to their replacement by the brute force that now is unloosed against Finland and filling her cities with blood and ruins, violates her essential rights under pretexts which only make the work of iniquity more exasperating and more scandalous. All Colombia, Mr. President, hopes that that work may not prosper, that mankind may not remain subject to violence and the unbridled spirit of conquest, and that Finland may shortly enjoy once more that liberty and that effective security to which she is fully entitled under all laws of morality and all principles of international law.

Eduardo Santos,
President of Colombia.

TR:JWP:IML

Some facts

concerning Finlands financial situation and present needs (Based upon official statistical data, when not otherwise indicated below).

[1-5-40]

Certain particulars about Finland.

The area is 147.761 sq.miles (California 155.652 sq.miles).

Number of inhabitants (1937) : 3,8 millions.

Density of population (1937):

in South Finland 48
in Northern Finland 7,0 and
in the whole country as an average 26,0 to the sq.mile.

Distribution of population (1937):

78,5 per cent inhabit the country side,
21,5 per cent towns and urban districts.

Occupation (1930):

Agriculture 59,6 per cent,
Industry and Manual Labor 16,8 per cent,
Commerce 4,3 per cent,
Transport 3,8 per cent,
Other occupation 15,5 per cent.

Yearly increase of population (1937): 6,6 pro mille.

Ownership of land:

Private 52,1% (Over 90% of these are small holdings).
Joint stock companies 6,5 per cent.
Communities 1,7 per cent.
State 39,7 per cent.

Industry (1937):

Calculated gross value: 457 million dollars.

Total exports (1938):

8,398 million markkas = 180 million dollars.

The surplus of exports over imports during the period 1932 - 1937 was 5,800 million markkas or about 128 million dollars.

The total active surplus in the balance of payments during the same period was calculated at about 7,100 million markkas or about 158 million dollars.

The total State expenditure for the fiscal year ended Dec. 31. 1938 was 5.432.818.000 markkas or about 116 million dollars. Out of this current expenditure represented 3.487.295.000 markkas or about 75 million dollars. There was a surplus of revenue over expenditure of 276.612.000 markkas or about 6 million dollars.

The State debt per 30.9.39 amounted to

4.072.200.000 mks

corresponding to about 1072 markkas or $ 22 per capita.

Of the State debt per 30.9.39 the foreign debt (all founded) was only 1.040.200.000 mks or about 22 million dollars, corresponding to about $ 6 per capita.

The General trend of Finland's Economic Policy.

Finland's aim in the field of economic activities has always been to develop the country's natural resources and to accure a stable basis for her economic life. Both the Government and the country as a whole have pursued this policy, which has enabled Finland in the last decade to reduce her foreign indebtedness so materially, that at the outbreak of the European war this autumn the country's total indebtedness to other countries, including government loans, borrowing by municipalities, corporations and private individuals and also including the short term payment position, was balanced by assets and deposits abroad, to which has to be added Finland's gold deposits with foreign banks.

It is calculated, that during the period 1932 - 1937 Finland redeemed foreign bonds to an amount exceeding 125 million dollars. In this connection it may be particularly mentioned that Finland, having borrowed from this country in the postwar years about 110 million dollars, has during the last decade paid off this debt almost entirely, so that the amount now outstanding in this country is calculated to be only about 14 to 16 millions. And furthermore this sum was at the outbreak of the war outweighed by balances in this country.

Finland's present financial needs.

Finland's economic position in peacetime was thus very satisfactory and it may be noted that in spite of a month of war, Finland's currency still remains unshaken. The Finns have not, even in their present dangerous situation, attempted to transfer wealth or any portion thereof abroad for safekeeping. This and the unshaken currency show the country's morale and the Nation's faith in the future of their country.

However, the economic policy which Finland had been following and which was based on a steady redemption of her foreign debt, forced the country not only to avoid all unnecessary expenditure, but also made it impossible for Finland to accumulate any considerable balances abroad.

On the other hand Finland's most important sources of current income have now been cut off. Acording to recent calculations forty to fifty percent of Finland's national income is founded on her exports. Sixty per cent of Finland's exports go to the United States, the United Kingdom and to countries overseas, forty percent to European countries. (In this connection it may be pointed out that Finland's export sales to

the Soviet Union in recent years have been only 0,5 per cent of the total export).

The outbreak of the war caused serious reductions in Finnish exports, already early this autumn. And the Russian attack brought them to an almost complete standstill. The attack and the necessity to concentrate all activities on the national defense have naturally had a very severe effect on economic conditions. Production suffers seriously. Large sections of the country have been evacuated. All the male population has been mobilized to a very great extent, and even a large proportion of the women are occupied in work directly connected with defense. Almost one third of the entire population has been dislocated, being either called to the colours or evacuated. The attack of the ruthless enemy demands effort and expenditure which a country like Finland cannot possibly be prepared to meet without help from abroad. The people of Finland are fully convinced that the civilized world will not, for economic and material considerations, leave them without assistance.

On the other hand Finland has shown in the past, that she has a rather remarkable capacity to readjust and build up the country's economic life on a sound basis.

And particularly she has proved, that she can and that she will most scrupulously meet all her international obligations. When the United States in 1919 helped Finland with certain commodities - an assistance for which Finland always will be thankful - the country was in great distress. At that time exports had also come to a standstill, the productive apparatus was seriously disturbed and the country had no holdings of foreign currencies.

Through hard work and strict economy, the Finns have put the country's economic life on a sound basis, so that she could fulfil all her obligations. So now when Finland again is compelled to appeal to her friends for assistance, the whole nation is determined by industry and economy to again repay the help they may receive.

Finland has gratefully noted that the Federal Loan Agency in a resolution published on December 11th has placed at Finland's disposal a credit of ten million dollars through the Export Import Bank and the R.F.C. This credit is limited, however, to purchases in the United States of agricultural surpluses and other civilian commodities. The Finnish people duly acknowledge

this measure, and appreciate it as a sign of the American Nation's desire to assist Finland. Nevertheless it must be realized that this credit could not to any great extent cover Finland's present financial requirements. The amount itself does not nearly meet the demands arising from the present situation, and the restrictions put upon the use of this credit make it impossible to take full advantage thereof immediately.

Conclusions.

In conclusion it may be emphasized:

Finland's economic structure has proved to be fundamentally sound.

However, Finland has not and could not have any considerable balances abroad.

Furthermore Finland has seen her principal source of income, her exports, cut off.

Finland has finally, owing to the enemy's ruthless attack to meet absolutly extraordinary and unforeseen requirements.

Under these circumstances it is evident, that Finland needs most urgently and promptly financial aid in the struggle in which she is now involved through no fault of her own.

Washington, D.C., January 2nd,1940.

file PF Finland

DEPARTMENT OF STATE

THE SECRETARY

To: The President
From: The Secretary of State

[1940]

March 12, 7:30 p.m.

According to the first press reports just relayed to me by Mr. McDermott the terms of the Peace Treaty between Finland and the Soviets are as follows:

1. Fighting to cease Wednesday noon.
2. Finland cedes the entire Karelian Isthumus.
3. Finland cedes the entire shore of Lake Ladoga.
4. Trade treaty negotiations to be commenced immediately.
5. Finland gives Russia Ribiisarstni.
6. Certain peninsulas in north of east Finland.
7. Hango and adjoining islands to be leased to Russia for thirty years as a naval base.
8. Finland is not to maintain submarines, warships, or aircraft in Artic waters except for coast guard purposes.
9. Russia will remove troops from Petsamo but will enjoy free transit of goods in Arctic ports to and from Norway, without customs patrol.
10. Treaty provides that railway shall be built from Kandalasks to Kenyarvi.
11. Treaty to be ratified in three days.

WWC — 5

Finland folder 1-44

file ~~SECRET~~

DEPARTMENT OF STATE
WASHINGTON

December 29, 1944

MEMORANDUM FOR THE PRESIDENT

Subject: Financial Assistance to Finland in Meeting its Reparations Obligations to the USSR

In response to an inquiry from the American Legation in Stockholm, the Department has expressed the following views:

(1) It would be unwise for this Government to extend financial assistance to countries which have heavy reparations obligations in order to aid them in paying such obligations;

(2) Substantial financial assistance to such countries for reconstruction, particularly early in the reparations-paying period, is largely precluded by the existence of heavy reparations obligations.

The principal reasons for this position were stated to be:

(1) After the first World War, the United States in effect assumed the burden of reparations by credits to Germany which were later repudiated.

(2) If reparations burdens are excessive, they should be reduced; if the United States agrees to finance reparations transfers, excessive reparations demands will be encouraged.

(3) It would be virtually impossible to assist reparations paying countries in reconstruction without in effect

DECLASSIFIED
State Dept. Letter, 1-11-72
By J. Schauble Date FEB 7 1972

PSF FRANCE 1934-37

THE WHITE HOUSE
FEB 7 1934
WASHINGTON

THE SECRETARY OF STATE
WASHINGTON

February 7, 1934.

File
P

Dear Mr. President:

I attach a brief summary of the causes of the French situation prepared by Mr. Moffat, Chief of my Western European Division.

Faithfully yours,

Cordell Hull

The President,
The White House.

DEPARTMENT OF STATE

DIVISION OF WESTERN EUROPEAN AFFAIRS

MEMORANDUM

February 7, 1934.

Mr. Secretary:

The basic causes of the present French situation lie in a popular disgust with the working of the French parliamentary system during the last two years. The following items stand out as contributary causes to France's present day plight:

(1) The depression, from which France was virtually immune up to late 1931;

(2) Increasing cost of living;

(3) Increasing unemployment;

(4) Reduction of wages;

(5) Loss of France's monetary predominance;

(6) Withdrawals of gold and weakening of futures in the franc;

(7) Increasing budgetary deficit;

(8) The gradual emancipation by Germany from the onerous provisions of the Treaty of Versailles;

(9) The weakening of the Franco-Polish alliance, as evidenced by the recent German-Polish Non-Aggression Pact;

(10) Weakening of the Little Entente, particularly due to domestic difficulties in Rumania.

For

For such an accumulation of disasters or weaknesses, a scapegoat must be found. The obvious scapegoat is the Chamber of Deputies and in particular the Left majority (the Cartel which has been ruling France under one combination or another during this period). It was bad enough to see the Government weakened but when the Stavisky scandal burst and the people realized that the Government was not only weak and inefficient but corrupt as well, there was an immediate demand for a change.

The Daladier Government was a mere rehash of the same Left group control. When this Government received a vote of confidence and the people came to realize that the Chamber did not accurately reflect its demands for sweeping out the augean stable, the mob broke loose.

While the monetary situation is only one contributary factor, I think we must face the probability that the French will attempt to put on us the blame for their own mismanagement.

From reports received up to the time of writing, February 7, 11 a.m., it would look as though the Government were rudderless. Rioting has spread from Paris to the Provinces. Daladier has resigned and Doumergue, the former President who was best qualified

to

to head a national Government has refused to do so. President Lebrun, while an honest and dignified citizen, has never shown any special force or aptitude.

The Army chiefs, true to Republican traditions, have been kept very much in the background.

If the normal pattern is followed, we should see within a very short time the extension of martial law to the whole country, the dissolution of the Chamber and the suppression of civil liberties. It is possible that the Army chiefs may be called in to help the situation but only as a last resort as the Republican politican has a holy fear of the military.

The most hopeful feature of the situation is that while the forces of discontent are rife, there is no alternative visible either in the form of a man or a new system of government. As a result if the situation is handled with a strong hand, the present disorders should eventually burn themselves out.

P.M.

Pierrepont Moffat.

WE:PM:VAS

France - 1934

DEPARTMENT OF STATE

DIVISION OF
INTERNATIONAL CONFERENCES AND PROTOCOL

October 27, 1934.

My dear Miss LeHand:

As the White House directs, I am returning President LeBrun's message to the President and thank you for sending it to the Department in order that we may have a copy in our files also.

This message is really in reply to one sent by the President to the President of the Frenby Republic, a copy of which is attached to the incoming message.

PC:CLC:JBW

Postal Telegraph
THE INTERNATIONAL SYSTEM
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| | RADIOGRAM |


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SON EXCELLENCE FRANKLIN D ROOSEVELT PRESIDENT DE LA REPUBLIQUE DES ETATSUNIS WASHNDC

J AI ETE PROFONDEMENT TOUCHE DE LA PART QUE VOUS AVEZ BIEN VOULU PRENDRE AU DEUIL NATIONAL CAUSE EN FRANCE PAR LA MORT DU PRESIDENT POINCARE TOUS LES FRANCAIS SERONT SENSIBLES A L EMOUVANT HOMMAGE QUE VOUS AVEZ TENU A RENDRE A LEUR ILLUSTRE CONCITOYEN

ALBERT LEBRUN.

496

OCT 23 1934 PM
TRANSLATING BUREAU

TELEGRAM SENT

THE WHITE HOUSE

October 16, 1934.

His Excellency

Albert LeBrun,

President of the French Republic.

The news of the death of Raymond Poincaré has caused me deep personal grief. I had the privilege of knowing him during the World War and of appreciating the high qualities of mind and heart which he dedicated to the service of France. I extend to you and your fellow-countrymen my profound sympathy.

FRANKLIN D. ROOSEVELT.

PSF

file

France

DEPARTMENT OF STATE
WASHINGTON

January 5, 1935

My dear Mr. President:

In connection with the notice of Japanese denunciation of the Washington Naval Treaty which we communicated under Article 23 of the Treaty to the other signatories of the Treaty, we have received a note, dated January 2, 1935, from the French Government, transmitted through the French Ambassador here, of which the following is the substance:

The French Government recalls its declaration made at the moment of depositing its ratification of the Washington Treaty to the effect that it considered that the ratios layed down therein did not represent the respective importance of the maritime interests of the Contracting Powers and could not be extended

beyond

The President,

The White House.

beyond the categories of vessels for which they were expressly provided. The French Government also recalls the intention of the French Parliament that the Treaty should come to an end on December 31, 1936. For these reasons and because of difficulties to which the French Government alleges quantitative limitation has given rise it states that it could not have agreed to a continuation of the Washington Treaty in any case.

The French Government also points out that in a settlement of naval questions now it would be necessary to take into account the naval positions of certain countries not represented at the Washington Conference. It expresses the hope that a substitute arrangement will be made before December 31, 1936, but states that such a new understanding should not be limited to the Five Powers parties to the Washington Treaty. It will make known its views regarding a substitute agreement in more detail later but emphasizes at this time that such an agreement must maintain the principle of qualitative limitation and perhaps strengthen such limitation.

I

I enclose a translation of the French Government's note.

Faithfully yours,

Cordell Hull

Enclosure:
Translation of the French note as indicated above.

Department of State

BUREAU / DIVISION: WE

ENCLOSURE

TO

Letter drafted January 4/35

ADDRESSED TO

The President

The White House

U. S. GOVERNMENT PRINTING OFFICE: 1935 1—1038

TRANSLATION

EMBASSY OF THE FRENCH REPUBLIC

IN THE UNITED STATES. Washington, 2 January 1935.

Mr. Secretary of State:

As a result of the communication on December 30 last, by the Chargé d'Affaires of the United States in Paris to the Minister of Foreign Affairs of the Republic, of a copy of the letter in which the Ambassador of Japan gave notice in Washington of the denunciation by his Government of the Naval Treaty, my Government has instructed me to transmit to Your Excellency the following communication:

"On December 30, 1934, the Chargé d'Affaires of the United States, acting under instructions from his Government, was good enough to communicate to the Minister of Foreign Affairs a copy of the letter by which, on December 29, the Ambassador of Japan in Washington announced the intention of his Government to terminate on December 31, 1936, the Naval Treaty signed at Washington on February 6, 1922.

Mr. Laval has taken cognizance of this communication. At the same time he has noted that an authenticated copy of the Japanese note will later be sent to him through the Embassy of the United States.

At

His Excellency

The Honorable Cordell Hull,

Secretary of State of the United States,

Washington, D. C.

At the time of the deposit of the instruments of ratification of the Washington Treaty on August 17, 1923, France made the following declaration:

'The French Government considers and always has considered that the ratios of total tonnage in capital ships and aircraft carriers allowed to the several Contracting Powers do not represent the respective importance of the maritime interests of those Powers and cannot be extended to the categories of vessels other than those for which they were expressly stipulated.'

Moreover, the French Parliament, in considering the Treaty with a view to its ratification, clearly indicated its intention that this instrument should come to an end on December 31, 1936.

Finally, during this past year experience has again shown to what difficulties the system of quantitative limitation adopted in 1922 has given rise.

The French Government would not have been able in any case to agree to its continuation.

In addition, since 1922, the situation has developed in such a way that, in a settlement of naval questions it would be necessary to take into account the position and the interests of certain Navies which were not represented at the Washington Conference no less than the present position of Powers the naval programs of which had been regulated by previous treaties.

Therefore, the French Government, which does not wish to give up the hope that an international arrangement will

be

be made to take the place, after December 31, of the Treaty which has just been denounced, considers that the necessary understanding to this effect should not be limited to the Five Powers which, under the terms of Article 23, are under an obligation to meet in conference during the year 1935.

Regarding the solution which it contemplates the Government of the French Republic reserves the right to make known its views in more detail at the opportune moment.

On the present occasion it wishes to emphasize that, under penalty of preparing the way for an armaments race detrimental to the interests of all the Powers, it will be necessary that the new convention maintain the principle of qualitative limitations which it would willingly see more strict than those at present in force."

Kindly accept, Mr. Secretary of State, the assurances of my very high consideration.

(Signed) André de Laboulaye.

PF File France 2

DEPARTMENT OF STATE
WASHINGTON

June 1, 1935.

My dear Mr. President:

You will recall that some months ago you indicated your general agreement with certain suggestions made by Ambassador Straus for reorganization of our Government establishments in Paris with a view to promoting efficiency and economies in operation. Pursuant thereto Ambassador Straus was authorized to proceed with the reorganization of the Department of State personnel and forward suggestions affecting the representatives of other Departments along the same coordinating lines.

I am now pleased to report that the Ambassador estimates an actual saving in the Department of State personnel of some $15,440 per annum, and a further potential saving by the elimination of overlapping in reporting activities of other Departments in the Government building.

Briefly, the suggestions of the Ambassador follow

your

The President,

The White House.

your own plan for rearrangement of bureaus in Washington by centralizing

(a) Accounts and disbursements;

(b) Supply and stocks;

(c) Translating, typing, copying, and mimeographing;

(d) Commercial, economic, and agricultural reporting under a single schedule to control all information for the Departments of State, Commerce and Agriculture.

The amount of the saving through the elimination of overlapping in reporting activities will be undetermined until I learn from the Departments affected how completely they are able to accept the Ambassador's suggestions.

Faithfully yours,

Cordell Hull

June 20, 1935.

Dear Jesse:-

It is good to know that you are coming back for a little holiday. I hear that your health is vastly improved, for which I am thankful.

I do not know yet when Congress will adjourn but when you arrive I shall probably still be in Washington. Do run down any time at your convenience.

As ever yours,

Honorable Jesse Isidor Straus,
American Embassy,
Paris,
France.

Paris, June 11, 1935.

PERSONAL.

My dear Mr. President:

Many thanks for your letter of May 9th. I hope that you understand that I did not write you from caprice or irritation, but solely for what I believe to be the good of the service at this particular post, the only one, of course, about which I know anything. I understand that some of the difficulties of the State Department are the result of Congressional action and consequent restrictions imposed upon the Director of the Budget and the Comptroller General; but I had hoped that in calling your attention and that of the Secretary to some of the cumbersome rules and regulations, Congress might be induced to see fit to adapt the laws to changed conditions, and even conceivably discriminate, where discrimination would seem wise, between this post and others at which conditions are doubtless different.

In the meantime, Mr. James C. Dunn, who is to become

the . . .

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

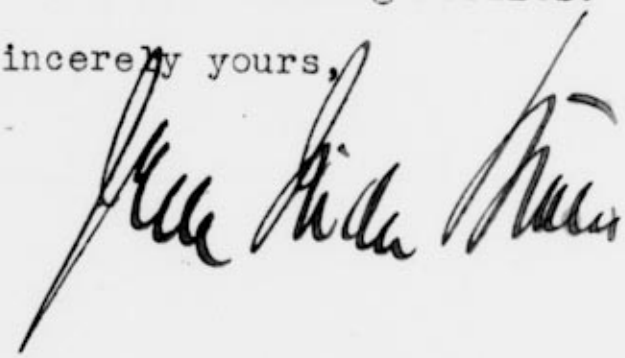
the Chief of the Division of Western European Affairs, has been here, and I have had several long conferences with him. I am sure that he realizes some of the difficulties under which we here labor and have hopes that he may be able to have some changes effected.

I am glad to hear that Mr. Marriner was able to have a talk with you. He will be back tomorrow.

I have applied for home leave, to sail from here on July 18th, and shall spend my holiday at Mount Kisco and shall visit the State Department when and if the Secretary or the Undersecretary want me. I also hope that you may have time to receive me either at Washington or at Hyde Park, at whichever place you may be, during August or September.

According to all reports, conditions at home are gradually changing for the better. Confidence is returning and your courageous policies are bearing results.

Very sincerely yours,



France

THE UNDER SECRETARY OF STATE
WASHINGTON

file personal

February 27, 1936.

My dear Mr. President:

It occurs to me that you may be interested in the exchange of telegrams between the Department and Ambassador Straus with regard to an exhibition of American loaned paintingsat the Paris exposition in 1937.

You will note that Mr. Straus expresses the opinion that, inasmuch as the exposition is of a technical character, "a picture exhibition such as that suggested, while perhaps worthy in itself, is not, in my opinion, within the purview of the exposition".

I am not at all convinced, as yet, that Mr. Straus' views are correct and we are still continuing to explore the idea which was first suggested by you.

Faithfully yours,

William Phillips

The President
The White House.

00653

TELEGRAM SENT

GRAY

February 19,1936

7 p. m.

AMEMBASSY

PARIS (FRANCE)

45.

C[redacted]OR THE AMBASSADOR.

A suggestion has been made that if Congress passes legislation now before it authorizing an appropriation of $50,000 for participation in the forthcoming Paris Exposition, this money be utilized to send to Paris an exhibit of American loan paintings from the earliest days of the Republic to the present time. I should appreciate an expression of your views as to the suitability of this suggestion.

HULL
(WP)

PC:RB:JMD WE

LMS

GRAY

Paris

Dated February 21, 1936

Rec'd 2:20 p. m.

Secretary of State,

Washington.

134, February 21, 7 p. m.

Department's 45, February 19, 7 p. m.

There has been afoot for some weeks a plan to have an exhibition of American paintings simultaneously with the 1937 exposition but I am inclined to believe that the suggested utilization of the appropriation would be inappropriate. This exhibition has been fostered by Mrs. Robert Woods Bliss and Eustache de Lorey, who is at present in the United States and according to my understanding is not to be held in the exposition grounds but at the Musee du Jeu de Paume, which place has been offered for that purpose by letter dated February 4 from Verne the director of the Louvre to Goodyear, President of the Museum of Modern Art in New York. It was my understanding that the proposed appropriation was primarily for the purpose of defraying the expenses of the Commissioner General and his staff. Also as the primary purpose of the exposition is to demonstrate

that

LMS 2-No. 134, February 21, 7 p. m. from Paris.

that technical manufacture is compatible with art, a picture exhibition such as that suggested, while perhaps worthy in itself, is not in my opinion within the purview of the exposition.

STRAUS

CSB

PRÉSIDENCE
DU
CONSEIL

*Le Président*

*Paris, le*
Le 13 Juin 1936.

MFX 64-394(1)

Monsieur le Président,

Au moment où M. Monick, que vous connaissez bien, va vous demander une conversation que je désire strictement confidentielle, je tiens à vous dire que mon souci, à la tête du gouvernement français, sera de maintenir la plus étroite collaboration avec les États Unis et leur Président, ainsi que la plus

PPX 64-394(2)

confiante sympathie entre le peuple français et la Démocratie américaine.

Veuillez agréer, Monsieur le Président, l'expression de mes sentiments les meilleurs et de mon cordial dévouement,

Léon Blum

TRANSLATION

Presidency of the Council
- - - - -

The President

Paris, June 13, 1936.

Mr. President:

At the moment when Mr. Monick, whom you know very well, is going to ask you for an interview which I wish strictly confidential, I wish to tell you that my solicitude, at the head of the French Government, will be to maintain the closest collaboration with the United States and its President, as well as the most sanguine sympathy between the French people and the American Democracy.

Accept, Mr. President, the expression of my best regards and of my cordial devotion.

LEON BLUM

PC:DBE:LDA

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# TELEGRAM SENT

# Department of State

DEPARTMENT OF STATE

1936 JUN 29 PM 3 35

DIVISION OF
COMMUNICATIONS
AND RECORDS

1—138

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Washington,

June 29, 1936

4 PM

811.114 Liquor

AMEMBASSY,

PARIS (FRANCE).

203

The French Chargé d'Affaires left with me June 26th ~~on this morning~~ a memorandum expressing the concern of the French Government with respect to the effect of the provision contained in the recent liquor tax law with regard to the use of names of regional origin in the labeling of wines. I wish you would take occasion to inform the Minister of Foreign Affairs personally, if possible, that we are giving the representations of the French Government the most serious consideration, and that we will communicate with the Chargé d'Affaires here as soon as our studies of all phases of the matter have progressed to a point where we feel that we can make a helpful contribution to the situation. We are most anxious that a satisfactory solution may be found to the points raised by the French Government.

WE JCD.GAM 6/29/36 h. Jun. 29 1936.

CR

Enciphered by

Sent by operator M., 19

D. C. R.—No. 50.

1—138 U. S. GOVERNMENT PRINTING OFFICE: 1934

811.114 LIQUOR/1118A

DEPARTMENT OF STATE

THE UNDER SECRETARY

DIVISION OF WESTERN EUROPEAN AFFAIRS
JUN 26 1936
DEPARTMENT OF STATE

Tel to Ambassador Paris
W E JC D'Olgan June 26

June 26, 1936.

WE

Mr. Dunn:

July 1 1936

The French Chargé d'Affaires left with me this morning the accompanying memorandum expressing the French Government's "profond mécontentement" with the Johnson-McAdoo Amendment relating to the labeling of wines of origin. M. Henry pointed out that, in the second sentence, the memorandum refers directly to the French efforts to suppress smuggling and intimated that the two questions might well be considered together. He pointed out that the American law of 1935 and the regulations resulting therefrom gave France full protection, permitting only the use under general terms, such as "Sauterne, California". The new law, however, allows California, not only to use these general terms, such as "Sauterne" and "Claret", but also more precise labels such as "Chateaux", Margeaux", etc. etc.

The most serious part of the whole question, he added, was that the American law would extend counterfeiting in other countries of all French wines, for other countries would certainly take advantage of the new situation created by the American law.

At this point M. Henry again referred to the

telegraphic

telegraphic instructions which he had received and which mentioned in some more specific manner the smuggling operations in St. Pierre-Miquelon, but he did not go into any particulars. He expressed the hope that the Department might find it possible, before the meeting of the next Congress, to give some assurances to the French Government that it would seek to amend the present law and, by such a declaration, give evidence of a sympathetic understanding of the problem, which would be some satisfaction to the French interests involved. M. Henry reminded me that the law does not, in fact, come into effect until the appointment of the commission by the President and he intimated that, if we could give the assurance above mentioned and at the same time delay the appointment of the commission, the matter might be tided over, for the present at least.

During his conversation M. Henry also referred to the fact that the trade agreement would soon be brought forward for ratification in the French Chamber; already voices from the wine districts were being raised against

ratification

ratification, in view of the American law with regard to wines; he did not know how strong the opposition would become, but he felt sure that some sort of declaration of intention to go back to Congress again on our part would be of great assistance to the Government in the ratification of the trade agreement.

William Phillips.

AMBASSADE
DE LA RÉPUBLIQUE FRANÇAISE
AUX ÉTATS-UNIS

*Washington, le* 25 juin 1936.

DIVISION OF EUROPEAN AFF.
JUN 26 1936
DEPARTMENT OF STATE

- MEMORANDUM -

L'Ambassade de France a été informée par le Gouvernement français du profond mécontentement provoqué dans les milieux viticoles français par le vote de l'Amendement Johnson-McAdoo, qui autorise l'emploi presque sans restriction aux Etats-Unis, de toutes les appellations d'origine étrangère. Cet Amendement, voté à un moment où des efforts sont tentés en vue de réprimer partout la contrebande des spiritueux, aura pour effet non seulement de légaliser la contrefaçon sur le territoire américain de toutes les boissons alcooliques françaises, mais encore l'importation et l'exportation de ces contrefaçons en provenance ou à destination de tous les pays qui n'ont pas conclu avec la France de convention sur la protection des appellations d'origine.

L'application de la nouvelle loi marquerait un recul considérable par rapport à la protection, pourtant bien imparfaite, qui a été garantie aux appellations d'origine française par les règlements concernant l'incorrection d'étiquetage des vins et spiritueux qui ont force de loi sur le territoire américain...

cain depuis la fin de 1935. Ceux-ci assuraient en effet:- 1°- la protection complète et conforme aux exigences de la législation française des crus d'une origine déterminée (Châteaux, Margeaux, Pomard) et tout spécialement de l'appellation Cognac).

2°- La protection relative des appellations se rapportant à des désignations telles que Champagne, Sauterne, considérées comme n'ayant pas acquis un caractère générique.

Si le Gouvernement français a accepté de signer le récent accord commercial sans qu'y figurât aucune stipulation spéciale en matière d'appellation d'origine, c'est qu'il considérait comme définitivement acquises les garanties minima ci-dessus indiquées.

Il lui serait plus facile de défendre cet accord devant le Parlement français si le Gouvernement américain était en mesure de lui donner tous apaisements désirables concernant l'application de la loi, ainsi que les possibilités d'une modification éventuelle, et s'il recevait l'assurance que les dispositions relatives à l'incorrection d'étiquetage des vins et spiritueux continueront à être appliquées./.

# TELEGRAM RECEIVED

LMS 1—1936

FROM GRAY

Paris

Dated June 30, 1936

Rec'd 1:55 p. m.

811.114 LIQUOR/1120

Secretary of State,

Washington.

DIVISION OF WESTERN EUROPEAN AFFAIRS
JUN 30 1936
DEPARTMENT OF STATE

563, June 30, 8 p. m.

Department's 203, June 29, 4 p. m.

In the absence of the Minister of Foreign Affairs and the Undersecretary of State for Foreign Affairs who are both at Geneva, your message has been delivered to the official at the Foreign Office in charge of commercial relations. He expressed his appreciation and stated that the French Government knew that our government was making every effort to reach a satisfactory solution of the matter. He added that they were genuinely concerned here as to the effect which placing the recent liquor tax law in force would have on ratification by the Parliament of the trade agreement. Upon the return of the Minister for Foreign Affairs, I will take occasion to repeat your message to him personally.

STRAUS

RR

Note 611.5131

H/TH

a-S
a-C

July 1 1938

My dear Mr. President:

I enclose for your ready reference a copy of Section 506 of the Bill H.R.9185, which you signed last week and which is known as the Liquor Tax Administration Act.

As a result of this legislation it now becomes possible for American wine producing interests to label wines produced in the United States with the names of many, if not all, of the famous foreign wine names. Since most of the well known foreign wine names are French, the French Government has naturally felt greatly concerned with regard to this legislation. That Government has on several occasions entered protests with the Department with regard to the legislation in question, and while the Bill was still pending in Congress, the Secretary brought this fact

The President,

The White House.

fact to the attention of the appropriate committees of the House and Senate. However, his objections to the provisions of Section 506 were without avail, and the legislation was adopted.

I am now in receipt of a note from the French Embassy here in Washington, which indicates that this legislation may possibly have an adverse effect upon the ratification of the French Trade Agreement, and I feel therefore that the whole matter should be brought to your attention.

The Trade Agreement must, in order to become definitively operative, be ratified by the French Parliament. The French Government now informs us that they fear, as a result of the sentiment which the American legislation in question has raised in France, there may be developed in the French Parliament sufficient opposition to result in the defeat of the Trade Agreement. French wine and liquor interests feel that the American legislation in question would permit a pirating of famous French wine names, and therefore the duty reductions granted by this Government in the Trade Agreement would be materially and adversely affected.

Furthermore, the French Government has been giving consideration to the provisions of the third paragraph of

Article

Article 11 of the Trade Agreement. This Article provides that in the event either Government adopts a measure which, although it does not conflict with the terms of the Agreement should, nevertheless, be considered by the other country to have the effect of nullifying or materially impairing any important object of the Agreement, such other Government shall be free to propose negotiations for the modification of the Agreement. In the event an agreement is not reached, the Government making the proposal may terminate the Agreement. I need not call your attention to the many advantages which American interests have obtained as a result of this Agreement, and which would be lost in the event that the French Parliament refused its ratification, or in the event that the French Government found it necessary to terminate the Agreement.

If this legislation is permitted to stand, you will also readily see how difficult it will be for this Department to protect effectively in foreign countries the names of many American commodities which are sold in those countries.

In view of the possible serious consequences which may result from the passage of this legislation, I feel that consideration might appropriately be given to the possibility

of

of seeking an amendment to the Act in question when the Congress next convenes, by having Section 506 thereof stricken from the Act. Labeling regulations and the regulation of the nomenclature of wines, in the interests of the consuming public, and also the interest of our relations with foreign countries, could again be returned to the Federal Alcohol Administration.

I should also like to call your attention to Section 508 of the Act, which provides that Title 5, except Sections 502, 505 and 507, shall take effect when a majority of the members of the Federal Alcohol Administration, first appointed under the provisions of Section 502, qualify and take office. Section 506, therefore, does not take effect until the majority of the members of the Administration qualify and take office.

The Secretary is returning tomorrow and will, I am sure, wish to take an early opportunity to discuss this matter with you in order to determine whether it may not be possible to find a solution of this problem which would prove satisfactory to the French Government.

Faithfully yours,

William Phillips

A true copy of the original signed original.

Enclosure:
Copy of Section 506
of H.R.9185.

WE:PTC:MLD
7-1-36

DEPARTMENT OF STATE

DIVISION OF WESTERN EUROPEAN AFFAIRS

Geneva file
1. Trade agreement
2. Liquor smuggling

File personal

July 1, 1936.

Finance

MEMORANDUM

Mr. Secretary:

A further protest has been received from the French Embassy with regard to the labeling provisions of Section 506 of the Alcohol Tax Administration Act. Mr. Phillips has brought this matter to the President's attention by letter, a copy of which is attached. It was felt that this matter had reached such a stage that you would wish to take it up with the President.

The French Government seems to feel that, in order to avoid too great difficulties when the trade agreement is brought up in Parliament for ratification, it should have some word or assurance from us to the effect that steps will be taken to obtain the withdrawal of this legislation. It has occurred to me that the President might find it possible to refrain from naming Commissioners to the Federal Alcohol Administration until sometime after the next session of Congress, at which time he could, if he were willing, get the Act

amended

amended by having stricken therefrom Section 506.

I think the President might look favorably upon efforts to have this legislation withdrawn, and I think he might be the more inclined to take action favorable to our position if it is brought out to him that the Federal Alcohol Administration has already indicated a willingness to draw regulations which would give American wine interests the same labeling privileges which they had prior to prohibition.

If you concur, I suggest that it would be advisable to take up this matter with the President at the earliest opportunity.

I wish to call your attention also to Mr. Phillips' memorandum of conversation with the French Chargé. This memorandum is attached and you will find a reference there to the smuggling question. It would be too bad to have our St. Pierre-Miquelon arrangements upset at this time when there is hope of drying up that source of smuggling.

---

PSF France

THE WHITE HOUSE
WASHINGTON

July 2, 1936.

This was handed to me by Monsieur Monick, in the presence of William Phillips, Undersecretary of State, at the White House on Tuesday, June 23, 1936.

F. D. R.

At this time of economic disorders in the world which drive nations to isolation, social troubles and perhaps more serious conflicts, it would be impossible for the American dollar to be fixed while the currencies of other nations would be left free to move.

This would bring the United States back to the situation of 1932.

Under such circumstances, the only practical thing to do is to promote monetary peace and, as a first step, to establish more stable relations between the Pound Sterling, the Dollar and the Franc.

Such an understanding between the United States, Great Britain and France would naturally be left open to other nations, provided that they do not resort to the practice of economic dumping and agree to cooperate in the promotion of international trade and thus toward the restoration of prosperity and peace throughout the world.

PS: France

Miss Tully

Do you think the President would want this in your file rather than ours?

D.E.D.

DEPARTMENT OF STATE
WASHINGTON

July 2, 1936

My dear Mr. President:

I am returning herewith the three letters relative to the visit of Mr. Emmanuel Monick, which I received under cover of your memorandum of June 25, together with translations of all three, and a draft of a suggested reply to each one, for your consideration.

Faithfully yours,

William Phillips

Enclosures:
Three original letters;
Three translations;
Three draft replies.

The President,

The White House.

July 6, 1936.

sig to Mr Phillips 7-6

My dear Mr. Claudel:

Your kind letter of June 13 brings back pleasant memories of my first few weeks as President, when you were Dean of the Diplomatic Corps in Washington. I was very happy to receive Mr. Monick during his stay in this country, and wish sincerely to thank you for your kindness in writing to me of his visit.

Very sincerely yours,

His Excellency
Paul Claudel,
11 bis, rue Jean Goujon, VIIIe,
Paris.

11 bis, RUE JEAN GOUJON, VIII^e
BALZAC 26-16

Paris, le 13 Juin 1936

Mon cher président

Les relations si amicales que j'ai entretenues avec vous pendant les premières semaines de votre présidence et la confiance que vous avez bien voulu me témoigner à ce moment m'encouragent à me rappeler à votre souvenir et à vous recommander M. Emmanuel Monick qui se rend auprès de vous chargé par le Gouvernement français d'une mission de

la plus haute importance en même temps que du caractère le plus confidentiel.

Vous connaissez et je crois que vous appréciez M. Monick qui a été pendant de longues années l'Attaché financier de la France aux Etats Unis avant d'être appelé à remplir les mêmes fonctions à Londres. Son expérience, ses vastes connaissances, et surtout ses qualités de caractère et d'énergie le qualifient pour les paroles d'ordre exceptionnel, comme les circonstances où nous nous

trouvons actuellement, qu'il va vous porter. Il y joint comme moi-même une admiration sans bornes pour votre cœur et votre personne et ce sentiment d'enthousiasme et de dévouement que vous savez inspirer à tous ceux qui ont eu le bonheur de vous approcher.

Le moment est venu où pour dissiper toutes les incertitudes et toutes les obscurités les hommes de vision claire et de cœur ferme doivent se convertir et se comprendre. Je suis sûr que vous entraînez dans la voie de Monick

l'accent d'une grande nation qui s'adresse avec confiance à l'homme que la destinée semble avoir chargé de responsabilités de plus en plus étendues, mais qui sont à la mesure de son esprit et de son cœur.

Veuillez agréer, mon cher président, l'assurance de mon respectueux dévouement

Claudel

Claudel

TRANSLATION

11 bis, Rue Jean Goujon, VIIIe
Balzac 26-16
Paris, June 13, 1936.

My dear President:

The friendly relations which I maintained with you during the first weeks of your presidency and the confidence that you were so good as to show me at that time encourage me to recall myself to your memory and to recommend to you Mr. Emmanuel Monick, who comes to you charged by the French Government with a mission of the highest importance and at the same time of the most confidential character.

You are acquainted with, and I know that you esteem Mr. Monick who was for many years the Financial Attaché of France to the United States, before being called to fill the same position at London. His experience, his vast knowledge, and above all, his qualities of character and of energy, qualify him for the exceptional message which, in the circumstances where we now find ourselves, he is going to convey to you. He joins me in an admiration without limit for your work and your person and that feeling of enthusiasm and devotion which you know how to inspire in all those who have had the happiness to come near you.

The

The moment is come when over and above all uncertainties and all obscurities, men of clear vision and firm spirit must plan together and understand each other. I am sure that you will hear in the voice of Monick the accent of a great nation which addresses itself with confidence to the man whom destiny seems to have charged with responsibilities more and more extensive, but which are in proportion to his genius and to his courage.

Accept, my dear President, the assurance of my respectful devotion.

CLAUDEL

PC:DBE:LDA

July 6, 1936.

sig Mr Phillips 7-6

My dear Mr. Blum:

I write to thank you for your letter of June 13 relative to the confidential mission of Mr. Emmanuel Monick, and to assure you that I listened attentively to the message he brought. Please accept my sincere best wishes for the success of your ministry.

Very sincerely yours,

His Excellency

Leon Blum,

President of the Council of Ministers,

Paris.

PSF

France

July 6, 1936.

ing to Mr Philip
7-6

My dear Mr. Herriot:

I read your letter of June 11 with deep interest. I was very happy to receive Mr. Monick and value highly my talk with him, which brought to mind the pleasant conversations which I was privileged to have with you in the spring of 1933. Mrs. Roosevelt joins me in best wishes for your health and happiness.

Very sincerely yours,

His Excellency
Edouard Herriot,
President of the Chamber of Deputies,
Paris.

Chambre des Députés
Cabinet du Président

Paris le 11 juin 1936.

Mon cher Président,

M. Monick, que vous connaissez très bien, se rend près de vous, chargé par le gouvernement français d'une mission confidentielle. Il vous en exposera le but et vous donnera des renseignements précis sur la gravité de la situation européenne. Je n'ai pas besoin de vous dire longuement combien je souhaite vous revoir. Plus que jamais, je crois, comme je l'ai toujours pensé et dit, qu'un accord entre les États Unis et la France est un élément essentiel de la stabilité du monde et de la paix. La situation actuelle me remet sans cesse en mémoire les entretiens si précieux que vous m'avez fait l'honneur de

m'accorder.

Veuillez agréer, mon cher Président, avec mes hommages pour Madame Roosevelt, l'expression fidèle de mon affectueux dévouement

Herriot

Herriot

TRANSLATION

Chamber of Deputies

Office of the President

Paris, June 11, 1936.

My dear President,

Mr. Monick, whom you know very well, comes to you charged by the French Government with a confidential mission. He will explain its purpose to you and will give you precise information on the gravity of the European situation. I do not need to tell you how greatly I desire his success. More than ever, I believe, as I have always thought and said, an accord between the United States and France is an element essential to the stability of the world and to peace. The present situation reminds me of the precious interviews that you did me the honor to grant me (in the past).

Accept, my dear President, with my respects to Mrs. Roosevelt, the faithful expression of my affectionate devotion.

HERRIOT.

PC:DBE:LDA

PSF: France

General file
Personal

Personal and
~~Confidential~~

Paris, November 24, 1936.

Dear Mr. President:

The appended memorandum will give you the gist of a conversation I had with Monick but will not give you the odour of it. It is a subtle, and not altogether pleasant, odour which pervades every conversation I have in Paris whether with Frenchmen, Englishmen, Belgians, or Czechs. It is the emanation of a violent nervous desire to get us into the next war.

Everyone in France, including Blum and the British Ambassador, is convinced that war is about to arrive. Herriot, Claudel, and the more nervous representatives of the smaller countries, are convinced that war will come next Spring or Summer. Everyone is convinced that war will come by the Spring or Summer of 1938.

As you will see from the memorandum, I refused to listen

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

listen to the details of Monick's scheme, and I have since refused to receive his project from a third party. I suspect that it involves not simply a debt settlement but also some vast scheme for economic and financial collaboration of the United States with England and France, designed to get us into close political collaboration as well.

We shall have to watch every agreement or other commitment with extreme care if we are to avoid slipping into a position from which there will be no retreat. I think that henceforth we should not accept any "proposal in principle." We ought to be willing to discuss specific detailed proposals but nothing else.

It will be difficult for me to make you realize the degree to which French Cabinet Ministers and representatives of all the countries of Europe in Paris talk as if they had within them the same phonograph record - playing the theme, "War is inevitable and Europe is doomed to destruction unless President Roosevelt intervenes."

Invariably I reply by asking how you can intervene effectively. Invariably the reply is, "We don't know, but the President must have some idea." Invariably I

answer

answer that I am reminded of the situation at the close of a Greek tragedy, when the difficulties become too vast to be handled by man and the deus ex machina appears to set everything right. I then remark that you are not a deus and that you have no authority to bend the rulers of Europe to your will, and that you are not going to send the American Navy and American soldiers to Europe.

Invariably the reply is, "That is quite right. There is no reason why you should send your armed forces again to Europe; but ----."

Thereupon the conversation begins again; and once more it becomes obvious that our money, ships and men are the things that are wanted.

As the situation grows worse, you will hear much flattery about your moral prestige and your duty to western civilization.

The pressure of one sort and another will not be easy to handle.

I am informed reliably that the Muscovites themselves are about to begin a new drive to attempt to get our good will and that they will inaugurate it by covering Joe Davies with tons of the very best butter. They are disturbed by the recent Japanese-German agreement

and

and are beginning to realize how foolish they were to give us the kick in the face which they delivered so light-heartedly when they made the American communists the stars of the Comintern Congress in the summer of 1935.

Incidentally, I am informed that they are re-inaugurating the propaganda, which they started at that time, to the effect that neither you nor the American Government cared in the least whether or not they directed the American Communist Party from Moscow; but that the protest we made at that time was due entirely to my ill temper. I understand that they have been attempting to get "The Nation" and "The New Republic" of New York to commence this line of attack on me and to start a campaign for close cooperation between the "democracies" of the United States and the Soviet Union!

I hope that you have instructed Joe Davies to be exceedingly cordial to the Bolsheviks but also to be absolutely adamant on the point of Russian interference in our internal affairs through control of the American Communist Party from Moscow. In the period ahead, we can not let either Mussolini, Hitler, or Stalin organize and direct groups of American citizens.

The

The war in Spain, as you know, has become an incognito war between the Soviet Union and Italy. The Spanish Ambassador here admitted to me a couple of days ago that the entire air force of the Madrid Government is composed of Russian pilots and Russian planes. He boasted that some of the Russian pursuit planes in Madrid had a speed of 510 kilometers per hour and admitted that the only hope of the Madrid Government was in the Russian planes and Russian arms. On the other hand, Franco's forces actually at the fighting front are composed almost entirely of Moors, and Italian and German aviators. Reports are that the German aviators are much better than the Italian. My own impression is that Mussolini has decided to put through Franco whatever the cost may be. I think that the cost will be very high.

I would not be surprised if Mussolini should be compelled to enlist a couple of Italian Army Corps in the Spanish Foreign Legion. I believe that before the Spanish Civil War is over it may bring Europe to the very edge of war. I believe, however, that war will not spring directly out of it. A situation may arise from it, however, which will give Hitler a chance to make some

move

move against Czechoslovakia.

Czechoslovakia, clearly, is the next item on Hitler's menu.

If Hitler should send forces into Czechoslovakia the position of France, as well as Czechoslovakia, would become tragic. (No military man with whom I have talked believes that the Soviet air force can bring any effective aid to Czechoslovakia.) The French would have to decide whether or not to carry out the obligations of their treaty of alliance with Czechoslovakia.

The Quai d'Orsay would be all for carrying out those obligations but I am inclined to believe that the greater part of the country would be dead against carrying them out.

The Belgian Ambassador here is an able man of long experience. He said to me a few days ago that he was certain France would not march in support of Czechoslovakia. He predicted that France would first ask Belgium and England what they would do. He said that he was certain both his own country and England would refuse to do anything; that the French would then be faced with the problem of attacking Germany alone, unsupported, or allowing Czechoslovakia to be swallowed and denying

their

their pledged word. He added that he was certain the French, under the circumstances, would not march.

I have, however, discussed the same eventuality with a number of Frenchmen, and they say that France would march, knowing perfectly well that, when France began to be beaten by Germany, England would have to come in on the side of France.

My own guess is that there would be a hair's breadth decision, and that no one can predict with certainty as to whether or not France would march in support of Czechoslovakia.

I do not want to worry you with more of this sort of speculation. The tragic fact is that no one in Europe today is putting any constructive energy whatsoever behind the idea of preserving peace. Everyone is spending every ounce of energy on preparing instruments of war. The nub of the situation remains the hostility between France and Germany. As I wrote you before, I see no sign of rapprochement. I should like to see us in a position to do what we can to help in Berlin and Paris if there should be a chance that they may come together. I shall keep my ears as wide open as possible, as well as my nostrils, to try to detect any faint trace of peace and shall let you know at once if I feel that there is anything we can do without involving ourselves in the

horrors

horrors to come.

What those horrors will be, you can imagine. Pierre Cot, the French Air Minister, said to me a few days ago that, while he was going on building airplanes as fast as he could, he felt that the airplane race between France and Germany had now reached the point of absolute idiocy. He already had in his air force sufficient planes to destroy Berlin and Essen instantly. Goering already had enough planes to destroy Paris instantly. Neither of them had any means of defense against those planes. The destruction of cities and populations was inevitable. Incidentally, the French Government recently considered a proposal to supply the population of Paris with gas masks. It was found that the cost would be two billion francs. It was decided to let the population take its chances.

In all this intellectual chaos and impending doom, the underlying truth is that the development of the airplane has made Europe an absurdity. Last year, flying from Munich to Venice, I crossed Austria in fifteen minutes. When you and I were children, it took that long to drive from the Place de la Concorde to the Bois de Boulougne. These dinky little European states

can

can not live in an airplane civilization. Today they have the alternative of submerging their national hatreds and national prides sufficiently to unify the continent or of destroying themselves completely and handing Europe over to the Bolsheviks. There is as yet no sign that there may be an outbreak of common sense.

I hope you are having a grand trip to South America. My love and blessings.

Yours affectionately,

Bill

William C. Bullitt.

Enclosure:

Memorandum as stated above.

MEMORANDUM FOR THE PRESIDENT

Your cable saying that I was right arrived at the right minute. Less than twenty-four hours later Monick called to see me. As I had your cable I could answer him categorically.

Monick began by saying that he understood I was taking steps to reopen the matter of the French debt to the United States.

I asked him to stop right there, and said that I had not taken any steps whatsoever to open the matter, and that I would not take any steps whatsoever.

I told him how Madame Claudel had telephoned asking me to come to see Claudel urgently; how Claudel had then proposed that he (Monick) should go to talk with you in Buenos Aires; and how I had squashed the idea.

I explained that Claudel had then asked me if I felt there was anything inadvisable in his continuing his newspaper campaign for payment of the debts and that I had replied that I saw nothing against it. Claudel had then said that he felt it advisable to get the cooperation of Madame Tabouis, who was at the moment the cleverest journalist in Paris, and had stated to me that he had intended to ask Monick to see Madame Tabouis. I informed Monick Madame Tabouis had then repeated to me what Claudel had

said

said to her, and that I had warned her that if she began a campaign in her paper that there was every likelihood that the impression would be created that I had started the campaign. I felt it was advisable, therefore, that any campaign should be started in another quarter and that, in any event, I would have nothing to do with the campaign.

I had explained to Madame Tabouis that while the American Government would be glad to consider any definite offer, we would not participate in any way in cooking up an offer; that we would not play French internal politics and that so far as I was concerned I desired to be left out of any consultations as to what should and what should not be done.

I should, of course, be glad to serve as a channel of communication if Monsieur Blum desired to make an official offer of a debt settlement to me.

I then said to Monick that you were entirely unwilling to enter into any secret and semi-official schemings such as those which he had conducted with Jimmy Warburg which had resulted in Daladier's attack on Herriot while Herriot was in mid-ocean.

He replied, "Bon. That clears the ground. Now

I

I should like to tell you exactly what I consider are the only possible principles on which we could pay the debts."

I replied that I did not wish to discuss any scheme. He said that there were merely certain principles he would like to state. Before doing so he would like to ask the question whether or not you desired the debts to be paid and whether or not, from your point of view, it would be inopportune at the present time to open the question of the debts.

I replied that, of course, you wanted the debts to be paid and added that I saw no reason why the present time should be inopportune.

Monick said that he had asked this question because he had been in communication with the British on the question of reopening the debt negotiations and the British had informed him that they had received the impression from Washington that you would be averse to considering any debt offer at this time.

I replied that I thought this was a mistaken impression.

Monick then said that he would go on to state his principles which would be of a general nature.

(1) Any debt settlement with the United States must be made by France and England simultaneously.

I

I asked him "why?". He replied that inasmuch as France owed large debts to England as well as to the United States,it was impossible for France to make a settlement which did not include a settlement with England as well. He therefore proposed to keep the British informed of every action which the French might take.

(2) He then said that his next principle was that no debt settlement should be of such a nature as to destroy the monetary equilibrium between France, Great Britain and the United States as established by the recent monetary accords.

(3) His third principle was that any debt settlement made should be one which would not add to restrictions on international trade, but would tend to remove barriers to international trade in line with the policy which you and the Secretary of State had inaugurated.

I replied that while these principles sounded impeccable I had no idea what he meant by them in detail and that the details were the important thing. Any sort of document could be drawn out of general principles. The Treaty of Versailles had been drawn from Wilson's Fourteen Points. He must remember in preparing any

proposal,

proposal, that the detailed proposal would be considered by Congress on its merits in relation to the interests of the United States, and not on the basis of general principles.

(4) That brought him to his final point. He wanted to know whether or not, if a definite proposal should be made by the French Ambassador in Washington to you or by Blum to me, and if you should find such a proposal acceptable, you could submit it to Congress for Congressional consideration or whether it would be necessary for the French Government to send a commission to Washington to appear before Congress to discuss the matter. He said that, in his opinion, any such commission would give rise to interminable trouble.

I replied that I was unfamiliar with the details of the matter to which he referred but that I did not see why, if you approved of a proposal, you could not transmit it direct to Congress without the intervention of a French commission.

I then added that there were certain factors of American public opinion which he doubtless had in his mind, as he was so familiar with the United States, but to which he should give attention.

(1)

(1) That at the time of the French, Belgian and British defaults the United States had been in the most serious financial situation; (2) that the stoppage of the payments had been an actual financial blow; (3) the blow to American confidence in European good faith had been even greater; (4) the defaults had produced a feeling throughout the whole United States that those countries of Europe which pretended to be our best friends would use us to the limit when we had something to give them and would treat us with the most callous indifference and dishonesty when it suited them to do so; (5) that there was now an important section of public opinion in the United States which believed that the debts unpaid were of great value to the United States, because (thanks to the Johnson Act), nations in default could not borrow in the United States. As a result, American capital today was remaining at home and not leaving in floods for European countries. If any nation should make a debt settlement, it would at once be able to borrow in the American money market.

For example: Italy today was in great need of capital. If Italy should have sense enough to make a debt settlement with the United States, it could float

loans

loans in the United States to the amount perhaps of a billion dollars, and could use a small portion of these loans to pay the United States its annual debt obligations and finally default on loans. If there should be war, such a default would be inevitable. The defaulted debts today were a guarantee that this could not happen.

Furthermore, the fact that the debts were unpaid made it almost certain that the United States could not be swept into a war of European and not of American interest.

I then added that he must get out of his mind once and for all any idea which he might have that the United States would send troops or battleships to Europe.

He replied that he understood this perfectly. But in this crisis of democracy, just because the United States was unwilling to participate with physical means in the European situation, we had all the more duty to participate morally, financially, and economically in the maintenance of peace in Europe. He himself was convinced that there was a possibility of maintaining peace in Europe if the Germans could be given an economic position which would enable them to live and develop; that this could not be done without the assistance and cooperation of the United States.

States. If this were not done, there would be war in Europe which would end in Bolshevism from one end of the continent to the other.

I replied that so far as duty was concerned, we had amply discharged any obligations we had to Europe by our military assistance in the past war and by our loans from government to government for the reconstruction of Europe after the armistice - all of which had been defaulted - that we felt no sense of obligation whatever; that we had, however, an interest in the preservation of civilization.

Monick then said that he felt an agreement on the debts might be made the first step toward collaboration with England, France and the United States for the preservation of European peace and pacification of the continent.

I said that it seemed to me the nub of European peace was still reconciliation between France and Germany.

He said that it unquestionably was; but that he was opposed to any direct negotiations between France and Germany.

I asked him how he expected to get anywhere if that were his attitude.

Monick

Monick dodged this question and finally concluded by saying that we must reach a debt settlement at once and this Spring have another World Economic Conference.

I replied that any World Conference held today would unquestionably produce just the same results as the Economic Conference in London; that the ground was totally unprepared; that every nation in Europe was engaged in demonstrating that its pledged word was worthless; and that I felt no Economic Conference should be called until agreement had been reached by previous negotiation and that a Conference should be called merely to record the results with pomp and circumstance.

As he was leaving, Monick stated that he intended to press the matter, and that he would see to it that any proposal made to us should be made officially either by Blum to me or by the French Ambassador in Washington to you.

W.C.B.

William C. Bullitt.

MISS:

The President says to put this in his confidential and personal file. The memorandum attached is just for the history of the case.

dj

THE WHITE HOUSE
WASHINGTON

April 4, 1937.

MEMORANDUM

In March 1937, I was offered membership in the French Academy -- Rudyard Kipling's place. The question as to whether this could be properly accepted by me while President was referred to the Attorney General who, in the enclosed, rules that while the question is not free from doubt, there is enough question to make it advisable to decline.

Ambassador Bullitt has been instructed to explain the situation to the French Academy and to express my very deep personal regards.

F.D.R.

Foreign File
France

Re: The French Academy.

This is in response to the question as to whether it would be appropriate for the French Academy to tender an election to membership to an official of the United States.

Article I, Section 9, Clause 8, of the Constitution provides as follows:

> No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress, accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State.

There are no court decisions construing this provision of the Constitution. I have had a search made for early expressions as to its meaning. According to Madison's Journal it does not seem to have been discussed on the floor of the Constitutional Convention. The only discussion relative to it, found in The Federalist, is the following sentence (Note XLIV):-

> "The prohibition with respect to Titles of Nobility is copied from the Articles of Confederation and needs no comment."

Story, who wrote in 1833, makes the following observations relative to this provision in his Commentaries on the Constitution:-

> 1351. This clause seems scarcely to require even a passing notice. As a perfect equality is the basis of all our institutions, state and national, the prohibition against the creation of any titles of nobility seems proper, if not indispensable, to keep perpetually alive a just sense of this important truth. Distinctions between citizens in regard to rank, would soon lay the foundation of odious claims and privileges, and silently subvert the spirit of independence and personal dignity, which are so often proclaimed to be the best security of a republican government.
>
> 1352. The other clause, as to the acceptance of any emoluments, title, or office, from foreign governments, is founded in a just jealousy of foreign influence of every sort. Whether, in a practical sense, it can produce much effect, has been thought doubtful. A patriot will not be likely to be seduced from his duties to his country by the acceptance of any title, or present, from a foreign power. An intriguing, or corrupt agent, will not be restrained from guilty machinations in the service of a foreign state by such constitutional restrictions. Still, however, the provision is highly important, as it puts it out of the power of any officer of the government to wear borrowed honors, which shall enhance his supposed importance abroad by a titular dignity at home. It is singular, that there should not have been, for the same object, a general prohibition against any citizen whatever, whether in private or public life, accepting any foreign title of nobility. An amendment for this purpose has been recommended by Congress; but, as yet, it has not received the ratification of the constitutional number of States to make it obligatory, probably from a growing sense that it is wholly unnecessary.

In 1902 Prince Henry of Prussia, on the occasion of his visit to the United States, proposed to present portraits to the Navy Department and to the Military and Naval Academies, and photographs to certain individual officers of the United States. The Secretary of State requested the Attorney General's opinion as to whether the above-mentioned Constitutional provision applied to presents not given by a reigning Prince. Acting Attorney General Hoyt answered the question in the affirmative (24 Op. A.G. 116). His opinion contains the following discussion of the Constitutional provision (pp. 117-118):-*

> It is evident from the brief comments on this provision, and the established practice in our diplomatic intercourse (2 Story on the Constitution, 4th ed. pp. 216, 217; 1 Wharton's Int. Law Dig., sec. 110, p. 757), that its language has been viewed as particularly directed against every kind of influence by foreign governments upon officers of the United States, based on our historic policies as a nation. Although it is manifest that the particular collocation of words in the Constitution, like the words "any foreign prince or state" in the neutrality statutes, refers chiefly to a foreign government and its regular executive (cf. act January 31, 1881; 21 Stat. 604), it would not in my judgment, be sound to hold that a titular prince, even if not a reigning potentate, is not included in the constitutional prohibition. For the phrase of the

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* The Statute of 1881 referred to in the opinion provides that any present, decoration, or other thing which shall be conferred or presented by any foreign government to any officer of the United States shall be tendered through the Department of State, but shall

> the provision is "any king, prince, or foreign state," and a titular prince, although not reigning, might have the function of bestowing an office or title of nobility or decoration, which would clearly fall under the prohibition. As this remark suggests generally the character of the gift, whether a present or some title of honor (although you do not suggest this point), it must be observed that even a simple remembrance of courtesy, which from motives of delicacy recognizes our policy, like the photographs in this case, falls under the inclusion of "any present * * * of any kind whatever." The act of 1881 (supra) which, it is true, refers only to a foreign government, uses the words "any present, decoration, or other thing."

In 1909, Attorney General Wickersham held that the State Department would not be justified in delivering to one Captain N. N. Brooks, a Post Office clerk, certain insignia conferred upon him by the German Emperor, in view of the fact that the recipient was deemed to be an inferior officer of the United States, within the meaning of the Constitution. (27 Op. A.G. 219)

The French Academy appears to be a corporate body. It was originally chartered by the King by letters patent granted in 1635 at the instance of Cardinal Richelieu, and it was reorganized by Napoleon as First Consul in 1795. Since 1856, France has had general corporation laws under

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not be delivered by the Department of State unless authorized by Congress. (U.S. Code, Title 5, Sec. 115)

which private corporations are organized. These facts standing alone would not necessarily make the Academy a governmental agency. However, it regularly receives appropriations from the French Government to meet its expenses (D. M. Robertson, The French Academy, p. 141). This circumstance gives rise to a possibility that it might be construed as an agency of the French Government, or one in which it had a peculiar interest. If this conclusion should be reached, it might be held that the French Academy would be covered by the phrase "foreign State" found in the Constitutional prohibition.

It is not clear whether membership in the French Academy would be considered an "office" or "title" within the meaning of the Constitution. If those terms are broadly and liberally construed, there is a possibility that, in view of the honor attaching to the title "Academician," it may be said to come within the term "title" as used in the Constitution. The post also seems to carry some public responsibility and, if so, might well be deemed an "office". It is also apparent that if a government controlled or government influenced corporation could grant honors to persons holding offices of "profit or trust" under the United States, a way would be open to the granting of such honors at the instance of the foreign government itself.

The question is not free from doubt, but the foregoing discussion of the Constitutional provision seems to indicate that the tendency has been to interpret it in a broad and elastic manner, so as to cover honors generally sought to be conferred by a foreign government.

Chambre des Députés

Cabinet du Président

Paris, le 13 janv. 1937

Mon cher Président,

Mon ami et camarade de parti, M. Jacques Kayser part pour les États Unis. Il souhaite obtenir l'honneur de vous approcher. J'ose vous demander cette faveur pour lui. C'est un homme intelligent et loyal ; vous pouvez lui faire crédit.

Veuillez recevoir, mon cher Président, avec mes hommages pour Madame Roosevelt, mon respectueux et cordial souvenir

Herriot

Mrs. Theodore Roosevelt

Washington

0 0 4 3 3

PSF
France

Hyde Park, N. Y.,
September 20, 1937.

My dear de Tessan:-

I was much touched by the thoughtfulness of your cable signed also by M. Blum, M. Verdier, Tom Watson and Bill Bullitt. All of you have given my Mother and my Aunt the greatest happiness this summer, and all of the letters we receive express their enthusiasm and their happiness in having the opportunity of meeting the leaders of France.

What a pity that there is an ocean and that I am President! I do wish I could see you all.

Very sincerely yours,

M. Francois de Tessan,
Minister for Alsace Lorraine,
Presidency of the Consul of Ministers,
Paris,
France.

TELEGRAM

The White House
Washington

11POC 62 Cable Via French 10:48 p.m.

N Meaux, 1832, Sept. 15, 1937.

NLT The President.

In a real family meeting at my home at Meaux facing the Marne had the great pleasure to have as our guest of honor your dear mother and her sister, Mrs. Forbes, and we all send you the assurance of our sincere admiration and faithful affection.

Francois Detessan;
Leon Blum;
Thomas Watson;
William Bullitt;
Paul Verdier.

Paris, September 30,1937.

~~STRICTLY CONFIDENTIAL~~

Memorandum for the Files:

I received today the visit of Mr. Charles E. Bedaux who called with reference to the visit to the United States of the Duke and Duchess of Windsor. He said that our Legation in Budapest had communicated with the Department by telegraph some days ago at his instance to state the Duke's intention to visit the United States for the purpose of investigating housing and industrial conditions. Mr. Bedaux said that the Duke of Windsor would travel as a private citizen but there was a question in his mind whether our Government would desire him to visit Federal housing projects or whether it was preferred to have the itinerary made under the auspices of private industry. He stated that the Department's reply indicated that the Government preferred to have the trip privately arranged and that the Department seemed to be in some embarrassment over the fact that it had received no advice on the subject from the British Ambassador in Washington. Mr. Bedaux explained this by saying that the Duke of Windsor had been in the habit of dealing with his Ambassadors directly in the past and preferred to continue this method, and for that reason he had not desired in the present case to communicate through the regular channels. According to

Mr.

Mr. Bedaux the Duke of Windsor has had under consideration for some time this visit to the United States as well as a visit to Germany. He said that both projects had been disapproved by the "Ministers" in London but that the Duke had determined on them nevertheless. For that reason, instead of telegraphing the British Ambassador in Washington as had been originally intended, he desired to write him a letter on September 20 requesting him to communicate with the Department. He knew that before the British Ambassador did so that he would communicate with the Foreign Office in London and for that reason had so timed his letter that there would not be a sufficient margin of time for the authorities in London to express disapproval, prior to the Duke's forthcoming visit to Germany. Mr. Bedaux said that the Duke was proceeding to Germany as the guest of the German Government. He also said that the Duke and Duchess of Windsor and their party, which will include an Equerry, Secretary, a private detective, a valet and a maid, plan to sail on the S.S. BREMEN from Cherbourg on November 6th and immediately upon arrival at New York they will proceed to Washington for one day for the purpose of visiting the President. Mr. Bedaux is arranging for a short speech to be broadcast over a national hookup on November 12th. This will be made either from New York or Washington depending on the available time in allowing for the arrival of the BREMEN. Thereafter the tentative itinerary is: Rochester, New York, to visit the

Eastman Kodak plant; Wilmington, Delaware, heavy industry; Baltimore for duck shooting in Maryland to be followed by several days in Virginia; then Greensborough, North Carolina, for textiles and cigarettes; Atlanta, Georgia, for the Goodrich Martha Mills plant; Cincinnati for the American Rolling Mills Company's plant and housing; Akron for Goodrich plant and housing; Detroit for Ford Motor Company; Chicago for various industries; Portland, Oregon, for the Long-Bell Lumber Company's logging camps; San Francisco for the housing of floating labor in the canning industry. This is a rough itinerary covering the period from November 11 to December 15, approximately, to be supplemented possibly by other visits arranged through Mr. Bedaux's organization in the United States and whatever Federal housing projects may be indicated by our Government.

Mr. Bedaux said that travel would be by two private cars which he is reserving through the Pennsylvania Railroad Company.

Mr. Bedaux stated that the Duke of Windsor was keeping closely in touch with sentiment among the laboring classes in England where he believed his popularity was growing. Mr. B edaux claims to be closely in touch with the industrial situation in England and said that the information which his own organization gathered gave credence to that conviction, and that one of the motives of the trips both to Germany and the United States, the announced purpose of which is to

study

study the living conditions of working people, was to build up public opinion to the effect that the Duke is a great and sincere friend of the working man.

Mr. Bedaux said that he would be very grateful if the Embassy could telegraph to the Department mentioning:

1) That the Duke of Windsor wrote to the British Ambassador in Washington on September 20 asking him to inform the Department of the projected visit.

2) Inquire whether our Government cared to suggest visits to any of the Federal housing projects, (the question in Mr. Bedaux's mind, according to his own statement, is whether the Federal Government desires to make any political capital out of such visits).

3) To emphasize that in the speech over the radio, which is tentatively planned for Nov. 12, that the Duke of Windsor will avoid reference to any controversal or embarrassing topics limiting himself to brief and dignified generalities.

Mr. Bedaux is departing for Berlin this evening to prepare the details of the trip to Germany and would appreciate it if we could communicate any advice we may obtain from the Department to him there. He will be at the Hotel Adlon until October 12, returning to Paris on the 13th.

He also stated that every effort had been made to keep the projected trips confidential and that it was planned to release this information on October 4th. He asked that until then the matter be kept strictly con-confidential.

800.1
RDM/mj

R.D.M.

file confidential
Country France

THE UNDER SECRETARY OF STATE
WASHINGTON

November 11, 1937

My dear Mr. President:

I am transmitting herewith a memorandum of a conversation I had yesterday with the French Chargé d'Affaires in the course of which the latter communicated to me a message which the French Prime Minister desired to have conveyed to you.

This message, as you will see, has already been anticipated in one of Mr. Bullitt's recent telegrams and I assume that you will not feel it necessary to make any reply to this message, at least for the time being. If I am not correct in this, please let me know.

Believe me

Faithfully yours,

Enclosure:
Memorandum.

The President,
The White House.

DEPARTMENT OF STATE

THE UNDER SECRETARY

Conversation

November 10, 1937

The French Chargé d'Affaires, Mr. Jules Henry, called to see me this afternoon. Mr. Henry said that he had just received a telegram from his Government which was in the nature of a personal reply from Mr. Chautemps, the French Prime Minister, to the confidential inquiry he had received recently through Mr. Henry from the President with regard to the matter of Indo-China.

Mr. Henry said that Mr. Chautemps wished the President to know that in his judgment the possibility of Japanese aggression against Indo-China was not a remote contingency; that on the contrary, the Japanese Government through the Japanese Ambassador in Paris had intimated to the French Government that should munitions and implements of war continue to be shipped over the Yunnan Railroad, the Japanese would bomb the railroad in order to destroy that means of transportation of munitions to China. Furthermore, the French Government was informed that the Japanese had recently sent units of the Japanese Navy to South China waters and were preparing a base for the bombing operations above referred to on one of the islands in that region. The French

Government consequently felt that as a measure of national defense it was obligated to prevent the further shipment of munitions over the railroad. The French Government, however, had temporized by issuing orders which permitted munitions purchased prior to October 30 to be shipped over the railroad.

Mr. Chautemps further desired the President to know that the French Government was prepared to reconsider this attitude and to permit further shipments of munitions to China over the railroad should the Brussels Conference result in any definite agreement among the signatories of the Nine-Power Treaty in the nature of a joint accord to permit continued aid to China. He made it clear that France would not run the risks which he envisaged by operating solely as an isolated power in this regard.

Mr. Henry once more referred to the hope of his Government that France be included in any subcommittee which might be created by the Brussels Conference and to the urgent desire of the French Government for a closer identification with Great Britain and with the United States in all that related to the Far Eastern situation.

U SW:IJ

See Foreign Relations, 1937, Vol. 1, pp. 162-177

No. 1267 Paris, November 23, 1937.

Subject: Visit of Ambassador Bullitt to Warsaw.

~~STRICTLY CONFIDENTIAL~~ FOR THE SECRETARY AND THE UNDER SECRETARY

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to report that, in accordance with my telegram No. 1557 of November 4, 2 P.M., to the Department and the Department's telegram No. 563 of November 4, 3 P.M., to me, I left Paris, to visit Ambassador Biddle, on Saturday evening, November 13th at 6:15 P.M., arriving in Warsaw at 4:32 P.M., on November 14th. I left Warsaw at 10:20 P.M., November 17th, arriving in Berlin at 8:00 A.M., November 18th. I departed from Berlin on November 19th at 9:30 P.M., arriving in Paris at 9:55 A.M., on Saturday, November 20th.

In the course of this trip I talked with a

number

number of statesmen and diplomats, and it has occurred to me that the Department might be interested in having more than a formal report of the dates of my journey. I append, therefore, memoranda recording portions of
1/ conversations with the following: 1. The Polish Minister for Foreign Affairs, Colonel Joseph Beck, Marshal Śmigły-Rydz, and other members of the Polish
2/ Government; 2. The Japanese Ambassador in Warsaw,
3/ Shuichi Sakoh; 3. The Italian Ambassador in Berlin,
4/ Bernardo Attolico; 4. Baron Konstantin von Neurath;
5/ 6/ 5. Doctor Hjalmar Schacht; 6. General Hermann Goering.

Respectfully yours,

William C. Bullitt.

List of Enclosures:

1. Memorandum of conversation between Ambassador Bullitt and Colonel Beck, Marshal Śmigły-Rydz, and other members of the Polish Government.
2. Memorandum of conversation between Ambassador Bullitt and the Japanese Ambassador in Warsaw.
3. Memorandum of conversation between Ambassador Bullitt and the Italian Ambassador in Berlin.
4. Memorandum of conversation between Ambassador Bullitt and Baron Konstantin von Neurath.
5. Memorandum of conversation between Ambassador Bullitt and Doctor Hjalmar Schacht.
6. Memorandum of conversation between Ambassador Bullitt and General Hermann Goering.

WCB:CO/lhh

A true copy of the signed original.

Enclosure No. 1 to Despatch No. of November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF A CONVERSATION BETWEEN AMBASSADOR BULLITT AND THE POLISH MINISTER FOR FOREIGN AFFAIRS, COLONEL JOSEPH BECK, MARSHAL ŚMIGŁY-RYDZ, AND OTHER MEMBERS OF THE POLISH GOVERNMENT.

In Warsaw I had five conversations with Colonel Joseph Beck, Minister for Foreign Affairs and talks with Marshal Śmigły-Rydz, Count Szembek, the Under Secretary for Foreign Affairs, Mr. Wszelaki, Economic Adviser of the Polish Foreign Office, several other members of the Polish Government and a number of ambassadors and ministers. Ambassador Biddle, who was with me throughout nearly all these conversations, informed me that he would report them, and I wish merely to call attention to some of the statements which seem to me of particular importance.

Colonel Beck stated to me that he believed that Germany in the near future would take some action against Czechoslovakia. He did not believe that there would be a frank invasion of Czechoslovakia; but felt that the German Government would provoke some sort of an uprising on the part of the Germans of Bohemia and would then support such an uprising by arms, ammunition, and men from Germany. He and Marshal Śmigły-Rydz both expressed the opinion that France would not intervene to save Czechoslovakia. They both stated that they believed the French

Government

Government, before taking any action, would consult the British Government and that the British Government would suggest that the French Government should refer the matter to the League of Nations before acting, and that before the League of Nations had acted, Czechoslovakia would have been conquered.

I disagree with this opinion as I believe that at the present moment the French would mobilize at once in case of a German attack on Czechoslovakia, either direct or through the Germans of Bohemia. I do not know how long this state of mind on the part of the French Government will prevail and I can not guarantee that it will exist next month or the month after.

I asked Beck what Poland would do in case France should become involved in war with Germany because of a German attack on Czechoslovakia. Beck replied that in the hypothetical case I had presented, the casus foederis between France and Poland clearly would not arise. Poland positively would not march. He went on to explain that Poland would fulfill the direct obligations of her alliance with France completely and in case of German aggression against France, Poland would march at once; but that under no circumstances would Poland become involved in protecting French satellites in Central Europe, especially Czechoslovakia.

I asked Beck if he did not feel that there was some possibility that the German attack on Czechoslovakia which he anticipated might be forestalled by the Czechs granting a certain degree of autonomy to the Germans of Bohemia. He replied that he did not believe that Benes would have sense enough to make this concession. He

then

then added, speaking with a passionate intensity, that if Czechoslovakia should grant autonomy to the Germans of Bohemia, Poland would demand at once autonomy for the three hundred thousand Poles of the Teschen district. The latter statement seemed to me of particular importance.

In discussing the question of Danzig, Beck said that Hitler personally had given Lipsky, Polish Ambassador in Berlin, the most absolute assurances that he cared too much about Germany's present good relations with Poland to permit the Germans of Danzig to do anything which would be totally inacceptable to Poland. Beck went on to say that he was confident, therefore, that although the situation in Danzig might remain difficult, it would not lead to any intensely unpleasant incidents.

I stated to both Beck and Śmigły-Rydz that I had been informed from French sources in Brussels that Potemkin, former Soviet Ambassador to France who is now Under Secretary at the Soviet Foreign Office, had said that the Soviet Government had decided to give up all preparations for a possible military offensive on the European frontier of Russia and had decided to create on the European frontier of Russia a zone of virtual devastation approximately two hundred kilometers deep for defensive purposes, except along the railroad lines.

Both Śmigły-Rydz and Beck said that they had had no information to this effect. Śmigły-Rydz went on to say, however, that he was convinced from

his

his military intelligence reports that the Red Army along the European frontier was totally incapable at the present time of taking the offensive; the staffs of the armies on the Polish and Rumanian frontiers of the Soviet Union had been so destroyed by the recent executions and so shaken in self-confidence that any offensive operations were out of the question. He felt, therefore, that the position of Poland vis-à-vis the Soviet Union was today much safer than it had ever been.

I discussed briefly with Beck the recent tension between President Mościcki and Marshal Śmigły-Rydz. He said that he had been able to bring about a reconciliation by calling on both men to remember that the international interests of Poland must be regarded as superior to any personal or internal interest whatsoever. It had been agreed that final authority should rest in the hands of Marshal Śmigły-Rydz. In this connection, Beck went out of his way to say to me that he hoped I had noticed what excellent personal relations existed between him and Śmigły-Rydz when we had been together. I had, on the contrary, noticed that, while Śmigły-Rydz seemed completely at ease, Beck was the polite and somewhat fearful subordinate in his relations with Śmigły-Rydz.

I am inclined to believe that the difficulties in Poland which arose from the personal ambitions of Mościcki and Śmigły-Rydz and their respective followers may be regarded as settled for the moment; but the underlying economic situation in Poland is so bad that

it

it is impossible to predict a long period of political stability.

In this connection, both Beck and Count Michael Lubienski, Beck's Chef de Cabinet, spoke to me of their hope that Mr. Bernard Baruch might follow up the conversations he had had with the Polish Ambassador in Paris, Jules Lukasiewicz, by some action to revive the economic life of Poland and thereby assist the Jews along with the whole Polish population. Beck also said to me that he was extremely grateful that the President, in a conversation which he had had with Count George Potocki, Polish Ambassador in Washington, had said that he would be glad at some future time to use his good offices to promote the immigration of Polish Jews to Central and South America.

In connection with our discussion of the possibility of preserving peace in Europe, Beck said that he hoped I might use my influence with the French Government to obtain the inclusion of Poland in any negotiations for a new Locarno. I replied that, as he knew, the Government of the United States was most careful not to intervene in political arrangements in Europe. He replied that he did not mean official intervention or advice by the American Government. He happened to know that the members of the French Government were often in the habit of discussing their problems with me in an intimate and friendly manner and asked me if I could not take the line of advising the inclusion of Poland in the negotiations for a new Locarno in any such

conversations

conversations I might have. I replied that I could not do so without authorization from my Government. He then asked me what my own opinion was with regard to the matter and I told him that I believed (which I do) that the inclusion of Poland would be highly desirable.

I gathered from my conversations with Beck and from statements made to me by various ambassadors and ministers in Warsaw that the influence of the British Government in Poland has increased greatly during recent months. The French Ambassador, Noël, for example, said to me that he was able to get little done in Warsaw if he acted alone but that in every case in which he had been supported by his British colleague, the Poles had complied with his requests.

Enclosure No. 2 to Despatch No. of
November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF A CONVERSATION BETWEEN AMBASSADOR BULLITT AND THE JAPANESE AMBASSADOR IN WARSAW, SHUICHI SAKOH.

I had an extremely interesting conversation with the Japanese Ambassador in Warsaw, Sakoh, who was Counselor of the Japanese Embassy in Moscow when I was at that post. Sakoh, in the past, has often talked to me with surprising frankness but I am not altogether sure that his frankness in this case was not on orders from Tokyo. Sakoh said that no one in the Japanese Government today knew what was Japan's policy with regard to China. He hoped and all the members of the Government, including Prince Konoye, hoped that the Japanese military men would be content to get out of Central and Southern China and agree to make peace on the basis of the granting of autonomy to the five Northern Provinces and their demilitarisation. He went on to say that he himself was most fearful with

regard

regard to a continuance of the war. Japan's economic and financial condition was growing worse rapidly and if the war should go on for four to six months longer, he feared economic collapse. On top of this, he feared that when Japan should be exhausted to the utmost degree, Russia might attack and attack successfully.

I should have taken this "confidence" more seriously except for the fact that the Italian Ambassador in Warsaw, who also was a colleague of mine in Moscow, recounted to me an exactly similar conversation that he had had with Sakoh.

Enclosure No. 3 to Despatch No. of November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF A CONVERSATION BETWEEN AMBASSADOR BULLITT AND THE ITALIAN AMBASSADOR IN BERLIN, BERNARDO ATTOLICO.

My first conversation in Berlin on November 18th, after seeing Ambassador Dodd, was with Bernardo Attolico, Italian Ambassador in Berlin, who is a close friend of mine. The theme of Attolico's remarks was that Mussolini desired peace ardently and would be ready to support peace everywhere in return for recognition of the King of Italy as Emperor of Ethiopia. He made the curious suggestion that if the French should object to accrediting an Ambassador to the King of Italy as the Emperor of Ethiopia, they might accredit an ambassador to "The King of Italy and Emperor," leaving out any definition as to what he was Emperor of! I asked him if he really believed that this somewhat fantastic formula would be acceptable to Mussolini and he said that it would be.

Attolico said that his brother-in-law is in charge of all Italian policy with regard to Spain and that he is, therefore, completely informed on Italian policy with respect to Spain. He said that he could swear to me on his life that the Italian Government had no intention whatsoever of retaining possession of the Balearic Islands or of Ceuta. He said that as soon as Franco had triumphed and danger of Bolshevism in Spain

had

had been eliminated, all Italian troops would be withdrawn. He also swore that Italy had no designs on Tunis.

Attolico then launched into a description of his hopes with regard to the future. He said that he believed that if Ethiopia should be recognized as an Italian possession, it would be possible for Italy to begin conversations for a new Locarno and expressed the belief that the German Government would be ready to begin such conversations. I asked him how Italy would view the inclusion of Poland in such conversations. He said that the Italian Government had already informed the Polish Government that Italy would view with favor the inclusion of Poland and went on to say that he felt Germany would favor the inclusion of Poland, provided that the French should be willing to include as "exceptions" their alliances with Poland and Czechoslovakia but to omit as an "exception" the Pact of Mutual Assistance with the Soviet Union. At the close of our conversation, Attolico said that he was most anxious for me while in Berlin to have conversations with some of the Nazi leaders. He had, therefore, without consulting me, ventured to communicate with Neurath and Goering to tell them that I was coming through town, and that both had expressed the wish to see me. He had gone so far as to arrange an appointment with Goering.

I replied that I had known Neurath well for many years and invariably saw him as a friend on my way through

Berlin

Berlin but that I was extremely hesitant about having an interview with Goering. He said that he had arranged it, however, and hoped most ardently that I would carry it through. As he was obviously in an embarrassing position, I left the matter indefinite until I had had an opportunity to return to the American Embassy and consult Ambassador Dodd. I said to the Ambassador that I left the question entirely to him and should be glad to develop a severe cold or a diplomatic ptomaine poisoning, if he should consider that wise. He said, on the contrary, that he thought it was all right for me to ask Goering some questions.

I therefore saw not only Baron Konstantin von Neurath but also General Hermann Goering.

Enclosure No. 4 to Despatch No. of November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF A CONVERSATION

BETWEEN AMBASSADOR BULLITT AND

BARON KONSTANTIN VON NEURATH.

My conversation with Neurath on November 18th was less interesting from the point of view of what was said than from the manner in which it was said. As I have seen Neurath many times since the war, he is to me a good barometer of the state of mind of official Germany. I have known him in moods of the greatest pessimism and at other times in the mood almost of a suppliant. I found him on this visit to Berlin supremely self-confident and I found the atmosphere of the Wilhelmstrasse again as cocky as before the war.

I said to Neurath that I seemed to feel from one end of Europe to the other at the present time a

genuine

genuine desire to end the present discord and to establish a real peace and asked him if he had any similar feeling.

Neurath replied that Germany certainly desired peace. So far as France was concerned, there was absolutely no outstanding question whatsoever between Germany and France. Alsace-Lorraine had been abandoned by Germany definitely and forever. The national economies of the two countries supplemented each other perfectly and there was no reason why their trade should conflict. On the contrary, it should increase yearly. Furthermore, the French had made it clear that they were ready to return the German colonies that they had been given by the Treaty of Versailles, provided England should take a similar course. Such conflicts as existed between France and Germany were entirely indirect. For example, three million and one-half Germans on the southern border of Germany were being treated as an inferior race by the Czechs, and France was supporting the Czechs. It was exactly as if there were three million and one-half Americans living in a solid block in Mexican territory on the border of Texas, who were being maltreated in every way by the Mexican Government. There would be a constant irritation in the United States and constant bad relations with Mexico until those Americans were being treated in a decent way. The United States could not have close or really friendly relations with any country which was encouraging the Mexican Government to treat those Americans unfairly.

Neurath

Neurath said that he did not expect this question to lead to war; but he believed that the Government of Czechoslovakia must be brought to grant the Germans of Bohemia a wide degree of autonomy so that they could live their own lives in their own way. The Czechs must learn to be as reasonable as the Poles had been in their recent agreement with Germany in respect of the German minorities in Poland.

Neurath then said that on the whole he was more optimistic about the possibility of bringing about a reconciliation between Germany and France than he was about the possibility of bringing about a reconciliation between England and Germany. He had had only a brief talk with Halifax and it appeared that Halifax had brought no concrete proposals but had come to listen. He feared that the British were going to be extremely stiff-necked on the subject of the German colonies. So far as Germany was concerned, she felt she had a right only to demand the return of the colonies which had belonged to her before the war. If the British should wish to retain any of those colonies they were quite at liberty to make a deal with the Portuguese or the Belgians and give equally valuable Portuguese or Belgian colonies to Germany.

I asked Neurath to explain to me the position of Germany vis-à-vis the Sino-Japanese conflict. He said that Germany desired just one thing, which was the most rapid end possible of the conflict. He feared that if the war should go on and Japan should become seriously weakened, the Soviet Union might

attack

attack Japan successfully. He hoped that the Japanese would be content with the establishment of an autonomous régime in North China and that the Chinese would accept this solution. I asked him if Germany's relations with Japan were sufficiently close for the German Government to exercise any restraining influence on the Japanese Government. He said that they were not, and added that the Anti-Comintern Pact was a large facade behind which there was no building. He could assure me that there were no secret clauses attached to it. (Incidentally, Attolico, the Italian Ambassador in Berlin, made exactly the same statement to me with regard to Italy's relations with Japan.).

In conclusion, Neurath said to me, "Tell your French friends that we are quite ready to establish the best possible relations with them." He made it clear, however, that the German Government, so far as peace is concerned, intends to take no initiative.

Enclosure No. 5 to Despatch No. of
November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF A CONVERSATION BETWEEN AMBASSADOR BULLITT AND DOCTOR HJALMAR SCHACHT.

I had a conversation with Doctor Hjalmar Schacht which was not altogether without interest. Schacht began by saying that he regretted greatly that nothing had come of his two visits to Paris in the course of which he had attempted to establish the basis for a Franco-German rapprochement. He said that he had found Blum extremely reasonable with regard to the colonial question. He then went on to speak of the absolute necessity for doing something to produce peace in Europe before the outbreak of war toward which the Continent was drifting. He prefaced his remarks by saying that he himself today was "completely without influence on that man," meaning Hitler. He seemed to regard himself as politically dead and to have small respect for "that man." He said that the one way he could see to peace was through direct negotiations between France and Germany. He did not believe that the conversations which Halifax was about to have with Hitler would lead to any considerable results. Hitler was furious with the British because he had made his one great gesture of political generosity toward the British and the British had not responded by any similar gesture. He had offered to limit the German fleet and the British had quietly pocketed this concession and

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had then made none of the corresponding gestures toward Germany that Hitler had anticipated.

Schacht said that in his opinion the best way to begin to deal with Hitler was not through political discussions but through economic discussions. Hitler was not in the least interested in economic matters. He regarded money as "filth." It was, therefore, possible to enter into negotiations with him in the economic domain without arousing his emotional antipathies and it might be possible through the conversations thus begun to lead him into arrangements in the political and military fields in which he was intensely interested.

Hitler was determined to have Austria eventually attached to Germany and to obtain at least autonomy for the Germans of Bohemia. At the present moment, he was not vitally concerned about the Polish corridor and in his (Schacht's) opinion, it might be possible to maintain the Corridor provided Danzig were permitted to join East Prussia and provided some sort of a bridge could be built across the Corridor uniting Danzig and East Prussia with Germany.

Enclosure No. 6 to Despatch No. of November 23, 1937, from the Embassy at Paris.

MEMORANDUM OF CONVERSATION BETWEEN AMBASSADOR BULLITT AND GENERAL HERMANN GOERING

I said to General Goering as soon as I met him that I should be extremely glad to have his ideas on the prospects of peace and war in Europe and that I wished he would begin by telling me what he thought of Germany's relations with France.

Goering said that there was no direct conflict whatsoever today between Germany and France. Germany had given up entirely and forever the idea of regaining Alsace-Lorraine. Germany had learned through long experience that the people of Alsace and Lorraine would inevitably be against whichever of the two countries happened to have the sovereignty over Alsace-Lorraine at the moment and would be permanently a source of discord within the country to which they were attached. Germany did not desire to have any half-loyal citizens and, therefore, had not the slightest desire for a return of Alsace-Lorraine to the German Reich.

In addition, the economic systems of France and Germany were completely complementary. It should be possible to develop to a much greater extent the exchange of all sorts of products between France and Germany.

Furthermore, the French had contributed so much to the culture of Germany and the Germans had contributed so much to the culture of France that as two civilized peoples who lived side by side they had a deep underlying

underlying esteem for each other. Furthermore, the French and the Germans respected each other as brave soldiers and courageous peoples who were ready to die for their respective countries. In addition, the French Government had indicated that it was prepared insofar as it was concerned, to return the German colonies which had been transferred to France by the Treaty of Versailles. There was, unfortunately, the proviso that France would only take this action if Great Britain were prepared to make a similar concession.

There was, therefore, no cause of discord whatsoever in the direct relations between France and Germany to prevent the closest sort of friendship between the two countries. So far as Germany was concerned, he could say with authority that Germany today was prepared to conclude at once <u>an offensive and defensive alliance with France</u>.

The sole source of friction between Germany and France was the refusal of France to permit Germany to achieve certain vital national necessities. If France, instead of accepting a collaboration with Germany, should continue to follow a policy of building up alliances in Eastern Europe to prevent Germany from the achievement of her legitimate aims it was obvious that there would be conflict between France and Germany.

I asked Goering what aims especially he had in mind. He replied, "We are determined to join to the German Reich all Germans who are contiguous to the Reich and are divided from the great body of the

German

German race merely by the artificial barriers imposed by the Treaty of Versailles."

I asked Goering if he meant that Germany was absolutely determined to annex Austria to the Reich. He replied that this was an absolute determination of the German Government. The German Government at the present time was not pressing this matter because of certain momentary political considerations, especially in their relations with Italy; but Germany would tolerate no solution of the Austrian question other than the consolidation of Austria in the German Reich. He then added a statement which went further than any I have heard on this subject. He said, "There are schemes being pushed now for a union of Austria, Hungary, and Czechoslovakia either with or without a Hapsburg at the head of the unit. Such a solution is absolutely inacceptable to us, and for us the conclusion of such an agreement would be an immediate casus belli. (Goering used the Latin expression casus belli. It is not a translation from the German, in which our conversation was carried on.)

I asked Goering if the German Government was as decided in its views with regard to the Germans in Bohemia as it was with regard to Austria. He replied that there could be only one final solution of this question. The Sudeten Germans must enter the German Reich as all other Germans who lived contiguous to the Reich.

I asked if the German Government might not be content if the Czech Government should accord to the

Germans

Germans of Bohemia a large measure of local autonomy while keeping them under Czech sovereignty. Goering replied that such a concession on the part of the Czechoslovak Government would lead to a temporary appeasement of the situation; but the autonomy would have to be real autonomy and such a solution would not be a final solution. There could be no final solution but the inclusion of these Germans within the Reich.

I asked Goering how he viewed the case of the Germans in other portions of Europe; notably the Germans of Transylvania. He replied that these racial groups were cut off from the main body of the German people and could not, therefore, be joined to it. All that Germany would insist upon would be that they should be treated as equals with equal rights and be permitted to retain their cultural life. The situation of the Germans in Transylvania was extremely unsatisfactory. On the other hand, the Yugoslavs had treated the Germans within their borders with such conspicuous intelligence and fairness that the leaders of the Germans of Yugoslavia had informed him recently that they had no real grievances and that they would resist to the utmost any arrangements in Europe which might envisage their return to Hungary.

Goering then added that the only other two considerable German racial groups which would lie outside the borders of the German Reich, after the Germans of Austria and Bohemia had been included, would be the Germans of the South Tyrol who were now in the hands of Italy and the Germans in Poland. He did not feel that there was a sufficient number of Germans in Italy to warrant a major war for their attachment

to

to the Reich. Similarly the Germans of Poland would have to stay where they were because there were a considerable number of Poles in Germany and all that either Poland or Germany could expect would be that these minorities should be treated on each side of the border with the greatest human consideration.

Goering went on to say that the idea that Germany had any ambitions to annex the Ukraine was pure nonsense. I suggested that one of the reasons it was nonsense was that it would involve first the conquest of Poland and then the conquest of the whole of Central Eurbpe before it could become realizable.

Goering replied that this was so and that in addition Germany had no desire to have territory in Europe except territory inhabited by Germans.

I thanked Goering for giving me such a clear expression of Germany's intentions with regard to the Continent and asked him if he would pass on to the colonial field.

Goering said that Germany's demands in the colonial field were well known. They were for a return of the German colonies which had been taken away from Germany by the Treaty of Versailles. Germany had no right to demand anything but these colonies. On the other hand, Germany had no desire to be stiff-necked about this matter. If England should not wish to return German East Africa or German Southwest Africa, for military and other reasons, Germany would make no objection if England could make an arrangement, financial or otherwise, with Portugal and Belgium for

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the giving to Germany of Portuguese and Belgian colonies in West Africa which would compensate Germany for the loss of her East African possessions. It was idle to say that Germany could not get raw materials of great value from African colonies; for example, the Cameroons. It was entirely true that today the Cameroons had been very little developed and were producing very little, but with German intelligence and energy applied to them, they could be made to produce materials of the greatest value to Germany. The same was true of many other areas in Africa which today were undeveloped or under-developed. The essential problem for Germany was to feed and maintain her people at a decent standard of living. It was entirely clear that with the increase of population in Germany the soil now in the hands of Germany would be insufficient to maintain this increasing German population. Before the war, when barriers to international trade had been low, it had been possible for Germany to maintain herself by her great international trade. Today barriers were so high that this would soon become impossible. He hoped that there might be a reduction of such barriers and that Germany could find increasing markets for her products but she could not feel safe unless she had a colonial domain which would give her access to her own raw materials.

Goering then went on to say that he deplored greatly the present state of trade relations between Germany and the United States. The trade between the two countries was ceasing to be of any importance

which

which was contrary to all reason. Indeed, Germany was almost isolated from the United States. There were certain countries with which Germany had good relations; and certain countries with which Germany had bad relations; but with the United States, Germany had no relations at all. He then asked me why I believed there was such hostility to Germany in the United States.

I replied that there were many sources of this hostility. All Americans were devoted to the ideal of democracy. There had been a democratic government in Germany, or at least the semblance of a democratic government, which had been destroyed and replaced by Nazi dictatorship. Any governing group which destroyed democracy to replace it by dictatorship would always be unpopular in the United States. Furthermore, the German Government had at the same time attacked with the utmost violence the Jews, the Catholic Church and the Protestant Church. The reaction in America among Protestants, Catholics and Jews had, therefore, been natural, immediate, and intense.

Goering then protested, saying that he was informed that people in the United States believed that the National Socialist Government was attempting to set up a heathen church in Germany. I replied that this was so. He said that it was true that within the Nazi Government there was a small group of people who desired to see a return to the Norse gods, but he could assure me that this movement was completely without importance and did not include more than one percent of the Nazi Party. So far as he, himself, was concerned, he was

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a Protestant and still attended church services. He had been to church recently on the occasion of the confirmation of his nephew. He thought that the violence of the reaction in the United States probably was due to the Jews. I replied that in some measure it was due to the Jews as was only natural, but that it was not only the Jews but all Americans who were shocked and horrified by the treatment of the Jews in Germany and that the attacks on the Catholic Church and the Protestant Church and on democracy and human freedom were factors of equal importance.

I then added that there was an additional element which was playing a certain role at the moment. It appeared that the Nazi Government was engaged in forming Nazi organizations in the United States. Neither the Government nor the people of the United States could tolerate the formation on their soil of any national group or other group directed by any foreign country. We could not permit Hitler, Stalin, Mussolini or any other dictator to organize groups of agents in the United States. If we should do so, we would soon cease to be a nation and become a mere battleground for the conflicting ambitions of foreign dictators.

Goering said that he considered this entirely reasonable and understandable and if he were an American would certainly not tolerate the slightest interference by any foreign agency in the life of the United States. The German Government had forbidden any German citizen to participate in any way in the formation of such groups. He believed that I would find that such groups were formed by American citizens of German origin. I replied that I felt quite certain

that

that such groups would not be formed without the approval and desire of the German Government. Goering then said: "It is true that certain persons in our Government here believe that we should attempt to organize the Germans, especially of the Middle West, because they feel that if Germany should again become involved in war with France and England, there would come a moment when the United States might again consider entering such a war against Germany and they believe that such groups of organized Germans in the United States might throw their influence decisively against a declaration of war and might prevent the United States entering such a conflict.

I then said that I could merely remind him of two things: The first, that the organization of German groups in the United States during the late war had aroused hostility throughout the entire country against Germany. The second, a conversation which had taken place during the World War between our Ambassador to Germany, Mr. James Gerard and Zimmerman, who was Acting Secretary of State for Foreign Affairs of the Reich at that time. Zimmerman had stated to Gerard that the United States could not enter the war because there were five million Germans in the United States who would prevent by force, if necessary, any such action. Mr. Gerard had replied that if there were five million Germans in the United States, there were five million and one lamp posts. Goering did not seem to get the point with absolute clarity. I, therefore, added, "and you will

understand

understand that, if, as you have said, there are six million Germans in the United States today, who could be organized to influence the action of the United States Government, there are a great many more than six million tree limbs on which to hang them."

Goering seemed to find this remark entirely reasonable and in a more friendly and intimate tone asked, "What then can we do to improve our relations with the United States?" I replied that he had an excellent ambassador in Washington at the moment who could doubtless inform him better than I could on this subject.

I then asked Goering for his views with regard to the Far East. He said that he believed the Japanese would win the war and succeed in imposing on China precisely what they should desire to impose. I asked Goering if he knew precisely what that was. He said that he believed that the Japanese aim was to organize the Northern Provinces of China thoroughly as a base from which to attack the Soviet Union, since it was obvious that Japan would be compelled to attack the Soviet Union owing to the geographical position of Vladivostok. The Japanese desired to have Central and South China in relative chaos and impotence until they had finished with the Soviet Union.

At this point, Goering asked me why the United States had begun to build battleships for the Soviet Union. I replied that I had no information to the effect that the American Government was building battleships for the Soviet Union and I considered such a report highly

improbable.

improbable. Goering said that his information indeed was rather vague on this point.

I asked him what his views were with regard to the Soviet Union at the present time. He said that in his opinion the Red Army on the European frontier had ceased to be a serious fighting force if indeed it had ever been one. He said that the reports of the prowess of Soviet aviation in Spain were extraordinarily misleading. German officers in Spain had analyzed in detail the débris of all Soviet planes that had been shot down behind Franco's lines. They had discovered that every Soviet plane which had flown with conspicuous success in Spain had been of American manufacture. I asked him if he meant manufactured in Russia on American models. He replied in the negative, and said that the Russians had actually sent to Spain not planes manufactured in Russia on American models but planes every part of which had been manufactured in America. That explained the excellent performance of those particular planes. All his information was to the effect that planes actually manufactured in Russia copying American models were of such inferior workmanship that they could not compare with planes actually built in America. Furthermore, this was true with regard to all Soviet industrial products. They might turn out five thousand tractors in a year but it was extremely improbable that a single one of those tractors would be running two years after it had been put in use. Furthermore, the service of supply of the Russian Army today was in as lamentable condition

as

as it had been in the time of the Czar. In the time of the Czar the Russian Armies at the front were frequently without food or munitions. The service of supply then had been controlled largely by Jews. It was still controlled largely by Jews and, if the Soviet Union should attempt to make war on the European frontier, he would expect a complete collapse of the Soviet Armies because of bad organization. He did not think that today there was the faintest chance of the Soviet Union attempting any offensive operations on the European frontier.

Goering said that he believed the Soviet Army in the Far East was better organized than the Soviet Army on the European frontier; but he felt confident that in spite of the increasing weakness of Japan, the Soviet Union would not dare to intervene in the Sino-Japanese conflict. He then said that the Japanese Army had shown itself to be considerably weaker than expected and that the Chinese, with totally inadequate weapons, had made a very fine defense due in part, he felt, to the presence of German staff officers with the Chinese armies.

Goering then said that he was surprised to learn that the United States was building battleships which could not possibly pass through the Panama Canal. I replied that I believed his statement was entirely erroneous. He said that he could not admit this; that his information was positive. The newest American battleships could not possibly go through the Panama Canal. I told him that we would have to

disagree

disagree on this point. He then said that no matter whether we could put our new battleships through the Canal or not, we could do nothing in the Far East to interfere in any way with Japan.

I was indiscreet enough to remark that the combined American and British fleets might be powerful enough to do something although neither Great Britain nor the United States had any desire for any conflict with Japan. Goering replied, "You know that the British Fleet can not operate anywhere at the present time. It is completely pinned down by ourselves in the North Sea and by the Italians in the Mediterranean."

Goering then said that he hoped I realized there was an intense desire on the part of the German Government to develop better relations with the United States and on this note, pleasantly, our conversation ended.

France 1937

Bucharest, December 10, 1937.

~~CONFIDENTIAL~~

France 1937

Dear Mr. President:

Mr. Delbos, the French Foreign Minister, spoke to me last night in terms of praise regarding Ambassador Bullitt. He said that Mr. Bullitt had entered into the varied activities of French life in an extraordinary short space of time, that he was well liked and that he had a very good understanding of the European political situation. He expressed amazement also at Mr. Bullitt's activity and admiration for his initiative in getting about as much as he does.

As I telegraphed the Department yesterday, I had further confirmation of the refusal of the Polish Government to make any commitment whatsoever to the French respecting the possible employment of their military forces in the event of aggression against Czechoslovakia. The Polish Minister here, who is one of their best diplomats, is my informant. He was recently in Warsaw during Mr. Delbos's visit. He added that public opinion in Poland would be strongly opposed to the risking of the life of so

much

The President,

The White House.

much as a single Polish soldier in such a cause.

He spoke also of Mr. Bullitt's visit and said that he had seen memoranda in Warsaw of conversations he had had with Polish officials and that they were very interesting.

With highest regard, I am, dear Mr. President,

Yours very respectfully,

Frank Lunkter