And they do say that if France and England should be defeated the United States will have to watch its step. And make it clear to the dictators that they will have another first-class war on their hands if they seek, in any way, to dominate any part of the American Continent.

If the dictator nations should win, the United States would be compelled to spend much larger sums than they have ever spent before on Army and Navy preparedness because the record shows that dictatorships successful in a military or naval way are apt to seek an expansion of their success to other nations and other Hemispheres.

But, by the same token, the people of the United States, thinking in geographical and similar terms, must realize that a dictator victory would mean great trade complications with all parts of the world because American trade which is on an open competitive basis would be faced with competition by government-controlled and government-subsidized trade, arising out of every part of a dictator-dominated Europe and a dictator-dominated system of colonies in almost every part of the world.

- - - - -

PSF  
Neutrality

SUMMARY

AMERICAN-OWNED SHIPS November 8, 1939.

From Mr. Haag of Research:

American companies own approximately 267 ships of 1,600,000 gross tons which are registered under foreign flag; of these 199 of 1,300,000 gross tons are tankers and 68 of 298,000 gross tons are of other types.

Many of the American-owned tankers under foreign registry operate between foreign countries and seldom or never visit American ports.

CONFIDENTIAL  
November 8, 1939.

SUMMARY

AMERICAN-OWNED SHIPS UNDER FOREIGN REGISTRY

	<u>No.</u>	<u>Gross Tonnage</u>
1. <u>Tankers</u>		
Standard Oil Companies (N.J.-N.Y.-Calif.)	164	1,107,000
Texas Company	10	77,000
Gulf Oil Co.	18	70,000
Others (5)	7	47,000
Total tankers	<u>199</u>	<u>1,301,000</u>
2. <u>Dry Cargo</u>		
United Fruit Co.	46	231,000
Standard Fruit Co.	16	46,000
Others (2)	7	21,000
Total Dry Cargo vessels	<u>69</u>	<u>298,000</u>
Total - Tankers and Dry Cargo	<u>268</u>	<u>1,599,000</u>

UNITED STATES MARITIME COMMISSION,  
DIVISION OF RESEARCH, Nov. 8, 1939.

...won in Kentuck  
... Tammany did so well in New  
York that Mayor LaGuardia is going around today  
with his cowboy hat over his eyes.

Copyright 1938. All Rights Reserved.

## Today in Washington

### Complications Arise From Plan To Transfer Registry of Ships

By DAVID LAWRENCE.

WASHINGTON, Nov. 9.—If the premise be accepted that sinking of a ship owned by American citizens may drag the United States into war, would this also be true of a ship leased to a foreign company?

This is the basic question involved in the complications that have arisen over the plan of American shipowners to transfer to a Panama corporation the title to their ships. The Gallup poll a latest survey shows that the American people overwhelmingly believe that sinking of ships—the cause of the last war—should not be considered a reason for entry into the present European war.

Although Congress served notice by the passage of the neutrality law last week that it wanted to avoid any issue with Germany over the sinking of American vessels or cargoes, there are some members of Congress who feel that citizens of the United States should deny themselves also the opportunity of leasing their vessels for foreign use, which in effect, what transfer of registry really means.

#### Economic Effects Overlooked.

The trouble, of course, is that emotion about the possibility of a quarrel over sinking American ships, even if transferred to foreign corporations, is so intense that the practical side of the matter has been almost entirely ignored. To the shipowners who face losses of routes and losses of income due to the new law, and who in advance do not ask for the protection of the American Government at all and wish to sail the seas at their own risk, the question is one of acute importance. As for the seamen who cannot be employed in European trade anyway, because it is a violation of law to man American ships for contact with the belligerent countries, the new statute throws them out of employment. Few new routes are available for the American ships. The theory that all the vessels plying to Europe could engage in the South American traffic is excellent on paper, but there are already in operation shipping lines in a sharply competitive business. Other neutral vessels and British and French merchant ships, as well as Italian liners, are not going to avoid South America just to please American shipping lines which have been virtually driven off the North Atlantic by war hysteria.

Nobody here is advocating the granting of subsidies or wages to the seamen who have lost their jobs or will lose them when American ships are tied up. As long as the cry was "Keep us out of war" and the argument was accepted as valid that to trade with European countries meant war, no thought was given to the economic effects of the change. The people who cried for absolute embargo on shipping with Europe did not lose anything themselves on the transaction, but the investors in the regular shipping companies will lose unless Congress reimburses them or accepts without objection next January the plans for transferring registry to foreign countries.

#### Subterfuges Are in the Air.

The contention is being made that to transfer to a foreign flag is a subterfuge. Certainly it is a subterfuge, but it is no different than the provision in the law which requires payment in cash for arms and airplanes that are exported to Europe and doesn't require cash or transfer of title for cargoes shipped across the Canadian boundary or the ports in the South Atlantic.

see Photos. those wife ed for a St. Vin- wn after ans. from e to a by Mrs. recently orce, but

DENT  
NGER

ospital  
ck.

Pres. osmena. Jack last ty to be to Tomas tion was

Parley. inama for r Governor Dr. Arose- ent of the the Inter- Panama ply assailed al persecu- ne of Pan- he has de- the public old.

ACHINE

ply With  
Law.

unt of each achines used l-be started odians of the The check is ance with the tion 183-A of

machine cus- count in the Department of at Sixteenth River. They complete the chines stored in different The auto- mites are still witness the

witness the

Parley  
Panama for  
Governor  
Dr. Arose  
ent of the  
the Inter-  
Panama  
ply assailed  
al persecu-  
ne of Pan-  
he has de-  
the public  
old.

**MACHINE**

ply With  
Law.

unt of each  
achines used  
be started  
odians of the  
The check is  
ance with the  
tion 153-A of  
machine cus-  
count in the  
department of  
at Sixteenth  
River. They  
complete the  
chines stored  
in different  
The auto-  
lities are still  
witness the  
The figures  
vas will be  
official tallies

**LEASED**

Lines Adds  
India.

nes Inc. has  
aritime Com-  
ters of the  
es in the In-  
ounced today  
ecutive vice-  
er company  
sumably will  
completion of  
are the New  
s; the Saw  
5,873 tons  
ft with the  
Lines must  
for the con-  
onal vessels  
dia service  
not say so,  
e company  
ission four  
y ordered  
l Company  
ach will be  
feet long,  
s.  
company is  
services of  
seriously  
neutrality  
port it  
France.  
Mediter-

American ships. The theory that all the vessels plying to Europe could engage in the South American traffic is excellent on paper, but there are already in operation shipping lines in a sharply competitive business. Other neutral vessels and British and French merchant ships, as well as Italian liners, are not going to avoid South America just to please American shipping lines which have been virtually driven off the North Atlantic by war hysteria.

Nobody here is advocating the granting of subsidies or wages to the seamen who have lost their jobs or will lose them when American ships are tied up. As long as the cry was "Keep us out of war" and the argument was accepted as valid that to trade with European countries meant war, no thought was given to the economic effects of the change. The people who cried for absolute embargo on shipping with Europe did not lose anything themselves on the transaction, but the investors in the regular shipping companies will lose unless Congress reimburses them or accepts without objection next January the plans for transferring registry to foreign countries.

**Subterfuges Are in the Air.**

The contention is being made that to transfer to a foreign flag is a subterfuge. Certainly it is a subterfuge, but it is no different than the provision in the law which requires payment in cash for arms and airplanes that are exported to Europe and doesn't require cash or transfer of title for cargoes shipped across the Canadian boundary or the ports in the South Atlantic.

There will come a time when the present neutrality law will be condemned as a hodgepodge drawn up in panic to meet a war hysteria that could as readily have been satisfied by a flat declaration in advance that all ships and citizens travel at their own risk and that the Government of the United States will not use its diplomatic or military powers in behalf of such ships, cargoes or citizens. The law as it stands today contains a major subterfuge on this very point, for, while Americans are forbidden to go overseas, the preamble sets forth that America does not relinquish her rights under international law. Congress wrote other subterfuges into the law, and, now that private citizens who are faced with bankruptcy are trying to save their businesses by transferring to foreign registry, there are plenty of persons here who want to see legitimate operations, clearly permissible under the law, stopped by some sort of quasi-legal or moral pressure.

Even Secretary Hull has been persuaded to ignore the legal view of the complication and to accept the theory that it is morally wrong for American ships to transfer registry. But it's really morally wrong in the view of some people to sail the seas at all or to sell anything to anybody who may carry it to the war zone. It never was morally wrong before in American history to run a blockade at one's own risk, and certainly, if it's good international law for a belligerent vessel to fly a neutral flag in the midst of a voyage, as the Bremen did in escaping the British blockade, it would seem within international law for an American company formally to transfer its vessels to the flag of another country and announce it openly to the world before any voyages begin.

Copyright 1939. All Rights Reserved.

B x 160

1939 PSF Neutrality

*Miss Sullivan  
file*

[ASF, Neutrality]

*Hull*

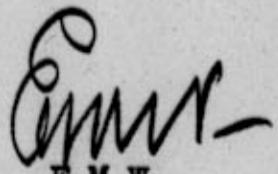
THE WHITE HOUSE  
WASHINGTON

November 13, 1939.

MEMORANDUM FOR THE PRESIDENT:

Secretary Hull asked me to give you the following respectful suggestion:

"That the idea of transfer of title or sale of the U.S. Shipping Line vessels in controversy, be held in abeyance until we know whether or not we will need these vessels. He thought perhaps the ships could be told to make certain runs that might be profitable and the hope held out to them that the recommendation would be made to Congress on its convening in January, to indemnify these vessels for any loss they might have incurred on these runs."

  
E.M.W.

PSF  
Neutrality  
2

November 17, 1939.

14  
File  
Personal

MEMORANDUM FOR THE PRESIDENT:

In conformity with your directive to me to see what the War Department could do about taking over some of the ships made surplus by the Neutrality Act, the enclosed memorandum gives the general situation and shows that we have arranged today with the Maritime Commission to take over a freight ship and its operating crew as well as an ex-Munson Line ship, the Pan American or the American Legion.

We are continuing our efforts to be of assistance.

Louis Johnson

Enclosure

WAR DEPARTMENT  
OFFICE OF THE QUARTERMASTER GENERAL  
WASHINGTON

IN REPLY REFER TO \_\_\_\_\_

November 17, 1939.

Subject: Proposed acquisition by the War Department of U. S. ships  
made surplus by the Neutrality Act.

To: The Assistant Secretary of War.

1. In compliance with your instructions of the 14th instant, the following information in connection with the above subject is submitted.

2. Due to the age and unsuitability of some of the ships in our transport fleet, this office was authorized last winter to enter into negotiations with the Maritime Commission for transfer to the War Department of two ships formerly operated by the Munson Line, with the idea that they would replace the two smaller ships - the CHATEAU THIERRY and the ST. MIHIEL. As the result of these negotiations the Maritime Commission transferred to the War Department two ships, which were reconditioned and are now operating under the names of the GENERAL LEONARD WOOD and the GENERAL HUNTER LIGGETT. Under the terms of the transfer we were to turn back to the Maritime Commission the CHATEAU THIERRY and the ST. MIHIEL when they were no longer required for operation by the War Department. Shortly thereafter the President presented to Congress his National Defense Program, which resulted in large appropriations for the expansion of the Army. Due to major increases in our foreign departments it became necessary to retain and operate these two transports. This arrangement provided the War Department with a fleet of eight ships, which is considered ample for normal operation.

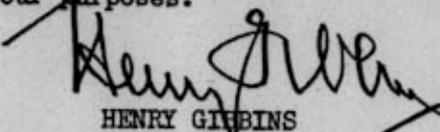
3. At a recent conference with the Staff the question of reserve or stand-by ships was discussed, and this resulted in a directive to acquire on additional troop ship and one additional freight ship. Accordingly, the Maritime Commission has approved our request for the transfer of another ex-Munson Line ship, the PAN AMERICAN - a sister ship of the WOOD and LIGGETT, as well as a freight ship made surplus by the Neutrality Act. This ship and its operating crew will be taken over by the War Department as soon as the details can be completed.

4. In consequence of the above, the War Department is now provided with sufficient bottoms for all purposes and, unless other demands arise, no further ships are necessary for normal operation.

5. If the cost-plus-fixed-fee method of construction is adopted for the Panama Canal Department, as now authorized by Congress, the operation

The Assistant Secretary of War - #2.

by the War Department of additional freight ships for the transportation of equipment and material in connection with this construction would result in a large saving of appropriated funds. In this case it might be possible to secure through the Maritime Commission other ships formerly operated in the trans-Atlantic trade and rendered surplus by the Neutrality Act, provided the same are suitable for our purposes.

  
HENRY GIBBINS  
Major General  
The Quartermaster General

*File Personal & Confidential*  
[DRAFT]

*Box 160 PSF Neutrality 2*  
*Draft from W. M. H. Nov 27*

I have had before me the proposed transfer of certain American ships of American registry to a foreign flag. Because the issue thus presented may have important bearings on our subsequent policy, I have reviewed with care all the problems involved in it. I believe it appropriate to state my conclusions, and the nature of the problems involved, since, as will be seen, the issue is not nearly as simple as would appear on the surface.

Transfer of American ships to foreign flags is undeniably lawful. There is nothing in the Neutrality Act which forbids it. The Maritime Commission is charged by law with the duty of approving or disapproving such transfers; but the principal duty of the Maritime Commission in passing on such transfers is to consider whether ships to be transferred are needed for American naval purposes, and whether the effect of such transfer would prejudice the American Merchant Marine. They are required to disapprove the transfer if the ship is needed for naval reserve purposes, or if the effect of the transfer would be to damage our own legitimate shipping operations.

Despite

Despite this, a new element of policy must now be given consideration. Though the law is silent on the subject, the undoubted spirit of the Neutrality Act contemplated that our shipping operations should be so handled that danger that the United States may be embroiled in controversies which might lead to war should be kept to the minimum. I believe, ~~that though the law is silent~~, we are in honor bound <sup>That</sup> ~~in~~ <sup>to keep</sup> faith with ~~that~~ <sup>the</sup> spirit <sup>of</sup> the law.

To do so means submitting to very real sacrifices.

It must be remembered that this Government has spent many years of work and many millions of dollars in ~~bringing up~~ <sup>setting</sup> up not only the American Merchant Marine itself, but services and connections which are essential in running ships. It has created regular lines, established agencies and business connections, contracted for facilities, made contracts to carry freight. In some cases the economic life of countries overseas has become dependent in some degree on those services; and their discontinuance causes real hardship to friendly nations.

In addition to that, we have in the United States a  
large

large number of men whose livelihood is dependent on the shipping services we have been rendering. They include ~~seamen, longshoremen, [dock workers] and incidental services of transport in which workers have been making their living as an incident to shipping operations.~~ )

My conclusions are these.

I am of opinion that no transfer of American ships to foreign registry should be made, unless the sale is complete, bona fide, and results in the complete severance of the ship from all American connections.

I find nothing in the law or in the spirit of the Neutrality Act which prevents sale to ~~such~~ a bona fide <sup>purchase, belligerent or neutral.</sup> foreign belligerent. ~~The Neutrality Act, which permits sale of munitions to a belligerent, obviously was not designed to prevent sale of ships to foreign interests.~~

The spirit of the Act does, however, in my judgment, require that the sale be complete, that the title shall pass to the foreign interest, that control shall pass to the foreign interest, and that the interest shall be foreign and not American. After that, what happens to the ship is exclusively the business of the foreign buyer.

I am of opinion that where the buyer is a belligerent, the transaction must be for cash; and this I believe is required by that section of the law which prevents extension of credit to foreign belligerents.

I do not believe that the spirit of the Neutrality Act is complied with where the transfer of ships is merely colorable, and is accomplished by shifting nominal title and control from an American company to a subsidiary company. On the other hand, where the sale is bona fide and title, flag and control all pass to a foreign interest, I see nothing in the spirit of the Act to prevent the transaction.

I am aware that the result of this extension of the spirit of the Neutrality Act to a field which was not specifically covered by legislation must work hardship in many cases. The extent of the hardship and the sacrifice will be apparent very soon. I believe that these hardships should not be borne solely by the individuals who happen to be in line of fire, or that they should be asked to bear the whole burden of a policy which is adopted for the benefit of the entire United States.

States. The workers should be compensated in some appropriate manner, which at the outset might be handled through relief, but which should be given its real status as readjustment pay as soon as measures can be worked out which will provide for the result.

I am of opinion that all matters affecting the transfer of ships be cleared through the Interdepartmental Committee on Neutrality; and <sup>I am</sup> be given instructions making the conclusions here expressed effective.

In certain cases special considerations may arise which will call for specific handling. Some shipping is so specialized that when services are cut off, a partial paralysis of necessary world trade may result. Since the Neutrality Act is not designed to involve us in controversies, friendly nations here have the right to ask us so to handle our policy that they shall not be unduly damaged; and it must be our aim to work out these situations with them, so that the minimum of hardship shall result, and in consequence so that we shall not create international problems for ourselves.

*file  
Confidential*

THE WHITE HOUSE  
DEC 22 10 08 AM '39  
RECEIVED

UNITED STATES MARITIME COMMISSION

TO: The President

FROM: The Chairman

Please note Summary and Conclusion on Page 2 of the attached Memorandum. While these activities may not be permanent, they are at least very encouraging with particular regard to employment of personnel.

*Jerry Land*

*PSF Neutrality 2*

UNITED STATES MARITIME COMMISSION  
WASHINGTON

December 22, 1939.

OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE PRESIDENT:

Resume' of action taken to date to take care of privately operated lines seriously affected by neutrality legislation (regular service prohibited).

Vessels Affected

Lykes Bros. Steamship Co.	25 vessels, subsidized.
Waterman Steamship Co.	13 vessels, non-subsidized.
South Atlantic Steamship Co.	6 vessels, subsidized.
Isthmian Steamship Co.	6 vessels, non-subsidized.
American Scantic Line	7 vessels, subsidized.
Black Diamond Steamship Co.	8 vessels, non-subsidized.
United States Lines	11 vessels, subsidized.
United States Lines	<u>10</u> chartered vessels, subsidized.
Total	86

25 Lykes - 12 chartered to Chilean Nitrate Co. for 6 months; 2 chartered to Seas Shipping Co. for 4 months; 7 to 10 needed on Line D to Far East. Therefore 21-24 are occupied which means (a) no practical problems of distress and no financial losses (b) personnel ashore and afloat generally occupied and cared for.

13 Waterman - none idle at present; 5 or 6 in Far East trade; several chartered to other American companies; others used to augment regular services. Therefore (a) and (b) above generally apply.

6 South Atlantic - 2 chartered in South American trade; 3 time chartered to Isthmian Steamship Co. for duration of war; 1 expected to be chartered shortly. Therefore (a) and (b) generally apply.

6 Isthmian - all employed in world-wide trades outside prohibited zones; in addition this Company has chartered 16 American flag vessels. Therefore (a) and (b) above not only generally apply but also extra employment and extra ships have been found necessary.

7 American Scantic - operating 5 or 6 of their older vessels to Bergen; 6 C-2s in South America; sold 14 old vessels to Brazil. Therefore has no idle vessels and (a) and (b) above completely apply.

8 Black Diamond - chartered 8 foreign vessels for its

regular service; time chartered 4 of its own to Baron Line for South and East Africa; 4 to be cared for (some still on voyage) but can probably readily charter and keep busy. Therefore (a) and (b) generally apply, although some losses may occur with 4 ships.

10 U.S. Lines - chartered; (originally 16 chartered from U.S. Maritime Commission, 4 of these will go on Pioneer Line - Atlantic and Gulf to Australia - 2 on Puget Sound Orient service). Of these 10 at least 2 will go on North Spanish ports run and 2 will be tried out on Black Sea run which leaves 6 uncared for at the present time.

11 U.S. Lines - owned; (Passenger and Combination vessels). 1 - PRESIDENT ROOSEVELT on New York-Bermuda run; 2 - WASHINGTON and MANHATTAN on New York-Italy run. These 2 may also be used on West Indies cruises; this leaves the 7 B-boats and the PRESIDENT HARDING; a number of solutions are under consideration, some of which will work out.

Summary

Of the 86 vessels 68 are cared for and 18 unemployed at present are: 4 Black Diamond (these can be cared for); 6 U.S. Maritime Commission ships chartered to U.S. Lines (not serious); 8 passenger and passenger-cargo ships owned by U.S. Lines. The only company suffering severe losses is U.S. Lines.

Conclusion

At the present time there is no serious problem requiring immediate attention except that of the U. S. Lines.

This not only takes care of a large majority of the ships seriously affected by the Neutrality Act but in turn, which is even more important, takes care of a large majority of the personnel. This in turn very materially reduces the figures we discussed at your conferences with Mr. Curran, Mr. Ryan, and Mr. Dushane.

*E. S. Land*

E. S. Land  
Chairman

Enclosure: Inter-Office Memorandum  
of December 11, 1939, brought  
up to date by this Memorandum.

*E. S. Land*

*RF*  
*Neutrality*  
✓

Letter to the President  
From Sumner Welles-----dated February 1, 1940

Re: PROPOSED MESSAGE TO THE NEUTRAL COUNTRIES-----a copy  
of which he encloses; also Mimeographed copy of message  
which was released at State Dept on Feb 9, 1940 and  
relates to proposed diplomatic conversations of Sumner  
Welles-----attached are two messages from Prime Minister  
Chamberlain about Mr. Welles anticipated trip abroad.

See--Welles folder-Drawer 1-1940 (Mimeo copy-Feb 9, 1940)

*PSF  
Neutrality*

DEPARTMENT OF STATE

FOR THE PRESS

JUNE 10, 1940  
No. 276

PROCLAIMING THE NEUTRALITY OF THE UNITED STATES  
IN THE WAR BETWEEN ITALY, ON THE ONE HAND,  
AND FRANCE AND THE UNITED KINGDOM, ON  
THE OTHER HAND.

-----

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA  
A PROCLAMATION

WHEREAS a state of war unhappily exists between Italy,  
on the one hand, and France and the United Kingdom, on the  
other hand;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of  
the United States of America, in order to preserve the  
neutrality of the United States and of its citizens and of  
persons within its territory and jurisdiction, and to en-  
force its laws and treaties, and in order that all persons,  
being warned of the general tenor of the laws and treaties  
of the United States in this behalf, and of the law of  
nations, may thus be prevented from any violation of the  
same, do hereby declare and proclaim that all of the pro-  
visions of my proclamation of September 5, 1939, proclaim-  
ing the neutrality of the United States in a war between  
Germany and France; Poland; and the United Kingdom; India,  
Australia and New Zealand apply equally in respect to Italy.

IN WITNESS WHEREOF, I have hereunto set my hand and  
caused the Seal of the United States of America to be af-  
fixed.

DONE at the City of Washington this tenth day  
of June, in the  
year of our Lord  
nineteen hundred  
and forty,  
and of the  
Independence  
of the United  
States of America  
the one hundred and  
sixty-fourth.

(SEAL)

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL  
Secretary of State.

DEPARTMENT OF STATE

FOR THE PRESS

JUNE 10, 1940  
No. 278

USE OF PORTS OR TERRITORIAL WATERS OF THE UNITED  
STATES BY SUBMARINES OF FOREIGN BELLIGERENT STATES

-----  
BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS section 11 of the joint resolution approved  
November 4, 1939, provides:

"Whenever, during any war in which the United States is neutral, the President shall find that special restrictions placed on the use of the ports and territorial waters of the United States by the submarines or armed merchant vessels of a foreign state, will serve to maintain peace between the United States and foreign states, or to protect the commercial interests of the United States and its citizens, or to promote the security of the United States, and shall make proclamation thereof, it shall thereafter be unlawful for any such submarine or armed merchant vessel to enter a port or the territorial waters of the United States or to depart therefrom, except under such conditions and subject to such limitations as the President may prescribe. Whenever, in his judgment, the conditions which have caused him to issue his proclamation have ceased to exist, he shall revoke his proclamation and the provisions of this section shall thereupon cease to apply, except as to offenses committed prior to such revocation."

WHEREAS there exists a state of war between Italy, on the one hand, and France and the United Kingdom, on the other hand;

WHEREAS the United States of America is neutral in such war;

WHEREAS by my proclamation of November 4, 1939, issued pursuant to the provision of law quoted above, I placed special restrictions on the use of ports and territorial waters of the United States by the submarines of France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision

of

of section 11 of the joint resolution approved November 4, 1939, do by this proclamation declare and proclaim that the provisions of my proclamation of November 4, 1939, in regard to the use of the ports and territorial waters of the United States, exclusive of the Canal Zone, by the submarines of France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa, shall also apply to the use of the ports and territorial waters of the United States, exclusive of the Canal Zone, by the submarines of Italy.

AND I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution, and this my proclamation issued thereunder, and in bringing to trial and punishment any offenders against the same.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this tenth day  
of June, in the  
year of our Lord  
nineteen hundred  
and forty,  
and of the  
Independence  
of the United  
States of America  
the one hundred and  
sixty-fourth.

(SEAL)

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL

Secretary of State.

DEPARTMENT OF STATE

FOR THE PRESS

JUNE 10, 1940  
No. 278

USE OF PORTS OR TERRITORIAL WATERS OF THE UNITED STATES BY SUBMARINES OF FOREIGN BELLIGERENT STATES

-----

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS section 11 of the joint resolution approved November 4, 1939, provides:

"Whenever, during any war in which the United States is neutral, the President shall find that special restrictions placed on the use of the ports and territorial waters of the United States by the submarines or armed merchant vessels of a foreign state, will serve to maintain peace between the United States and foreign states, or to protect the commercial interests of the United States and its citizens, or to promote the security of the United States, and shall make proclamation thereof, it shall thereafter be unlawful for any such submarine or armed merchant vessel to enter a port or the territorial waters of the United States or to depart therefrom, except under such conditions and subject to such limitations as the President may prescribe. Whenever, in his judgment, the conditions which have caused him to issue his proclamation have ceased to exist, he shall revoke his proclamation and the provisions of this section shall thereupon cease to apply, except as to offenses committed prior to such revocation."

WHEREAS there exists a state of war between Italy, on the one hand, and France and the United Kingdom, on the other hand;

WHEREAS the United States of America is neutral in such war;

WHEREAS by my proclamation of November 4, 1939, issued pursuant to the provision of law quoted above, I placed special restrictions on the use of ports and territorial waters of the United States by the submarines of France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the foregoing provision

of

of section 11 of the joint resolution approved November 4, 1939, do by this proclamation declare and proclaim that the provisions of my proclamation of November 4, 1939, in regard to the use of the ports and territorial waters of the United States, exclusive of the Canal Zone, by the submarines of France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa, shall also apply to the use of the ports and territorial waters of the United States, exclusive of the Canal Zone, by the submarines of Italy.

AND I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said joint resolution, and this my proclamation issued thereunder, and in bringing to trial and punishment any offenders against the same.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this tenth day  
of June, in the  
year of our Lord  
nineteen hundred  
and forty,  
(SEAL) and of the  
Independence  
of the United  
States of America  
the one hundred and  
sixty-fourth.

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL

Secretary of State.

DEPARTMENT OF STATE

FOR THE PRESS

JUNE 10, 1940  
NO. 279

EXECUTIVE ORDER

-----  
PRESCRIBING REGULATIONS  
GOVERNING THE ENFORCEMENT  
OF THE NEUTRALITY OF THE UNITED STATES

WHEREAS, under the treaties of the United States and the law of nations it is the duty of the United States, in any war in which the United States is a neutral, not to permit the commission of unneutral acts within the jurisdiction of the United States;

AND WHEREAS, a proclamation was issued by me on the tenth day of June declaring the neutrality of the United States of America in the war now existing between Italy, on the one hand, and France and the United Kingdom, on the other hand:

NOW, THEREFORE, in order to make more effective the enforcement of the provisions of said treaties, law of nations, and proclamation, I hereby prescribe that the provisions of my Executive Order No. 8233 of September 5, 1939, prescribing regulations governing the enforcement of the neutrality of the United States, apply equally in respect to Italy.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE

June 10, 1940.

DEPARTMENT OF STATE

FOR THE PRESS

JUNE 10, 1940  
No. 280

REGULATIONS UNDER SECTION 2 (c) AND (1)  
OF THE JOINT RESOLUTION OF CONGRESS  
APPROVED NOVEMBER 4, 1939

The Secretary of State announces that the regulations under section 2 (c) and (1) of the joint resolution of Congress approved November 4, 1939, which he promulgated on November 10 and November 25, 1939, henceforth apply equally in respect to the export or transport of articles and materials to Italy.

CORDELL HULL  
Secretary of State

*File Personal Confidential*

UNITED STATES MARITIME COMMISSION  
WASHINGTON *2-40*

*PSF  
Neutrality*

December 17, 1940.

OFFICE OF THE CHAIRMAN

Memorandum for The President:

- Subject: Laid-up Fleet of U.S. Maritime Commission
- Reference (a): My memorandum to you of September 12, 1940, approved by you and returned to me.
- Reference (b): Navy Department (Joint Merchant Vessel Board) memorandum to Chief, Naval Operations, of November 19, 1940.
- Reference (c): Captain Callaghan's memorandum to you of November 26, 1940.
- Reference (d): Your memorandum to me of December 2, 1940.

There are 63 (not 68 as mentioned in Reference (b)) vessels in our Laid-up Fleet, 15 of which were sold on December 13, 1940 to J. H. Winchester & Co. of New York, the highest bidder, (who are the British agents in this project) and one was sold to Waterman (U.S.). That leaves 47; of these 47 there have been advertised for sale 24 vessels on which bids will be opened January 7, 1941. It is expected that the British agents will be the highest bidders on this group; 2 vessels are being advertised for domestic sale, bids returnable December 17, 1940. Of the 21 remaining, 17 are advertised or are about to be advertised for reconditioning (following repair market conditions) to be put in "spot", i.e., ready for operation; 3 are already being reconditioned; one is reserved for the War Department.

RESUME:

The Bremerton Fleet is cleaned out except for the MCKINLEY reserved for the U. S. Army.

The Patuxent River Fleet is reduced to 2 vessels, both of which are now up for sale.

The James River Fleet is reduced to 25, of which 21 are up for sale and 4 for reconditioning.

The New Orleans Fleet is reduced to 16, of which 3 are up for sale and 13 for reconditioning.

*Jerry Land*

E. S. Land  
Chairman

*If and when the freighting is carried out  
Och Mother Hubbard's upboard will be bare.  
Jerry.*

RECAPITULATION

- 43 Vessels in Reserve Fleet
  - 26 up for sale
  - 17 for "spot"
- 3 Now repairing for "spot"
- 1 PRESIDENT MCKINLEY
  - Committed to U.S. Army

---

47 Vessels

*R.H.*

THE WHITE HOUSE  
WASHINGTON

*File  
personal*

October 1, 1941.

MEMORANDUM FOR CORDELL HULL:

For your information and return.

F.D.R.

*Some inaccuracies  
in this - I think -*

*CH*

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE FOR EMERGENCY MANAGEMENT  
OFFICE MEMORANDUM

*PSF  
Neutrality*

To: Mr. Harry L. Hopkins

Date:

From: Oscar Cox

Subject: The Neutrality Act and Why there is no important legal reason to repeal it.

There is much loose talk and constant newspaper pressure on the President urging the repeal of the Neutrality Act. Since such repeal is neither legally nor practically necessary it does not seem politically wise to provoke a long Congressional fight when there is so much other constructive legislation which is urgently needed.

The Neutrality Act, as a practical matter, has few teeth left in it. The Attorney General has ruled that the Act does not apply to Government-owned or Government-operated ships. In view of that ruling, it is my opinion that the Act probably does not apply to any privately-owned American vessel transporting solely a Lend-Lease cargo. In addition, the Act clearly does not apply to foreign flagships, and all the boats which the Maritime Commission now owns and all the new ships it is building are either foreign flagships or Government-owned vessels.

At worst, the Act prohibits privately-owned American flagships from carrying cargoes to the British Isles, and to Halifax. That is not important because such shipments can be adequately made in foreign flagships and Government-owned ships.

The Act has no effect at all on shipments to Russia, China, Egypt, Turkey, Iran, Iraq or any of the colonies of the British Empire.

Moreover, the Attorney General and the Secretary of State will probably rule within a short time, that it has no application to any of the French, Dutch, Belgium or Italian possessions.

The papers talk a lot about American vessels being prohibited by the Neutrality Act from proceeding through combat areas. The fact is that the President has always had full legal authority to allow any American ship to proceed through any combat area whenever he deems it advisable for any reason whatsoever.

One section of the Neutrality Act prohibits the arming of American merchant vessels. I believe that that prohibition does not apply to American ships engaged in Lend-Lease transportation. In 1917 President Wilson armed merchant vessels despite the failure of Congress to authorize this arming, and in view of this precedent it is likely that the Neutrality Act prohibition is an invalid restriction on the President's power as Commander-in-Chief of the Navy.

It should also be stated that the Neutrality Act has no relation to the convoy problem and in no way limits the use of the Navy.

oe

PSF: Neutrality <sup>[Enclosure]</sup>

Box 160

*Private & confidential files*

*This written by same underling  
in State Dept about Jan 15 1937  
is half baked & certainly not  
our current policy JDR*

DRAFT

The deterioration in international relations has reached a point where vital interests of the United States are affected.

No matter what neutrality legislation is adopted by the United States, or what measures may be taken to isolate the United States completely from any major European conflict, even should such effort prove successful in keeping out of war, there is no way for the United States to escape the disastrous effects which a major European war would inevitably have upon the wellbeing of this country. Furthermore, even should the actual outbreak of war be averted, a continuation of the present unsettled conditions which obtain in Europe, and the uncertainties, both political and economic, resulting from the imminent and continuing threat of war, are in the highest degree prejudicial to the welfare and interests of the American people. It therefore behooves the United States and all peace-loving

nations to consider what can and should be done to curb the spirit of war, to arrest the increase in armaments, to reduce restrictions which stifle healthy trade and commerce, and to restore international good faith.

The chief danger zones today are in Europe and to a lesser extent in the Far East. While conditions in the Far East are disturbing, the situation in Europe is more acute and more threatening, and an appeasement in Europe would contribute greatly to a removal of danger in the Far East.

As regards Europe, the problem is two-fold:

1st, how to avert war.

2nd, how to establish conditions of secure peace.

The solution of this problem involves:

1st, arresting the armament race and then proceeding by successive steps in reduction of armaments.

2nd, transforming European economy from a war to a peace basis, and thus promote economic recovery and political stability.

In the past we have attacked the parts of the problem

separately and have encountered insuperable difficulties. It may well be that many of these difficulties will disappear in a comprehensive treatment of all phases of the problem. In other words, it may prove easier to secure a general than a partial settlement.

An examination of the present situation in Europe and the part which the United States should play with respect to a solution must necessarily be based upon certain definite assumptions. The following assumptions appear to be reasonable in the light of available information.

1. None of the great European powers desires a general war.
2. If a general war is to be avoided the present tension must be relieved through a political appeasement accompanied by a comprehensive program for economic collaboration and a reduction and limitation in armaments which will reduce the causes and the incentive to go to war.
3. The indications now are that the Spanish situation may serve as an occasion for and a starting point

of negotiations leading to a European settlement rather than to an explosion.

4. The general nature of the settlement should be such as (a) to make it possible for Hitler to claim that he has obtained by peaceful negotiations the essence of what he has represented to the German people as possible of attainment by military action, and (b) to represent for Great Britain and France advantages secured in compensation of sacrifices made.

5. The central objective of such a settlement would be to lay the foundation for a necessary expansion of healthy international trade and commerce as a means of relieving the existing tension which is threatening armed conflict and of providing a basis for orderly and constructive development within individual nations.

6. The interests of Europe in an expansion of international trade through more liberal commercial policies coincide fully with our basic interest in economic freedom.

II.

Position of the United States

A solution of the political problems involved in any European settlement is clearly the concern of the European nations. While the United States should not, of course, involve itself in European political questions, the President now holds a position of such prestige that he may wish to consider whether he is not happily placed to bring the European nations together under conditions favorable to agreement and to help them find a solution they are apparently incapable of finding by their own unaided efforts.

Agreement on the political phase of the problem is essential to averting a world disaster in which we would inevitably become involved. Our direct interest is obviously in the economic field and in disarmament. On these questions, we can participate fully in the negotiations. Even as regards the political question, the United States, while it cannot participate in the detailed negotiations, has a direct and legitimate interest in the attainment of agreement and can, undoubtedly, render important service

through the exercise of its friendly good offices.

Our collaboration in economic questions might be along the following lines:

1. To negotiate comprehensive trade agreements with countries which are willing to reduce their trade barriers and to deal with us on a basis of substantial equality of treatment.

2. As a temporary measure to adapt so far as possible the basic principles of our commercial policy to the special circumstances of countries still employing exchange controls by showing a willingness to move toward a progressive relaxation and removal of the control measures and to negotiate with them trade agreements as comprehensive in their scope as conditions existing in such countries may permit.

3. To take part in technical discussions relating to raw materials.

4. Within the limits of existing legislation, to place no obstacles in the way of the securing of loans in this country for the purpose of assisting nations in

adjusting their currency and exchange control conditional upon the flotation of similar loans simultaneously in Great Britain and France.

5. To permit the conversion of the proceeds of such loans into gold.

6. In order to facilitate these financial transactions, to regularize the inter-governmental debt relations arising out of war debts.

7. Under appropriate conditions to utilize the Export-Import Bank for the extension of commercial credits to limited amounts mainly with a view to encouraging the extension of such credits by private banking institutions.

8. To discuss at any time with other nations joint steps for further stabilization of international monetary relations.

9. In the formulation of our neutrality policy, to resist all efforts to make embargoes in time of war mandatory, with the possible exception of arms, munitions, and loans.

III.

The steps which are necessary to arrest the deterioration in international relations and place them on a more sound and secure basis involve a solution of certain basic questions which are so interdependent that nothing short of a comprehensive and far-reaching settlement of outstanding problems and difficulties will be effective. Such an undertaking to be successful must not only be carefully considered and prepared beforehand, but it must be one that is based upon sound and practical considerations and which satisfies the demand of our own people for limitation of armaments and for the maintenance of peace.

The Washington Conference in 1922 was a considerable success and a forward step because it was a comprehensive undertaking to settle interdependent political and naval questions and was handled in such a way as to arouse an enthusiasm and public support which overcame all criticism and opposition. Nevertheless the work of that Conference has not stood the test of time because the settlements arrived at were not sufficiently comprehensive. They did

not include economic questions and only included one category in one branch of arms.

The disarmament conference at Geneva failed because the objective was too restricted and did not include a settlement or agreement on other questions without which it was not possible to reach agreement on armaments. In view of the fact that the European nations failed to compose their political differences, and to reduce the economic armaments which were being constantly increased, it was not within the realm of practical possibility to agree to reduce military armaments.

The Economic Conference of London failed because neither political solutions nor military disarmament were envisaged as component parts of the problem which was presented.

Europe seems now to be coming to a realization that political settlements and appeasements, economic collaboration and recovery and disarmament are all essential to a solution of the European problem and they must be dealt with as a whole.

Europe is today at the crossroads where it must decide in the near future whether it will continue on the road leading to war and disaster, or reverse itself and undertake through concerted and well directed effort to remove the causes for war and in a spirit of good will and helpfulness cooperate in the establishment of economic and political peace.

While the United States cannot take part in European political settlements it has a vital material interest in European peace and recovery. Furthermore, the power and influence of the United States and the prestige of the President are such as to make it incumbent upon us to consider seriously what we may do under the circumstances which would best serve our own material interests and further the cause of world peace.