

● PSF

FRANCE: Jesse I. Straus

PSF - FI Struss

File
PP

720 PARK AVENUE

December 20, 1933.

Dear Mr. President:

Following your kind suggestion made to me when I saw you in September that I should take ample time to be thoroughly cured before returning to my post in Paris, I am still here.

My physicians at first set December 15th as my date for sailing, then the 30th, and have now finally assured me I can return to France on January 13th.

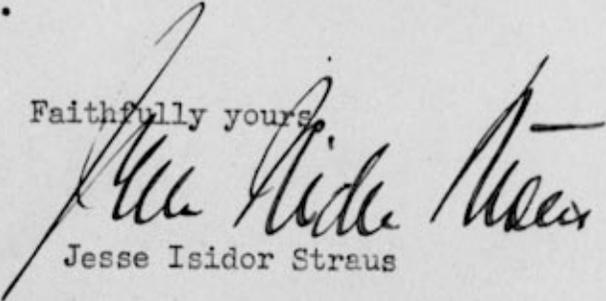
The treatment has been severe and progress has been slow, but I now feel that I am recovering my strength and shall be able to go to Washington on January 3rd, to consult with the State Department and with a number of the members of Congress, both Senate and House, whom you suggested I should see. I should also like to have an opportunity of consulting with you. I shall be in Washington January 3rd, 4th and 5th and hope that you will have time for me.

When I saw you, I placed in your hands three memoranda- (1) notes on the Paris Embassy; (2) a suggestion as to the settlement of debts; (3) a plan for railroad consolidation. At that time you told me I might hear from you,

but you doubtless have been so busy, you have been unable to give my notes attention. Perhaps, if and when I see you in Washington, you will have time to consider them.

Mrs. Straus and I wish you and Mrs. Roosevelt and your family a Merry Christmas and a Happy New Year.

Faithfully yours,


Jesse Isidor Straus

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

PST: FRANCE 512AMS
52

EMBASSY OF THE
UNITED STATES OF AMERICA

Paris, February 10, 1934.

PERSONAL.

My dear Mr. President:

I am just in receipt of your letter of January 22nd, in which you sent me the message that I am to convey to the members and guests of the American Club of Paris at their Washington's Birthday dinner.

I appreciate that in the press of the many matters which claim your attention, you should not have forgotten my request for such a message, and I am certain that the American Club will be equally appreciative.

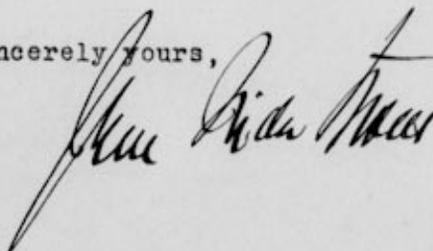
Conditions here have been rather unfortunate and though the reports of the rioting in the streets may have been exaggerated, as I understand it has been by our press at home, there has been considerable disorder not only in various parts of Paris but also in many of the other cities and towns of France. It would appear now, however, that with the announcement this morning of the Doumergue Cabinet . . .

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

Cabinet, tranquillity, at least for a time, will be restored though the French press is not unanimous in its praise of the members of the new cabinet. It was rather hoped and expected that certain younger men might be brought in, but the Cabinet is certainly one of personalities, that is, names that carry weight for past performance throughout the country.

I hope that you continue to enjoy the same good health and spirits as when last I saw you, and beg to remain, with kindest regards,

Very sincerely yours,

A handwritten signature in cursive script, appearing to read "John P. Jones". The signature is written in dark ink and is positioned to the right of the typed phrase "Very sincerely yours,".

PSF

Paris, February 27, 1934.

PERSONAL.

Dear Mr. President:

The enclosed clipping from the *MATIN* of a few days ago I thought would interest and amuse you. It is written by Pierre Lyautey who has just returned from America full of enthusiasm for you and the U. S. A. He is a nephew of Marshal Lyautey.

After all the excitement of the 6th and 7th of February Paris and, in fact, France, are quiet. Parliament seems to have taken a leaf out of your book and has granted the Prime Minister powers far beyond those that are normally granted him. The result may be the balancing of the budget by decree through a cutting of expenditures. It is expected that Parliament will then take a recess of from four to six weeks. In the meantime, there is to be a convention of the Radical-Socialist Party and an investigation of the various scandals will also be proceeding, though I think the expectation as to
the . . .

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

the latter is that not much will come of it.

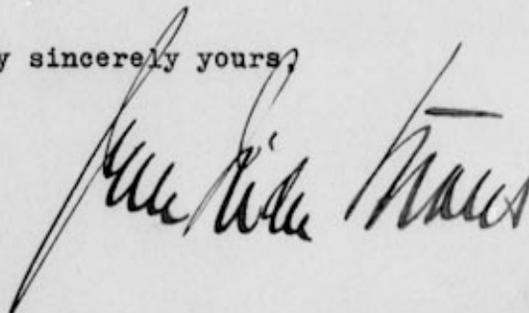
What may happen when Parliament reassembles in April nobody seems to be willing to prophesy. Some think the Cabinet may again be in trouble and that a directorate or possibly even a dictatorship may ensue. The difficulty with the dictatorship is, however, that there seems to be no one single strong man of youth and vigor to take the helm.

Since my return I have not been able to do very much, first, because of the cabinet upsets, and, second, because of the pressure of work on all the new Cabinet Ministers to get through the budget, but I am in hopes that in the course of a few weeks things will so shape themselves that I can sit down and have a quiet talk with the Foreign Minister, the Prime Minister and Messrs. Herriot and Tardieu, all of whom have promised me that opportunity.

Reports that I get from home continue most cheerful. You have apparently accomplished the seemingly impossible but I hope that your health continues good despite the strain.

Mrs. Straus joins me in kindest regards to you and Mrs. Roosevelt.

Very sincerely yours,



Enclosure.

"Confidential"

PSF

File
Ludov Straus
(S) (2)

THE UNDER SECRETARY OF STATE
WASHINGTON

November 3, 1934.

My dear Mr. President:

I am enclosing herewith a copy of a telegram which has just been received from Ambassador Straus, giving further information on the political situation in France. This is a continuation of the telegram which I read yesterday at the Cabinet Meeting.

Law Keeping Henry W. Johnson
Fully informed.

Faithfully yours,

William Phillips

The President
The White House.

PST Franco Straus

MF

Paris

Dated November 3, 1934

Rec'd 9:30 a.m.

Secretary of State,
Washington.

811, November 3, noon.

The crucial Cabinet meeting lasting between 5 and 8 p.m. last night ended with the conditional acceptance by Herriot of the Doumergue state reform measures. The uncertain external political situation was strongly stressed by Laval and Petain who urged Herriot to avert a serious ministerial crisis and to maintain the present government in the interests of the country. A Cabinet Council meeting is taking place this morning when it is believed that the Doumergue formula for dissolution will be adopted provided an agreement between Herriot and his Radical Socialist Party leaders has been reached. This formula provides that the President of the Republic can dissolve the Chamber of Deputies before the legal expiration of its mandate. During the first year of this mandate dissolution can only be pronounced with the assent of the Senate. During the course of the following years of ^{this} mandate the President of the Republic can dissolve the Chamber without the assent of the Senate.

WSB HPD

STRAUS

PSF France; Straus

GRAY

Paris,

Dated November 8, 1934,

Recd. 9:10 a m

Secretary of State,
Washington.

RUSH. 827, November 8, noon.

The Doumergue Government resigned at 11:30 this morning. The Embassy is reliably informed that President Lebrun will shortly interview Jeanneney, President of the Senate, and Buisson, President of the Chamber, and will ask the latter to form a cabinet. Buisson has no political party and will refuse whereupon the offer will be made to Laval who will try and form a government today which he hopes to present to Parliament tomorrow. The Chamber will not meet this afternoon.

STRAUS

WSB

PSF, Finance, Straus

GRAY

Paris

Dated November 8, 1934

Recd. 11:45 a m

Secretary of State,
Washington.

829, November 8, 3 p m.

Laval failing to form government President requested Flandin to undertake it. He is at present consulting his supporters in an effort to get together a government representing the same range of order.

STRAUS

WSB

PSF
France; Straus

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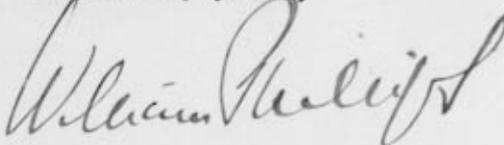
THE UNDER SECRETARY OF STATE
WASHINGTON

November 9, 1934.

Dear Mr. President:

I am sending you herewith a copy of a telegram from Ambassador Straus regarding the new French Government. You will note that at the conclusion of his message the Ambassador states that "For the moment calm prevails and the present government which preserves the framework of national union has so far if anything met with a rather favorable reception by the press".

Faithfully yours,



Enclosure.
Telegram from
Paris, No. 835.

The President,
The White House.

BF France: Straus

GRAY

Paris,
Dated November 9, 1934.
Recd. 4:50 p.m.

ADVANCE COPY

Secretary of State,
Washington.

835, November 9, 7 p.m.

Flandin succeeded in forming his Cabinet at one o'clock this morning, the composition of which has been cabled by the American press. The first meeting of the Cabinet will take place this afternoon amid a certain atmosphere of tension which is mingled, however, with a noticeable revival of public confidence and calm. This is unquestionably due to the fact that Flandin, in a communique to the press, has indicated that he will turn away for the moment from internal politics (constitutional reform) and concentrate on measures of economic and agricultural rehabilitation. He also intends working towards the restoration of public finances and reduction of unemployment. A careful examination of the Cabinet tends to show that he has made and endeavored to select for the key positions men of exceptional ability. Thus Cassez as Minister of Agriculture can properly be classified as a leading Agricultural expert of long experience. Roy in

Public Works is considered a good selection while Marchandean as Minister of Commerce is far more at home than in the Ministry of the Interior which portfolio has been given to Senator Regnier a leader of the Senate Democratic Left and a strong figure. The selection of Pernot in Justice is popular for he is a provincial lawyer of unblemished reputation and a war veteran. Maurin has the backing of Petain and is a general officer of exceptional merit and considered more broad minded than the majority of his general staff colleagues. Mandel is an important selection as his inclusion in the Cabinet represents a very great concession on the part of the Radical Socialists whom he has in the past consistently and bitterly opposed. He is also a valuable liason between the extreme right and center groups.

When Parliament meets on the 13th it is certain that Flandin will abandon the idea of voting provisional credits for the first months of 1935 and will concentrate on the rapid passage of the budget proper. The Doumergue proposals for State reform will be indefinitely postponed and will probably be referred to a committee. They will certainly not engage the attention of the Government until after the Saar plebiscite if then. For the moment calm prevails and the present government which preserves the framework of national union has so far if anything met with a rather favorable reception by the press.

STRAUS

PSF France; Straus

file
(5)(2)

DIRECTOR OF THE
UNITED STATES OF AMERICA
Paris, November 20, 1934.

Dear Mr. President:

With reference to my letter to you of November 6th last, relative to the restrictions placed on non-French citizens seeking employment in France, I wish to make a further addition to the file I then sent you by sending you, herein enclosed, a newspaper article containing certain statements bearing on the same subject made by M. Jacquier, the French Minister of Labor in the new Flandin Cabinet.

With kindest personal regards,

Very sincerely yours,

Enclosure:

Clipping from the PARIS-SOIR
of November 20, 1934.

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

PSF: France
STROUS

~~CONFIDENTIAL~~

Yaxce

*File
under
Jesse Strous
Personal*

MEMORANDUM OF VARIOUS SUBJECTS

WHICH THE AMBASSADOR CONTEMPLATES

TAKING UP WHILE IN UNITED STATES.

CONSOLIDATION OF DISBURSING.

Consolidate the accounting and disbursing of all the offices in the new building in order to get the full advantage of being under one roof. It would seem entirely unnecessary that each one of the Departments--State, Consulate, Commerce, Treasury, Agriculture, War and Navy--should each have a separate disbursing office and separate accounting. It would seem possible to departmentalize the accounting provided the various Washington departments would agree and a system for control by Departments could easily be set up.

As a matter of fact, it is rumored here that the present District Accounting and Disbursing Officer of the Department of State, Mr. Lenzer, will gradually take over all Government disbursing, not only for France but all Europe. It would seem to be a wise procedure to thus centralize all this accounting and disbursing. It would seem to be wise also that Mr. Lenzer remain under the jurisdiction of the Department of State.

Attention should be called to the fact that though Mr. Lenzer is asked to assume additional responsibilities and burdens, instead of getting an increase in salary therefor, his additional assignments actually result in a decrease because of the expense he is put to in taking out a new bond for each additional job which, of course, acts as a reduction to his salary.

READJUSTMENT OF GOVERNMENTAL SALARIES
AND ALLOWANCES ABROAD.

In April a 15% reduction was made in all governmental salaries, both at home and abroad. This works particular hardship in France where the cost of living index has not varied one per cent since 1928. Paris is probably the most expensive post in Europe. Moreover, rent allowances have been reduced very considerably. Consideration should be given, if not to an increase in salaries, to a removal, in Paris at least, of the 15% reduction and to greater allowances for rent, heat and light. At home the Administration has asked industry to increase salaries. It would seem inconsistent for the Government to ask industry to increase salaries and at the same time to impose reductions in the salaries and allowances of its own personnel that never were excessive. I would suggest that the 15% reduction be not only removed but that a refund, at least in France, be made from the time the reduction took effect.

Likewise, the Government, from July 15th, authorized the payment of dollar salaries at the mint par rate: 25.20. Had it not been for this change, the salaries of employees paid in dollars would otherwise have been paid at the rate of 18 francs to the dollar or thereabouts and unbearable hardship would have ensued; in fact, there were cases in which even the bare necessities of life were not purchaseable at the reduced salaries which, due to the 15% reduction and the exchange loss, had diminished to about one-half what they had
been . . .

DIVISION OF FINANCE IN NEW YORK.

been six months or a year ago. It would seem to me that the exchange loss should be made up to all recipients of dollar salaries in France, or, for that matter, all gold standard countries, from the time that the dollar began to drop, and there is certainly no reason why employees whose salaries are paid monthly should have had their checks cashed at mint rate from July 15th only. Why not from April 15th, the drop in the dollar having commenced a few days thereafter?

predetermined basis.

It is likewise suggested that foreign service employees abroad should not be subject to Federal income taxes on their salaries. American business men residing abroad are not subject thereto as regards their earned income made abroad and it is hardly fair to deny the Federal employee abroad the benefit of this exemption likewise. Up to 1933 the Federal employee abroad always has benefited in the same manner as other citizens whose incomes are earned abroad and I suggest that that benefit should be restored to them.

DIVISION OF EXPENSES IN NEW BUILDING.

In the new building the division of expenses will be difficult. Whether overhead can be distributed on the basis of square footage occupied by the various services, or whether on some other basis, should be determined because appropriations must be asked for and made on some predetermined basis.

If unnecessary duplications can be avoided, some of the economies effected can be used for much needed expenses elsewhere.

UPKEEP OF EMBASSY RESIDENCE.

The Embassy Residence is a very fine building and it would be false economy to let it run down. There should be a sufficient allowance to keep it in proper repair for certainly the Government does not expect the Ambassador to do painting, plastering, pointing, exterior cleansing, etc., etc. at his own expense. The building will rapidly deteriorate unless provision is made. As a matter of fact, whereas the allowance for the upkeep of the building was formerly \$5,000, it has been cut and the probability is that there is not sufficient allowance to properly heat and light the Residence.

In comparison with the allowances made by the British, and even smaller governments, for Ambassadorial expenses, ours are entirely inadequate and if it is the intention of the Government to have the Ambassador defray expenses such as the Fourth of July reception, running to about \$1,000, proper servants and all the other incidentals pertaining to the entertainment that is expected of him, then the Government restricts tenure of the Paris Embassy to men of such means who can face these extraordinary expenditures out of their own pockets. This hardly seems in conformity with the principles of a democratic form of Government.

CONSIDERATION TO BE GIVEN TO REASON-
ABLE REQUESTS FOR ALLOWANCES AND AP-
PROPRIATIONS IN SMALL MATTERS.

Incident to the removal into the new building, which is a dignified, handsome structure in one of the most prominent locations in Paris, there should be expenses incurred for which no provision has been made. At the moment it would be difficult to outline these but a few months' experience in the new building will demonstrate what may be required and the State Department should preserve an open mind on the subject and not turn down without consideration reasonable requests for allowances and appropriations in small matters. Even such small items, for instance, as liveries for the door attendants have been cut out of this year's appropriations. Likewise, insufficient allotment is made for the purchase of essential newspapers from various parts of France. These instances could no doubt be added to considerably.

POLITICAL AND COMMERCIAL REPORTING.

(See also Mr. Cochran's confidential report attached hereto).

There seems to be a constant duplication in reporting both from Washington and from this side; on this side particularly between the consular and commercial service, and the question is raised as to whether the commercial service could not be put under the State Department in the interest of economy. Under one roof consolidation of effort can very much more readily be attained than where offices are separate as they have been in the past.

It appears that in 1928 or 1929, Consul General Halstead was called to Washington by the State Department and that he had an extended series of conferences with officials of the Department of Commerce in an endeavor to work out a system which would prevent duplication of work between the two services. As a result, detailed instructions were sent, one I believe in 1930, and the other in 1932, to the two services which were designed to give specific instructions as to the division of work. I am informed, however, that these instructions, while adequate in theory, have not proved workable in fact, and that duplication still exists.

Most of the reports sent in are the result of directions from Washington. Should not a review be undertaken of the use that is made of these reports with a view to eliminating those that are found unnecessary as a result of this

review . . .

review, or, on the other hand, supplementing those which have been found useful?

I also raise the point whether it is necessary to send in these reports in quintuplicate? I should think that three copies for the Department would be sufficient in all cases and such a rule would result not only a considerable economy of paper but also of time and effort.

This Embassy has certain services which do not appear to have great value. For instance, are Mr. Dawson's reports used in Washington? (See Mr. Cochran's comment on this). While the Embassy has no desire to deprive Mr. Dawson, who I am informed has performed valuable services for the Government in the past, of his salary nor of the salary of his secretary, it would appear that the Embassy should not be directly charged with that expense and the Government might find some other means of supplying Mr. Dawson with a means of livelihood, which I understand he very much needs.

The query is also raised as to whether a representative of the Department of Agriculture is needed in the field at all. Apparently, all that he does is to report on principal crops and he does this on the basis of reports that he receives from the various Consulates and from one, or possibly two, trips a year trying to visualize what the crops . . .

crops may be from seeing them in the field. Attention is called to the fact that official estimates are made by the various governments which are certainly more reliable than any bird's-eye view of the crop in the field can be. Furthermore, querying the representative of the Department of Agriculture in France as to whether he reported on agricultural diseases and pests, he informed me that this was not one of his functions. If it is necessary to study agricultural diseases and pests, it would seem advisable to send out specialists who are technically trained and who should make the report on the specific disease on which a report is desired and should then go back home with that report.

It might also be worth while to ascertain whether many of the reports emanating from various branches throughout France are used in Washington or are simply filed and are, therefore, though costly, of no value.

QUESTION OF THE EMBASSY BEING KEPT
INFORMED OF THE POLICY OF THE STATE
DEPARTMENT WITH A VIEW TO ITS NEGOTIATIONS WITH FOREIGN OFFICE.

On the general question of Embassy negotiations with the Foreign Office, there seems to be little or no information. The policy of the State Department as to various matters of importance is not communicated to the Embassy. An examination of the Embassy's files indicates, for example, that during the weeks preceding December 15, 1932, when negotiations were proceeding actively in Washington between the Secretary of State and Ambassador Claudel relative to the debt question, this Embassy was kept in blissful ignorance of those negotiations and was not even furnished with copies of the various notes and memoranda addressed to the French Government by the Secretary of State. Even though it is of course understandable that the State Department might have desired to conduct those negotiations directly with Ambassador Claudel rather than through this Embassy, it is difficult for me to understand the apparent lack of the slightest effort to keep this Embassy informed, in a general way at least, of what was going on.

There are at the moment a number of important matters that might be successfully arranged for. The double taxation treaty has never been confirmed by the French Government and ^{not} I have/deemed it advisable, despite considerable pressure from American commercial organisations in France, to agitate the question because it had seemed to me--and I think that the Embassy staff who are more conversant with the situation than

am I agree--unwise to open the question because of the fact that our Congress had confirmed the treaty and that the French Parliament had not. I concluded that the next move was up to the French Ministry and Parliament and that an initial move on my part would lead to the conclusion that we were unduly exercised. The French Government is a trading government and wants to give nothing unless it receives something in return. The present situation in reference to double taxation involves large sums. The French Government has not actively sought to collect what they regard as the back obligations, but seems to make occasional moves indicating a threat of reprisal, perhaps solely for the purpose of keeping the question alive or possibly for the purpose of avoiding the possibility of a statute of limitations running against it. At the moment, I am under the impression that there is some anxiety on the part of the French as to the policy of our Government regarding the importation of French wines when the 21st amendment passes. We have there a strong fighting weapon, for the wine industry, as is well known, is an important one and is very anxious to get as much trade from the United States as possible. This trade, certainly immediately after the passage of the 21st amendment, will run into considerable sums. United States sellers will have to be stocked and while the annual import of French wines prior to 1914 runs to much smaller figures than one would suppose, the first year's imports after prohibition has been repealed will . . .

will be a very large one. A very profitable trade for the United States might be made if the Embassy had laid down for it a policy of negotiation to pursue.

A new orientation of United States policy regarding land disarmament in favor of the French thesis of need for actual security. This would create most favorable impression on French and perhaps make them more reasonable on other questions such as debts and commercial matters. This question is vital above all others to the French and their public opinion deeply resents our constant pressure to get them to reduce their land armament. American policy has been too mystical and not realistic. It has been greatly influenced by pacifist opinion at home which does not understand European political situation in the slightest.

In this connection, reference is made to an alleged interview between President Roosevelt and the correspondent of l'INTRANSIGEANT prior to August 25th at Hyde Park. The correspondent writing this article states that President Roosevelt said:

"Regarding disarmament he (President Roosevelt) realizes very well the impossibility of France disarming itself without guarantees and he approves its attitude."

It is suggested that an Assistant Secretary of State be charged with the duties of communicating weekly with

the . . .

the Embassy, giving it information as to the policies of the State Department and giving it an indication of the possibility of negotiation with the French Foreign Office on the live questions on which, without such information, it is impossible for the Embassy to talk with any authority at the Foreign Office.

LIFTING OF PROHIBITION UPON CONSULAR
OFFICERS OR COMMERCIAL ATTACHES FROM
RECOMMENDING THE INTRODUCTION INTO THE
UNITED STATES OF ANY FOREIGN PRODUCTS
WHATSOEVER.

There seems to be an impression that the Commercial Attachés must deal only with the sale of American merchandise in France and should keep their hands off of the sale of French merchandise in America. The stimulation of the sale of American merchandise in France, it would seem, would be better attained if reciprocal interest were displayed in the sale of certain French merchandise, as far as possible non-competitive, in the United States, and, at all events, interest on the part of American representatives in France in French products salable to the United States would be productive of a much better international feeling.

By this, I do not mean that the commercial attachés or consular officers should engage upon the promotion of the sale of French merchandise in the United States as part of their routine duties. There is, however, I understand, a general prohibition upon consular officers or commercial attachés recommending the introduction into the United States of any foreign product whatsoever. If this blanket prohibition were removed, it would enable me in certain specific cases and for purposes of bargaining with the French to instruct the commercial attachés or the consuls, as the case might be, to interest themselves in the sale of a special French product, such as wine, and to secure therefrom the cooperation of the French themselves in other matters.

GRAVES REGISTRATION SERVICE.

BATTLE MONUMENTS COMMISSION.

Though not directly concerned with the Ambassador, it might be well to give consideration to the costs of the Graves Registration Service and of the Battle Monuments Commission. In each case there are eleven employees and I am informed that the Battle Monuments Commission expects to ask for two architects and a draftsman in addition to the present staff. It might be well to make an investigation of the total cost of battle monuments. While I am entirely impressed with the necessity of commemorating the valor and bravery of our soldiers during the Great War, I question whether the ambitious program already completed, with what is still in contemplation, is worth its cost. In most of the cemeteries there are very beautiful and costly chapels which, so far as I can ascertain, though I have not yet been able to visit the cemeteries myself, are never used for services. I had intended to make a tour of the battlefields on General Pershing's invitation, but my trip home will prevent that. However, I have been at the office of the Battle Monuments Commission, have seen photographs and have gained the impression that there has been great waste and needless cost and that there continues to be unnecessary expenditure. There are constant changes in landscaping going on and I understand that the architects and draftsman above referred to are asked for in order that repairs can be directed, supervised and made. On my request for information as to why this was regarded as necessary, I was informed at the

Battle Monuments Commission that French contractors could not be entrusted with these repairs even under the most carefully drawn contracts, but I submit that a very responsible firm of contractors, Hegeman & Harris, have put up the new Chancery and have an office and an organization in France and might perfectly well be charged with the upkeep, under direction, of the various battle monuments. In any case, it would seem to me that a somewhat less costly and equally efficient job can be done.

I am informed, though this is mere rumor, that there is to be an endeavor made to send over further Gold Star delegations. There is an intimation here that Gold Star daughters and grandchildren are to be invited. I think that the impression here is that there have been enough Gold Star visits and that in the interest of economy the stamp of disapproval should be put on further visits.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: March 7, 1935, 4 p.m.

NO.: 182

FROM COCHRAN

ULTRA CONFIDENTIAL. ←

Re my telegram No. 181 of March 6, 4 p.m., the first paragraph.

I was called to the Bank of France this forenoon by Lacour-Gayet. I was told that he had a suggestion which the Bank of France desired that I submit to Washington, and Lacour-Gayet explained that he was speaking to me in behalf of the Bank of France with the authority of the Governor. The matter he said appears to be one for official transmission to the Embassy through the Foreign Office, but he said he felt confident that the suggestion of the Bank of France which he was advancing would be approved of by the French Government. The Bank of France thought, on the other hand, that it was best not to transmit it to the Federal Reserve Bank of New York because it was too much a matter of governmental scope. As a result this informal method of communicating the suggestion was chosen.

The disastrous results that may follow the decline of sterling were emphasized by Lacour-Gayet. Two major results were mentioned:

First. Continuation of monetary instability may possibly result in further diminution of world trade.

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(S) (12)

Second. Gold prices will be further devalued, with world wide deflationary effects as a result.

It is Lacour-Gayet's opinion, nevertheless, that the present is no time for holding a general conference on stabilization; it is his opinion that the matter is too urgent to await the deliberations of any general conference, which might have a questionable outcome, in any event. With regard to the question of France and/or the United States approaching England directly with the sole view of ascertaining the attitude of the British toward stabilization, he feels the usual reply would be given by the British - i.e., they would emphasize the fact that until the outcome of the American situation is clearly seen, it would be inadvisable for Great Britain to take any definite step.

My friend said he thinks the United States and France have a special responsibility in cooperating toward preventing the disorders which the decline of sterling must inevitably bring about. These are the only two countries, he said, in a position to take the initiative in such action, since France is the leader of the gold bloc and the United States holds such immense gold resources. The common democratic ideals of France and the United States were mentioned by Lacour-Gayet, and he pictured the European situation as being so unsettled that a further monetary

monetary upset might have repercussions which our two countries would not find to their liking.

The suggestion of the Bank of France is as follows: A credit of very large proportions should be offered to Great Britain jointly by the American and French Governments; this would be a joint central bank credit. The American and French Governments would not make the offer of this credit contingent on a promise of definite stabilization by Great Britain as a means of defending the pound's international exchange value. Should the British accept the proposition, Lacour-Gayet thinks that flight from sterling or sterling securities would be stopped and there would be no further decline of the pound. Should the offer be refused by the British, then the responsibility is definitely placed on them for contributing to the continuing uncertainty of the international currency situation and the consequences it may have. Should the answer be that their monetary reserves are sufficient to obviate any need of such a help, then it seems the British would thereafter feel obliged to use effectively such reserves in view of preventing the pound's further decline.

Lacour-Gayet thinks it probable that sterling will continue to depreciate in the absence of such a credit. It is his opinion that the decline may be progressive, as during the recent months, even if Great Britain

brings

brings about temporary halts. Counter steps have been taken by the countries of the gold bloc in their individual economic systems, and they are strongly decided to do the utmost in defense of of their present currency values. Lacour-Gayet predicts that if the countries of the gold bloc are drawn off the gold standard there will be an international race in currency depreciation. This he said would not only be contrary to the interests of the United States, but of the whole world.

It is the wish of the Bank of France that this suggestion be regarded as ultra-confidential, but the Bank would genuinely appreciate an early indication of the American reaction thereto. The Bank is not submitting the suggestion through the French Embassy at Washington nor through the Financial Attaché stationed in New York City. Should there be favorable action upon it, the French opinion is that the best results could be achieved if the two Governments made the announcement in a spectacular fashion.

I informed Lacour-Gayet that I had no idea as to the reception that the above suggestion would receive, but I reminded him that the United States had undoubtedly received cabled reports of the press stories of two days ago, to the effect that on February 3 Flandin had made a definite proposal for stabilization at London and that

the British had refused it. Lacour-Gayet then told me that Governor Tannery had stated yesterday that Flandin denied to him the making of any stabilization proposition when he was in London. I was reminded by Lacour-Gayet of the consistent tone of the statements of the Premier on this subject, including that made on his latest appearance two days ago when a vote of confidence was being sought by him.

The above suggestion and discussion is submitted with the urgent request that there be strict observance of its confidential character. The latest decline of sterling considerably upset the money, stock and commodity markets during the last few days. This confusion is indicative of what would ensue now should a mad race in currency depreciation face a nervous and despairing world. I therefore gladly forward the above asking that it have full consideration because of its origin.

STRAUS.

EA:LEW

May 9, 1935

My dear Jesse:

I have discussed with Secretary Hull your letter of April 9 and am confident that neither he nor the State Department is unsympathetic to the difficulties with which you have been confronted while shaping the Embassy into an efficient and coordinated unit. There is no doubt that these difficulties have been very real, but I do not think the Department is to blame as it is not entirely its own master in determining what expenditures may or may not be made by its missions in the field. As you know, the Director of the Budget and the Comptroller General keep a very close rein on governmental expenditures and often must disallow requests for expenditure of funds, no matter how humble the request may be, because the particular expenditure in question is contrary to some one of the multitudinous rules and regulations which have accumulated over a period of years and which must be applied by those

The Honorable
Jesse I. Straus,
American Ambassador,
Paris.

bureaus in making their decisions. What, therefore, may seem at a distance as an unsympathetic or arbitrary action by the Department is in reality the operation of these laws and regulations which in themselves are, for the most part, inflexible and inelastic to interpretation.

In regard to the assignment of personnel to a particular mission, I think you will agree that the Department of State must, of necessity, consider not only the needs of that mission by itself, but also in terms of the needs of the service as a whole. To consult with each chief of mission in connection with the individual assignments which are constantly being made would render the administration of Foreign Service personnel very cumbersome. Changes naturally have to be made periodically for the good of the Service, as well as for the good of the individual officers. I feel, therefore, that a chief of mission, as a commander of a naval vessel, must adapt and assimilate the officers assigned to his vessel or office to the best possible use. However, the Foreign Service Board, on its part, has a responsibility similar to the personnel boards of the military branches of the Government and must see that a post is properly staffed to keep the efficiency of the particular unit at its

maximum

maximum level. I am assured that the Personnel Board of the Department is not unmindful of that responsibility.

I am thoroughly alive to the personal sacrifice which is often placed upon our representatives abroad in carrying out their duties, and I am interested in your presentation of the situation as it exists in Paris. However, salaries must be uniform throughout the entire Service and I cannot see how any rectifications can be made to meet a situation in a particular post until the Congress is prepared to lift the level all along the line. Something can be done through special allowances to alleviate these sacrifices, but when mention is made of expenditure for "entertainment", we have to reckon with the Hill.

I am glad you felt you could write me as you did and, on my part, I want you to know that you will continue to receive every bit of support and cooperation which it is humanly possible to give. We want the Embassy in Paris to be an outstanding organization, combining efficiency in its political representation with economy of administration. When you accepted the ambassadorship to Paris, everyone remarked that this had been a happy selection, as you were just the right person to get the new organization under way and on the right track. I want to reassure you again that no one, chief or subordinate, has it in his
mind

mind to hamper you in your work or in any way or to tax your patience by petty retaliatory tactics. I realize that we have been unable at this end to give you all the tools which you should have and, consequently, your accomplishments deserve all the more credit.

I saw Marriner several days ago and enjoyed my conversation with him. At that time I expressed to him the assurances which I have written above and gave him to understand that we only wish you luck and every continued success in carrying out your heavy responsibilities.

Sincerely yours,

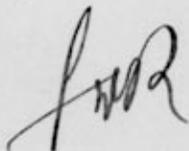
THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

April 26, 1935.

MEMORANDUM FOR
THE SECRETARY OF STATE

Please, please what do
you think I should write to this?
I suppose you had better not show
this to anyone else. I fear our
friend does not and probably cannot
realize our objective.



F. D. R.

Handwritten notes at top right:
Hague
A
L. H. ...
...-2?! ...
...-...
EMASSY OF THE
UNITED STATES OF AMERICA

Paris, April 9, 1935.

Handwritten notes below date:
✓ ✓ ✓ ✓ ✓
L. H. ...

PERSONAL.

Dear Mr. President:

Despite your many burdens, I feel that I must write you about some of the problems that confront me in the conduct of this mission, and for the correction of which I am convinced appeal must be made to you.

From various sources I get the impression that you are being filled up with stories about the iniquities of the diplomatic service: that it is overstaffed, underworked and overpaid; that the average career man is a tea hound and a lounge lizard.

My two years' experience indicates that at least those with whom I have been associated in this Embassy, and those whom I have had the pleasure of meeting when they passed through Paris, are a lot of serious-minded men who are most attentive to their duties and spare neither time nor thought in their endeavors, sometimes under . . .

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

under very trying and difficult conditions, to accomplish, under the direction of the Department of State, the objectives of the service. Long hours mean nothing to them. But there seems to be for some reason or other a degree of unreality on the part of the Department of State as regards appointments in the Foreign Service field.

Thus, I cannot understand the attitude of the Personnel Division of that Department, which, without reference to me, has deprived me during the last two years of two First Secretaries without replacement, and which this morning has notified me that Alan S. Rogers, Third Secretary, who has been acting as my Private Secretary and who, in the absence of Robert T. Pell, Special Attaché in charge of the European Information Center, is carrying on Pell's work, is ordered to Vienna on Mr. Pell's return. I make no mention of Mr. Keena, the Consul General, who recently at my suggestion was made Commercial Counselor, to whom you so justly gave a well deserved appointment. with special financial work for the Department

In other words, a Chief of Mission appointed by you and on whom falls the responsibility of directing a mission as important as Paris, at this time when careful reporting is essential to the State Department, is, without consultation, deprived of men whose contacts and experience enable them to get information and interpret it, and may receive in their stead, when he receives any, men who

English, Third Secretary, but he is not arriving until
can . . .

can have little knowledge of local conditions, who can have no immediate contacts, and, in one instance at least, that of the Consul General replacing Mr. Keena, no previous service in Europe.

Before I came to Paris I requested of the State Department that no changes should be made in the members of my diplomatic staff. I had heard that they were all competent and since my contacts with them I have found them so. We had, when I came here, in addition to myself and the Counselor, four First Secretaries, Messrs. Howell, Scotten, Cochran and Tuck; two Second Secretaries, Messrs. Williamson and MacVeagh; a Third Secretary, Mr. Rogers; and Special Attachés Pell and Dawson. We were well and adequately staffed. At the moment we have two First Secretaries, Messrs. Cochran and Tuck; two Second Secretaries, Messrs. Williamson and Werlich; one Third Secretary, Mr. Rogers; and Mr. Dawson. Mr. Cochran is occupied practically every instant with special financial work for the Departments of State and Treasury, and Mr. Rogers, as I said at the outset of this letter, is to be ordered away. Furthermore, Mr. Pell, who has a specific job, has gone home on leave completely broken in health, largely because of the difficult and arduous work that he has performed without vacation during the past two years. The Department, I know, has assigned to this mission Mr. Robert English, Third Secretary, but he is not arriving until

the . . .

the end of this month. *The Embassy, in the pursuit of*

The impression seems to prevail in a certain bureaucratic circle of the State Department that there should be a minimum staff in missions abroad. It appears to be their belief that every man should be physically active during prescribed hours. A display of physical activity seems to be the gauge of efficiency. Now consultation among the members of the official family of a mission, consultation which is time-consuming but essential properly to lay down policies and give coordinated opinions to the Secretary of State, seems to me of much greater importance than pen-pushing and time-serving. It is my opinion that an Embassy of the importance of Paris should have rather two officers too many than one officer too few. For, although the regulations of the State Department fix the hours, no member of my official family can, under ordinary circumstances, pay attention to these hours and no member ever gives any thought to the length of time that he puts on his work. Most of the information so necessary to all of us is gained outside of office hours. Social contacts and the formation of friendships are of major importance; entertainment of officials, newspaper people, writers, etcetera, is, as you well know, most necessary. And in that connection, the funds provided by the State Department are utterly insufficient for the amount of entertainment

that . . .

that the officers of the Embassy, in the pursuit of their duties are compelled to undertake. In a recent report made at the request of the State Department as to the income received by members of the Foreign Service from the Government in relation to their expenditures, about half the officers of this Embassy spent more than they received. I doubt whether this has ever been brought to your attention.

I have recently heard that there are those who would endeavor to persuade you that a chief of mission can live on his salary. Of course, he can: there are more families living on much less than the salary of an Ambassador than there are spending more. However, certainly at this post, and in many of the other European posts, as I know from conversation with heads of missions, the salary of an Ambassador is not more than one-third sufficient to cover expenditures that are proper, appropriate and practically unavoidable. In comparison with other countries our appropriations for chiefs of mission are beggarly and certainly we, one of the largest countries, should "when in Rome do as the Romans do" and represent our country in accordance with custom and diplomatic usage. I have heard it remarked that entertainment, living in style, putting on side, is undemocratic. Custom, however, has decreed that certain amenities be observed and to me it seems was, as I said above, given a well deserved far . . .

far more undemocratic to restrict, through the appropriation of inadequate funds, the appointment of chiefs of mission to those who are possessed of private means.

However, this last is parenthetical. The main point that I would like to bring to your attention, Mr. President, is that I am being hampered in an attempt to serve the country and you. This Embassy, occupying as it does a new building, headquarters for all Government services in France, presents problems somewhat different from most missions. I was asked by the Secretary of State when I left for France, to study and recommend changes in method and coordination of effort to attain economy and greater efficiency. This I have tried to do, and in attempting to do so have apparently recommended so much and complained so much at failure to adopt my recommendations that I have incurred the displeasure of certain subordinate officers who want to take it out on me and, by withdrawing competent men and reducing my staff, wear out my patience. They are succeeding; that may comfort them, but will not lead to maximum results.

As an instance of the foregoing, the replacement of Mr. Keena is typical. Some two months ago Mr. Keena, who has long been Consul General here and who is a man of great experience with many French contacts and who has a good knowledge of the French language, was, as I said above, given a well deserved promotion

by

by you and appointed Minister to Honduras. At that time I requested that Mr. Coert du Bois, Consul General at Naples, who knows European conditions and has previously been stationed in Paris and who speaks fluent French, be assigned here. Instead, Mr. Clarence E. Gauss, who has spent his entire career in the Far East and knows nothing of European conditions, although he is, I am told, a first class administrator, was assigned without consulting me. The whole situation is utterly incomprehensible to me and most distressing.

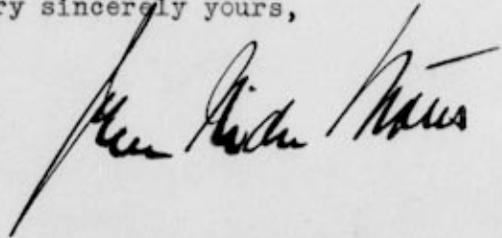
I do not wish to burden you longer, but before closing I would like to touch on a subject that may have something to do with my future difficulties. I understand that an effort is being made in the various appointments in the Foreign Service to insist upon experience in both branches of that service. Of this in theory I heartily approve, provided, however, that there is a realization that there is a difference in type, in background, in acquaintanceship with social amenities and customs that must be observed. A good administrative type may be a first class Consul or Vice-Consul, but often he is not at all fitted for a service in which social contacts are essential, whether the envious, devoid of certain characteristics, admit it or not.

Some time ago, I asked Miss Le Hand to arrange
to . . .

to have Mr. Marriner, Counselor of Embassy, who sails tomorrow on leave, see you while visiting Washington. At that time I had in mind that you could get direct verbal information from him. It now becomes much more important for Mr. Marriner to see you because he will be able to tell you personally of all the difficulties under which we are here laboring.

With kindest regards, believe me,

Very sincerely yours,

A handwritten signature in black ink, appearing to read "Allen Dulles". The signature is written in a cursive style with a long, sweeping underline that extends to the left and then curves back under the name.

PSF *France*
(Strauss)

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: May 29, 1935, 3 p.m.

NO.: 444 FROM COCHRAN. *would place*

At ten o'clock this morning I went to see Cariguel at the Bank of France. The net gold losses of the Bank of France for yesterday, May 28, he informed me, were 1,171,000,000 francs in all. Belgium got 92,000,000 of this amount; London, 330,000,000; New York, 450,000,000; the balance was withdrawn domestically for hoarding purposes. Part of the amount which went to London will, eventually, move to New York.

I ^{contacted} / ~~was~~ the exchange trader of the Guaranty before I went to see Cariguel. The former told me that more than \$32,000,000 were sold here yesterday. Doubt was expressed by this official whether his bank would be physically able alone to meet the situation if there is continuation of present conditions. This Guaranty representative had already talked with Cariguel when I reached the Bank of France. The three of us then discussed the present outlook, and when I left Cariguel was to go to see the Governor of the Bank of France.

Cariguel telephoned to me at twelve o'clock to tell me that he had talked the situation over with the Governor. He said it was their opinion that it would be exceedingly helpful

- 2 -

helpful to them if my people would place

END SECTON ONE.

STRAUS.

EA:LEW

Paraphrase of
SECTION THREE. Telegram No. 444 from Paris.

PSF: *of France*
(Strauss)

This afternoon and tomorrow all private banks are closed and the Bank of France is open this afternoon and closed tomorrow. I was told by Cariguel that tomorrow the big danger to the franc will be on the London market, as both New York and Paris will not be open. Because of this impending danger arrangements are made with the ~~Bank of England~~ ^{GUARANTY TRUST CO} for tomorrow to purchase francs offered on the London market. I was just told by the head of Guaranty Trust here that his bank is taking the precaution of shipping all gold contracted for out of France today, and that which has not been placed on steamships from French ports is being sent to Southampton and Liverpool for loading on trans-Atlantic ships.

END SECTION THREE.

STRAUS.

EA:LEW

PSF: France (Strauss)

SECTION FOUR.

Gold bars to the amount of 136,000,000 francs were invoiced today by the Guaranty on the GEORGIC, 34,000,000 francs on the NORMANDIE, 135,000,000 francs and 119,000,000 francs on the AQUITANIA and PRESIDENT ROOSEVELT respectively, all for the account of the Guaranty; There was also invoiced by the Bank of France 75,500,000 francs to the Federal Reserve on the Steamship PRESIDENT ROOSEVELT; on the AQUITANIA \$1,127,000 was invoiced by Lazard to the Bank of Manhattan.

The request for extended powers as presented by Germain Martin for the Government yesterday caused little enthusiasm at the Bank of France as far as I could perceive. Similarly, there seemed to be disappointment in private banking circles. When I spoke with Rueff at noon today he admitted that a difficult position faced the Government and that the outcome of the existing situation was uncertain to the last degree. If the Government should fall, he apparently foresees changes of at least three or four members in the present Cabinet, and modifications of its political character. I heard on the telephone from Rueff at 3:45 today that in the finance committee's session which lasted through noon the presentation made by Flandin of the Government's views was accorded a good reception. There was durable(?) opposition at that time to warrant an immediate decision in the matter of resignation(?). At 4:00 o'clock today Germain Martin in order to defend his project of law will meet with the committee.

EA:HF:LEW

PSF Straus

PARAPHRASE OF SECTION FIVE OF TELEGRAM NO. 444
of May 29, 1935, from the American Embassy, Paris.

Therefore it is not yet known what the outcome will be. At three o'clock a private French banker had a conversation with one of the members of the Finance Committee during the recess of the meeting. The banker got the impression that there was quite strong opposition to the plan of the Government.

Another invoice has now been presented by Guaranty to Guaranty, New York, for 135,000,000 francs gold, about to be shipped on the steamship SAMARIA from Liverpool if it is possible to do so; this shipment goes via Dieppe. Heavy withdrawals of deposits are reported by Paris-American banks. They said that their depositors are experiencing difficulty in meeting their commitments for the end of the month. According to the Paris representative of the Bank of Italy, Paris government officials with whom he is in contact report that the foreign banknotes which they have been carrying are absolutely depleted. The Italian bank representative says also that the market has been completely cleared of available gold sovereigns and eagles.

The statement was made by a prominent banker that the Government borrowed from Credit Lyonnais and other big banks just enough funds to pay government employees for the month of May.

END OF MESSAGE.

STRAUS.

EA:LEW

1
MJP
This telegram must be
closely paraphrased be-
fore being communicated to
anyone. (B and Special Gray)

Paris

Dated November 20, 1935

Rec'd 10:50 a. m.

Secretary of State,
Washington.

975, November 20, 2 p. m.

(SECTION ONE).

Bargeton has furnished Marriner in strict confi-
dence with a copy of the French reply to the Italian
note of November 11 which will probably be released
for publication on Saturday. The Italian note called
the attention of the French Government to the respon-
sibilities implied in, and the consequences of the
application of the measures for sanctions proposed by
the Committee of Coordination at Geneva.

The French Government, after assuring the Italian
Government that it is fully conscious of the gravity
of its responsibilities, states that France in parti-
cular feels especially heavily the weight of the
obligations which it ardently hopes can be reconciled
with the Franco-Italian ties of friendship.

The note continues: (SPECIAL GRAY) "The
Government of the Republic will limit itself to
recalling

*Ps F Francis
Harris
Drew 2-35*

MJP -2- No. 975, November 20, 2 p. m. from Paris

recalling that on the 7th of October last the delegates
of all the states represented on the Council, with the
exception of the Italian, confronted with incontestable
facts

STRAUS

GW:WWC

MJP

SPECIAL GRAY

Paris

Dated November 20, 1935

Rec'd 11:20 a. m.

Secretary of State,
Washington.

975, November 20, 2 p. m.

(SECTION TWO)

and the imperative provisions of the pact were obliged to conclude that the Italian Government had had recourse to war in violation of Article 12. In spite of the sentiments of friendship which animate it with regard to Italy the French Government was unable to deny this conclusion. From the situation thus created inevitable consequences follow. To fail in its obligations under the pact would have been gravely to compromise the possibility of the future application of the provisions thereof which constitute an essential element in the collective security assured to the members of the League. This is the imperative reason which prevents the French Government, in spite of its regard for Franco-Italian relations and for the sentiments which inspire them, likewise in spite of the difficulties that French national economy will suffer, from deferring the application of the
date

MJP -2- No. 975, November 20, 2 p. m. from Paris

date already fixed as November 18 of the measures
with which it has declared itself to be associated.

The French Government remains no less in accord
with the other members of the League of Nations in
event that the application of the provisions of

STRAUS

WWC:GW

FS

SPECIAL GRAY

Paris

Dated November 20, 1935

Rec'd 11:45 a. m.

Secretary of State,
Washington.

975, November 20, 2 p. m. (SECTION THREE)
pact which under the terms of Article 16 make certain
restrictions obligatory and in addition also (?) it a
moral duty to seek as rapidly as possible a pacific
solution of the present conflict.

The Italian Government is aware that the French
Government has neglected no effort in this direction.
Confident in the encouragement given to its (*) and to
that of the British Government during the last meeting
of the council of coordination it will persevere in this
ideal. While awaiting a settlement of the conflict
which will put an end to the measure called for by the
pact the French Government desires to affirm (?) of them
in so far as Italy is concerned (?) leading character of
the hostile which the Italian Government (?) to attend
to them. (?) whose eminent role in the foundation of
the League of Nations (?) by the Italian Government (?)
to recognize this truth.

(?)

FS

SPECIAL GRAY

Paris

Dated November 20, 1935

Rec'd 11:45 a. m.

Secretary of State,
Washington.

975, November 20, 2 p. m. (SECTION THREE)

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(?)

FS 2-No. 975, Nov 20, 2 pm from Paris (SECTION THREE)

(?) Republic (?) the wish and renews the hope that
the (?) will be hastened when the present conflict
shall come to an end to the greatest advantage for the
commonwealth of (?) and international collaboration."

END OF MESSAGE.

HPD

STRAUS

Have asked Paris for repetition
of garbled groups.
DCR

FS

@gray

Paris

Dated November 20, 1935

Rec'd 2:15 p. m.

Secretary of State,
Washington.

977, November 20, 4 p. m.

FROM MARRINER.

The exchange market today has been fairly active with a strong demand for dollars and for sterling. The forward discount rate for the latter, three months, 2 francs 3 centimes and for the dollar 45 centimes. There were no quotations for the lira. I am told that all transactions are suspended on account of transfer difficulties. The security market was hesitant and some rentes showed fractional losses although the tendency was to regard the political situation with less pessimism.

The financial press notes that the market for the lira is gradually disappearing due to the fall of Franco-Italian trade following the sanctions and diminution of requirements of tourists. It is also pointed out that as a consequence of superiority of Italian requirements for foreign currencies (for the purchase of foodstuffs and raw materials) over foreign requirements for lire the depreciation

FS 2-No. 977, November 20, 4 p. m. from Paris

depreciation of the Italian currency is likely to go hand in hand with the decrease of the gold reserves of the Bank of Italy. Referring to the so-called "black market" where notes of large denominations are at present being offered at 87 centimes and small ones at 90 centimes, it is observed that their future is very uncertain as Italian notes should be returned to Italy not later than November 27th in accordance with the Italian decree of November 16th. It is expected that the Bank of Italy will stamp the notes with a view to suppressing the foreign "black market" and that under these circumstances those unstamped will become of no value.

C. J. Gignoux, one of the three specially appointed councillors of Laval Government on economic matters, declared yesterday before the Congress of the "Union of Economic Interests" that until monetary stabilization had been achieved there could be no lowering of customs barriers. He expressed doubt as concerns the procedure for stabilization that an international conference could be useful and cited the London Conference of July 1933 as an example. He contended that the only practical method was that outlined by Bonnet at Geneva in September; that

awaiting

FS 3-No. 977, November 20, 4 p. m. from Paris

awaiting more far reaching solutions "separate zones of stability" should be established through bilateral negotiations and then plurilateral negotiations which "in exchange for certain guaranties of monetary stability" would call for special commercial considerations. In conclusion Gignoux held that political rather than technical difficulties now stand in the way of stabilization.

In his journal JOURNEE INDUSTRIALLE Gignoux today warned that the "chaotic and senseless" maneuvers of Left members of Chamber Finance Committee causing continuation gold outflow as well as damage to public credit might well lead to a sudden gold embargo.

Lazard Freres invoiced to Bank of Manhattan Company \$2,251,000 gold bars EUROPA. Lazard Freres invoiced to Lazard Freres \$2,251,000 gold bars; Society General invoiced to Irving Trust Company 51,031,000 francs gold bars both on AQUITANIA. National City Bank invoiced to National City Bank, New York 58,575,000 francs gold bars AQUITANIA and 50,895,000 gold bars EUROPA. Chase Bank invoiced to Chase National, New York 38,483,000 francs gold bars; Society General to Irving Trust Company 54,132,000 francs gold bars; both on EUROPA.

HPD

STRAUS

RICKMANSWORTH 319.

PSF France, Straus
THE BURY,
RICKMANSWORTH,
HERTS.

January 18th 36.

Dear Mr^s Charlton

Many thanks for your letter.
The articles to which you refer must be
taken seriously. They are being written
by eminent & authoritative writers and with
a definite purpose. Though in no way
official, they were not embarked on until
it had been ascertained that no objection
would be taken in Government quarters.
They are of course presented in journalistic
form & to that extent are exaggerated
but in substance they are true if regard

319
RICKMANSWORTH 319
Government
1. 11. 11

he had to a fundamental change of policy
in foreign affairs which has almost
unobserved been brought about by the persistent
pressure of public opinion.

A year ago, governmental policy in regard
to the League of Nations was lukewarm.
This was due to a growing belief in official
circles in the ineffectiveness of the League.
The result was a gradual move towards
Isolationism and an attempt to make the
best possible terms with Germany. The
complete failure of the long-drawn-out
Disarmament Conference convinced the wavering
and anti-League elements.

In this change of viewpoint & policy the

RICKMANSWORTH 319.

THE BURY,
RICKMANSWORTH,
HERTS.

Government was wholly out of accord with public opinion which was utterly opposed to anything which might savour of a rapprochement with Germany, & ~~which~~ (rightly or wrongly) looked upon the League as the best hope of Europe.

In the winter of 1934 the League of Laborers Union organised the now famous Ballot - an attempt to sound public opinion. This effort was fiercely opposed by the Rothermere & Beaverbrook press & was moreover cold-shouldered by the Government & the Government

He
admits
of
being
the
President

press. Notwithstanding nearly 9 million
people filled in the ballot paper &
by an overwhelming majority (more
than 85%) voted in favour of the
League & of British support of the
League.

This ballot changed the whole direction
of politics in this country. The
Conservatives were astonished & came to
realise that at the General Election in
1935 no party or government could
hope to succeed unless it wholeheartedly
endorsed the League principles. During
the Spring of 1935 the Government

RICKMANSWORTH 319.

THE BURY,
RICKMANSWORTH,
HERTS.

fell into line - Isolationism became taboo
& the League the favoured child. When
in the early Summer the Italo-Abyssinian
situation became acute the Government
had to opt but to base its whole
attitude on the Covenant.

The General Election made it unambiguously
clear that the people were solidly
behind the League. Any Candidate who
failed to show enthusiasm in this direction
had no earthly chance in any
of the borough constituencies. The majority of

RICKMANSWORTH 31
The Government was chiefly the result of:
the firm attitude adopted at Geneva by
Hoare during October 1935.

In spite of the clearest possible indications
of the state of mind of the electorate
the politicians failed to appreciate the
intensity of feeling in the Country.

The Hoare - Laval negotiations came very
near to bringing the Government - (big
majority and all) to the ground. Never
in recent history - not even during the
Budget Crisis & House of Lords Reform days
of 1909 - 1910 - did the man in the street
show his opinions & feelings more clearly.

by 22
for 11/10
7)
RICKMANSWORTH 319.

THE BURY,
RICKMANSWORTH,
HERTS.

Now the result of all this is

- (1) The Government fully realise that the foreign policy of this Country for some time to come must be ~~the~~ 'The Covenant the whole Covenant & Nothing but the Covenant'?
- (2) That that means Collective Security chiefly if not wholly secured by the British Navy and Air Forces.
- (3) That the state of the Naval & Air Forces is to-day inadequate to bear that burden of responsibility

THE BURY,
RICKMANSWORTH,
HERTS.

- (4) That in the present state of French politics reliance on France in a major crisis might prove the reverse of justified.
- (5) That the Army & the Air Force must therefore be strengthened sufficiently to make us feel safe in the carrying out of the new ~~and~~ foreign policy.

The Morning Post is High Tory. It is a very decent newspaper owned & run by gentlemen who want nothing out of

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RICKMANSWORTH

politics except the safeguarding of
Britain & the Empire. It has a small
circulation.

I have always respected the Morning
Post though I have seldom agreed
with it.

But their attitude to day is this:-
"we have never really believed in the
League of Nations; to day we realise
that we have no option & therefore
we are prepared to help in making
the League a successful & effective
instrument of policy. But having regard
to the uncertainties of Continental Politics
& Policies; of England is to take the

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RICKMANSWORTH 319.

THE BURY,
RICKMANSWORTH,
HERTS.

lead at Geneva she must be prepared
to back up words by deeds. If we
are to take the risks of Geneva
Entanglements we must at least be
powerful enough to face & shoulder those
risks.

The Homeing Post is right in this, that
disarmament has gone a long way to
destroy our ability to enforce our laws
or wishes.

Things are not as bad of course as the
H.P. would have its readers believe, the

Government has during the past 3 or 4
months been very busy overhauling
every branch of the Defence Services.

The M. P. Campaign will fully effect
its purpose. It is telling the people
the truth & the electorate will
fail to respond to the truth. The
Government's hands will be greatly
strengthened when it submits the new
Defence Estimates & the Country will
be in a far stronger position to
play Policeman or Honest Broker in
Europe.

Twenty-four hours before Mr. Baldwin made this pronouncement in the House of Commons, the Cabinet had endorsed the ill-fated Hoare-Laval peace terms.

Following are the principal reasons that inspired them to do so. They constitute the "case"—referred to by Mr. Baldwin—which, if it had been known at the time, would have given pause to even those who disliked the terms in themselves and were most eager to criticise the Cabinet for endorsing Sir Samuel Hoare's action in putting the terms forward.

The Immediate Danger

Great Britain was—and still is—faced with an international situation of great gravity. That is the considered opinion of those in the best position to judge.

Potential developments in the Abyssinian war constitute the immediate danger, not so much in themselves, but because of their probable sequel.

At no time have the Government doubted the ability of our defence forces to deal with any situation that might arise immediately out of League of Nations action in connection with the Abyssinian conflict; although it has been realised for some time that the brunt of any such action would fall on Great Britain.

But such is the deplorable condition of our defences to-day, and so certain is it that other members of the League would be unwilling or unable to provide effective help, that even the losses such action would inevitably entail—relatively small as they might well be—would leave this country perilously weakened.

It would take her time to repair her losses and to increase her strength; and during that time she would be at the most serious disadvantage should any aggressive Great Power select the moment to make demands, territorial or economic.

We Have Most to Lose

The British Empire has more to lose than any other member of the League, and more to defend. Events of the past few months have made it clear to the Government that, in certain eventualities, this country will be expected to take far greater risks than any other League member. The Government also know that if the policy which many people—with the highest motives—vigorously advocate to-day is pushed to its logical extreme, the Empire will be placed in a position of acute danger, which the public as a whole does not as yet appreciate.

Many of those who believe in collective security through the League agree with those who do not so believe that our defences are inadequate. But the Government know the full truth, which is that our defence forces are quite inadequate, even to meet our League obligations. In fact, it is argued by many competent authorities that membership of the League, with the far-reaching obligations entailed, demands even stronger defences than a policy of isolation or alliances.

Electoral Mandate

These considerations prompted the Government to ask for a mandate at the General Election to increase our defences. But it was realised that it would take time to carry this mandate into effect. Therefore, as the Abyssinian war still continued in spite of League action, and in view of the obvious dangers entailed in applying further sanctions, the Government knew that it was urgent for the future peace of Europe that the conflict should be settled as soon as possible.

That is why the Government originally endorsed the Hoare-Laval peace terms, however much all concerned may have disliked the terms in themselves. As Sir Samuel Hoare said in his speech in the House of Commons on December 19:

"Neither M. Laval nor I liked many features of them (the peace proposals). But that basis did seem to us to be the only basis upon which it was even remotely likely that we could at least start a peace discussion. . . . So far as I myself was concerned it seemed to me to be so important to start a negotiation, even if it had to be on this basis, that much as I disliked some features of the scheme, I could not withhold my provisional assent. I felt that the issues were so grave and the dangers of the continuance of the war were so serious that it was worth making an attempt, and that it was essential to maintain Anglo-French solidarity. It was in this spirit and this spirit alone that we agreed to the suggestions. That alone is the explanation and justification of the Paris communiqué."

France Will Not March

In addition, three further considerations make the position more serious: The first is that it has become increasingly clear that France will never fight except in face of a threat of invasion of any of her own territories. The armies of France will not march for the League of Nations unless France is directly concerned. France, too, has been seriously embarrassed by the effect of her policy at Geneva on her relations with Italy, whom she regards as an indispensable ally.

France Will Not March

The second is that Germany, with whom Great Britain had hoped to make further pacts and arrangements, has made it clear that she will do nothing at the moment—partly, because she wishes to wait and see who comes best out of the present crisis, and partly because she believes that Britain's defences are so weak, and will take so long to repair, that she need be in no hurry to enter into any pacts with her.

The third is that while Italy became increasingly truculent, other members of the League did not become proportionately more helpful. Just as France was becoming more and more reluctant to be involved, other nations were making it clear that the prospect of effective collective support was an illusion. Moreover, with the progress of the Abyssinian war, China, Japan and Egypt began to show signs of trouble.

Thus the British Government found themselves without the essentials either for a full-blooded peace or a full-blooded policy, and it became all the more imperative to obtain peace outside the League.

"No: a Ship, Not a Man"

Sir Samuel Hoare obviously had these considerations in mind when, in the speech referred to, he stated:

"We alone have taken these military precautions. There is the British Fleet in the Mediterranean, there are the British reinforcements in Egypt, in Malta and Aden. Not a ship, not a machine, not a man has been moved

British Empire, are afraid of an Italian attack upon us, but because without this active co-operation collective security is impossible, and the League will dissolve. I say it further, because I believe that without this active co-operation it will be impossible to have more than an unsatisfactory peace. You cannot have a 100 per cent. peace if you have only got 5 per cent. co-operation that goes to the making of it. . . .

"It is a choice between the full co-operation of all the member States and the kind of unsatisfactory compromise that was contemplated in the suggestions which M. Laval and I put up."

To-day Great Britain stands almost alone, with no friends on whom she can count, and with little possibility of making any. A year ago she could have counted on the support of France and Italy in any threat to the peace of Europe.

To-day, owing to the weakness of her armed forces, her policy at Geneva—though inspired by the highest motives—has, while failing to stop or to end the war, antagonised Italy and confused Anglo-French relations.

Alienating Allies

If this policy is pushed to extremes, the support of France will be jeopardised, and Italy will become an open and active antagonist. Whatever the outcome—and the possibility is that Italy would collapse into chaos or Communism—the future support of a powerful ally with two million bayonets would be lost beyond recall. The latter event, indeed, is now almost inevitable, even if an embarrassing and expensive war in the Mediterranean is avoided.

Unless, therefore, immediate steps are taken to put Britain's defences in order, she will be placed in the weakest possible position to refuse the demands which aggressive Powers are likely to make in the future.

All this was realised only too clearly by the Government, and they hoped that, if the Hoare-Laval Peace Terms resulted in the settlement of the Abyssinian war, a source of future trouble would be stopped and they would have time to carry out their defence plans.

But when the nature of these terms became known, there was a sudden and perhaps unprecedented wave of hysterical propaganda against them. For a time a large section of the public, led by most of the Press (even those organs that had previously given blind support to the Government) and by the League of Nations Union, threw aside restraint and united in an emotional storm of disapproval. Practical considerations were ignored; even the terms themselves were stifled at birth without calm consideration. Few stopped to consider that the Government might have excellent reasons, unknown to the public, for endorsing Sir Samuel Hoare's action in putting these terms forward.

Behind the Scenes

In this wave of excited feeling, Mr. Baldwin's famous remark, which is quoted at the head of this article, was momentarily forgotten. Frantic political manoeuvres went on behind the scenes. Sir Samuel Hoare, owing to an accident, was delayed in his return to England, which gave his opponents a clear start. As a result, it soon became clear to the Government that they were in serious danger of defeat.

Perhaps the Government made a mistake in not taking the public more into their confidence, in which case,

Continued in Next Column.

War, even the Militia, which was the reserve for the Regular Army, has been abolished.

3. The reserves of stores and equipment are lower than they have been for many years.
4. All the standard tanks are worn-out and obsolete.
5. Special tanks to co-operate with infantry are not yet available, nor are anti-tank guns which are needed for both local and "area" defence.
6. Cavalry and infantry are using out-of-date and unreliable automatics, judged by modern standards.
7. Under the new scheme, the Army lacks a considerable number of machine-guns.
8. With the increasing mechanisation of the Army, it is more dependent than ever before on imported oil. (See Naval position.)
9. There is a very serious deficiency of modern anti-aircraft guns.
10. The Regular Army is deficient in anti-aircraft units.
11. There is little or no provision for the anti-aircraft defence of anywhere in the country except Greater London.
12. The Territorial Army, which is solely responsible for Home anti-aircraft defence (ground troops), is seriously under strength. It also lacks the latest scientific equipment.

AIR FORCE

1. Our strength has been allowed to fall far below danger point. At present rates of expansion, Germany will have 2,600 first-line aeroplanes by March, 1937, while Great Britain, with heavy overseas commitments, will have at most 2,400 machines, of which only 1,500 will be available for home defence.
2. The Fleet Air Arm is inadequate.
3. Other countries have already arranged greater expansion facilities than this country.
4. The number of strategical aerodromes in the Empire is inadequate owing to the small scale of our subsidised commercial flying.
5. Our heavy bombers are insufficient in numbers relative to other types.
6. Our provision for stimulating and maintaining technical development is inadequate.

Continued from Preceding Column.

no doubt, much of the criticism would have been withdrawn. But, whatever the reasons that prompted the Prime Minister to keep his lips sealed, it is clear that it would not have been in the national interest to risk a defeat at a time of such crisis.

It is equally clear that criticism of any errors in the past is quite unprofitable. The first essential is to correct the widespread public misunderstanding that deflected the Government from their course of action and has resulted only in the most dangerous delay.

The second is to give the Government the fullest support in any defence measures they may take. The summary which appears in column four gives an indication of the deficiencies that have to be made good before Britain once again can take an effective part in securing the peace of the world. These deficiencies will be dealt with in detail in succeeding articles in the "Morning Post."

Taken in conjunction with the facts stated above, they reveal for the first time the inner history of one of the most critical episodes in recent times.

FBI France; Stead

HSB

Paris, January 19-20, 1936.

London

Review of the Press

Parliament

No sitting in either House today.

Tomorrow afternoon (3 p.m.) the Senate installs its officers elected last week and decides upon its agenda.

At the same hour tomorrow the Chamber resumes discussion of the Army Recruiting Act where it left off at the close of the last session, and commences deliberation on a long list of various proposals concerning electoral reform, embracing proportional representation, reduction in the number of deputies, women's suffrage, etc.

Political Situation

While it was a virtually foregone conclusion as early as last Friday that Laval's position would be made untenable this week if the Executive Council of the Radical-Socialist party decided to impose parliamentary discipline upon its representatives in the Chamber to vote against the Government, thus compelling the withdrawal of its Ministers from the Cabinet, the press on Saturday and Sunday morning made a valliant effort to bring public opinion to bear on the Council in the hope of influencing it not to take such a step at this time.

ECHO DE PARIS, through the pen of Jean Hutin, warned the Radicals that the original coup d'Angers had brought no luck to the Left parties, and that another at the present juncture would prove fatal to them.

EXCELSIOR joined in the general admonition of the Moderate press by making an emphatic assertion to the Radicals that a strong movement was already on foot among the Moderate groups of the Chamber to refuse any collaboration with anyone chosen for the premiership from the Left, and that the entire responsibility for imminent events as a result of the crisis it would provoke would be forced by the rest of the Chamber upon a homogeneous Radical Ministry, since no union of the

Left parties would be possible owing to the Socialist doctrine of non-participation in any Government with any doctrine not socialistic in essence.

This same warning was launched by LE MATIN, which declared that a Government concentrated about Radicals as a basis would never be constituted, since the Moderates would refuse to participate in it and would be only too happy to join the Opposition in order to leave with the Left the entire responsibility of power at this difficult moment.

Bailby, in LE JOUR, appeared to be in the know about Laval's visit to Lebrun just prior to his leaving Paris, stating rather positively that it was precisely to advise the President that he had better start looking for someone to succeed him during his brief absence.

This writer then ironically joins all the other editors in painting the disaster for which the Radicals would be given the full credit. Since they wanted so much to relieve Laval of power, why should the latter continue to do the impossible to hold it? Let them take it. They evidently had ideas to offer to re-establish French prestige within and without. The Front Populaire had, indeed, announced and published a program. Surely they wanted to apply it at once. Since Herriot had remarkably premeditated Laval's overthrow, it was up to him to liquidate the operation. First of all, he would abolish the decree-laws and throw the Budget into a 4-billion franc deficit, and impose fresh taxation. At the League, as French delegate, he would display much more zeal even than Eden ever had in defending Ethiopia. As for the franc, already in a desperate state, Herriot would administer the tonic of devaluation.

PETIT BLEU confirmed every argument in the foregoing, cautioning the Council to think carefully of the consequences of its contemplated action, and assuring it that a Radical Cabinet in essence would have the opposition of practically the entire group of Moderates, as well as the Socialists, little envious of sharing either directly or indirectly in the direction of the country's affairs on the eve of elections.

This paper scouted the possibility of any Mandel, Bouisson or Flandin Government holding for any length of time, and predicted with absolute conviction that, unless Laval would be able to form a new Government at once, France would witness terrible convulsions in an expiring Chamber and a series of

short-lived Cabinets, perhaps three or four before the elections.

On the other hand, Blum in his Socialist POPULAIRE brought all his force in play to induce the Radicals to go through with its manoeuvre. Laval had never really had a majority in the Chamber. Figures had not been what they appeared to be. Ever since October the breach between Laval and the Radicals had been complete and his Government condemned. On two essential problems, Italian fascism and fascist activities in France, contradiction of policy between them was irreconcilable. The presence of Herriot and the other Radicals during the past three months in the Cabinet had been a crying falsehood. During these months the majorities for which Herriot's presence in the Government had served as a pretext were falsehoods.

A thin ray of hope was found in PETIT PARISIEN which was based on the formal declaration on the part of a large number of Radical senators and deputies to the effect that they refused to believe that their party would dare take the grave responsibility of opening a ministerial crisis at an hour when the general situation demanded the maximum of prudence.

That Herriot himself could be expected to exert his promised effort to frustrate the Council's intention was confirmed by the tone of his own organ, ERE NOUVELLE, which laid wide open the responsibilities the party would have to assume: before the end of March the Treasury would need 4-billion francs and before the end of May 7-billions to meet maturities, to supply the Treasury with funds during a period of slim tax returns, to subsidize the financing of proposed national defense plans, meet the requirements of the State railways, etc. Eleven-billions would have to be found in five months. This would have to be the chief preoccupation of the next Government. As for the international situation, some means would have to be found to put an end to the African adventure, and peace and collective security sought in collaboration with all France's friends and allies, Great Britain, Russia, the Petite- and Balkan-Ententes. If a ministerial crisis was to be opened, all these problems would remain far from solution. In such a serious moment the duty of republicans was not to lose sight of this fact.

Nevertheless, by this pressure of public opinion as expressed in the press on Sunday morning, the Council in the afternoon was unimpressed, and this morning's papers give a full recital of the proceedings of that Assembly as they occurred: Herriot's refusal to be nominated as President of the party (although he was later acclaimed as honorary President); Daladier's election in his place; the formal condemnation of Laval's policy; the adoption of unanimous action and the imposition of strict parliamentary discipline, tantamount to an order on its Ministers to leave the Government.

The Right and Moderate press is naturally indignant this morning that its warnings of yesterday had not been heeded, and the Radicals are their target for direct shafts of bitter criticism and vindictive in which words are not minced.

Perhaps the most scathing of all is Kerillis, in ECHO DE PARIS, who has little to say in commentary on Daladier's election, the man who symbolized extremism, violence, and whose hands were still stained with the blood shed on February 6th. "This man is now the chief of the Radical party; who wants a common program with the Socialists and Communists."

As for the virtual opening of the ministerial crisis by a vote for unanimous action against Laval, Kerillis decries that a Government which had had the backing of the Chamber in successive successful tests should be overturned by an unbelievable assembly of individuals without mandate. "The law has been violated, and the republican régime condemned."

Concerning Herriot, Kerillis defends every attack he has ever made against him, and continues to brand him for his hypocrisy and cowardice in stabbing three successive Ministries in the back instead of fighting openly.

Herriot may be said to have undertaken an almost hopeless and thankless task in attempting, in an assembly agitated amid constant confusion and disorder, to induce this militant gathering to dissociate his personal action in leaving the Cabinet from that of the other Radical Ministers. He did, however, make an effort in that sense, however weak, urging the delegates to realize that, while they had a perfect right to

establish their doctrine, they should leave their deputies and Ministers to interpret them freely. He even evoked the financial danger.

Deputy Marchandau brought Herriot's plea certain substantial backing, declaring that the Radicals in the Chamber were not sufficient to assure a majority and that a Radical Government would be incapable of enduring, and that as a consequence the party would present itself to the electorate with a negative program, since collaboration in the Front Populaire was based on a negation.

Marchandau's courageous intervention was not listened to and he was howled down. (He later announced his intention to resign from the party, and reports have it that several other deputies - ECHO DE PARIS mentions a dozen - have declined to obey the orders of the Council and will follow him).

Following is the text of the final motion which, while not directly ordering the Radical Ministers to resign, obliges them to do so by implication:

"The Executive Committee expresses to President Daladier, carried to the head of the party, its deep-felt confidence, and determination to serve under him in the interests of the indispensable unity of the Radical-Socialist party.

"It thanks President Herriot for so magnificently defining the Radical party's doctrine of peace and for fighting so tenaciously to defend the Republic against factious leagues.

"It rebukes the abject campaigns directed against President Herriot by the Right, and warmly approves the highly conscientious reasons which dictated his decision to leave the Ministry.

"It confirms that the ideas and methods of the Premier are in absolute opposition to the doctrine defined at the Wagram Congress, notably as concerns the maintenance of external peace through the Covenant of the League, the maintenance of civil peace through the effective disarmament of factious leagues, and the fight against the crisis through the substitution of labor rights for capitalism.

"It formally demands, and that forthwith, unity of action and discipline of vote on the part of the parliamentary group.

"It expresses confidence in its members of Parliament and in its militants to apply, in full and cordial unity, the doctrine of the party for the vigilant defense of the Republic and peace."

As pointed out previously, the terms in which unity of action and parliamentary discipline of vote are couched, while compassing the overthrow of the Laval Government by implication, refrains from asking outright for the instant resignation of the Radical Ministers, and merely defers the Cabinet's defeat until a confidence vote on some question or other comes up in Parliament, provided the Radical Ministers do not collectively resign before such a vote takes place, and provided Laval will not care to replace them. The motion calling for unity is an effort to win the votes of those members of the party who have hitherto remained faithful to M. Laval's Government, and thus deprive him of a majority should a debate be provoked on his return from Geneva.

Thus, first the resignation of Herriot, and then the decision of the Radical Executive Council, have put an end to the truce from which the country has benefited since Laval came into office. It is at the moment difficult to foresee just what form developments will take during the next few days.

PETIT PARISIEN is of the belief that, just as soon as Laval returns (either tomorrow morning or evening) he will have in his hands the resignations of the Radical Ministers and will then tender the collective resignation of the Cabinet rather than face inevitable defeat in the Chamber, but refrains to venture any prediction as to a successor (Laval's Government is the tenth of the present legislature about to close).

Lucien Romier, in FIGARO suggests only two possible combinations which could command a majority: a parliamentary alliance between the communists, socialists, Republican Union and Radical-Socialists; or, an accord between the Republican Union, Radical-Socialists and Center groups, with a certain tolerance on the

part of the Socialists and Communists who would remain, nevertheless, in the Opposition in principle.

The first formula, says Romier, does not appear to find many partisans even within those groups themselves on the eve of elections. In such a combination too many responsibilities would be presented, and each would run the risk of being consumed by its neighbor. In fact, if the Communists must gain seats in the next elections, it is certainly not from the Moderates that they will take them; it is principally from the Socialists that they would win them. If the Socialists win, they will win first of all over the Radicals. And certainly the Radicals can hardly win votes from the Center if they present themselves as allies of the Communists.

The second formula would place the new Government in a singularly precarious situation. In fact, on the eve of elections, a Republican Union-Radical-Center combination could not give satisfaction to the Bolshevik wing of Radicalism, and the Center.

Bailby's fury is summed up in the conclusion of his critical editorial directed against Herriot's "refined hypocrisy": "Unless Herriot is made personally responsible for the crisis by making him assume the Premiership in the future Ministry, there is no longer any Constitution".

Delpyrou, in this same paper, does not believe that Laval, who will be called first to form a new Cabinet, will consent to do so. In his opinion, the President will then call upon the man considered responsible for the crisis - Herriot. Lebrun will comprehend, however, that he will have to make Herriot understand, in asking him to form a Cabinet, that the request to do so will be looked upon with disfavor by the country, which cannot help but consider him as a thrice-fold traitor to Governments. The Chief of State's first preoccupation will be to avoid disturbing public peace.

The crisis about to open is fundamentally Radical, and even extremist Radical. Therefore, Daladier should be called. But the street would not permit it. As for Chautemps, the shade of Stavisky bars the route to him. Boncour? His sufficiency and insufficiency makes him impossible. As for Bouisson, it is doubtful whether would a second time abandon the Presidency of the Chamber to assume power.

André Guérin, in L'OEUVRE, thinks that, when Laval is asked to form a new Government, he will suppress the two remaining posts without portfolio, and drop Marin and Flandin. As for the Radical-Socialist Ministers, he will simply offer their portfolios to other Radicals, chosen among the 25 or 30 who voted for the Government in recent confidence tests. Such a Ministry can carry on, according to this observer, with a majority of some 20 votes. The difficulty would be in assuring that number of votes. It should be recalled that these Radicals had up to the present voted, not for Laval, but for a National Union Government, or, a truce Government. Will these deputies, in conflict with their group, excluded from their party by virtue of its order to maintain discipline, rally tomorrow around such a revamped Ministry?

Blum is jubilant over the action taken by the Radical party, which he observes officially terminates Laval's existence. The election of Daladier is also a source of joy to the Socialist leader, since it consummates the rupture in the Radical party and carries it further to the Left. "It will awaken in the popular masses a new hope," says Blum. "It will orient the party, during the ensuing weeks, for the electoral campaign, toward that common desire for that democratic defense and social development which the Front Populaire symbolizes."

From all of the foregoing, it would appear that the situation will be more or less confused until Laval returns from Geneva.

Paris, January 21, 1936.

PERSONAL.

Dear Miss Le Hand:

Will you be good enough to put the enclosed confidential letter directly into the President's hands? It is for him and for him only.

I trust you are well and remain,
with kindest regards,

Very sincerely yours,

Enclosure.

Miss Marguerite Le Hand,
Secretary to the President,
The White House,
Washington, D. C.

Very personal.
and private

PSF France; Straus
Paris January 20th
1936

My dear Mr. President -

I do not often write you because I realize that you have little time for chatter. For some weeks, however, I have been turning over in my mind the advisability of giving you my impressions of France after 2½ years residence, and visits to about one half of the consular districts, in each of which I had opportunity for conversation with leading industrialists, officials, and representatives of American business, as well, of course, as personal contact with our consular officials. This letter was, in fact drafted over two weeks ago, since which time I have vacillated as to whether I should or should not mail it. The draft was composed after the two year-end sessions of the Chamber of Deputies, at which I listened to the debate on the government's foreign policy.

⁶
2/ The government during those debates was under severe, acrimonious, vituperative and unwarranted attack, in many respects for purely personal satisfaction and aggrandisement of the attacker and his party.

One must always remember that, if rumors and innuendos are to be believed, there is little honesty in intellect or moral among the politicians in France. Whether they are as dishonest as is reported, whether most of them are purchasable, as is reported, I can of course not assert. The press is said to be, almost without exception, venal. Italian money is said to flow into some coffers in large amounts, Russian, German & Japanese into others. The signed articles of comment, criticism and opinion are in many instances said to be grateful of unimpaired subsidies to the writers, of whom there are dozens in the many dailies and weeklies published in France. The papers themselves, due to lack of advertising, are in the main unprofitable, and with few exceptions like the Figaro,

³ - Petit Parisien and Intransigent, whose owners are very rich and who need no subsidies whatever profit accrues is the result of selling out to some "cause". In the case of the three above mentioned, and perhaps a few others, the owners have their own interests to present. In some cases domestic money is used to forward some political or industrial interest. It is a dirty picture, and as I see it, portends no very brilliant future for France.

Business here is rotten. Prices are high; the franc is overvalued, and though there is a fairist and I think a growing sentiment in favor of devaluation, led by Reynaud, former finance minister, there is also for obvious reasons, a strong opposition to what is realized and admitted to be the only way out. Invisible exports so much needed in France's economy are continuing to decrease. There is a faulty attitude towards foreigners; one of injured innocence, strikingly apparent. There is an unwillingness to admit internal error and to seek to correct it. The fêtes, the 1937

4
exposition and other similar efforts like the
establishment of a Bureau of Fraud Information in
New York, are the futile attempts to counteract
what seems to me to be a fundamental
misconception or misunderstanding of a pernicious
Anemia that cannot be cured by application
of Salves and other external medicaments.

There is constant dread of Germany, no doubt
warranted. Fabry the war minister, on the Friday
before Kuyper pled for a temporary increase in
military effectives, basing his plea on Germany's
800,000 men under arms against France's 400,000.
The Cabinet would have fallen on that question
had it not been for Laval's parliamentary
sagacity. France's air force is insignificant, poorly
equipped and unprepared with modern
machines, compared to Germany. Her budget
continues unbalanced, and will in my
opinion continue so despite the government's
representations to the contrary, unless they collect
taxes in conformity with tax laws. Tax evasion,
because of lack of proper audit, dishonest and
bribeable agents, and general unwillingness

on the part of the average Frenchman, rich or moderately so, is, if one can believe what one hears on all sides, widespread. For the coming year it is claimed there will be a small surplus. Expenditures are shown on paper to be reduced to 40 billions. I don't believe the figures. They are so confused and confusing, and there is so much finagling, shuffling from one pocket to another, that I doubt whether the treasury itself knows what's what.

The Chamber of Deputies with its odd and odd members is a poor looking and bad acting national assembly. The members behave like a lot of naughty children in a nursery. In an important debate the various parties shout at one another, interrupt and revile an opposing speaker, and twice during the

6 Closing days of the last session, the Chairman left the rostrum, thus recessing the Senate until the rough weeks calmed themselves in the lobbies, and would let the proceedings continue. There has been a recent movement to cut down by about $\frac{1}{3}$ the number of deputies by a redistricting, and proportional representation, but few of them want to let go of their usual tickets. I'm reminded constantly of what my father used to say of our House when he was a member in '93 & '94; that most of our congressmen were country lawyers, that the salary (then \$5000) was more than they even before expected to have, more than they could earn practicing law in the "sticks", and they risk their lives to hang on to their jobs. That goes double for these birds. Many of the deputies hold four or five jobs, and I believe that each job, (1) Mayor of their town, (2) member of the Municipal Council, (3) member of the Federal Council, (4) Member of Parliament (5) member of the Cabinet - has

¹ Some salary, honorarium or perquisites attached to it. Cumulatively it's a cinch.

From all the above diatribe you may conclude that I'm depressed. Not personally, but for France's future. This job is fascinatingly interesting and instructive - the latter largely in what not to do politically, financially or industrially. There is a lack of courageous, vital, disinterested, resourceful and imaginative leadership. When we would have landed in 1933 under similar political direction is too painful to contemplate. They have a vague feeling here that as we pull out of the "crise," as they call it, we'll help them to pull out. I don't believe it. They need a Franklin D. as Surgeon and every one admits there ain't none in sight.

The atmosphere in Paris and in France is doleful. They are looking for a miracle to happen, but they have no miracle man. The same old political tactics revolve in different jobs in successive cabinets, many of them

not knowing what it's all about, like Requin,⁸
for instance, the present finance minister, who
is said recently to have been forbidden to open
his mouth in Parliament until he has submitted
his remarks to Laval and the Banque de France.

Even in the shops and on the streets one
observes a lackadaisicalness and absence of
dignity or élan. The police, the shop attendants, the
street sweepers, the soldiers, the mechanics one
employs, building laborers - they've all been
stung by a wasp from the same hive.

What does the future hold in store for
France? It's anyone's guess. The French still
proclaim their inventiveness, their ingenuity,
their artistic sense, (you should have seen the
annual exhibition of paintings at the Grand
Palais) and their leadership in this, that and
the other. They're enveloped in a fog of
fear of Germany, and they are justified.
Whether they will end up as vassals, or
whether they can form some kind of
effective military coalition - who knows.

Something is bound to happen in the next 10, 15 or 25 years, unless they can by the introduction of new blood, not only increase, but change the stature & character and mental make-up of the population.

All of the foregoing may be of no value to you whatsoever; may be utter drivel - but I had it on my chest and I had to get it off.

My best wishes to you and yours for a perfect '36. All the reports from home are cheery and hopeful - due to you.

Sincerely & cordially -

Herbicide Hoover

P.S. Since writing the above, for the length of which I apologize, I must now "extend my remarks." Some days ago there

¹⁰ appeared in the London "Post" the first of a series of articles the rights to which for France had been secured by the Paris "Tigros". I was shocked at what appeared to me to be excessively ill-advised and in bad taste. (I enclose the article) In speaking to a British friend she agreed with me, and wrote to a mutual friend of ours, a London barrister, who is an intimate friend of Lord Tyrrel's, former British Ambassador to France, and who is furthermore very much in the political know. His reply arrived this evening, and I am enclosing it, thinking it may be of interest to you.

I am also enclosing the daily "review of the press" prepared in the office of First Secretary Tuck in charge of press relations &c, which summarizes the opinions of the leading political writers yesterday & today.

On re-reading the foregoing I am fearful that I may give you a false impression of

11

my mental state. Personally my relations with French officialdom and with my diplomatic colleagues are most pleasant and agreeable. Also my wife's and my relations with French and American unofficial circles. As you might say "We're having a grand time!"

Three enclosures -

- 1 - Letter from British friend
- 2 - Resumé of Paris press
- 3 - Article from Morning Post

P.F: Shaw

File -
Shaw - Foreign Centre
Warner 2-36

February 13, 1936.

Dear Jesse:-

That is not only an intensely interesting letter of yours but also is proof positive that you can see the forest without being overwhelmed by the individual trees. In more pessimistic moments I have of necessity come to believe, just as you do about France and the French future -- yet I always say to myself that in previous parties France has always "snapped out" of it. This optimism, I must frankly confess, has little foundation because of several well-known incidents in the past one hundred and fifty years where revolution or its equivalent and the emergence of some strong individual have proved the only salvation.

One cannot help feeling that the whole European panorama is fundamentally blacker than at any time in your life time or mine. In 1848 revolutions in a dozen countries synchronized because of a general European demand for constitutional representative government; but at that time economics, budgets, foreign exchange and industrialism were not in the picture and the problem was ten times more simple than it is today. In 1914 the situation was eighty per cent military, and again vastly simpler than today.

As I have told you, I have been increasingly concerned about the world picture ever since May, 1933. There are those who come from England and France and Germany who point to the fact that every crisis of the past three years has been muddled through with as hope that each succeeding crisis will be met peacefully in one way or another in the next few years. I hope that point of view is right but it goes against one's common sense.

The armament's race means bankruptcy or war -- there is no possible out from that statement.

You are in the best listening post in what may be the last days of the period of peace before a long chaos, and I am very happy, indeed, to have your careful judgment after these two and a half years of observation.

Those articles and the letter from England are correct proof of the British dilemma. Heaven only knows I do not want to spend more money on our Army and Navy. I am initiating nothing new unless and until increases by other nations make increases by us absolutely essential to national defense. I wish England could understand that -- and, incidentally, I wish Japan could understand that also.

My warm regards to you and Mrs. Straus. Keep up the good work!

Always sincerely,

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

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Handwritten notes in a column on the left side of the page, including mathematical expressions and symbols.

Handwritten notes in a column on the right side of the page, including mathematical expressions and symbols.

PSF France; Strauss

May 4, 1936.

Dear Jesse:-

I have not written you for a long time because everything seemed to be going well both here and in Paris. Also, I wanted to find out more about general plans.

Breck Long is here and, as you know, he has not been at all well. Strictly between ourselves, I am not at all certain that he will go back. Dodd arranged with the Department months ago to get here at this time and deliver a series of lectures, returning to Berlin in the early summer. Bob Bingham wants to be here for June and I have asked him to undertake the special work of seeing that the Associated Press maintains a thoroughly neutral position. I think he will return to London about the first of July.

All of the above makes me think that, if it is wholly convenient for you, it would perhaps be best if you could come back here a little later than the others, in order that you would not all be away at the same time. Also, so far as the campaign goes, I think you would find it more interesting to be here in August or September. Let me know frankly what you think of this suggestion.

Our Republican friends are beginning to hate each other and the general outlook from our point of view is good. The whole situation demands,

of course, constant vigilance and constant refutation of the continuous and deliberate misrepresentations which are being circulated just as they were in the days of Cleveland and Wilson. Is it not an interesting fact that in the broadest sense Democratic National campaigns in our life time have been conducted on a far higher plane of ethics than the Republican campaigns?

My warm regards to you and Mrs. Straus,

Always sincerely,

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

file
personal

PSF: Strans

Paris. May 4th 1936.

Dear Mr. President-

Knowing the attachment that existed between you and Col. Howe, I am certain that you feel keenly his loss, and want to express to you my sincere sympathy. Devotion such as his to you is rare in human relationships, but he had the satisfaction of witnessing the accomplishment of his dearest wish to see you installed in the White House, and safely on your way to re-election.

Sincerely
John Hilda Strans

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris, France

DATE: June 5, 1936, 2 p.m.

NO.: 450 FROM COCHRAN.

RUSH.

At 11 o'clock this morning Minister of Finance Auriol took over his office. I was the first one to call on him.

Auriol said that the declaration of Blum to be made tomorrow will survey the general situation, and will give a summary of the policies of the Government.

Auriol intimated that they plan no immediate steps in the financial or monetary field. Tomorrow no separate declaration will be made by the Minister of Finance. He will, within the next ten days or two weeks, reveal problems and suggestions of the Ministry of Finance - probably in and before the Chamber's Finance Committee.

The Minister of Finance mentioned the following division of problems:

First. Monetary: Blum has already declared that he is against franc devaluation; this was the pledge of the Popular Front when it came into power. Here the situation is at present in many ways similar to that which faced President Roosevelt when he was inaugurated, but Auriol said the big difference is that there has already been one devaluation of the franc. It is his opinion that it is likely there would be a very different reaction

reaction in France from a second devaluation compared with the single devaluation in the United States.

Second. Economic; A reflation policy, similar to that of the United States, is to be followed.

Third. Fiscal; The tax question will be taken up immediately, but it will take perhaps two months to work out a plan.

The first plea which Auriol makes to foreign countries will be for their cooperation with respect to frauds in connection with funds which are held abroad; Ittake it from this that the flight of capital from France will be investigated by the Government, and an endeavor to procure its return will be made.

As to a large monetary conference, Auriol said he had no faith in such an undertaking. A confidential contact with two or three parties is his preference, for the purpose of seeing if points of agreement can be found. The Minister of Finance believes that accords that may thus be consummated will draw others into agreement more effectively than open debate and long discussion in large international meetings would be likely to do.

The Minister of Finance told me his immediate task is to attend to the cash question of the Treasury. There-
fore

fore tonight he is meeting with the chief of the Ministry's movement of funds section for the purpose of discussing this matter.

Auriol expressed admiration of the manner the United States is bringing about recovery. He indicated interest in having close contact with us while he is helping to work out the problem of his own country.

STRAUS.

EA:LWW

file

PSF: *Frances Straus*

Hyde Park, N. Y.,
August 5, 1936.

Dear Jesse:-

I am sorry, indeed, that you have got so run down -- and it is right that you should get away and build up again.

After you get to Mt. Kisco and have a little rest, do run up here with Mrs. Straus and lunch with us. I expect to be here off and on for the next two months.

As ever yours,

Honorable Jesse Isidor Straus,
North View,
Mt. Kisco,
New York.

EMBASSY OF THE
UNITED STATES OF AMERICA

Paris, July 23, 1936.

PERSONAL.

Dear Mr. President:

I have been compelled to cable the State Department that I shall sail for home on August 5th on the ILE DE FRANCE. I did this very regretfully because in your last letter to me you had expressed pleasure that I would remain at my post as so many of the other chiefs of mission were at home on leave. However, when my son-in-law, Dr. Robert L. Levy, arrived here a few days ago in the expectation of taking a Scandinavian cruise with us, he found that I was so run down and had lost so much weight and was so unfit for work that he insisted that I must get away and build up.

As a matter of fact, I have not been feeling well for some months and the climax came on the French national holiday, July 14th, when, after the usual review, I toppled over in a faint, my first experience of that sort, a
stupid . . .

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

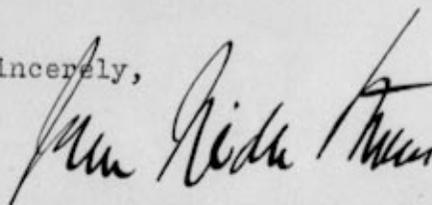
stupid performance. I don't think there is anything serious the matter with me but I twice had the grippe this winter and as a result had some sort of infection of the liver which apparently kept on weakening me until I finally lost about twenty pounds.

It seems a great pity that I should be compelled to give in at this time with the situation as uncertain and mixed as it is and in view of the fact that the Embassy, due to leaves of absence, is shorthanded, but the work will be carried on by Mr. Edwin C. Wilson, Counselor, certainly with as much energy, industry and intelligence as I could give to it, though I fear his burden will be greater than he should be asked to carry. Paris as perhaps one of the most important listening posts in Europe should be rather overstaffed than understaffed and it seems a pity that the Personnel Division in the State Department does not realize this. When I get home I shall hope that you may have time to give me an opportunity to talk with you on this and other subjects.

I trust that by the time this reaches you, you will have had an enjoyable and restful holiday and will be strengthened for the arduous campaign ahead of you.

Mrs. Straus joins me in kindest regards to you and Mrs. Roosevelt.

Very sincerely,

A handwritten signature in cursive script, appearing to read "Woodrow Wilson". The signature is written in dark ink and is positioned to the right of the typed phrase "Very sincerely,".

TELEPHONE 27-

PSF France; Straus

NORTHVIEW
MT. KISCO
NEW YORK

August 18, 1936.

My dear Mr. President,

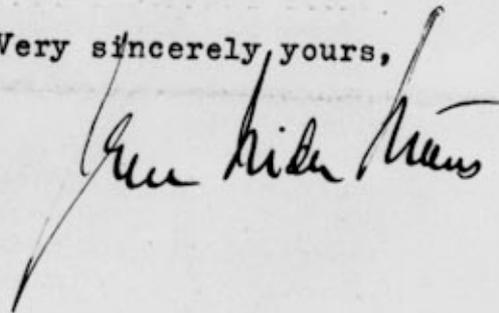
When I left Paris at the beginning of the month, I had hoped to return about the first of October. Upon arriving at home, however, my physicians informed me that I was in a very run-down condition and that I must have a complete rest for six months. In view of the fact that there is much work to be done in Paris at the moment, I feel that it is imperative to keep the Embassy staff at its full complement. I, therefore, tender my resignation, to be accepted immediately or at your pleasure.

Needless to say, I give up my post with regret. The three and a half years that I have held it have been filled with enjoyable, interesting, and instructive experiences. The career foreign service officers who were associated with me have won my gratitude and affection. They gave me the most able and intelligent assistance that I could have desired, and I wish particularly to commend

them to you, as I relinquish my responsibility.

Though my official association with your administration is, I fear, thus ended, my interest in the campaign will continue unabated, and I only wish I were well enough to take an active part, as I did in 1932. However, all the indications are favorable and the country will show its appreciation of your courage, initiative, and foresight.

Very sincerely yours,

A handwritten signature in cursive script, appearing to read "Gene Miller". The signature is written in dark ink and is positioned below the typed closing "Very sincerely yours,".

The President,
Hyde Park,
New York.

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BSF Francis Straus

August 25, 1936.

My dear Jesse:-

It has been with deep regret that I have received your letter -- regret that your need for a complete rest compels your resignation, and regret because you cannot continue the splendid service which you have given to the United States as Ambassador to France.

Yours has been a task faithfully performed to my complete satisfaction. Not only I but all of your associates in the State Department and in other branches of the Administration will feel your loss at the Paris post.

However, I want you to feel that your health is for the moment the most important consideration and that you must take the complete rest which the Doctors have ordered. Furthermore, if this Administration shall be continued for another four years, I shall count on your returning as a part of it.

I shall try a little later on to stop at Mt. Kisco to see you if it is possible for me to motor to or from Hyde Park. In the meantime, I send you my affectionate regards.

As ever yours,

Honorable Jesse Isidor Straus,
Northview,
Mt. Kisco,
New York.

PSF: France (Straus)

720 PARK AVENUE

Y

August 12, 1936.

Dear Mr. President:

On my arrival last night,
I found yours of August 5th.

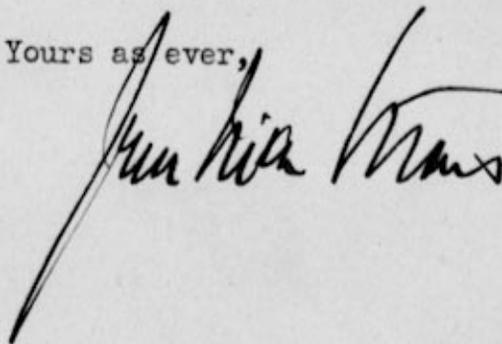
The next few weeks I am
told I have to keep pretty quiet and try
to get back a little lost weight.

As soon as I feel up to it,
I shall accept your kind invitation and run
up to Hyde Park with Mrs. Straus for lunch.

Apparently, everything is
going as smoothly as you would wish.

I hope you and yours are
well.

Yours as ever,



The President,
Hyde Park,
New York.

MOUNT KISCO
NEW YORK

PSF France
(Stans)

P.F.

August 26, 1936.

Dear Mr. President,

Thank you so much for the two letters which you have sent me, the official letter which was given to the press and the personal letter which you wrote in your own hand. Needless to say, I deeply appreciate the expressions of satisfaction on your part with my service, which they contain. Of course, if you should be in this vicinity I should love to see you, but I do not want to take you out of your way in these busy campaign days.

Sincerely
Gen. Hideo Matsu

The President,

The White House,

Washington, D. C.

TELEPHONE - 274 MT KIBCO.



P.F. August 27th. 1936

NORTHVIEW,
MT KIBCO,
N.Y.

My dear Mr President

I do not want to add to your enormous mail, but merely say a word of appreciation for your charming letter to me. -

I unfortunately could not show it to Jesse, because I did not tell him I had written you. but I know

it would have given him as much pleasure as it did me. -

Any time you find it convenient to visit him, you would give him great happiness, and he would always brace up to see you.

If you want to break the trip, we would love to have you stay for lunch. -

With cordial greetings

Sincerely
Lena H. Straus

TELEPHONE 274, MT KISCO.



PT. 8/36

NORTHVIEW,
MT KISCO,
N.Y.

My dear Mr President.

My children
are taking to you the sad news of
Jesse's illness. I felt it was due
you to know the exact state of
his health.

Of course, Jesse has no idea of
how seriously ill he is, and
I beg of you, for my sake, not
to mention the nature of the
disease. Of course, I realize you
must give out some statement,
but please use your good judge-
ment in making as light of
it as possible. - Jesse is so
hopeful, and even speaks of
the possibility of going back.

but the doctors told him its out of the
question.

He still reads the newspapers daily
and therefore it is important that
nothing discouraging appear.

He was so anxious to finish his term.
The idea of leaving the Embassy in
these troubled times worried him greatly.

I want you to know how much Jerry
appreciated his appointment and how
he enjoyed every moment of his
interesting work. -

You have made it possible for him
to have the crowning point of his
career, and I thank you from the
bottom of my heart for his last
happy years. -

He particularly appreciated your
personal note which he found on
his desk when he walked into his
Study.

He always enjoyed your under-
standing cooperation; his devotion

To you is unbounded.

With cordial greetings to you and
Mrs Roosevelt.

Sincerely yours

Irma S. Straus