My dear Mr. President:

I return herewith a radiogram of April 1, 1941 from the United States High Commissioner to the Philippines in which he communicates, with his approval, a recommendation by Admiral Hart, Commander in Chief of the Asiatic Fleet, that a proclamation be issued declaring that "all interior waters of the Philippines and passages thereto, including the Sulu Sea, constitute territorial waters under United States jurisdiction and in which full enforcement of United States neutrality is undertaken". The Admiral's recommendation is based particularly on his desire "to be in a position to prevent any belligerent fleet from entering the Sulu Sea with the ostensible or real purpose of attacking the Netherlands Indies in the event of belligerency involving them".

The

The President,
The White House.
The Admiral's recommendation has been the subject of discussions with officers of the Navy Department and this Department is informally advised that the Navy Department does not consider it advisable to approve the recommendation. Aside from the question of policy, this Department is convinced that any claim by this Government to territorial jurisdiction over the Sulu Sea would not be tenable. It would be strongly opposed by other governments, particularly by those interested in the navigation of the Sulu Sea, and would constitute a precedent which might prove to be very embarrassing.

Moreover, it is not necessary for this Government to claim territorial jurisdiction over the Sulu Sea in order to prevent its use in any manner which might be deemed inimical to the safety of the United States.

I suggest for your consideration the following draft of a reply to Commissioner Sayre:

For the High Commissioner from the President. Your 120, April first, 9 a.m. For various reasons I do not feel that we should assert jurisdiction. This decision would not, of course, preclude us from taking such measures as may be necessary and appropriate to safeguard our interests.

Faithfully yours,

Enclosure: 
RadioGRAM OF 
April 1, 1941 
FROM THE U.S. High 
Commissioner TO 
the Philippines.

CORDELL HULL
This telegram must be closely paraphrased before being communicated to anyone. (B)

Secretary of State,

Washington,

120, April 1, 9 a.m.

Strictly Confidential from the High Commissioner.

Admiral Thomas C. Hart, Commander in Chief

United States Asiatic Fleet, referring to the Neutrality Act of 1939, Section 16, Executive Order 8233 and Proclamation 2348, both September 5, 1939, recommends that it be proclaimed that all interior water of Philippines and passages thereto, including the Sulu Sea, constitute territorial waters under United States jurisdiction and in which full enforcement of United States neutrality is undertaken. The presence of vessels of foreign belligerents in such waters obviously would constitute a danger to the safety of the Philippines and no vessels should be permitted to enter such waters which would not be permitted to enter other United States territorial waters. The Admiral desires particularly to be in position to prevent any belligerent fleet from entering the Sulu Sea with the ostensible or real purpose
120, April 1, 9 a.m. from Manila.

purpose of attacking the Netherlands Indies in the event of belligerency involving them. In view of practical exigencies of the situation here I concur in Admiral Hart's recommendation and consider it feasible under general principle of international law as applied under present world conditions to such waters. Please immediately bring matter to the attention of the President.

SAYRE

GW
State Department dispatch dated Manila, April 1, 1941, from Sayre in re Admiral Thomas C. Hart's recommendation that it be proclaimed that all interior water of Philippines and passages thereto, including the Sulu Sea, constitute territorial waters under U. S. jurisdiction and in which full enforcement of U. S. neutrality is undertaken.
MESSAGE TO MR. EARLY FROM THE PRESIDENT ABOARD POTOMAC:
(Delivered orally by Admiral Ingersoll, Navy Dept.)

The President thinks a personal appeal to individual
House members by leaders is best with possible delay in
vote until Senate has acted. You can say you have received
messages from President expressing urgent hope and stressing
serious situation of this Hemisphere if Europe and Africa and
Far East are wholly controlled by aggressor nations leaving
United States with a weak Army composed mostly of very
new recruits. The future of defense of the Americas may
depend on this vote. It is too serious to take a chance.
THE WHITE HOUSE
WASHINGTON
August 7, 1941

MR. EARLY:

Admiral Ingersoll, Navy Department, Ext. 3144, has two messages from the President.

(1.) The message to you has instructions that it is to be given to you orally.

(2.) The other message is for Mrs. Roosevelt and instructions are that it should be telephoned to Mrs. Roosevelt. (SHE IS IN HYDE PARK.)

"The President sends word all well on boat and getting real rest. Weather excellent."

Dore
FROM: PRESIDENT OF U.S.
FOR: MR. STEVE EARLY.

I AM SENDING IMPORTANT STATEMENT TO BE GIVEN OUT BY WHITE HOUSE
WITHOUT COMMENT ON THURSDAY AT 9900 EASTERN STANDARD TIME.
YOU MAY INFORM PRESS AND RADIO IN CONFIDENCE LATE WEDNESDAY
NIGHT TO STAND BY FOR A RELEASE THE NEXT MORNING.

PLEASE ON RECEIPT OF THIS STATEMENT TAKE IT TO SECRETARY OF
STATE IN GREATEST CONFIDENCE AND READ IT TO HIM FOR HIS INFOR-
MATION.

THERE IS NO FURTHER NEWS OF ANY KIND. ALL WELL. SIGNED
ROOSEVELT.

FOR DELIVERY TO PRESS AND RADIO AT 9900 EASTERN STANDARD
TIME ON THURSDAY AUGUST 14TH. QUOTE:

THE PRESIDENT OF THE UNITED STATES AND THE PRIME MINISTER,
MR. CHURCHILL, REPRESENTING HIS MAJESTY'S GOVERNMENT IN THE UNITED
 KINGDOM, HAVE MET AT SEA.

THEY HAVE BEEN ACCOMPANIED BY OFFICIALS OF THEIR TWO GOVER-
MENTS, INCLUDING HIGH RANKING OFFICERS OF THEIR MILITARY, NAVAL
AND AIR SERVICES.

THE WHOLE PROBLEM OF THE SUPPLY OF MUNITIONS OF WAR, AS PROVID-
ED BY THE LEASE-LEND ACT, FOR THE ARMED FORCES OF THE UNITED
STATES AND FOR THOSE COUNTRIES ACTIVELY ENGAGED IN RESISTING
AGGRESSION HAS BEEN FURTHER EXAMINED.
Lord Beaverbrook, the Minister of Supply of the British government, has joined in these conferences & he is going to proceed to Washington to discuss further details with appropriate officials of the United States Government. These conferences will also cover the supply problems of the Soviet Union.

The President and the Prime Minister have had several conferences. They have considered the dangers to world civilization arising from the policies of military domination by conquest upon which the Hitlerite Government of Germany and other Governments associated therewith have embarked, and have made clear the stress which their countries are respectively taking for their safety in the face of these dangers.

They have agreed upon the following joint declaration:

Joint Declaration of the President of the United States of America and the Prime Minister, Mr. Churchill, representing His Majesty's Government in the United Kingdom, being met together, deem it right to make known certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.

First, their countries seek no aggrandisement, territorial or other;

Second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned;

Third, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see
SOVEREIGN RIGHTS AND SELF GOVERNMENT RESTORED TO THOSE WHO HAVE BEEN FORCIBLY DEPRIVED OF THEM;

FIFTH; THEY WILL ENDEAVOR, WITH DUE RESPECT FOR THEIR EXISTING OBLIGATIONS, TO FURTHER THE ENJOYMENT BY ALL STATES, GREAT OR SMALL, VICTOR OR VANQUISHED, OF ACCESS, ON EQUAL TERMS, TO THE TRADE AND TO THE RAW MATERIALS OF THE WORLD WHICH ARE NEEDED FOR THEIR ECONOMIC PROSPERITY;

FIFTH; THEY DESIRE TO BRING ABOUT THE FULLEST COLLABORATION BETWEEN ALL NATIONS IN THE ECONOMIC FIELD WITH THE OBJECT OF SECURING, FOR ALL, IMPROVED LABOR STANDARDS, ECONOMIC ADVANCEMENT AND SOCIAL SECURITY;

SIXTH; AFTER THE FINAL DESTRUCTION OF THE NAZI TYRANNY, THEY HOPE TO SEE ESTABLISHED A PEACE WHICH WILL AFFORD TO ALL NATIONS THE MEANS OF DWELLING IN SAFETY WITHIN THEIR OWN BOUNDARIES, AND WHICH WILL AFFORD ASSURANCE THAT ALL THE MEN IN ALL THE LANDS MAY LIVE OUT THEIR LIVES IN FREEDOM FROM FEAR AND WANT;

SEVENTH; SUCH A PEACE SHOULD ENABLE ALL MEN TO TRAVERSE THE HIGH SEAS AND OCEANS WITHOUT HINDRANCE;

EIGHTH; THEY BELIEVE THAT ALL OF THE NATIONS OF THE WORLD, FOR REALISTIC AS WELL AS SPIRITUAL REASONS MUST COME TO THE ABANDONMENT OF THE USE OF FORCE. SINCE NO FUTURE PEACE CAN BE MAINTAINED IF LAND, SEA OR AIR ARMAMENTS CONTINUE TO BE EMPLOYED BY NATIONS WHICH THREATEN, OR MAY THREATEN, AGGRESSION OUTSIDE OF THEIR FRONTIERS, THEY BELIEVE, PENDING THE ESTABLISHMENT OF A WIDER AND PERMANENT SYSTEM OF GENERAL SECURITY, THAT THE DISARMAMENT OF SUCH NATIONS IS ESSENTIAL. THEY WILL LIKewise AID AND ENCOURAGE ALL...
OTHER PRACTICABLE MEASURES WHICH WILL LIGHTEN FOR PEACE-LOVING PEOPLES THE CRUSHING BURDEN OF ARMAMENTS.

(SIGNED)
FRANKLIN D. ROOSEVELT
WINSTON S. CHURCHILL

END QUOTE
SIGNED
ROOSEVELT.

DECLASSIFIED
By Deputy Archivist of the U.S.
By W. J. Stewart Date: JAN 6 1973
FROM: THE PRESIDENT
TO: MR. EARLY

AM FORWARDING MOVIE FILMS AND STILL PICTURES TO YOU VIA WAR AND NAVY DEPTS. RELEASE DATES HAVE BEEN MUTUALLY ARRANGED WITH BRITISH WHO WILL ADVISE YOU WHEN THEIRS ARE READY FOR RELEASE. AM SENDING FURTHER INFORMATION BY AIR.

THIS IS "WHITE 27"

AUTHENTICATED. . . . . .
CODING WATCH OFFICER

SECRET

REGRADED UNCLASSIFIED
FROM: THE PRESIDENT
TO: MR. EARLY

YOUR BLACK NUMBER 31* DEFINITE AGREEMENT MADE AT MEETING THAT NO RELEASE OF PICTURES WOULD BE MADE PRIOR TO MUTUAL RELEASE WHICH WILL PROBABLY BE FRIDAY. PLEASE ASK STATE DEPARTMENT AND BRITISH AMBASSADOR THIS AGREEMENT MUST BE KEPT.

*BLACK NUMBER 31 WAS YOUR DISPATCH OF TODAY ON THE SAME SUBJECT.

AUTHENTICATED
CODING WATCH OFFICER

SECRET

WHITE 28.

PRIORITY

REGRADED
UNCLASSIFIED
SECRET

PRIORITY

WHITE 29.

FROM: THE PRESIDENT.

TO: SECRETARY EARLY, THE WHITE HOUSE.

PLEASE HAVE TRAIN READY BY NOON SATURDAY AT ROCKLAND, MAINE. EXPECTED DATE OF ARRIVAL AT WASHINGTON, SUNDAY. PLEASE TELL COLONEL STARLING AND OTHERS WHO MAY BE CONCERNED.

SECRET

ACTION: WHITE HOUSE........

FILE....................
ART 411(H), COMINST, 1939

"Paraphrased versions of translations of secret messages may be prepared on the authority of the Flag or Commanding Officer in cases where necessary. They shall have the same classification as the original messages, and shall be safeguarded accordingly as prescribed by Navy regulations. Their possession shall be vouched for by signed receipts retained by the communication officer, to whom they should be surrendered for destruction when no longer required."

Note:
This is the only copy of this secret message being distributed in the Navy Department. When no longer required, it should be returned to the Navy Department Communication Officer, Room 2625, for destruction and return of receipt.

AUG 13 1941

RECEIVED FROM THE NAVY DEPARTMENT COMMUNICATION OFFICER ONE PARAPHRASED COPY OF ___________________ DISPATCH (SECRET) WITH REFERENCE NUMBERS WHITE 27.

(SIGNATURE)

MR EARLY

(OFFICE)

Mr. McMullen
ART 411(H), COMINST, 1939

"PARAPHRASED VERSIONS OF TRANSLATIONS OF SECRET MESSAGES MAY BE PREPARED ON THE AUTHORITY OF THE FLAG OR COMMANDING OFFICER IN CASES WHERE NECESSARY.... THEY SHALL HAVE THE SAME CLASSIFICATION AS THE ORIGINAL MESSAGES, AND SHALL BE SAFEGUARDED ACCORDINGLY AS PREScribed BY NAVY REGULATIONS. THEIR POSSESSION SHALL BE Vouched FOR BY SIGNED RECEIPTS RETAINED BY THE COMMUNICATION OFFICER, TO WHOM THEY SHOULD BE SURRENDERED FOR DESTRUCTION WHEN NO LONGER REQUIRED."

NOTE: THIS IS THE ONLY COPY OF THIS SECRET MESSAGE BEING DISTRIBUTED IN THE NAVY DEPARTMENT. WHEN NO LONGER REQUIRED, IT SHOULD BE RETURNED TO THE NAVY DEPARTMENT COMMUNICATION OFFICER, ROOM 2625, FOR DESTRUCTION AND RETURN OF RECEIPT.

14 AUG 1941

RECEIVED FROM THE NAVY DEPARTMENT COMMUNICATION OFFICER ONE PARAPHRASED COPY OF WHITE 28 DISPATCH (SECRET) WITH REFERENCE NUMBERS .

(SIGNATURE)

MR EARLY

(OFFICE)

Mr McMullen on phone
FROM: PRESIDENT OF THE UNITED STATES.
TO: MR. FORSTER, EXECUTIVE SECRETARY.

PLEASE HAVE MAIL ROCKLAND, MAINE BY TWO PM SATURDAY 16TH, ALSO NOTIFY MISS TULLY TO BE THERE AT THAT TIME. EXPECT TO DISEMBARK AND BOARD TRAIN 16:00 THAT DAY. ADVISE THOSE CONCERNED.
FOR: REAR ADMIRAL INGERSOLL

INFORM WHITE HOUSE OF FOLLOWING X SEND WHITE HOUSE POUCH TO ARRIVE HALIFAX TUESDAY FORENOON VIA PLANE. THE PILOT SHOULD CONTACT PLANE FROM ARGENTIA FOR TRANSFER MAIL AND RETURN. ON THE NEXT FOX SCHEDULE RECEIPT FOR THIS DISPATCH PHONED TO MR. FORSTER

WHITE 17
NAVAL MESSAGE

PHONE EXTENSION NUMBER

FROM

OPNAV

RELEASED BY

OPNAV DO - CLAPIN

DATE

12 AUGUST 1941

TOR CODEROOM

Hoffmann

DE/CODED BY

GLUNT

MESSAGE PRECEDENCE

PRIORITY

NAS ANACOSTIA

COMTASKGROUP 4.7

ALUSNA OTTAWA

USS AUGUSTA

INFORMATION FOR ACTION

DEFERRED

PARAPHRASED BY

DEFERRED

INDICATE BY ASTERISK ADDRESSEES FOR WHICH MAIL DELIVERY IS SATISFACTORY.

12125CR0332

UNLESS OTHERWISE INDICATED THIS DISPATCH WILL BE TRANSMITTED WITH DEFERRED PRECEDENCE,

ORIGINATOR FILL IN DATE AND TIME:

DATE

TIME

GCT

TEXT

PILOT TO CONTACT PLANE FROM ARGENTIA FOR TRANSFER OF MAIL AND RETURN. SEND PLANE WITH WHITE HOUSE MAIL TO ARRIVE AT HALIFAX IN THE FORENOON OF TUESDAY AUGUST 12TH.

DISTRIBUTION:

38...ORIGINATOR.

11/11...13...16...20Z...OPNAV DO...

Delivered to Anacostia message at 0320/12

White House

CONFIDENTIAL

MAKE ORIGINAL ONLY, DELIVER TO COMMUNICATION WATCH OFFICER IN PERSON
SEE ARTICLE 76(4) NAV REGS.
ON FORENOON TUESDAY AUGUST 12TH ANACOSTIA PLANE ARRIVING DARTMOUTH AIRPORT HALIFAX. ARRANGE FOR DELIVERY OF WHITE HOUSE MAIL NOW AT ARGENTIA TO DARTMOUTH AIRPORT HALIFAX IN TIME TO CONTACT PLANE ARRIVING FROM ANACOSTIA. PICK-UP NORTH-BOUND WHITE HOUSE MAIL.
NSS V MAD P53

Z NEJP 061900 SNOW GR 34

FROM USS POTOMAC
ACTION SECNAV

FOR SIMULTANEOUS RELEASE TO PRESS X CRUISE SHIP PROCEEDING SLOWLY ALONG COAST WITH PARTY FISHING FROM STERN X WEATHER FAIR SEA SMOOTH X POTOMAC RIVER SAILORS RESPONDING TO NEW ENGLAND AIR AFTER WASHINGTON SUMMER.

OOR Act

CWO 10/11 061A 20 05 File Copy to White House ✓
**NAVAL MESSAGE**

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PARAPHRASED BY: GLT

INDICATE BY ASTERISK ADDRESSEES FOR WHICH MAIL DELIVERY IS SATISFACTORY.

122946 OR 0137

UNLESS OTHERWISE INDICATED THIS DISPATCH WILL BE TRANSMITTED WITH DEFERRED PRECEDENCE.

ORIGINATOR FILL IN DATE AND TIME:

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TEXT

WHITE 24.

DIRECT ANACOSTIA MAIL PLANE TO CONTACT ARGENTIA MAIL PLANE AT HALIFAX AND OBTAIN THE MAIL. HOLD NORTH BOUND MAIL IN HALIFAX AND AWAIT NEW RENDEZVOUS. ARGENTIA PLANE RETURN REGULAR STATION.

DISTRIBUTION:

36 ACTION OPDO

10/11 FILE

COPY SENT TO WHITEHOUSE.

DECLASSIFIED

DGBC DIR. 5200.0 (8/27/69)

Date - 1-31-72

Signature - RAP

CONFIDENTIAL

MAKE ORIGINAL ONLY, DELIVER TO COMMUNICATION WATCH OFFICER IN PERSON SEE ARTICLE 76(4) NAV REGS.
AUGUST 13, 1941

FROM: OPNAV
TO: NOB ARGENTIA

ARGENTIA PLANE REMAIN AT HALIFAX AND AWAIT RENDEZVOUS INSTRUCTIONS.
AUGUST 13, 1941

FROM: USS AUGUSTA
TO: OPNAV

DIRECT ARGENTIA PLANE REMAIN HALIFAX AND AWAIT RENDEZVOUS INSTRUCTIONS. YOUR 13/42.

CONFIDENTIAL
AUGUST 13, 1941

FROM: OPNAV
TO: USS AUGUSTA.

YOUR 122046. POUCHES TRANSFERRED IN HALIFAX TODAY AS
INSTRUCTED BY YOUR 111820. ANACOSTIA PLANE HAS RETURNED.
ARGENTIA PLANE EXPECTED PROCEED NORTHWARD AFTER MINOR
ENGINE REPAIRS AS PERMITTED BY WEATHER. NORTHBOUND
MAIL NOW IN ARGENTIA PLANE RETURNING TO REGULAR STATION.

Black #29

Date: 1-31-72

Signature: [Redacted]

Confidential
FROM: USS AUGUSTA
TO: OPNAV

DIRECT ANACOSTIA MAIL PLANE CONTACT ARGENTIA MAIL PLANE AT HALIFAX AND OBTAIN MAIL. HOLD NORTH BOUND MAIL IN HALIFAX AND AVOID NEW RENDEZVOUS ARGENTIA PLANE RETURN REGULAR STATION.

NOTE: ANSWERED BY OPNAV DUTY OFFICER

AUGUST 12, 1941
NSS V NAD P20

Z NEJP 071305 SNOW GR 40

FROM USS POTOMAC
ACTION SECNAV

FOR RELEASE TO PRESS X ALL MEMBERS OF PARTY SHOWING EFFECTS OF SUNNING X FISHING LUCK GOOD X NO DESTINATION ANNOUNCED X PRESIDENT BEING KEPT IN CLOSE TOUCH INTERNATIONAL SITUATION BY NAVY RADIO ALL ON BOARD WELL AND WEATHER EXCELLENT

TGT1450AUG7A

OORR Act

1916 - COA - 20 - OS -
Copy sent to White House by messenger
MEMORANDUM for The President:

The Secretary turned over to me Mr. Berle's letter. While fairly familiar with the subject, I directed Ship Movements to set down the facts in the case and am enclosing Brainard's memorandum just as written.

Am forwarding copy of this memorandum to Jerry Land. I am also dropping Mr. Berle a line, copy enclosed.

Betty

September 20, 1941
MEMORANDUM

From: Director, Ship Movements Division.
To: Chief of Naval Operations.

1. The SESSA and MONTANA were formerly Danish ships; they were taken over by the United States (Maritime Commission) and were operating under the Panamanian flag with a non U. S. crew.

2. At the time of their departure from U. S. ports only U. S. flag and Icelandic flagships were being escorted by U. S. Naval vessels.

3. In accordance with instructions, no routing to the SESSA was given by U. S. Naval authorities; no knowledge was had in this office of the time or port of departure of the MONTANA prior to her sailing. It is understood that the SESSA was told to apply to British authorities in New York for information and safe routing.

4. The first information regarding MONTANA was a dispatch from the Admiralty (081725) requesting the MONTANA be diverted in her route; this was promptly telephoned to the Maritime Commission as they were understood to have knowledge of and be concerned with the voyage of that vessel and it is further understood that they endeavored to contact the MONTANA but without known results.

5. The first information regarding the attack on SESSA came from the LANSDALE (051430) reporting three survivors picked up, believed to be all remaining of a crew of fifty-three, the SESSA having been torpedoed on 17 August (nearly 3 weeks previous).

6. Attacks on convoy SC-42 were first reported on 10 September. The first information regarding the MONTANA was by Alusna London dispatch 120325 following which the request from Admiral Pound was forwarded by Spenavo London dispatch 121052 asking assistance in
the vicinity of Convoy SC-42. Cinclant was at once directed to render such assistance as may be practicable and he (Cinclant) dispatched Desdiv 4 and planes to the vicinity to render assistance. Later, as a result of the request from the Admiralty that survivors might have headed for the Greenland Coast between latitude 61 and 62 North, a destroyer was sent to search that vicinity.

7. In their dispatch 151903 the Admiralty expressed appreciation and thanks for assistance.

8. A third former Danish ship, the ALCEDO, understood to be still under the Panamanian flag, and operated by the Maritime Commission, at Reykjavik is to be advised through instructions given 11 September to the Commanding General First Marine Provisional Brigade to seek escort in any west bound convoy as far as she desires in her prospective passage to Greenland.

R. M. Brainard
Rear Admiral, USN
MEMORANDUM

Mr. President:

We requisitioned two Danish ships, the Sessa and the Montana, and sent them to Iceland manned principally by Danish seamen. The boats were sunk; only three of the Sessa's crew survived; and so far, we have no information whatever about the crew of the Montana.

It develops that the ships were sent out without convoy, with no attempt to follow their course by the Navy; and apparently with no precautions for their safety. If my information is right, in the existing concentration of submarines around Iceland, this comes pretty close to condemning a ship with not much better than an even chance.

The policy has been to try to get these Danish ships to sea and to use them in the Iceland trade. But I hesitate to go on putting pressure on everyone to get this done until we can be sure of some Navy protection -- or until the boats can join British convoys.

At the moment, there is not even a search party out for the survivors of the Montana, so far as we know.
A third Danish ship is now in Reykjavik and her master declines to take her out until there is some sort of escort or convoy, though he is only going to Greenland.

Should not the Navy at once give consideration to this?

I realize that it is a tough problem. If we convoy these ships to Iceland, we are in the convoy business. If we turn them over to British convoys, we are then in things. Adequately patrolling the waters up there means taking a naval decision on distribution of strength. It seems to me that this is a question only you can resolve. My own feeling would be that (a) we put these ships in with British convoys for the time being, or (b) we organize our own convoy system to Iceland as rapidly as possible, unless and until we extend the patrol.

From now on, under the Maritime Commission's ruling, all ships going to Iceland will be under the American flag. But that does not change the problem very much.

Perhaps in your next conference with Navy you may wish to take up this matter.

I am sending a copy of this memorandum to the Secretary of the Navy.

Adolf A. Berle, Jr.
MEMORANDUM

September 24, 1941.

Mr. Forster:

The attached revocation of ex-equatur has been prepared for the President's signature.

The American Ambassador at Panama has recommended the withdrawal of the ex-equatur of Mr. Henry de la Blanchetale as Consul of France for the Canal Zone. This recommendation has met with the full approval of the Department's officials.

E. F. "State"

PR: SHQ: EFP

Resolved 9/24/41
Returned to State Dept.
9/25/41
DEPARTMENT OF STATE

DIVISION OF THE AMERICAN REPUBLICS

9/2/41.

Mr. Daniels:
Mr. Bonsal:

I have spoken to Mr. Reber in EU on this matter of the offensive letter from the French Chargé d'Affairs in Panama. He agreed that our instruction should authorize a "stiff" answer.

I checked with the War Department and with Mr. Reber on the instructions from the Sec. of War to Canal Zone authorities permitting the extensions of courtesies, etc.
MEMORANDUM

9/1/41.

Mr. Daniels:
Mr. Bonsal:

The French Chargé d'Affaires in Panama (French Consul in the Canal Zone), M. de la Blanchetai has protested and demanded explanations concerning certain acts which took place on the part of military authorities of the Canal Zone on the occasion of the passage of the Free French destroyer TRIOMPHANT through the Canal on August 16. The officers and crew were accorded the same consideration as that shown the personnel of British vessels of the same category.

When our military authorities took over the French merchant vessel INDIANA M. de la Blanchetai attempted to go on board but was told he could not. This he also protests.

M. de la Blanchetai requests assurances that these occurrences are regarded as regrettable and that they will not take place again. He states that he cannot admit that facilities and even honors be accorded to sailors in revolt against a nation recognized by the United States; that he cannot admit that these sailors be authorized to circulate in uniform on the territory of
Thus is raised the question of relations of the United States Government with the Government of Free France and with the Vichy Government. The Ambassador requests instructions authorizing him to make a stiff answer. He suggests that the reply might simply state that the facilities and courtesies received by the TRIOMPHANT were accorded under instructions from the Secretary of War.

Ambassador Wilson suggests the advisability of canceling de la Blanchetai's exequatur as French Consul in the Canal Zone.
October 6, 1941

My dear Mr. President:

In the last meeting of your Liaison Committee composed of General Marshall, Admiral Stark, and myself, the various problems involving defense measures in Dutch Guiana came up for consideration.

In order that General Marshall might be fully informed of the present point of view of the Dutch Government, I subsequently informed him of the suggestions made by the Queen of the Netherlands to you concerning Brazilian participation in these defense measures, and requested General Marshall’s opinion with regard to these suggestions from the standpoint of the practical elements involved.

I have today received a reply from General Marshall to my inquiry and I am enclosing a copy for your information. Personally, I believe that the Brazilian Government would be satisfied as to its participation in the suggested defense measures in

The President,

The White House.
Dutch Guiana with the suggestions of the Queen of the Netherlands. The Brazilian Government is worried, I know, should it participate in defense measures in Dutch Guiana on an equal basis with ourselves, regarding the difference in pay, et cetera, between United States troops and Brazilian troops, and the suggestions of Queen Wilhelmina would obviate these difficulties and at the same time make it possible for the Brazilian Government to make a gesture which I think will take care of their susceptibilities.

Will you let me know at your convenience what your wishes may be in the matter since I think both the Dutch and the Brazilian Governments should be informed in the near future of the conclusions you may reach.

Believe me

Faithfully yours,

SUMNER WELLES

Enclosure:
From General Marshall,
October 6, 1941.
October 6, 1941

The Honorable Sumner Welles, 
Under Secretary of State, 
Washington, D. C.

Dear Mr. Welles:

I have your note of October 3, asking my views with regard to the suggestions made by the Netherlands Government as to the manner in which Brazil might be invited to contribute to the attainment of our objective in Dutch Guiana.

On Saturday, October 4, Mr. Walmersley discussed this subject with Colonel Crawford and Lieut. Colonel Ridgway, both of the War Plans Division. Both officers were strongly of the opinion that the suggestions made by the Netherlands Government concerning Brazilian participation, as transmitted by Ambassador Biddle, offered a solution satisfactory to the War Department, and one which would probably be acceptable to Brazil. They stated that the primary objective of the War Department was to dispatch troops, now in readiness at Trinidad, to the bauxite mines in Dutch Guiana without further delay.

I am apprehensive that further insistence by our Government that the Netherlands Government invite Brazil to participate on an equal basis with us may delay the institution of necessary defensive measures for these mines, which are of vital importance to our defense effort, particularly as regards airplane production.

I believe that the action proposed by the Netherlands Government would satisfy the Brazilian Government and result in our obtaining permission for the entrance of our troops into Surinam without further delay. The limited housing available in Surinam to accommodate American forces is appreciated, and our plans contemplate restricting the initial forces to approximately 1,000 officers and men. These forces will be strong in air and antiaircraft units.

When agreement has been reached upon the text of the public statements which the United States and Netherlands Governments will release simultaneously,
would it not be well, before such release is made, to transmit a copy to the Brazilian Government for its confidential and advance information, suggesting that at the time the statements are released, the Brazilian Government also release a statement indicating its prior knowledge and support of the action taken.

I recommend that Ambassador Biddle be informed, as soon as practicable, of the acceptance by this Government of the proposals transmitted by him, and that he again urge the Queen of the Netherlands to promptly instruct the Governor of Surinam accordingly.

Faithfully yours,

G. E. MARSHALL
Chief of Staff.
THE WHITE HOUSE
WASHINGTON

Question of oil to Spain raised by Ickes et al.

To be read later

CH

OK

FDR

10/10/41

The orig. of all three of these memos were returned to State Dept. 10/10/41
THE SECRETARY  

Supplies of gasoline have been taken by Spain, through the agency of Campes (the Spanish monopoly) from the United States, subject to:

1. Limitations imposed by a quote agreement between Spain and the United States Government and Campes;

2. Limitation on the concentration of tankers;

It is understood that these amounts have been referred to the establishment of a package system, and is controlled by a British system. The agreement was made under the agreement of Wolfram et al., the British government taking a quantity of crude oil and importing it to exchange with Spain.

The agreement with Campes specifies that all quantities of petroleum products imported by Spain shall be exchanged with U.S. in exchange for Spanish securities.

The arrangement specifies that monthly deliveries of petroleum products from the refinery in Tenerife to Spanish mercados shall not exceed certain stated quantities, that stocks of crude and all finished products shall not at any time exceed 60,000 gallons. C. Haas that gasoline in Tenerife shall not exceed an octane rating of 60.

The British appears to be satisfied that the Spanish parties to these agreements are faithfully observing the conditions of the agreements. Moreover, in September 28, 1941, the Government had received assurances from Ambassador Peckett in Madrid:

"Contrary to the fears expressed about possible quantities of this material, some reports have been received that I am convinced that the general security is in the hands of the Allies even in the event of an invasion."

No report has been seen from any of the Department's sources in Spain indicating that gasoline supplied by this country is not wholly consumed within Spain.

A copy of a report of the Commissioner of Customs dated 25th October, transmitted to the Department under cover of a letter from the Secretary dated October 3, 1941, furnishes additional data in accordance with the state of the Spanish economy. Mr. Lodge, in the report that was sent from the United States to Spain dated the Spanish association and the United States! This report refers to similar information previously received on several occasions. While these reports may have raised a doubt as to the actual distribution of petroleum products delivered to Spain, it does not.

OCTOBER 9, 1941  
THE SECRETARY  

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(1) limitations imposed by a quote agreement between the British Government and Campsa;
(2) limitations of Spain's tanker capacity;
(3) our export license control.

It is understood that the quota above referred to is established quarterly, and is controlled by the British navicert system. Similarly, and again by agreement with the Spanish, the navicert system limits the quantity of crude oil supplied the Spanish refinery at Tenerife. The agreement with Campsa specifies that all quantities of petroleum products imported by Spain shall be destined exclusively to Spanish consumption. The other agreement specifies that monthly deliveries of petroleum products from the refinery in Tenerife to Spanish Morocco and Guinea shall not exceed stated quantities, that stocks of crude and all finished products shall not at any time exceed 60,000 tons, and that gasoline produced in Tenerife shall not exceed an octane rating of 66.

The British appeared to be satisfied that the Spanish parties to these agreements are faithfully complying with the conditions imposed by the agreements. Moreover, on September 16, 1941, the Department had the following assurance from Ambassador Weddell in Madrid:

"Contrary to the fear lest small quantities of this...supplied by this country is not wholly consumed within Spain."

A copy of a report of the Commissioner of Customs dated October 1, 1941, transmitted to the Department under cover of a letter from the Treasury dated October 2, 1941, furnishes a statement made informally by the Chief Mate of the Spanish steamship Monte Icitar, to the effect that gasoline going from the United States to Spain is not for Spanish consumption but for German.
ports, the evidence contained in the reports seen has appeared to be purely circumstantial and inconclusive. A report of the Federal Bureau of Investigation dated September 9, 1941 furnishes similarly inconclusive and admittedly hearsay evidence.

According to the Department's records, licenses were issued during the month of September, 1941, for the export to Spain of 5,508,000 gallons of gasoline, valued at $309,000. No other quantities of gasoline were licensed for export to Spain during the quarter ended September 30 and none have been licensed since that time. The gasoline supplied under these licenses was of a grade only slightly superior to the grade of gasoline falling within the definitions established under export schedule no. 15 applicable for the supply of gasoline to Japan. A slightly superior grade was authorized from the reasons that (a) gasoline suiting the definitions was apparently not available for export in this country and could only be made available after an appreciable delay, (b) Spanish tankers were waiting in Port Arthur, Texas, ready to load, and (c) in view of the fact that Ambassador Cardenas was on the point of departure for Madrid, it was desired that we should be in a position to say that pending applications had been taken care of.

Ambassador Weddell has now reported again in this regard, in his telegram 886 of October 7, 1941. According to this report an expert of the British Government is at present in Spain investigating the distribution of petroleum products. He has found no discrepancies in the figures and records to which he apparently has been given free access. He has broached with Campsa the question of a British control over quantities of petroleum products discharged in Spain and Campsa has readily agreed. It is understood that the British are establishing such a control for checking deliveries both in the Peninsula and in the Canary Islands. The British Government's expert has expressed the opinion that transfers from Spanish to Axis vessels are not being made systematically or with the knowledge or consent of either the Spanish Government or its petroleum monopoly. He has admitted the possibility of isolated cases of such transfers by the masters of Spanish tankers but is convinced that the grave shortage of petroleum products in Spain reniers any systematic supply to Axis vessels extremely unlikely. Furthermore, this expert has encountered no evidence of shipments from continental Spain to Axis destinations, and believes that any quantities thus disposed of clandestinely must be insignificant.

In his telegram 887, of the same date, Ambassador Weddell renews his recommendation that export licenses for the cargoes of Spanish tankers be granted.
January 30, 1942.

AMBASSADOR,

CARACAS (VENEZUELA).

TRIPLE PRIORITY.

Your 63, January 29, 9 p.m.

Please see President Medina immediately and inform him that as he knows this Government has at all times during the discussions constantly kept before the Netherlands Government the question of Venezuela's participation and has delayed the sending of troops to Curacao in deference to President Medina's views. In the meantime however developments in the strategic situation, including the presence of a German submarine in the Gulf of Mexico, make imperative the very early despatch of protective forces to guard against a probable attack in the near future. You may assure President Medina that the President and myself will continue to press for a formula of Venezuelan participation along the lines described by President Medina in your telegram under reference.
The President desires you to deliver to President Medina the following personal message from him:

QUOTE I know that you will understand that the measures to be taken to safeguard the refineries at Curacao and Aruba are dictated by the highest military necessity. Curacao and Aruba are not protected today, and their absolutely essential oil refineries might be destroyed tomorrow by enemy action. If the refineries were destroyed the shipment of Venezuelan oil would practically cease almost immediately with the most serious consequences to the successful conduct of the war. I have in mind in this connection the position of the Venezuelan Government which regards the refineries as the essential complement of the Venezuelan oil fields. Frankly however in view of the compelling necessity to complete the defense of the Caribbean area I cannot further delay the dispatch of our troops to those islands and therefore I am taking the sole responsibility for their
immediate movement. I am confident that you, as a military man, will understand the exigencies of the situation and the necessity for speed and secrecy.

UNQUOTE.

You may inform President Medina in conclusion that the substance of the foregoing message was communicated at the President's request to Ambassador Escalante today, and that we propose to maintain the closest possible contact with the Venezuelan Government in this matter.

C.K.F.R.

Original received 1/31/42 - 12:35 P.M.
My dear Mr. President:

In view of the authorization which you gave me at Cabinet meeting on March 20 to go ahead without further delay in carrying out our proposed economic arrangements with Spain, I am enclosing herewith a memorandum covering this subject.

The purpose of the attached memorandum is to set out the essentials of the prospective program of interchange of commodities between Spain and the United States with a view to making certain that it meets with your approval.

The program outlined in this memorandum is regarded as a ninety-day operating program, during which period we expect to be able to ascertain whether it would prove possible to secure any significant amounts of Spanish products we desire to obtain.

The execution of this program is being most intensively urged by the British Government. The British Government has informed us that it regards the execution

The President,

The White House.
of this program as being of vital importance to its own production effort and to its own political interests.

In so far as the execution of this program by our own Government is concerned many departments and agencies of the United States are necessarily involved. Speaking very frankly, certain subordinate officials of these departments and agencies appear to be opposed to the carrying out by this Government of any program which involves the shipment of commodities from the United States to Spain. It is for that reason that I find it necessary to bring this memorandum to your attention so that, should it meet with your approval, the appropriate departments and agencies can be informed by the Department of State that its execution during this test period is specifically approved and authorized by you.

May I draw your attention particularly to page 9 of the memorandum where it is made clear that the carrying out of this program would be directed by a board of five officials of this Government; three from the Reconstruction Finance Corporation, one from the Board of Economic Warfare and one from the Department of State.

I shall appreciate it if you will let me have your decision in this matter.

Believe me

Faithfully yours,

SUMNER WELLES
REPORT UPON DEVELOPMENTS IN TRADE RELATIONS WITH SPAIN

(1) Spain is an important source of supply for the following products:

Iron ore    Mercury
Tungsten    Lead
Olive oil    Zinc
Wool and woollen goods Foodstuffs (especially oranges, lemons, onions, apricot pulp)
Skins       Iron pyrites
Cork        Potash

From the standpoint of actual need, Great Britain wishes to obtain the iron ore, certain quantities of pyrites, the mercury, the potash, the olive oil, and the foodstuffs.

From the standpoint of actual need, the United States wishes to obtain the tungsten, the cork, the olive oil, and some of the mercury, and could usefully acquire as well the zinc and lead.

The Axis desires particularly the tungsten, the wool and woollen goods, sheep and other skins, zinc, olive oil, copper, and cork. The United States and Great Britain desire to limit, by their own preclusive buying operations, the amounts of these commodities that can be acquired by
by the Axis.

(2) Spain urgently needs a great variety of products, essential for the continuance of her economic life, particularly coal, petroleum products, rubber, iron and steel, fertilizers.

(3) The Spanish Government, while leaving in the hands of private interests the production and sale of most of these commodities, exercises complete control over their export. It is taking the position that what it will permit to be exported to any country will depend on what goods Spain can get from that country. It is apparently assuming this attitude in an increasing measure vis-à-vis Germany, although it is undoubtedly tempered in this instance by diplomatic considerations and military fears.

It seems plain, however, that if the United States and Great Britain are to acquire any substantial amounts of Spanish products, particularly those Spanish products that the Axis wishes, they will have to

(a) have adequate organizations within Spain, able to conduct the necessary deals with the Spanish Government,
and in a position to operate in Spanish markets, paying the prices there prevailing,

(b) obligate themselves to provide certain quantities of goods demanded by Spain.

(4) Discussions have been actively going on between the United States and the British Government, and as between each of these two Governments and the Spanish Government as regards both these matters.

As a result of these discussions, the Spanish and American Governments have recently interchanged memoranda which represent an agreement on the principles of trade interchange between the two countries. The core of the agreement is that the United States Government would undertake to make available quantities of petroleum products up to a designated maximum (such products might come either from the continental United States or from petroleum properties under the control of the United Nations in the Caribbean area) and possibly of other products, provided the Spanish Government in turn facilitates in a satisfactory way the acquisition of goods desired by the United States.

The question and task immediately ahead is that of transforming
transforming this general understanding into a working program. This will require that many difficulties of a varied character be overcome, and that its execution be carefully checked at each stage.

(5) The British Government has been operating for many months past on the basis of a similar understanding, in accordance with which it has provided Spain with a considerable variety of products and obtained from Spain in return a considerable quantity of Spanish products.

It is even now proceeding actively towards the conclusion of its discussions for trade interchange for 1942. The chief commodities it is expecting to secure from the Spanish Government are iron ore (over 800,000 tons), mercury, pyrites, potash, foodstuffs (especially 45,000 tons of oranges). In addition, it believes that if it, the British Government, can provide 2,000 tons of rubber, the Spanish Government will obligate itself in turn to provide England with 600 tons of tungsten (virtually the whole Spanish output) and considerable amounts of wool and woolen goods — which it is desired to keep out of German possession. This question of rubber is now under consideration, from the viewpoint of supply, by the Combined Raw Materials Board.
The British purchases and sales are carried out through the United Kingdom Commercial Corporation, which is able to undertake to pay whatever prices may be necessary and to promise deliveries of British goods.

(6) Spain acquired from the United States during 1941 various products, chiefly petroleum products. These have been despatched on a spasmodic basis and have been deliberately kept to a minimum in order that Spanish inventories should be reduced to a minimum; each particular shipment has only been authorized on the urgent appeal of the Spanish authorities and the even more urgent recommendation of the British Government.

Under the program visualized, deliveries of petroleum (from the United States or from properties under American, Dutch, or British control, in Colombia, Venezuela, Curaçao or Aruba) would be supplied in accordance with an agreed-on figure of minimum requirements. For the three months' working period February through April the following amounts have been proposed:

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>25,000 metric tons</td>
</tr>
<tr>
<td>Kerosene</td>
<td>1,000 metric tons</td>
</tr>
<tr>
<td>Gas Oil</td>
<td>20,000 metric tons</td>
</tr>
<tr>
<td>Fuel Oil</td>
<td>14,000 metric tons</td>
</tr>
<tr>
<td>Lubricating Oil</td>
<td>3,000 metric tons</td>
</tr>
</tbody>
</table>

None
None of the above is of aviation grade, and it is understood that none is to be converted into petroleum of aviation grade.

This petroleum supply would be provided on the following conditions:

(a) The Spanish Government would be required to give its firmest pledge (as it has already indicated willingness to do) to permit and to cooperate in this surveillance and to supplement it with effective police measures.

(b) Quantities and quality of petroleum products would be sufficient only to maintain agricultural and industrial activities essential for meeting the civilian needs of the country. They would be supplied in accordance with a schedule calculated to avoid the possibility of accumulation of sizable inventories.

(c) Stocks, distribution and use of petroleum products would be subject to a system of observation and check to give assurance against accumulation, misuse or re-export of products. This work would be done by a staff of Americans attached to our Embassy for the purpose. They would be assigned to districts which would embrace insular and North African possessions as well as
as mainland Spain. The man who would direct this surveil-
ance, under the Ambassador, has already arrived
in Madrid. It is recognized that no such plan of obser-
vation could effectively prevent in advance deliberately
planned evasion; but it should detect it.

In addition to petroleum products Spain would secure
such quantities of other American products as we may be
willing to license in the light of our own supply situation,
and as judged necessary in order to secure products we
desire to obtain in Spain.

(7) The counterpart of our obligations is the ob-
ligations assumed by the Spanish authorities to facilitate
the movement of Spanish products to the United States.

Because of
(a) the abnormal price situation prevailing for
many Spanish products,
(b) the necessity for securing Spanish Government
permission,
(c) shipping difficulties, and
(d) the commitments which Spain has undertaken or
might undertake towards the Axis,
private American purchasers have faced increasing diffi-
culty in
culty in purchasing Spanish products and transporting them to the United States. The present prospect is definitely that private trade will continue to encounter all these obstacles. It has thus become evident that if we are to arrange to secure any substantial amounts of Spanish goods it must be by the initiative (and in a large part by the direct action of) this Government; this is decisively true as regards the products for which there is Axis demand in Spain and which we wish to divert from the Axis.

This situation has been discussed exhaustively with the British officials. It seems plain that if we are to justify our deliveries of oil and other products to Spain by securing products we desire from Spain, we must establish rather far-reaching intergovernmental arrangements similar to those under which the British operate (and closely coordinated with them). Only when and as such arrangements have been effected and put to the test will we know whether Spain will make it possible for us to secure goods in return for products we supply.
For these purposes, the following steps have been taken:

(1) The Reconstruction Finance Corporation is about to create a new organization (which would probably be known as the Eastern Trading Corporation). This new organization will be directed by a board of five (3 from the R.F.C., 1 from State, 1 from Board of Economic Warfare), and draw upon R.F.C. funds. Mr. Jones has approved certain preliminary buying program for Spain.

The general manager of the Corporation has been selected, and steps are being taken now to select and immediately despatch a representative to Spain to begin buying operations.*

(2)

* It is anticipated that this new organization would operate not only in Spain but wherever there is useful work to be done of the same character - particularly in Portugal (where it already has a representative), Turkey, North Africa, and the Near East. It would work in close touch with the Department and our missions. The operations of this new organization would differ from those of other government agencies now engaged in buying defense materials because

(a) Its chief purpose in many instances would be to secure goods badly needed by the Axis, even though not urgently needed by ourselves for supply purposes;

(b) Accordingly, commercial considerations will be entirely secondary; military and political considerations will be primary.
(2) The State Department is sending immediately an official of the Defense Materials Division to Lisbon to discuss with the Spanish officials at once our requests for Spanish materials and our purchasing program, with a view to laying an immediate foundation to further work to be carried on when the representatives of the Eastern Trading Corporation are in the field.

(3) Mr. Julian Harrington, who is about to leave to take up his post in the Embassy at Madrid, has been given an assignment as liaison officer with the Spanish Government on all phases of this program; for this purpose he has been sitting in all meetings on the subject.

(c) When necessary, it may undertake to buy goods in the United States to ship abroad.

(d) That it be authorized to sell as well as to buy.
My dear Mr. President:

General Bonesteel, who has now assumed the Supreme Military Command in Iceland, has requested Minister MacVeagh to inform the Icelandic Government secretly that in the event of an attack on the Island sufficiently serious to warrant such action, he will instantly proclaim the existence of a military government without further recourse to the civil authorities. General Bonesteel has also informed Mr. MacVeagh that the War Department has approved a draft proclamation to be issued in such an event and has definitely instructed him to proclaim a military government and not simply martial law, as was contemplated by the British military authorities when they held the Supreme Command in Iceland.

In my opinion, the establishment of an American military government in Iceland, even in the event of a German attack, would be contrary to the spirit, if not the terms, of your explicit promise not to interfere with the Government of Iceland and to recognize the absolute independence and sovereignty of the country. Furthermore, I believe

The President,

The White House.
that such action would result in ill-will and obstruction on the part of the Icelandic population and would furnish the Germans with excellent propaganda material, particularly in the Scandinavian countries. To my mind, these aspects would heavily outweigh any military advantages.

It occurs to me that it would be preferable if Mr. MacVeagh could be authorized to discuss with General Bonesteel and the Icelandic Government the terms of a proclamation to be issued by the Regent of Iceland, or other appropriate Icelandic authority, whenever requested by our military commander, under which the Icelandic Government would itself proclaim martial law and delegate to the United States military authorities the enforcement thereof. If this procedure should be unacceptable to the Icelandic Government for constitutional or other reasons, I suggest that the issuance of a simple proclamation of martial law as contemplated by the British and to which the Icelandic Prime Minister has already indicated he would assent, would fully meet the needs of our military authorities in carrying out our obligations to defend Iceland.

If these suggestions meet with your approval, I would be glad to take them up with the War Department and with Mr. MacVeagh. The matter is, of course, urgent.

Faithfully yours,

/s/ Sumner Welles

Enclosure:

Telegram from Reykjavik,
No. 217, April 21, 1942.
MEMORANDUM FOR THE PRESIDENT

June 10, 1942

In accordance with your request, I enclose a draft telegram to Wellington inviting Prime Minister Fraser to visit Washington. I wish to point out two facts which place him in a somewhat different category from the heads of other dominion governments invited:

1. Mr. Fraser spent some time in Washington last autumn after a visit to London; and

2. New Zealand now has its Deputy Prime Minister in Washington (Mr. Nash continues to hold this office).
DEPARTMENT OF STATE

Washington,
June 9, 1942.

AMERICAN LEGATION,
WELLINGTON.

PERSONAL AND CONFIDENTIAL. FOR THE MINISTER.

Will you please deliver personally at the earliest moment the following message to Prime Minister Fraser from the President:

"QUOTE. In view of the importance of the Pacific theater and of the many problems which we face together, I would welcome an opportunity to talk over with you the war situation. I wonder whether it would be possible for you to come to Washington some time within the next few months. Any time convenient to you will suit me if you will give me about a week's notice. I would be very glad to arrange such transportation facilities as you may desire. UNQUOTE."

/s/ ROOSEVELT

EU:RBS:AMR

(Initialed)

DECLASSIFIED
State Dept. letter, 1-11-72
By RHP Date FEB 1 1 1972
MEMORANDUM FOR THE PRESIDENT

The Department has been compiling with a view to publication papers pertaining to relations between Japan and the United States dating from the Japanese occupation of Manchuria in 1931 to the outbreak of war on December 7, 1941. The compilation would be of a character similar to the Foreign Relations of the United States.

It is contemplated that the compilation would cover American-Japanese relations in general and also deal with the conversations of 1941 in regard to means of solving problems underlying relations between the two countries. While we realize that there are possible disadvantages to publication at this time we feel that on balance it would be desirable to publish these papers. It is our thought that compilation would include both your Message of December 15, 1941, "Summary of Past Policy, and of More Immediate Events, in Relation to the Pacific Area", Senate Document 458, and records of conversations and proposals in considerable detail. It is our thought also that among these latter there would be included the Oral Statement which you handed to the Japanese Ambassador on August 17, 1941, containing the statement that "if the Japanese Government takes any further steps in pursuance of a policy or program of military domination by force or threat of force of neighboring countries the Government of the United States will be compelled to take immediately any and all steps which it may deem necessary toward safeguarding the legitimate rights and interests of the United States and American nationals and toward insuring the safety and security of the United States." Although the foregoing paper might be omitted from the compilation to be published, it is our feeling that it might be preferable to make it public at this time and thus obviate questions which might be raised by the public in future in regard to this point. We propose also including in the compilation the longer document which you handed to the Japanese Ambassador on the same occasion, dealing with the Japanese Government's proposal for a resumption of conversations. I might add that the record of my conversations with the Japanese representatives, which it is our thought to have included in the proposed publication, also brings out that on numerous occasions I made it quite clear to them that this Government could not sit still and watch Japan carry out a program of unlimited aggression to the menace of our national security.

Before proceeding further with this project, I should like to have your approval, with especial reference to the question of the statement in quotations above.

/s/ C. H.

DECLASSIFIED
State Dept. letter, 1-11-72
By RHP Date FEB 1 1 1972

x197 x340 x67 State World War II
My dear Mr. President:

I refer to your telegram of January 7, 1942 and my letter of January 17, 1942 regarding a suggestion made by the American Chargé d'Affaires ad interim at Tangier to the effect that an approach be made to the High Commissioner for Spanish Morocco, General Luis Orgaz, looking toward the continued neutrality of Spanish Morocco and Tangier. As you will recall, the Chargé d'Affaires indicated that General Orgaz might agree to oppose Axis use of Spanish Morocco provided the United States should be willing to guarantee him material support.

In accordance with your request, the Department of State, in consultation with the War Department, undertook to explore the possibilities of this suggestion. An officer of the Department made a special trip by air to Bermuda in January to discuss the matter orally with the newly-appointed Naval Attaché at Tangier, then en route to his post. Subsequent developments, notably the checking of the

The President,

The White House.
of the British offensive in Libya, made it appear that the moment had not yet arrived for a direct political approach to General Orgaz, but it was felt that a foundation for future action might be laid through an economic agreement which would assist the High Commissioner in meeting the urgent supply problems of the Spanish Zone of Morocco. General Orgaz had indicated on several occasions that he would welcome such assistance, and it was believed desirable to strengthen his position in order to facilitate any later independent action which he might be disposed to take. (I believe you were informed, in a general way, of this development.)

Accordingly, the Department authorized the Chargé d'Affaires at Tangier to ascertain the attitude General Orgaz would take if this Government should propose an agreement along the lines of the economic understanding in effect for French North Africa. The Chargé d'Affaires was instructed to suggest that Spanish Morocco would be permitted to purchase in the United States, for export on Spanish vessels, various foodstuffs and other non-military articles, under guarantee that none of these commodities would be re-exported from Morocco. In return, the
the United States would expect facilities in obtaining various products of Spanish Morocco. It would be understood, of course, that the execution of any such arrangement would depend upon the continued neutrality of the area.

General Orgaz appeared to welcome this tentative approach, which he discussed personally with the Spanish Government in Madrid. On April 30, 1942 he informed our Chargé d'Affaires at Tangier that he was able in principle to accept our suggestions as a basis for negotiation.

In the light of this reply, the Department, together with the Board of Economic Warfare, has been considering certain specific proposals which might be made to the High Commissioner and which may be summarized as follows:

1. The United States would permit the purchase and export of a list of essential, non-military commodities in quantities not exceeding the normal import requirements of Spanish Morocco and under guarantee that re-export of these or similar commodities from Spanish Morocco would be prohibited.

2. The Spanish Moroccan authorities would make available to the United States a number of products of
the area, notably lead, zinc, manganese, copper, cork and antimony, in amounts approximating the annual export surplus of those articles. An American buying commission would be admitted to Spanish Morocco to make purchases and explore the possibilities of extending the program.

3. Spanish shipping would be provided for the transportation, in both directions, of the commodities involved.

Although certain details of these propositions remain to be worked out, we propose, if you approve, to go ahead along these lines.

Faithfully yours,

Cordell Hull

x20
July 27, 1942

My dear Mr. President:

With reference to our conversation of a few days ago when you asked me if I had received any further information with regard to the grand jury investigation in Washington relating to payments made by "Generalissimo" Trujillo to Ham Fish, I have now received from Adolf Berle a memorandum summarizing the information given him in this regard by the Department of Justice.

I am enclosing herewith a copy of this memorandum for your information. From the facts set forth in this memorandum two things would seem to be clear: first, that Ham Fish received money from Trujillo and thereafter, instead of publicly attacking Trujillo, took occasion publicly to praise him; second, that while Trujillo received large sums from German sources, there is as yet no evidence to prove that these sums

The President,

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were other than graft paid by German concerns doing business in the Dominican Republic.

By your direction, I have had held in abeyance until now the question of the appointment of any special ambassador to the inauguration of Trujillo on August 16 next. The time is now short and some decision will have to be made in the near future. In view of the circumstances above set forth, I wonder if you will not agree that the best solution would be for you to appoint our minister to the Dominican Republic, Avra Warren, as special ambassador for the inauguration ceremonies and let it go at that. Will you let me know what your decision may be?

Believe me

Faithfully yours,

SUMNER WELLES

Enc.
Mr. Maloney of the Department of Justice, who is handling the grand jury investigation in connection with Mr. Hamilton Fish, has been in to see me. He left with me the attached papers which are photographs of the principal accounts which General Trujillo has had with the National City Bank of New York, and his transactions with Hamilton Fish. They do not add very much to the original statement of the case.

Briefly, they show that:

(1) On June 26, 1939 the National City Bank at Ciudad Trujillo transmitted $300,000 to be deposited in the name of the generalissimo in the National City Bank of New York.

(2) On July 18, 1939 Trujillo sent an order directing that $25,000 be placed to the credit of Hamilton Fish.

(3) On July 29, 1939 Fish sailed for Europe as chairman of an inter-parliamentary group; you will recall he then visited Ribbentrop. He had not, at that time, drawn on the $25,000, and even had talked of sending the $25,000 back. Djamaroff claims to have advised him to this effect. Fish, it seems, spoke to Trujillo and asked Trujillo to buy a share in some oil deal with Fish had pending; as a result Trujillo sent him the $25,000. Fish even wrote a letter, saying that the money should be returned; but he did not return any of it at that time.

(4) Some time thereafter Fish paid $2,000 to the Nepaug Oil Co. of Texas, Mr. McDaniel, president. We are still looking into this oil company. The Department of Justice knows nothing about it. I have a vague impression that McDaniel is connected with William R. Davis, but I am still looking into the matter.

(5) On October 10, 1939 Fish paid back $12,500 to Trujillo. This is not explained.

(6) On May 27, 1940 the National City Bank in Trujillo sent drafts aggregating $47,000 for deposit to the account of Trujillo. This money was received from the Horn Steamship Co., a German concern with headquarters at Flensburg. The agents, Arementeros, are, as you know, Spaniards.
(7) The remaining accounts show merely very large sums of money passing from Santo Domingo to the National City Bank, building up accounts of very large figures to the credit of either Trujillo or his wife. Nothing appears as to the origin of these monies. All records of that are in the National City Bank in Ciudad Trujillo which, as you know, is now controlled by Trujillo himself.

On this evidence, no conclusion is warranted that Trujillo was taking money from Germany. He probably did collect from the Horn Line but then he collected from everyone. The origin of the larger sums is apparently as yet in doubt.

The payments to Hamilton Fish show merely that Fish in December 1937 and to and through January 24, 1938 was attacking the Dominican Republic on account of the Haitian massacre; that on February 1, 1939 Trujillo hired Djamgaroff as agent, partly as a result of a commendatory statement given him by Fish; that on March 17, 1939 Djamgaroff arranged for Fish to go to Santo Domingo, which he did; that he returned March 31, 1939, and that on July 12 Hamilton Fish greeted Trujillo in New York and made laudatory speeches about him, both then and thereafter.

One can further conclude that Fish did approach Trujillo for money, on the ground that he was selling him an oil transaction; that Trujillo sent $25,000 for that purpose; that Fish kept half and returned the other half. Fish paid $2,000 of this to a Texas oil company which, as I have said, we are still looking up.

I do not see that as yet we have evidence tying Trujillo to the Germans. He is quite capable of grafting all this money from his own country.
My dear Mr. President:

With reference to my letter to you of July 27, I enclose herewith a memorandum showing the eagerness of the Dominican Government to know our intentions with regard to the appointment of a special envoy to the inauguration of Trujillo on August 16. If the decision is postponed much longer I am afraid that the delay will give rise to some incident and I consequently wonder if you would let me know whether the recommendation in my letter to you of July 27 is satisfactory to you.

Believe me,

Faithfully yours,

Enc.

The President,

The White House.
MEMORANDUM

Minister Warren has just telephoned from Ciudad Trujillo. The Dominican Republic Foreign Minister wishes it brought to our attention that the Dominican Government has already been notified by Governments of twenty-two countries of their intentions, either to appoint special missions or to designate their resident diplomatic representatives as special envoys at the formal inauguration of President Trujillo on August 16. The Foreign Minister is holding up the publication of this information until he hears from us as to our plans. He is most anxious to have our representative be the Senior Representative or Dean. I told Mr. Warren that this matter was before the Department and that I would endeavor to let him know something urgently.
My dear Mr. President:

The telegram which I attach will be of interest to you in the event that it has not already come to your attention.

Believe me

Faithfully yours,

Enclosure:

Telegram no. 361 from Ciudad Trujillo.

The President,

The White House.
BAS
This telegram must be closely paraphrased before being communicated to anyone. (SC)

Ciudad Trujillo
Dated August 13, 1942
Rec'd 7:53 p.m.

Secretary of State,
Washington.

361, August 13, 5 p.m.
FOR BONSAL
Reference Legation's telegram 355, August 8,
noon.

Yesterday Minister Troncoso came to see me and by instruction showed me an original telegram in English addressed to President Trujillo and signed Hem Fish. The telegram urged the President to make a protest to the State Department against the use of his name in a headline front page article that appeared in the WASHINGTON POST of August 6.

The telegram suggested that the President include in his protest a statement that the $25,000 mentioned in the POST article related only to a private speculation in oil stocks undertaken by Fish for the President. Jesus Maria said the President wanted me to know he intends to ignore the telegram.

WARREN

RDS
August 15, 1942

Dear Cordell:

Are negotiations under way for the repatriation of further enemy aliens, particularly Germans, who are not members of the Diplomatic Corps?

I believe that we should be very careful in repatriating any enemy aliens to Germany other than the Diplomatic Corps. My reason for saying this is that all German aliens in America are potential, if not actual, spies and the Americans in Germany are not. While I think it is tough on the Americans who must remain in Germany throughout the war, I nevertheless think that Germany gets the best of the exchange.

Very sincerely yours,

Franklin D. Roosevelt

The Honorable
The Secretary of State.
THE WHITE HOUSE
WASHINGTON

August 15, 1942

MEMORANDUM FOR
THE HONORABLE J. EDGAR HOOVER:

FOR YOUR INFORMATION.

F.D.R.

[Handwritten note: copy of letter to Secy of State 8/15/42 - 20: Repatriation of enemy aliens not members of diplomatic corps]
My dear Mr. President:

Responding to your note of August 15 about repatriation of further enemy aliens, particularly Germans, I may say that there are no negotiations under way except as hangovers from the original agreement. The original agreement was terminated by us after two shiploads had been exchanged. It was very apparent that the persons we were receiving were not such as to benefit our war effort. Consequently, the arrangement was terminated. Germany had broken the agreement by refusing safe conduct for the vessel to run between New York and Lisbon and we denounced the agreement on that basis.

However, we are still under obligation to return some persons to Germany. When the Gripsholm was chartered, Germany agreed to allow us to bring American citizens to the United States in return for the privilege of taking back

The President,

The White House.
back to Germany German citizens on the last return of
the Gripsholm. We brought as many Americans as we could
obtain and we are under obligation to permit Germans to
sail on the Gripsholm when she finally returns to Sweden.
However, we may choose those Germans and send those we
desire to send.

Moreover, there are in the United States a number of
Germans (537 of them), many of whom were received from the
other American Republics on condition that they be re-
patriated to Germany. They were aliens whom the Latin
American Governments desired to be rid of. The govern-
ments concerned were Mexico, each of the Central American
Governments, the Dominican Republic, Haiti, and the five
northwestern countries of South America - Venezuela,
Colombia, Ecuador, Peru, and Bolivia. Of those countries,
those as far south as the Canal have declared war against
Germany. They find themselves in a status somewhat
different from those on the continent of South America
which have not declared war on Germany. Each of these
countries has a number of citizens in enemy territory.
In order to protect them they have placed conditions upon
the use of the aliens which were delivered to us and they
have insisted that these aliens be repatriated. Many of
these are still in the United States and those Governments
are
are still insisting that they be returned to Germany. The exchange of some of them has been objected to by other agencies of the Government and such have been withheld from repatriation. We are still in negotiation with various of these American Republics for the purpose of adjusting some of these difficulties.

We have been very much concerned about the presence of additional Germans in these countries to the south of us. Their continued presence there raises very serious questions relating to our continental safety. The Germans have inter-married with native families and many of them are in positions of influence. Others of them are scattered throughout the length and breadth of a number of these countries where they have access to communication facilities, to mines which are engaged in producing essential materials, to storage houses, to public utility power plants, and to wharves and harbor facilities used by our shipping in the transportation of defense materials. Altogether, it is a dangerous situation. The answer would seem to be that the aliens be interned. However, and without intending any criticism of the sincerity and thoroughness of the war purpose of our neighbors to the south of us, they are neither psychologically nor politically
politically organized for the strict control of these persons concerned. Many of them are unable to intern these aliens owing to the political influence many of them exert through the inter-marriage of members of their families with officers of the Governments concerned. The result is that there is very little confinement or control over those remaining there, and as long as they continue in those countries they remain as a potential source of danger to the United States and its war effort.

Fortunately, in cooperation with those Governments, we were able to remove from there upwards of 3,000 of the most dangerous Germans, Italians, and some of the Japanese. But it required the dispatch to the four northwestern countries of South America a special representative of the Department and constant contact and supervision of the expulsion movement in order to have it succeed.

Not including Mexico, there are about 1,200 Germans and 122 Italians still in those countries whom those countries desire removed for their own safety, and whom we would like to remove from those countries for our own safety but who cannot be removed without the consent of those Governments unless as a condition precedent to removal from those countries we agree that they be repatriated to Germany by the United States.
We have considered their removal from one or more of the South American ports direct to Lisbon on a Spanish or Portuguese flag vessel in exchange for the American Republics nationals still remaining in Germany and Italy, (in which there are respectively 350 and 100), some of them important citizens of these Republics, but passage of such vessels through the Canal and practical difficulties of selection, supervision and actual control have rendered that plan inoperative.

So while the agreement to continue the exchange between the United States and Germany has been terminated, and while we are not in negotiation for a new or additional exchange, we still are faced with a part of the problem as indicated by

(a) There are 537 Germans and 20 Italians whom we have in the United States and who were received from countries to the south of us, many of them with the express stipulation that they be returned to Germany, and

(b) The problem of what to do with 1,200 dangerous Germans and 120 Italians roaming more or less at liberty throughout areas in which they can do serious damage and from which they can send information detrimental to our cause.
So far I have spoken only of the Germans and Italians—principally of the Germans. There remains the Japanese situation.

There are in China 3,300 American citizens who desire to return to the United States. Many of them are substantial persons who have represented important American business and commercial interests and a large number of missionaries. They are scattered all through that part of China occupied by the Japanese. Some of them are at liberty, some of them are in concentration camps, and some of them have limited liberty, but all of them subject to momentary cruel and harsh treatment by their oppressors. Under our agreement with Japan, which is still operating, we will be able to remove these people. It will take two more trips of the Gripsholm to do so.

In exchange for them we will have to send out Japanese in the same quantity. If that agreement should be carried through, all the Americans except prisoners of war would be removed from the continent of Asia under control of the Japanese, but there would remain many thousands of Japanese in the United States.

In addition, there are 3,000 non-resident American citizens in the Philippines. We have no agreement for their
their exchange but it has been intimated that Japan might consider an exchange of them. It would be very gratifying if we could obtain those people from Japanese control and return them to the United States. But to do so we would have to exchange Japanese for them. That would take two more round trips of the Gripsholm.

Still, in addition, there are 700 civilians interned in Japan proper captured at Guam and Wake. It is probable that we might arrange for their return. But in order to obtain them we would have to release Japanese.

I regret the length of this letter and the imposition it may make upon your time, but your letter of the 15th raises the whole question and presents as a matter of high policy the future conduct of this Government and its relationship to its citizens under enemy control.

I am quite in agreement and my associates in the Department have been in thorough accord with the proposal to prevent the return to Germany of persons who would be helpful to the German cause, but the unfortunate part of it has been that we could not obtain the release of our own citizens from enemy control unless we exchanged their citizens for them, and amongst those citizens the enemy powers will naturally insist, just as we have insisted, that persons of certain qualities and desirability be exchanged.
We are further hindered in the freedom of our activity by the limitations imposed upon us by the Governments of the countries whence we have received enemy aliens in order that they be taken out of the local situations where they could be most helpful to the enemy. Many of these persons were sent by enemy powers to the American Republics to the south of us because of their familiarity with the people, the customs, and the economic and political activities of those countries. They are more dangerous there than they would be in Germany. Even if they are all qualified to bear arms they would not be more than a regiment in the German Army but each one of them might have the value of a company or of a regiment in the country of his residence. It has seemed wise to remove them from the American Republics. More of them would have been removed to the United States had it been possible to obtain a vessel. I am of the opinion that it would be to our national interest to remove all of the 1,200 Germans, 122 Italians, and 2,500 Japanese from the northwestern part of South America and from the remaining countries in Central America but we are presently unable to do so for the reasons I have indicated above.
With the foregoing as a predicate, I propose the following course of action:

**Germany and Italy**

1. Keep the agreement made with Germany to return to Germany on the last sailing of the *Gripsholm* enemy aliens (selected by the United States for that purpose).

2. Continue our efforts to remove from South and Central America all the dangerous Germans and Italians still there, together with their families;
   (a) Direct to Germany by neutral vessel, if practicable, in exchange for citizens of those American Republics;
   (b) To the United States for internment if (a) is impracticable or only partially achieved;
   (c) Via the United States to Germany if no other way remains of removing them from those countries.

**Japan**

3. Continue our exchange agreement with the Japanese until the Americans are out of China, Japan, and the Philippines — so far as possible.
4. Continue our efforts to remove all the Japanese from
from these American Republics countries for internment in the United States.

All Enemies

5. Failing all of these, to renew our efforts to the end that each of the governments concerned securely and effectively intern these enemy aliens - which is the least promising of complete success.

It should be borne in mind that any removal from South America will require the use of a vessel for several voyages between the west coast and New Orleans.

I should be glad to receive an indication of your desires.

Faithfully yours,

Cordell Hull
My dear George:

Like you, I am worried about the condition of India. Its importance is obvious, both as a military factor in the war, and as a political problem.

I am equally in accord with you that this country must not get into a serious dispute with Great Britain. Even in relation to Indian affairs, any handling of the matter which affected the British ability to cope with the Japanese would be bad service to India -- for unless India is defended, talk about independence now or later becomes pretty futile.

Everyone has had a good deal to say about the attitude of Great Britain. I wonder whether it might not be calming if an endeavor were made to bring home to those interested in Indian independence that they, too, have responsibilities in the matter. The civil disobedience campaign, for example, started at the time when the Japanese army is on their frontier, plainly tends not to the freeing of India but to its capture by the Japanese, who do not propose to free anybody.

I should like you to know, in confidence, that I have had this subject under continuous consideration -- not only recently, but for a great many months. As soon as an opportunity to do something constructive appears, we shall avail ourselves of it. Meantime, I doubt whether one-sided agitation will be of very great assistance.

Sincerely yours,

(Sgd) FRANKLIN D. ROOSEVELT

The Honorable
George W. Norris,
United States Senate.
September 18, 1942

Secretary to the President:

Herewith draft requested by the President, and approved by Secretary Hull.

A.A.B., Jr.
Letter from Sen. George W. Norris, 9/15/42, to the President, marked "Confidential". Asks the President's reaction to the proposal that Sen. Norris introduce a resolution calling upon the President, in conjunction with the governments of China and the Soviet Union, to use the good offices of the three nations to bring about a change in the attitude of Great Britain as it applies to India.
THE WHITE HOUSE
WASHINGTON

September 16, 1942.

MEMORANDUM FOR THE
SECRETARY OF STATE:

FOR PREPARATION OF REPLY FOR
MY SIGNATURE.

F.D.R.
United States Senate
WASHINGTON, D. C.
September 16, 1942.

Confidential:

My dear Mr. President:

I am very much worried about the progress we are making in the war. One of the things that worries me beyond measure is the condition in India. I wish it were possible to induce Great Britain to agree to give the same freedom to India now that she herself proposes to give at the end of the war. It seems to me this would settle in favor of the Allies a most important question, one that is fraught with untold danger and that may bring about disastrous effects.

I have been importuned to introduce a resolution calling upon you, in conjunction with the governments of China and the Soviet Union, to use the good offices of the three nations to bring about a change in the attitude of Great Britain as it applies to India. It is thought that if these three nations unite, they might be instrumental in having some influence over England in getting this matter settled before it is too late.

I do not want to interfere in any way with the progress of the war. I would not for anything get this country into a serious dispute with our greatest Ally, Great Britain, and I have declined to introduce such a resolution because it occurred to me that it might bring about such a result.

It seems to me of sufficient importance that I bring it to you, tell you confidentially that in my opinion there is a great movement in this direction and I am fearful that the sentiment in the countries mentioned against Great Britain on this subject will increase. I do not expect to take the steps I have indicated above unless I am assured by you that it will not bring about any embarrassment.

Respectfully yours,

[Signature]

The Honorable
Franklin D. Roosevelt,
The White House.

By Messenger!
THE WHITE HOUSE
WASHINGTON

Question of oil to Spain raised by Ickes et al.

x56

To be read later

x4435

x6

CID

OK

FDR

10/10/41

The orig. of all three of these memos were returned to State Dept. 10/1/41

Original
Filed
in PSF C.F. State
March 6, 1916.

THE
WHITE HOUSE
WASHINGTON

4/12

Questions of all to Spain raised by Jones et al.

14/10/16

4/23

O.K.

To be read later.

192
DEPARTMENT OF STATE
THE SECRETARY

Spain has
Zinc concentrates
Cork
Mercury
Wolfram etc

to exchange with U. S.

/s/ C. H.

The British appearance of this type is not as clear as to the consent of the Secretary of Commerce to the exchanges. However, on September 22, 1941, the Department had the following telegram from that office:

X614-A

No report has been made from any of the department's sources in Spain indicating that gasoline supplied by this country is not wholly derived within Spain.

A copy of a report of the Commissioner of Customs dated October 1, 1941, transmitted to the Department under cover of a letter from the Treasury dated October 8, 1941, furnishes a statement made informally by the Chief of the Spanish Administration. This is to the effect that gasoline gained from the United States to Spain is not for Spanish consumption but for Canadian trade. This report refers to similar information previously received on several occasions. While these reports may have raised a doubt as to the proper classification of petroleum products delivered to Spanish tankers in neutral

COP Y
Supplies of gasoline have been taken by Spain, through the agency of Campsa (the Spanish monopoly) from the United States, subject to:

1. limitations imposed by a quota agreement between the British Government and Campsa;
2. limitations of Spain's tanker capacity;
3. our export license control.

It is understood that the quota above referred to is established quarterly, and is controlled by the British navicert system. Similarly, and again by agreement with the Spanish, the navicert system limits the quantity of crude oil supplied the Spanish refinery at Tenerife. The agreement with Campsa specifies that all quantities of petroleum products imported by Spain shall be destined exclusively to Spanish consumption.

The other agreement specifies that monthly deliveries of petroleum products from the refinery in Tenerife to Spanish Morocco and Guinea shall not exceed certain stated quantities, that stocks of crude and all finished products shall not at any time exceed 60,000 tons, and that gasoline produced in Tenerife shall not exceed an octane rating of 66.

The British appear to be satisfied that the Spanish parties to these agreements are faithfully complying with the conditions imposed by the agreements. Moreover, on September 16, 1941, the Department had the following assurance from Ambassador Weddell in Madrid:

"Contrary to the fear lest small quantities of this might at some remote time benefit the Axis, I am convinced that the control we and the British can exercise can prevent any appreciable stocks from falling into the hands of the Axis even in the event of an invasion."

No report has been seen from any of the Department's sources in Spain indicating that gasoline supplied by this country is not wholly consumed within Spain.

A copy of a report of the Commissioner of Customs dated October 1, 1941, transmitted to the Department under cover of a letter from the Treasury dated October 2, 1941, furnishes a statement made informally by the Chief Mate of the Spanish steamship Monte Icier, to the effect that gasoline going from the United States to Spain is not for Spanish consumption but for German. This report refers to similar information previously received on several occasions. While these reports may have raised a doubt as to the proper distribution of petroleum products delivered to Spanish tankers in American
ports. The evidence contained in the reports seen has appeared to be purely circumstantial and inconclusive. A report of the Federal Bureau of Investigation dated September 9, 1941 furnishes similarly inconclusive and admittedly hearsay evidence.

According to the Department's records, licenses were issued during the month of September, 1941, for the export to Spain of 5,508,000 gallons of gasoline, valued at $309,000. No other quantities of gasoline were licensed for export to Spain during the quarter ended September 30 and none have been licensed since that time. The gasoline supplied under these licenses was of a grade only slightly superior to the grade of gasoline falling within the definitions established under export schedule no. 15 applicable for the supply of gasoline to Japan. A slightly superior grade was authorized from the reasons that (a) gasoline suitable to the definitions was apparently not available for export in this country and could only be made available after an appreciable delay, (b) Spanish tankers were waiting in Port Arthur, Texas, ready to load, and (c) in view of the fact that Ambassador Cardenas was on the point of departure for Madrid, it was desired that we should be in a position to say that pending applications had been taken care of.

Ambassador Weddell has now reported again in this regard, in his telegram 886 of October 7, 1941. According to this report an expert of the British Government is at present in Spain investigating the distribution of petroleum products. He has found no discrepancies in the figures and records to which he apparently has been given free access. He has broached with Campsa the question of a British control over quantities of petroleum products discharged in Spain and Campsa has readily agreed. It is understood that the British are establishing such a control for checking deliveries both in the Peninsula and in the Canary Islands. The British Government's expert has expressed the opinion that transfers from Spanish to Axis vessels are not being made systematically or with the knowledge or consent of either the Spanish Government or its petroleum monopoly. He has admitted the possibility of isolated cases of such transfers by the masters of Spanish tankers but is convinced that the grave shortage of petroleum products in Spain reniers any systematic supply to Axis vessels extremely unlikely. Furthermore, this expert has encountered no evidence of shipments from continental Spain to Axis destinations, and believes that any quantities thus disposed of clandestinely must be insignificant.

In his telegram 887, of the same date, Ambassador Weddell renews his recommendation that export licenses for the cargoes of Spanish tankers be granted.
Dear Mr. President:

There was submitted to you by the Secretary on the tenth of this month a memorandum outlining our policy in regard to petroleum exports to Spain. You indicated your concurrence in that memorandum which recommended that, within the limitations of quantity imposed by the British and of quality imposed by our own regulations, these exports be allowed to continue.

Since that date the Department has been preparing a more comprehensive statement of policy covering the whole field of our commercial relations with Spain. This statement is enclosed for your consideration.

Briefly, the statement recommends that petroleum exports, subject to the limitations mentioned above, be continued for the present but that the Spanish Government be at once informed that such exports cannot be long maintained.

The President,

The White House.
maintained unless certain Spanish products, such as cork, zinc and olive oil, which we urgently need and which we wish to keep out of German hands, are shipped to us in return. The statement further recommends that other United States exports be withheld from Spain until the Spanish Government gives tangible evidence of its willingness to provide us with these essential materials, but that when that evidence is forthcoming we shall authorize the export to Spain in moderate quantities of other commodities, in addition to petroleum, which are not vitally needed in our own defense program.

I should greatly appreciate it if you would indicate whether or not you approve of this statement of policy. If you do, the Department will proceed to negotiate with the Spanish Government on that basis and will transmit the statement to its Liaison Officer with the Economic Defense Board for the guidance of officials of that Board in dealing with exports to Spain.

Sincerely yours,

Summer Welles

Enclosure:

Statement of policy.
THE WHITE HOUSE
WASHINGTON

November 10, 1942

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

I do not know where I got this.
Is there anything in it?

F. D. R.

Enclosure

Confidential Memorandum on Haya De La Torre, the most outstanding leader of Peru and known to have the thorough backing of the Peruvian people. At the present moment his life is in actual danger because of an order issued by Mr. Lamante, Minister of the Interior. This order states that de la Torre must be taken dead or alive.

F. D. R.
CONFIDENTIAL MEMORANDUM ON HAYA DE LA TORRE

Haya de la Torre is the most outstanding leader of Peru and is known to have the thorough backing of the Peruvian people. At the present moment his life is in actual danger because of an order issued by Mr. Lapuente, Minister of the Interior. This order states that de la Torre must be taken dead or alive.

Any misfortune to de la Torre at the hands of the Peruvian government might well be disastrous to the cause of American solidarity for the following reasons:

1. De la Torre is recognized throughout all of Latin America as one of the foremost democratic leaders of the world.
2. The Peruvian government has unofficially let it be known that their persecution of de la Torre is done with the full knowledge and consent of the State Department of the U.S. which has conveyed this information through its ambassador, Mr. Norweb.
3. The death of de la Torre would endanger the whole cause of American solidarity because it would at once be seized upon by Nazi propagandists as convincing proof of insincerity on fundamentals principles of democracy on the part of the U.S.

The immediate background of this unhappy situation is as follows. On Sept. 2, 50 members of the Aprista party were imprisoned because of their activities in connection with a strike. They were charged with inciting to strike and thus slowing down Peruvian war production and also with being fifth columnists. There is strong reason to believe that this strike was actually engineered by Nazis operating in Peru.

On Sept. 13th 30 of the 50 were still in prison. Among them were several lawyers, doctors, and the elder brother of de la Torre.

On Oct. 1st the Younger brother of de la Torre was arrested and the order against de la Torre himself was issued.

A man of great courage and ingenuity with the support of the Peruvian people, de la Torre has nevertheless felt himself so much in danger that he is sending frantic messages for help to his friends in the U.S.

In 1921 de la Torre was exiled by the Peruvian dictator Juan B. Leguia. For ten years he studied in Great Britain, France, and the U.S. In 1931 he returned to his own country and ran for president. He at once became the incarnation of the spirit of the people of Peru who elected him. However General Sanchez Cerro led a successful revolt and took possession of the government. Ever since that event de la Torre has been outlawed together with his party, the Aprista, and has suffered from persecution and imprisonment. At the present time he is in hiding.

In spite of everything de la Torre has never compromised his democratic principles. He has categorically stated his belief in the United Nations cause and has offered President Prado his support of a government of national unity which would stamp out Nazi and Japanese fifth columnists which are numerous in Peru.
CONCRETE PROPOSALS

1. That the American Ambassador to Peru be instructed by the State Department to suggest to the Peruvian government that the continued imprisonment or the death of de la Torre would have such serious repercussions as to affect the whole pattern of relationships between Peru and the majority of American Republics.

2. That in order to avoid any danger of complications, the U.S. government arrange unofficially through some such private institution as the New School of Social Research to have de la Torre brought to the U.S.

In conclusion it should be clearly understood that many influential Americans are greatly concerned for the safety of de la Torre.

Several proposals for a public demonstrations of one kind or another have been made already. It is of the utmost importance that the State Department act quickly and quietly so that no appeal to public sentiment be made by people who do not realize the delicacies of Latin American diplomacy. Any such demonstrations would certainly be resented by the Peruvian government which could only regard them as insults. It is quite possible that such occurrences would seriously endanger the existing good relationship between this country and Peru.
My dear Mr. President:

You sent me some papers, which are returned herewith, with regard to the increasing tension in Peru between the Peruvian Government and the Aprista Party, of which Haya de la Torre is the leader.

As these papers state, the Aprista Party has been outlawed by the Peruvian Government as a legitimate organization for approximately a decade. During this period there has been a running feud which has occasionally erupted in armed clashes costing the lives of many people. The Aprista Party, which started out as anti-imperialistic and particularly anti-United States, has over the years changed its attitude toward this country, first on account of the Good Neighbor Policy and later on account of our determination to defeat the Axis powers. It has maintained, however, its original demands for sweeping internal reforms in large part revolving around the breaking up of the feudal privileges of the Peruvian landowners which have, naturally, met with violent opposition by the conservative elements which control the Peruvian Government.

In this struggle for power our Government has naturally taken no position. In fact, in a situation which is continually shifting, the one constant of which both the Government and the Aprista Party are aware has been the lack of any meddling or interference by this Government. The Aprista Party and its sympathizers in this country would, of course, like this Government to intervene in favor of the Aprista Party. This not only would be entirely contrary to the fundamental tenet of the Good Neighbor Policy but in view of the particularly close and cordial relations between the Government of President Prado and ourselves would create very natural resentment.

The President,

The White House.
resentment in the minds of President Prado and his associates. It is appropriate to recall that despite many circumstances counseling caution such as a large Italian colony closely integrated into the social and economic structure of Peru and a Japanese colony of around 25,000 to 30,000 people President Prado acted immediately after the Rio Conference to sever diplomatic relations with the Axis. This forthright action is in sharp contrast to the indecision of Chile. For these reasons I think that it would be highly unfortunate for this Government to make any suggestion to the Government of Peru with regard to the Peruvian internal political situation.

With respect to the suggestion that the leader of the Aprista Party, Haya de la Torre, be brought to the United States in order to escape persecution in Peru I do not think that this Government should take any action. My own belief is that even though the opportunity were afforded, Haya de la Torre would not leave Peru, first, because he knows that the Government of Peru would not dare to take his life, and second, because his departure might well mean the beginning of the breakup of the Aprista Party.

Believe me,

Faithfully yours,

[Signature]
MEMORANDUM FOR

HON. BRECKINRIDGE LONG

What is the status of the transfer of American built ships to the Norwegian flag? They ask for ten of them and ask for modern ships, not very old ones.

I see no reason why this should not be done under Lend-Lease, for the very simple reason that the Norwegians have a good number of merchant crews which have no ships to sail, and the transfer to the Norwegian flag would mean that the ships would be used for the same purpose as American flagships are used -- part of the general pool. They have idle men -- we have the ships -- why not marry them?

F. D. R.

No papers accompanied the original of this memorandum to Hon. Breckinridge Long.
MR. PRESIDENT

LEWIS DOUGLAS WOULD LIKE TO HAVE A COPY OF THIS.
IS IT ALL RIGHT TO SEND IT TO HIM?

GRACE

Copy sent Mr. Douglas by hand 11/23/42
DEPARTMENT OF STATE
WASHINGTON

November 20, 1942

My dear Mr. President:

Responding to your memorandum of November 19 asking the status of the transfer of American built ships to the Norwegian flag, I am able to make the following statements:

The negotiations to implement our agreement have been somewhat protracted. It has been practically impossible for the War Shipping Administration to find vessels which they could spare considering the operations in North Africa and in the southwest Pacific. In addition, there seems to have been involved a question of important policy. The War Shipping Administration feels that they should not part with title to the vessels until a general settlement at the end of the war but that such ships as they would be able to give them would be handed over to the Norwegian Government and fly the Norwegian flag with title remaining in the United States. This point seems now to be accepted by the Norwegian Government, and I think they now understand some of the reasons which prevented the War Shipping Administration from complying generously with their request.

The War Shipping Administration is the responsible authority and they have expressed their sympathetic attitude toward the Norwegian request but their inability to comply with it immediately.

More recently, however, they have asked the Norwegians to submit a memorandum stating exactly what type of ship they

The President,

The White House.
they desire, how many ships, how the ships would be operated, etc.

Just today the Norwegian Ambassador has sent me a memorandum which makes specific requests. I am forwarding it to the War Shipping Administration and am attaching a copy herewith.

On the basis of this memorandum, the Norwegian shipping authorities and the War Shipping Administration should be able to discuss the possibility of its fulfillment. I am talking to Admiral Land or Lewis Douglas about it and will express to them your interest in it.

Now that there has been submitted an exact memorandum with a particular request, it will be easier for the War Shipping Administration to determine just what steps they can take - in view of the current needs for war shipping - to satisfy the Norwegian desires and to implement our commitment. It would be my impression that they would be able to release some vessels in the near future and use the Norwegian seamen who are now "on the beach" in this country.

Faithfully yours,

Enclosure:

Copy of note from the Norwegian Ambassador, dated November 20, 1942.
Norwegian Embassy
Washington, D.C.

November 20, 1942.

My dear Mr. Long:

With reference to our conversation yesterday I beg to send you enclosed a memorandum regarding the American ships which the Norwegian Government at the time being desires to take over.

Best regards,
Yours sincerely,

WILHELM MORGENSTIERNE

Hon. Breckinridge Long,
Assistant Secretary of State,
Department of State,
Washington, D.C.
Norwegian Embassy
Washington, D.C.

MEMORANDUM

1. The Norwegian Government desires to take over and operate, with Norwegian crews and under the Norwegian flag, 10 new American ships, preferably:

   5 Tankers (2 with Turbo-electric Diesel engines, and 3 with Sun Doxford-motors).

   5 Cargo ships (2 C ships and 3 Liberty ships)

2. Conditions should be either
   a) Ships to be delivered on lend-lease basis;
   b) Ships to be chartered on bare boat-basis to The Norwegian Shipping and Trade Mission at a nominal hire.

   In either case the ships should be chartered back to the War Shipping Administration on time-charter basis.

3. The Norwegian Government should receive an option to buy the ships at the termination of hostilities, as soon as transfer of tonnage to Norway, in accordance with item 3 in the exchange of notes of July 11, 1942, can take place, at market price at the time when this option can be exercised, but the purchase price not to exceed the price paid today for similar tonnage by American shipowners, less depreciation. Particulars regarding prices to be settled by negotiations in a near future.

MEMORANDUM FOR THE PRESIDENT.

We are planning to turn over to the Norwegians some new American-built vessels to be operated with Norwegian crews under temporary Norwegian flag, but owned by us and controlled as to employment by us. At the same time, we are trying to work out with the Norwegians and the British arrangements which will secure for the United Nations' war effort full war utilization of most of the remaining free Norwegian tonnage.

We will report to you on this matter from time to time.

Respectfully submitted,

L. W. Douglas,
Deputy Administrator.
My dear Hayes:

Your letter of October 29, 1942 tends to confirm the favorable impressions of Spain, received both before and since our operations were undertaken in North Africa. I am very satisfied with Spanish reactions to date, and with the capable way in which you have kept us informed and have handled your mission in general. I feel in particular that your travel through the country, and the contacts you have made in this way, have been of special value.

I do not aspire to sharing with Washington Irving the honor of deification at Granada. But if the enchantment of Spain fell on great men like him and other illustrious representatives at your post, I readily confess to a very real desire to see the warm and intimate beauty of Spanish cities brought closer to our people.

With regard to your suggestion that Mr. Rockefeller make a visit to Spain, because of the fact that the Office of the Coordinator of Inter-American Affairs is so closely identified in the minds of the people of the other American republics with purely Western Hemisphere problems, it would seem undesirable to extend that office's activities to Spain until such time as it is generally recognized and clearly established that the present Spanish Government is not continuing propaganda in the other American republics detrimental to the cause of the United Nations and, in particular, detrimental to the interests of the United States. I am inclined to think, therefore, that it would be preferable that any cultural activities carried out by this Government in Spain, with the approval of the Spanish Government, should be undertaken by some other agency.

Very sincerely yours,

(Signed) Franklin D. Roosevelt

The Honorable
Carlton J. H. Hayes,
American Ambassador,
Madrid.
November 24, 1942

My dear Mr. President:

In accordance with the request contained in your memorandum of November 16, I am sending you herewith a suggested reply for you to send to Ambassador Hayes in acknowledgment of his letter to you of October 29.

For the reasons expressed in the draft reply which I am suggesting you send, I feel rather strongly that it might be unfortunate to include among the activities of the Rockefeller organization the type of activities which you have it in mind to carry on in Spain. There is a very strong and increasing feeling of antagonism in almost all of the American republics outside of Argentina to the present Spanish Government and I wonder if it would be wise for us to identify in the minds of public opinion in the other American republics the agency which was set up to deal with an emergency problem in the Western Hemisphere with the agency of this Government designated to carry on cultural activities in Spain in cooperation with the Spanish Government.

The President,

The White House.
Of course, I think it would be desirable that we undertake the type of cultural activity you have in mind in Spain but I wonder for the reasons expressed whether you would not agree that it would be better perhaps to have this duty assigned to the Division of Cultural Relations in the Department of State rather than to the Rockefeller organization.

Believe me

Faithfully yours,

Enclosure:
Draft letter to Ambassador Hayes.
Department of State

BUREAU

DIVISION

ENCLOSURE

to

Letter drafted

11-23-42

ADDRESS TO

The President
THE WHITE HOUSE
WASHINGTON
November 16, 1942

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE

For preparation of reply for my signature with special attention to the thought that Rockefeller go to Spain.

F. D. R.

Enclosure

Letter from Hon. Carlton J. H. Hayes, Embassy of the U.S.A., Madrid, 10/29/42, to the President, advising that Andalusia is overwhelmingly pro-Allies. Suggests that Nelson Rockefeller made a brief visit in Madrid for a few days. There is so much inter-locking of interests between Spain and Latin America--some good, some bad -- and such great need of relating our press and propaganda campaign in Spain with that over which Mr. Rockefeller presides.
Madrid, October 29, 1942.

Dear Mr. President:

Just back from a ten-days' trip through Andalusia, stopping at Sevilla, Granada, and Málaga, I feel sure, from personal observation and the testimony of American and British consuls there, that that section of Spain is overwhelmingly pro-Ally in sentiment and hope. Everywhere I was received most cordially, and with several officials I had illuminating conversations. General Ponte, Captain-General of Sevilla, said he confidently expected our ultimate victory and frankly stated that he was "working" on the Generalissimo. Cardinal Segura, notoriously anti-Falangist, made a special trip into Sevilla to talk with me. He said he had direct word from the Vatican that the Pope was highly pleased with Mr. Myron Taylor's visit and quite convinced of the need of completely overcoming pagan Nazism. The Cardinal added that he himself had long been convinced of the same need.

At Granada, the Military and Civil Governors and the Mayor all expressed appreciation of your interest in the resumption and expansion of tourist-trade. "Turismo" has been, of course, Granada's chief industry; with its practical disappearance during the past six years, the city's economy has suffered grievously; and the prospect of eventually resuscitating it is especially alluring. Washington Irving, you know, is almost a patron saint to Granada, and now you too are likely to be raised to the city's altars. Saints Irving and Roosevelt!

A

The President,
The White House.
A suggestion. Might it not be useful to all concerned if Nelson Rockefeller made a brief visit to Spain and exchanged views with us at the Embassy in Madrid for a few days? There is so much interlocking of interests between Spain and Latin America -- some good, some bad -- and such great need of relating our press and propaganda campaign here with that over which Mr. Rockefeller presides. Besides, I anticipate that his appearing in Madrid would create something of a sensation, by no means unfavorable to us.

Faithfully yours,

[Signature]
December 4, 1942

CONFIDENTIAL

MEMORANDUM FOR HONORABLE SUMNER WELLES,
Under Secretary of State:

Dear Sumner:

The President has asked me to call your attention to the attached report by Mr. J. Edgar Hoover together with the manuscript.

It is the President's hope that the Department of State, in cooperation with the Government of Mexico, will be able to prevent the publication of the proposed booklet in Mexico, in Spanish or in other languages.

It is further requested that the attention of the Attorney General of the United States be called to the publication of the proposed booklet and that the Department of Justice shall act to prohibit its publication and distribution in the United States.

Inasmuch as I have only one copy of this manuscript and the immediate reference is to the Department of State, will you kindly see that the Attorney General is advised concerning the action expected of his department.

Very sincerely yours,

STEPHEN EARLY
Secretary to the President

Enclosure.

Personal and Confidential letter addressed to General Watson by J. Edgar Hoover - Nov. 27, 1942 - together with photographic copy of the original and an English translation from the Spanish of booklet entitled, "Jews Over America". Also enclosed memorandum containing information received from "a confidential, reliable source in Mexico concerning the background of Gerardo Murillo, Alias Dr. Atl, the author of this booklet" — mentioned in Mr. Hoover's letter.
12-2-42

GENERAL WATSON:

FBI sends copy of Volume I (two more volumes in future of book JEWS OVER AMERICA by a Spanish or Mexican author.

Purports to show that President Roosevelt comes from Jewish ancestry and has surrounded himself with advisers who are Jewish. Names Baruch and Minister of State. Shows pictures to prove resemblance of President and family to prominent Jewish people.

Copies have been sent to State, ONI, G-2, and Coordinator of Inter-American Affairs.

To Mr. President

[Signature]

X45712

XXPP71

XXPP71-A
In reply refer to RA

DEPARTMENT OF STATE
WASHINGTON

December 12, 1942

My dear Mr. Early:

I have your confidential memorandum of December 4, 1942, with enclosures, concerning the proposed publication of a booklet in this country under the Spanish title Los Judios Sobre America (Jews Over America). It is noted that the President has expressed the hope that the Department, in cooperation with the Government of Mexico, will be able to prevent the publication of the booklet in Mexico in Spanish or in other languages.

Since it is my understanding that the booklet has already been published and circulated in Mexico in the Spanish language, I am requesting the Ambassador at Mexico City to discuss the matter with the Mexican Foreign Minister with a view to having this publication and its circulation suppressed in Mexico. I am also bringing a copy of your memorandum and of Mr. J. Edgar Hoover's letter of November 27, addressed to Major General Watson, to the attention of the Attorney General for such action as he may deem appropriate.

Sincerely yours,

[Signature]

The Honorable
Stephen Early,
Secretary to the President,
The White House.
My dear Mr. President:

As the latest instance of its pyrotechnical ability in the field of foreign relations, the Chilean Government is sending up to Washington the Minister of the Interior of Chile, accompanied by the Chilean Ambassador to Mexico and the Chilean Ambassador to Colombia, on a special mission. The three Commissioners are due to arrive tomorrow, Thursday. They are instructed to ask for an appointment with you which I think you should grant early next week if that is possible for you.

While I doubt if you will wish to talk with them at any length, I am sending you herewith a telegram of December 5 which I sent to Caffery in Rio de Janeiro and Caffery's reply to this telegram dated December 7. As you will see from these telegrams, the position which both the Brazilians and ourselves have taken is that the compliance by Chile with her inter-American commitment cannot be made a subject for bargaining, but that after Chile has broken relations, the two Governments

The President,

The White House.
will give all possible consideration to her defense requirements and to other appropriate forms of co-operation.

I should add that the Chilean Ambassador in Washington is deeply angered by the way in which his Government has treated him, and told me confidentially this morning that he intended to resign as soon as the mission had left. He feels he has reported the truth to his Government all the way through, and that if his Government had taken his advice, Chile would not today be placed in the very unfortunate position in which she finds herself so far as the other American Republics are concerned.

Believe me

Faithfully yours,

SUMNER WELLES

Encls.
This telegram must be closely paraphrased before being communicated to anyone. (SC)

Secretary of State,
Washington.

5172, December 7, 3 p.m.

SECRET-CONFIDENTIAL FOR THE UNDER SECRETARY.

Aranha had luncheon yesterday with Morales and in late afternoon took him to call on President Vargas: Aranha told me, and Morales confirmed, that President Vargas strongly supported our line of action in the Chilean case as well as in face of the world situation.

Last evening after dinner at the Chilean Embassy, Aranha, Morales, Gonzales Videla and I had an extended and very frank and open conversation in which Aranha strongly and warmly supported our point of view all along the line.

Morales was going to the United States to endeavor to obtain from our Government all the concessions (and in the manner) you mention in the first sentence of the second paragraph of Department's 3619, December 5, 3 p.m. He even spoke about guarantees in regard to the future of Chilean nitrate, et cetera, et cetera. Aranha and I convinced

DECLASSIFIED
State Dept. letter, 1-11-78

By [Redacted] Date [Redacted]
I convinced him that all of this was out of the question and he agreed that he would not approach the Department in that way. Aranha and I told him plainly that we would do no bargaining; that compliance by Chile with her inter-American obligation cannot be a subject for negotiation, and that no arrangement of any character can be undertaken on the basis of quid pro quo. Morales asked me if he could tell the full story of Chile's needs as well as the full story of her internal situation to the Secretary and you. I told him by all means to do so and that he would be sure to receive a sympathetic understanding. "Only", said I "I repeat, do not try to do any bargaining". He said that he understands the situation perfectly and that he will follow our advice. His last word was that upon his return to Santiago he would at once enter into communication with Aranha in order to compose a declaration politically acceptable to the majority of the Chilean people, giving reasons for the rupture of relations (he said that in view of the existing political situation in his country, he would be compelled to do that); to be followed by an early rupture of relations.
-3-  

#5172, December 7, 3 p.m., from Rio de Janeiro

He left this morning for Washington.

Postscript. Dona Vindinha asked me to tell you she has received an excellent impression of Morales.

CAFFERY

HTM
This telegram must be closely paraphrased before being communicated to anyone. (SC)

AMERICAN EMBASSY

RIO DE JANEIRO (BRAZIL)

TRIPLE PRIORITY

3819

FOR THE AMBASSADOR FROM THE UNDER SECRETARY

As you will have seen from the telegram received by the Department from the Embassy in Santiago, which was telegraphed to you for your information, the Chilean Minister of the Interior, Morales Beltrami, will probably arrive in Rio de Janeiro today on his way to Washington. Please tell Aranha I shall be most grateful if he will let you know, in order that you can telegraph the Department, the nature of his conversations with Morales and any precise indication which he may obtain of what Morales desires to discuss in Washington.

I regard it as likely the Morales will endeavor to obtain from this Government very material concessions both economic and financial, as well as those which would involve military and naval equipment as a prerequisite to a rupture.
-2- #3819, December 5, 3 p.m., to Rio de Janeiro, (Brazil)

a rupture of relations by Chile with the Axis powers. In such event, the position which this Government will take is that, in its judgment, the compliance by Chile with her inter-American obligations is not a subject for bargaining, and that no arrangements of any character can be undertaken on the basis of quid pro quo. As you know, the Chilean Government has until recently been receiving from the United States, since the entrance of the United States into the war, a considerable amount of defense materiel. Several months ago, the Chilean Government was also informed that in the event that Chile broke relations, this Government naturally would be disposed to give the most friendly consideration to such change in Chile's position, with a view to augmenting the amount of defense materiel being supplied. I think Aranha will fully agree that neither Brazil nor the United States can in any sense adopt the position that the determination by Chile of her compliance with her inter-American commitment can be made the basis for bargaining.

HULL.
(SW)

U:SW:PRH