

● PSF Great Britain

1933-36

SB 125 F
Great Britain

DEPARTMENT OF STATE
WASHINGTON

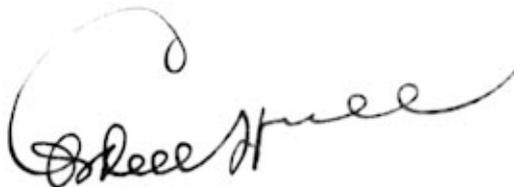
April 21, 1933

My dear Mr. President:

You asked me this afternoon for further information in connection with our commercial treaty with Great Britain. I enclose a brief explanation of why the United States has up to the present consented to the Imperial preferences.

Faithfully yours,

Enclosure:
Memorandum,
April 21, 1933.



The President,

The White House.



OFFICE OF THE ECONOMIC ADVISER

April 21, 1933.

Convention of Commerce and Navigation
with Great Britain - 1815

The essential provisions of the Treaty of 1815

are:

"There shall be between the territories of the United States of America, and all the territories of His Britannick Majesty in Europe, a reciprocal liberty of commerce",

and

"...No higher or other duties shall be imposed on the importation into the territories of His Britannick Majesty in Europe of any articles the growth, produce or manufacture of the United States, than are or shall be payable on the like articles being the growth, produce or manufacture of any other foreign country."

In 1815 and for many years thereafter, the present Dominions of the British Commonwealth cannot have been regarded as being within the meaning of the phrase "any other foreign country" as used in defining the obligation of His Britannic Majesty in the treaty. If at present it be arguable that the self-governing Dominions are in fact foreign countries

in

in regard of Great Britain, it would still remain true that the Treaty of 1815 must be construed as a conditional most-favored-nation treaty in the sense that the parties are not required to extend free to each other any favor which they extend to a third country in return for some reciprocal concession or compensation. The Imperial preferences granted by the United Kingdom to the Dominions are part of a system of mutual concessions between the United Kingdom and the Dominions. The Supreme Court of the United States has construed the treaty as "conditional".

EA:FL:Dry

72
NF

File
Private
Diplomatic

The American Government in all friendliness and in accordance with the candor that characterized the recent conversations in Washington feels that it must express to the British Government its concern over certain of the features of the treaty between the British and Argentine Governments, which has just been announced.

It recognizes that tariff treaty making like tariff making itself is a prerogative of each national government and it is not desirous of questioning that prerogative. But it is impelled to point out the possible bearing of this treaty on the general aims and chances of success of the projected Monetary and Economic Conference and also upon American trade and commercial policy.

The part of the treaty which particularly causes it concern is that containing the exchange arrangements. If the American Government understands these arrangements aright, they mean that the Argentine Government obligates

itself

itself in the allotment of exchange under the exchange control, to allot ^{for payment to British nationals} ~~to further payment of purchases of~~ ~~British goods~~ all exchange arising from the sale of Argentine goods in Great Britain (after certain reasonable deduction for debt payments).

This arrangement is a departure from the rules which customarily govern either free exchange markets or the normal operation of exchange control systems. It introduces a preference based on the idea of direct trade between two countries; or in other words, it endeavors to direct trade so that it should be led to balance between each separate pair of countries, a tendency generally recognized to result in the curtailment of all trade.

Furthermore, such arrangements once created in favor of one country are almost certain to lead other countries similarly circumstanced to ask the same preference. We are informed, for example, that the French Government is even now seeking from the Argentine

Government

Government similar preferential exchange treatment.

The result can only be to further deflect trade from its ordinary economic channels, and by bargaining pressure to create preferences.

The result in this particular instance may well be deleterious to American trade. Such unfavorable discrimination is almost certain to encourage opinion in this country to fight discrimination of this kind and to urge the American Government to seek similar preferential treatment where and as it may be able to secure it. But the American Government is not raising the matter solely or even primarily because of the effect of this particular treaty on American trade with the Argentine. It is no less concerned with its bearing upon the plans for the Monetary and Economic Conference.

~~STRICTLY CONFIDENTIAL~~

*file
William Mackinnon
Steed*

DEFENCE OF FREEDOM AND PEACE

The aim of British policy should be to maintain and to defend the vital interests and the free civilization of Great Britain and the British Commonwealth and, in cooperation with other countries, to safeguard peace.

The methods of attaining this aim are:-

- (a) To ban aggressive violence from international relations, to restore respect for treaties and covenants, and for this purpose to raise and to keep the armed strength of Great Britain and the Commonwealth up to whatever level may be needed.
- (b) To coordinate, through the League of Nations and otherwise, political, economic and military strength so as to deter and, if need be, to resist armed aggression.
- (c) To discountenance and to counteract aggression in the form of propaganda.
- (d) To promote impartial enquiry into international grievances, and peaceful redress of proved wrongs.

While recognising that all civilized peoples are entitled to choose their own political and social systems, British

policy must nevertheless seek to support at all times the positive principles of responsible individual freedom under representative democratic government upon which the British Commonwealth is founded. Among these principles are respect for individual human right, toleration of racial, religious and political differences, and free association between the members and sections of a community - all of which are essential conditions of the establishment of peace.

British policy, therefore, must oppose in the international sphere intolerance or recourse to arbitrary violence. It must favour methods of impartial enquiry and of peaceful adjustment, and the willing acceptance of a common law of nations. And it must be ready to join others in withstanding breaches of this law as the only way to diminish armaments and to create peace.

PSF: Gt. Britain

File

DEPARTMENT OF STATE
OFFICE OF THE ECONOMIC ADVISER

September 25, 1933.

Skeleton Outline of Alternative Approaches
to Possible Debt Agreement with
Great Britain

Section I

It is generally agreed that three courses are open in regard to the handling of the impending debt discussions with the British: (a) Standing on the letter of the bond, taking a passive attitude, and letting the matter go to default; (b) Devising some further temporary make-shift formula to carry past the next few debt payments - that is, some continuation of small token payments (the danger in this, besides the political difficulties, is that these small payments may come to be regarded as normal and the debt will become dead except for these small payments); (c) An equitable offer or counter-offer for a permanent settlement. Up to the present neither side may be said to have made a fully equitable offer to the other. The British now are likely to make another inequitable offer (for example, payments intended to fit into the

Lausanne

Lausanne settlement.) We might then be prepared to put up to them an equitable counter-offer for reducing the debt, refusal of which the British Government would find it extremely hard to defend throughout the world.

The third course is certainly the most beneficial, if it is possible. The suggestions below are merely intended to illustrate the number of alternative lines along which such an equitable offer might be worked out.

Section II.

Any offer that would be widely recognized as equitable in the present circumstances will call for a reduction of the British debt. A reduction merely by writing down the interest rate or even by completely wiping out interest is, I think, virtually certain of refusal by Great Britain and will not be convincing enough in general.

Of course, in considering any of these suggestions the reception by American public opinion and the political attitudes that have to be reckoned with have to be considered.

In addition it would be desirable that it have some features that would facilitate transfer.

The following are merely possible elements that are worth consideration:

(1) The principal might be written down in accordance with an index in the change in gold prices since the period 1917-19 so that it can be claimed that Great Britain was only being asked to pay back in commodities and services exactly what had been loaned them.

(2) Against the principal might be credited the interest payments which the British have already paid (\$1,912,000,000, reducing the principal from \$4,277,000,000 to \$2,365,000,000).

(3) The principal could be divided into two parts:
(a) one part to be paid over a short period of years;
(b) a part that is to remain merely as a claim by the United States collectible in kind under special circumstances, such as war, crop failure, or monetary disturbance in the United States.

(4) More complicated applications of the same idea whereby, for example, the principals contained in the schedules might be divided into three parts: (a) the part payable in a short number of annuities; (b) the part giving us an indefinite claim on the special circumstances;

stances; (c) a part which could be used to finance the travels of American tourists in the British Empire under special arrangement; (d) a part that could be used to carry out various projects such as a scheme for seadromes for transatlantic aviation.

(5) Still another idea that could be introduced to cover a small part of the debt is that it should be collected by having Great Britain turn over to this Government certain property in kind such as cable and radio rights, fuel oil bunker stations. This would be extremely difficult to arrange but it is worth consideration as a minor element in the settlement.

(6) (a) An agreement containing any one of the preceding elements might also have a feature increasing or decreasing the amounts paid in accordance with the degree of trade between this country and the United Kingdom or between this country and the British Empire, or (b) alternatively, some index of prosperity in Great Britain.

This list could be greatly lengthened. There are all possible elements of discussion that might be brought into the arrangement if once the basic contention is defined.

MAJOR AMERICAN OBJECTIVES AND TACTICAL PROGRAM
DIVIDED INTO THREE GROUPS,
ECONOMIC, POLITICAL, DEBTS.

1. ECONOMIC

We want to raise the world price level. In order to accomplish this we have various steps to suggest, some of which we are prepared to advocate as out-and-out suggestions, others constitute points which we know we want, but for which we feel we should obtain a trading advantage. Those in black fall into the first category; those in red fall into the second.

A. As to the reestablishment of gold as the measure of international exchange values: We favor such reestablishment when the desired price improvement is in prospect. But we are not willing to return to a gold standard unless we obtain complete cooperation from other nations. ("A gold standard" does not necessarily mean at the old parities.)

B. Assuming that we are assured of the willingness of other nations to return to a gold standard, we suggest:

1. Uniform bullion cover for all countries.
2. That this uniform ratio be lower than the present average of existing ratios (for example, 25% gold).
3. A superimposition of a 5% additional bullion reserve in gold or optionally in silver, below a price to be agreed upon. WE WANT THIS, BUT IF WE CAN, WE WANT TO AVOID HAVING IT REGARDED AS A CONCESSION BY ALL THE OTHER NATIONS. FRANCE WANTS IT. CANADA WANTS IT. JAPAN, CHINA
AND

AND ENGLAND WOULD PROBABLY BE AGREEABLE TO IT. BUT ALL OF THEM WILL DESIRE TO MAKE IT A CONCESSION TO OUR WHIMS.

4. Remonetization of debased subsidiary coinages. (We have not debased and we have every moral justification for suggesting remonetization.

5. We suggest tentatively, for consideration, spreading the gold import and export points, without stressing this as something that we are very keen on. (This idea originated with Keynes.)

6. We endorse the recommendation of the economic experts that exchange restrictions must be removed. This involves the prior funding of the excessive part of the short-term debts of some countries such as Germany and the entire re-organization of the debt structure of other countries such as Chile and Greece. We are prepared to cooperate in the accomplishment of both of these prior conditions in so far as a government can influence private creditors, and have developed certain ideas which we are prepared to discuss at the proper time.

a). The British will suggest some form of international lending, probably under the heading of an international exchange equalization or normalization fund. This is a polite way of inviting France and ourselves to make additional loans to countries with weak exchanges. Our answer should be that we will under no circumstances consider making such loans until the conditions precedent to removal of exchange restrictions have been fulfilled and that we will make no promise to make such loans even after they have been fulfilled.

fulfilled.

b.) In order to take the edge off this attitude we might indicate our willingness to consider cooperation with the British in bringing about a de facto stabilization of the sterling-dollar rate without reference to gold.

7. We suggest a correlated central bank policy with uniform practice, so far as this is practically possible, and we suggest that for the immediate future, the uniform policy be one of easy money, for the purpose of

8. developing plans for a synchronized program of government expenditure, in order to stimulate the natural sources of employment by government aid to industry, public works, - such as housing, - or any other feasible methods.

9. We suggest a tariff truce to go into effect with the acceptance of the invitation to the Conference and lasting at least for the duration of the Conference.

a.) This truce must include quotas, export subventions and other restrictions.

10. We suggest the immediate negotiation of bilateral treaties to reduce tariffs and other restrictions.

11. We suggest ultimate removal of quotas. (Great Britain will agree. France will disagree.)

12. We are willing to continue the principle of the unconditional Most Favored Nation Clause. But this is a point which we can well make a concession rather than a demand on our part.

13. We are willing to discuss restriction of wheat

wheat production, but we do not think it belongs in the Economic Conference. Apart from wheat and silver, we do not believe that any commodities are suitable subjects for discussion with the British.

II. POLITICAL

1. The British will want to talk about security guarantees to a certain extent, but not as much as the French. We are willing to reaffirm the first half of the Stimson Doctrine, that is, our willingness to consult with the others who signed the Kellogg Pact in the event of a threat of war. We are not willing to reaffirm the second half of the Stimson Doctrine, to the effect that we will not recognize conditions brought about by means in contravention of the Kellogg Pact.

2. We are willing not to push for disarmament so long as the German situation remains as dangerous as it is now; but this is a very good point to use as something we have conceded in anticipation of a similar attitude of coöperation on the part of other European countries, particularly France, along other lines.

3. The British may very easily ask us, probably in a perfectly casual way, to agree not to recognize Russia while they are on bad terms with Russia. It is best not to agree to anything like this. A non-committal answer is the best sort of a trading weapon.

THE WHITE HOUSE
WASHINGTON

Pulpit Harbor

6/24

[Handwritten signature]

Miss LeHand:

File in Confidential File.

F D R

~~CONFIDENTIAL~~

April 7, 1933.

Dear Mr. President:

I think that I have covered very fully in my dispatches to the Secretary of State the substance of my conversations with Mr. MacDonald and some of his colleagues relative to his proposed visit to the United States. Since it has now been decided that the Prime Minister is to go it is perhaps well for me to give you certain "high spots" which may be of some assistance in the conversations which you are to have.

In our first talk after my arrival in London I discovered that the Cabinet had been quite opposed to his making the visit and that while the opposition was diminishing it still existed. The chief opposition was from the Tories, who being in the majority were afraid that the visit, if a success, would increase MacDonald's prestige, and if a failure would weaken that of the Government. Chamberlain was the principal obstruction because he wanted to go himself and also because he was determined to try to force a debt settlement prior to the Conference or at least to get an assurance that we would not ask for any payments during the Conference negotiations and would carry on debt negotiations concurrently with those of the

Honorable Franklin D. Roosevelt,

The White House,

Washington, D. C.

Conference.

They contended that it would be most dangerous for MacDonald to go to Washington to negotiate an agreement without some previous assurance that there was a basis for agreement. I told them that if he should go solely for the avowed purpose of a general exchange of views with you, and not to negotiate specific agreements himself, it would seem that their pre-occupation should disappear. This seemed to satisfy them somewhat but they then raised the question that it would be risky for MacDonald to go unless there were at least some assurance as to a postponement of the June 15th payment, intimating that it would make their position more embarrassing if they were afterwards called upon to pay. In other words they seemed to think that if they should decide to default they could do so with better grace if he had stayed at home. I explained to them that I was satisfied you would not give any such assurance and that I would not be willing to even put such a suggestion up to you, which I thought was unreasonable, with which MacDonald agreed. As they pressed for this it became more necessary for me to fall over backwards because, as I told them, in view of the position they had taken, anything that was said that could be construed as holding out any hope whatever that the Prime Minister's visit might result in a postponement of the June 15th payment, might lead to a misunderstanding and that in my judgment they should merely decide whether or not an exchange of views between you and the Prime Minister on other matters, which were of more vital importance to the two countries, would not justify the trip.

I succeeded in convincing MacDonald, and I think all of them, except perhaps Chamberlain, that recovery from the depression must be put in the foreground and debts more or less in the background. While I personally think that it would be advisable for you to get authority, if possible, to prevent any serious situation arising with regard to the June 15th payments, because it would put us in a better trading position later on if we do not get in a jam at that time, I have not told them so and I have not said or done anything which could be construed as any commitment whatever.

In one of my talks with MacDonald, at which Simon was present, he was laying much stress upon the importance of getting beyond the June 15th payment without raising serious political difficulties. He said, in fact, that the problem was most serious because, in the present state of mind in both countries, it was as much of a political difficulty for them to get the approval of Parliament to pay as it was for you to get the approval of Congress to postpone payment, but that it was of the utmost importance to find some way to get beyond this without a real crisis. He then inquired what I thought could be done about it. I told him that it seemed to me that it ought to ease the situation in both countries if we would concentrate our efforts in pulling out of this depression; that if this were done it might possibly somewhat change the attitude of Congress and also the attitude of Parliament; that so far as the British debt was concerned I personally had always felt that after we had made a better settlement with the French than we did with the British

it would have been fair and logical to put the British debt on the same basis and that it might have been done had it not been for the Balfour note which had been a deterring factor. He then told me that when he was at Rapidan in 1929 Hoover told him he thought the British loan ought to be put upon the same basis as the French and indicated that it would be done but that nothing was ever done about it. Simon then spoke up and said that it would not solve the problem even if that were now done because it would not relieve the situation on June 15th with regard to the French. He thus indicated it might put them in an embarrassing position as regards the French if we were to do this. I then said that while I had thought at one time that a readjustment of the British debt on that basis might be one thing which Congress would be inclined to do I had no idea what its attitude would be, especially now, and furthermore that what I had said was a purely personal and unofficial view and not intended in any way as even a tentative proposal. I also said that in fact I had no idea how you would feel about even considering such an approach to the problem and could not speak for you. I mention this to you because subsequently, in the last talk which I had with MacDonald, at his request, and at which Baldwin, Chamberlain, Runciman and Simon were present, he raised this question in such a way as to try to infer that I had advanced it as a proposal. I then made it very clear that I had done nothing of the kind. Nevertheless, my reaction was that such an arrangement would appeal to all of them except Simon and to a lesser extent MacDonald who would be rather embarrassed because of the United Front Agreement.

I may say, however, that I am more than ever convinced that it would be good strategy, if you think it advisable to ask for authority from Congress, for us, of our own volition, to announce that as a matter of fair play, we were going to stop this discrimination and put the British debt on the same basis as the French, making the adjustment retroactive. I am satisfied this would have such a good effect in England that it would greatly weaken the sentiment in favor of defaulting and would disrupt the united front. It would, in fact, put the British Government on the defensive. While it would not take care of the French and other payments maturing on June 15th, in case you should not get authority to deal with those as you see fit, it would relieve the tension with regard to the British payment, which is much more than all the others put together. If the British debt were readjusted as indicated it would give them a credit of something like \$900,000,000. My idea would be to apply most of this to reducing the capital indebtedness and merely to set enough aside to cover say the next two installments.

Another thing which you may bear in mind is the possibility that MacDonald may not last much longer unless he can do something in the near future to strengthen his hand. I am sorry because I am extremely fond of him. He has much imagination and ability and back of his ministerial exterior he has a subtle capacity for trading.

I am inclined to think that it was not necessary for him to act in such a hurry in submitting the British Proposal recently in Geneva and that his visit to Rome was mainly

with a view of strengthening his hand. If something comes of the proposal and of the proposed Four Power Pact it will help him. If not, it will do the opposite. I am satisfied it would have been better for them to have waited for us and to have put in a joint proposal which would have had a much greater chance of success.

There are many excellent features in their disarmament proposal, most of which in fact are not new. They have not laid enough stress on the strengthening of the defensive position of nations and the weakening of their powers of offense and I think it a mistake to propose a five year instead of a ten year treaty. As soon as I have had some further talks with the French and get a better line on the German situation I may make some suggestions for your consideration. I am inclined to think that the time may come within the next few weeks when you could give the necessary push to get through a real disarmament agreement which, of course, would do more to insure the success of the Economic Conference and restore confidence and good will than almost anything else.

I hope also within a few days to give you my considered views about the so-called Four Power Pact. Just now it looks as if it would not be born - certainly not without considerable change.

To return to the debt question, England and France can think of nothing but debts. Many of their papers have in every way tried to give the impression that I have been discussing debt settlements although I have scrupulously refrained from

doing so and have insisted that any negotiations about debts must be carried on in Washington. This has been done, I am sure, to keep the debt question before the public and to embarrass us. Nearly every move they make has some relation to debts. The British and French Treasuries are acting very closely together, in fact much more so than the political sides of the two Governments. I have a very strong suspicion, based upon considerable circumstantial evidence, that the British Treasury has encouraged the French in their continued failure to make the December 15th payment.

Strange as it may seem, one of the chief causes of the failure to make the payment now is due to the fact that Herriot, who is the leader of the majority political party, has stated that he would not assume the leadership of the Government again as long as it is in default on these payments. Many of his political enemies, and in fact some within his own party now, who wish to hold office and who by conviction are not opposed to paying, are refraining from giving their approval just in order to keep Herriot out of power.

It may interest you to know that you have caught the imagination of Europe to a remarkable extent. It makes me proud as an American to have a President with so much prestige and to feel that this may enable you to exercise an effective influence in coping with the critical world situation. The excessive amount of publicity which I am at present getting - much to my dislike - is largely due to the fact that I am looked upon as your direct

representative.

I am sorry to burden you with such a long letter but hope it may be of some use.

With warmest personal regards and best wishes to Mrs. Roosevelt and yourself, in which Mrs. Davis joins me, I am,

Faithfully yours,

A handwritten signature in cursive script, appearing to read "Ann Douglas". The signature is written in dark ink and is positioned below the typed text "Faithfully yours,".



BUCKINGHAM PALACE

Number 25th 1933.

Dear Mr. President

I write to thank you for your friendly letter of Nov: 5th & for the envelopes, showing the amusing & varied manner in which you are addressed by some of my Overseas subjects. I can sympathise with you in this extension of your letter mail, as I too suffer in the same way.

I am glad to feel that you & I have common interests to which you refer. I am sure that

the influence of the American Navy, like my own, will always be used in support of peace & happiness. It was indeed good of you to invite Admiral Drea to the White House & I feel certain that your kind hospitality was much appreciated. I share your disappointment that the Debt negotiations did not result in any permanent solution. But I appreciate the helpful way in which you agreed to a further

temporary arrangement,
& with you I hope that
the time may not be
far distant when a
final settlement may be
found possible.

We all like your
Ambassador & Mr Bingham
very much & they are
very popular in this
country, where he is
well known as a good
sportsman & an excellent
shot. I hope that his
health, which has not
been too good since
his arrival, is now
completely restored.

I fully realise your
heavy responsibilities
at the present time

APX 64-393 (1)

* Trust that you may
be given health &
strength to carry
out your difficult tasks

Believe me
with the expression
of my sincere esteem

Your good friend

George R. J.

November 25th 1933.

Dear Mr. President:

I write to thank you for your friendly letter of Nov. 5th and for the envelopes, showing the amusing and varied manner in which you are addressed by some of my oversea subjects. I can sympathise with you in this extension of your letter mail, as I too suffer in the same way.

I am glad to feel that you and I have common interests to which you refer. I am sure that the influence of the American Navy, like my own, will always be used in support of peace and happiness. It was indeed good of you to invite Admiral Drax to the White House and I feel certain that your kind hospitality was much appreciated. I share your disappointment that the Debt negotiations did not result in any permanent solution. But I appreciate the helpful way in which you agreed to a further temporary arrangement, and with you I hope that the time may not be far distant when a final settlement may be found possible.

We all like your Ambassador and Mrs. Bingham very much and they are very popular in this country, where he is well known as a good sportsman and an excellent shot. I hope that his health, which has not been too good since his arrival, is now completely restored.

I fully realise your heavy responsibilities at the present time and trust that you may be given health and strength to carry out your difficult task.

Believe me with the expression of my sincere esteem

Your good friend

George R. I.

PSF Gold Policy

*Sub
Private*

December 4, 1933.

Dear Mr. President:

Your letter made me quite happy and I am looking forward eagerly to seeing you on December 22nd.

I did not deliver the packages to the King in person, as I should have liked so much to do, because he has not been well, and I did not want to delay the delivery. Therefore, I delivered them to Sir Clive Wigram. I am sure both your letter and the interesting and very amusing envelopes will be heartily appreciated.

I am glad that you have gotten rid of Sprague. Through his pomposity and vanity he made a fool of himself here during the Economic Conference. I should have written you directly about him except that I was assured the facts would reach you through two men whom we both could trust, and thought that was a better method than writing you about him.

The conditions in our country have been persistently misrepresented in the press here, especially by Wilmot Lewis. When you established the method of gold purchases he sent a dispatch to the Times to the effect that you had adopted a policy of "Suicide or murder". I communicated with Sir Campbell Stuart, whom I have known for a long time, and he came out at once to see me, and before I had said a word, he told

me how disturbed he was over Lewis's dispatches. I told him that, through Lewis, his newspaper was persistently and constantly misleading the British public, and he agreed with me. Two or three days later Lewis sent over a dispatch in which he rather lamely climbed down from his position, and since then his dispatches have not been so bad, but there is an underlying hostility in all that he sends over here. In addition, the financial newspapers publish a lot of stuff they get out of the Mellon-Mills den in New York. As a result, on Thanksgivings night, when I had to speak to the American Society, I took occasion to deal with the subject of conditions in America since your inauguration, and apparently with some good results.

Ramsay MacDonald has lost out completely here, I think, and is a mere figure head, and many of the Conservatives, with their large majority in the House of Commons, are opposed to continuing the pretense of the national government, (which is a mere pretense). They are split among themselves on the question of continuing MacDonald as Prime Minister, and Simon and other Liberals in Cabinet positions, but they are nervous and frightened over the great increase in the labor vote, and they attribute their own

losses and labor's increases to the fear on the part of the public that the Conservatives may adopt a war-like policy, which the British people, as a whole, seem determined to avoid. This attitude, of which the government is completely conscious, should result in their making much greater efforts to cooperate with you in the only policy which holds out real assurance for peace, namely, in the abolition of offensive armament, leading on, as it will inevitably do, to reduction even in defensive armament.

Referring again to Wilmot Lewis, whose misrepresentations I deeply resent, I have had two more talks with Sir Campbell Stuart on the subject, and one with Mr. Brand, who married Phyllis Langhorne, and is a director of the Times, and have discussed the subject also with Lord and Lady Astor, who perhaps have more influence with Geoffrey Dawson, the Editor of the Times, than any one else. All four of these people with whom I have discussed the subject, are disturbed over it, and seem to resent it as much as I do. I saw Geoffrey Dawson at a luncheon given for me by the Times management, and he said to me, "I don't understand your President's policy", and I told him that from what had appeared in his newspaper, it was perfectly obvious he did not understand it, as otherwise he would not have permitted the foolish and misleading things to appear in the Times which he had

allowed to be printed.

On the whole, however, I believe practically everybody here wants to see you perform your great task successfully. Some of this feeling grows out of a decent, friendly attitude, but most of it is due to the fact that they are afraid a failure would have a bad effect on themselves.

I must thank you again for your letter. It makes me happy to feel that you think I am getting on with my job here. As I shall see you soon, I shall reserve some of the things I might write about until that time.

My wife joins me in cordial greetings to you and Mrs. Roosevelt.

Very sincerely,

Robert W. Hughes

The President,
The White House,
Washington.

PS - Grant 3 1/2

Autographs

BRITISH EMBASSY,
WASHINGTON.

December 11th, 1933.

Dear Mr. McIntyre:

I shall be grateful if you would
place in the hands of the President the
enclosed letter to him from the King which
has been sent to me in the pouch by the Private
Secretary at Buckingham Palace.

Yours sincerely,

R. C. Lindsay

Marvin McIntyre,
The White House,
Washington, D.C.

PSF G. Britain - 1934

March 28, 1934.

Dear Miss Lehand:

When I saw the President just before Christmas he told me of a letter he had received from the King which he said he wanted to show to me, but it was not then immediately available. If he does not object, I should be very glad indeed to have a copy of it, or at least of the part which he said he wanted to show to me.

With kindest regards,

Sincerely yours,

Robert W. Bingham

Miss Marguerite Lehand,
The White House,
Washington, D. C.

DEPARTMENT OF STATE
THE SECRETARY

April 26, 1934.

MEMORANDUM FOR THE PRESIDENT.

I attach for your information
a memorandum of an interesting
conversation which Mr. Phillips
had with the British Ambassador
this afternoon.

C.H.

Will Lindsay

PSF
Int.
Ritter

~~STRICTLY CONFIDENTIAL~~

April 26, 1934.

MEMORANDUM OF CONVERSATION WITH THE BRITISH AMBASSADOR
APRIL 26, 1934.

The British Ambassador called this afternoon and, with reference to the attitude of his government to the Far Eastern situation, said that they were opposed to any concerted action. They believed that each power should state its own views.

Sir Ronald then went on to say that he was prepared to read to me the instructions which had been sent to the British Ambassador in Tokyo and which he understood were delivered yesterday, as follows:

"The Japanese statement is of such a nature that we cannot leave it without comment."

The Ambassador was told "to point out that the Nine Power Treaty guarantees equal rights to its signatories and Japan is a signatory. His Majesty's Government of course must continue to enjoy all the rights in China which are common to all the signatories or which are otherwise proper, except in so far as they are restricted by special agreements or in so far as Japan has special rights recognized by other powers and not shared by them.

"It

"It is the aim of His Majesty's Government to avoid all the dangers to the peace and integrity to China on which the statement purports to be based. We could not admit Japan's right to decide alone whether anything such as technical or financial assistance promotes such a danger. Under the Nine Power Treaty Japan has the right to call attention to any action which may appear to her inimical to her interests and this provides Japan with safeguards. We assume that the statement is not meant to abridge the common rights of other powers or to infringe Japan's treaty obligations."

I thanked Sir Ronald for this communication and asked whether it was the intention of his government to give publicity to it. He said that in all probability the substance of these instructions would be given to Parliament; that since nothing had been given today presumably there would be no publicity until Monday when Parliament again meets. He was very anxious that we should keep him advised of any step which we might make; he was leaving for New York tomorrow not to return until
Tuesday;

-3-

Tuesday; but in his absence Mr. Osborne would be glad to communicate any message to him.

William Phillips.

May 1, 1934.

My dear Mr. President:

In my last letter to you I told you I would write you about the conference I expected to have with Sir Robert Vansittart on Sunday, April 29th, but that engagement has been postponed until Sunday, May 6th, as the Vansittarts were invited for that week-end to Windsor Castle.

My wife and I went there on Thursday, the 26th. After dinner I had about an hour alone with the King. He spoke of the coming Naval Conference and of the situation produced by the recent statement by the Japanese. He said that his government had had a satisfactory treaty arrangement with the Japanese, which had been abrogated because the British believed that we wished them to do so; that he thought our interests were similar, if not identical, in the Pacific, and that he hoped that we would be able to cooperate in maintaining trade and maintaining peace. I assured him that we shared this hope.

He then said that he had received a charming letter from you, containing a number of envelopes addressed to you by his subjects in the various parts of the Empire,

which were very amusing indeed; that he was grateful for this letter and especially for the fact that you had said you thought it would be possible to work out a settlement of the debt question; that this was the only real difficulty and trouble between our countries now. Without attempting to discuss the details of the creation of the debt, and without attempting to discuss the obligation on the part of the British, the King said that he felt that the British people were entirely unable to pay this great sum of money in money, and that they were prevented from payments in goods and services; that if some settlement of this question could be made which the British could take care of, it would remove the only serious difficulty existing between us and make practicable a measure of cooperation which otherwise would be difficult to bring about. He assured me he did not mean to bring it up in any official way, but only referred to it because of his gratification at your reference to it in your letter to him. I told him I was not authorized in any way to discuss this subject officially, and personally I considered it a question requiring the exercise of supreme statesmanship, which would understand the great difficulties and complexities inherent in the situation on both sides, and

that certainly the British must realize the difficulties with which we were confronted. He assured me that he realized this situation himself and agreed with what I had said.

He asked me a number of questions about the progress we had made in restoring confidence and prosperity to the country, and expressed himself as being delighted at the report I gave him. He asked, with great interest, about your health, and asked me to present his cordial regards to you.

With kindest regards,

Sincerely yours,

Robert W. Bingham

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

P.S.F. : G. Britain

London, May 8, 1934.

Dear Mr. President:

I am enclosing a copy of a telegram I sent to the Department of State on May 2nd for Norman Davis in reply to a message from him. I have marked the section which I particularly want you to note.

I spent some time in the country on Sunday with Sir Robert Vansittart, the most able Under-Secretary of State for Foreign Affairs. Insofar as he went I am certain he was sincere in what he said, but one always has to form an opinion in such situations as much by what is not said as by what is actually said. This interview convinces me that I had sensed correctly the change in the British attitude since the latest Japanese outbreak, as expressed in the enclosed telegram. Up to the time when the Japanese Foreign Office spokesman made his first statement I am satisfied that the British intended to go along with us in preparation for the coming Naval Conference as far as they could without giving offence to the

The President,
The White House,
Washington.

Japanese. Now I am convinced that unless conditions should change meanwhile, they expect to cooperate with us ultimately, but they are not willing to adopt any Anglo-American policy that might be interpreted as coercion in Japan and solidify the control of the militaristic element.

Sir Robert said he thought the danger now was in Europe, and from Germany; that the Germans were not only arming generally, but in particular were building a large number of heavy bombing planes; that the French know this, and it was this knowledge which caused them to decline to go further with the British and ourselves on disarmament and produced their last Note to the British practically ending disarmament proceedings. I gathered from what he said that for the present the British considered that the Russian and Chinese (and obviously the United States) attitude in the Far Eastern situation would deter Japan from taking any immediate action. However, he realized that the Japanese had never abandoned for a moment their twenty-one demands they served on the Chinese in 1915, and he had no doubt they would not only put these demands in force but add others in the event of the outbreak of war in Europe.

Meanwhile he saw no immediate danger in the Far Eastern situation and believed any disturbance there was

unlikely until and unless Germany precipitated war in Europe.

The only deduction, in my opinion, to be drawn from his statement was that the British Government has made up its mind to run no risk, so far as the Far Eastern question is concerned, at this time, and to concentrate all of its efforts upon trying to keep peace in Europe. He said he was going to Geneva, but that he thought that nothing could be accomplished there. That the Germans were training their children from the age of two years up, for war; were teaching them from babies that they were mentally and physically superior to other peoples, and that their mission was to conquer and control the world, giving the world the benefit of control by the noble and superior Germans.

In conclusion he added that British public opinion had advanced or developed to the point that it would approve stronger forms of sanction with regard to France in view of the German menace.

In my opinion we should leave the preliminary discussions of the coming Naval Conference where they now lie and make no further effort at this time to press the British to go ahead with them until they voluntarily re-open the subject with us after the Cabinet Council which has this particular situation in review has com-

FROM HIS STATEMENT AND THE
ENCLOSURE.

UNLESS YOU CAN GET THE
ENCLOSURE

-2-

-4-

pleted its labors. I am advised that it is impossible to determine how early such a decision may be reached.

With kindest regards,

Very sincerely yours,

Robert W. Bingham

P A R A P H R A S E

SECSTATE

WASHINGTON

219, May 2, 3 p.m.

For Mr. Norman Davis.

I have seen Craigie at the Foreign Office with reference to your telegram No. 168, April 28, 6 p.m. He states that the Admiralty are studying their requirements and a British Cabinet Council have under consideration the whole question of preliminary conversations. Craigie will advise me further when the Cabinet Council have concluded their discussions.

I venture to point out for your guidance that possibly since your departure an important section of British official opinion has formed very definite views with respect to the Japanese situation. My understanding of these is that as events in the Far East are overshadowed here by the threats inherent in the European situation, until the menace of the Japanese policy is more actually pressing the British would be against any appearance now of such Anglo-American cooperation and coercion vis-à-Japan as allegedly would strengthen the hands of the militarists in Japan and weaken the civilian element which is reportedly recovering political strength. It is my belief that British policy regarding the recent Japanese statement can be best understood with this background and I feel certain that in contemplating the forth-

coming naval conversations there is an element here that would prefer to abandon the idea of a subsequent conference than to attempt to force Japan into a ratio agreement by Anglo-American coercion which would arouse national resentment in Japan. Furthermore, there is a naval group here that deplore any more naval discussions on the lines of the London Naval Agreement.

It is Craigie's belief that Japanese naval officers have been inspired to increase their demands by the demands for parity by Germany and Italy, but that once Japan realizes the additional expenditure required, if successful in her latest naval pretensions, rather than assume the burden of competitive cruiser building she would preferably accept some solution that did not destroy her amour propre.

BINGHAM.

DEPARTMENT OF STATE
THE UNDER SECRETARY

May 11, 1934.

MEMORANDUM OF CONVERSATION WITH THE BRITISH AMBASSADOR.

The British Ambassador said that he understood a number of his colleagues had made inquiry of the Department with respect to the applicability of the Johnson Act and that, inasmuch as some of them undoubtedly expected Great Britain to take the lead, he felt it was up to him to make similar inquiries.

I admitted that one or two of his colleagues had already ventured to remark that their Governments would undoubtedly follow whatever action Great Britain decided to take. I then gave the Ambassador the same information which I had given the other diplomatic representatives to the effect that all countries which had made payments on account were regarded as not in default, but that on and after June 15th next the terms of the Johnson Act would apply and that it would no longer be possible thereafter for the President to announce that those Governments which had made "token" payments on June 15th were not in default; I said, however, that the President desired that it should be clearly understood that all debtor countries were able to approach this Government with any proposal which they desired to make and that all such proposals would be carefully considered.

The

The Ambassador said he understood the situation which, in brief, was to the effect that Great Britain would be regarded in default on June 15th next unless she paid her full installment.

The Ambassador said that there was another side to the matter which was probably not worth touching upon, but, nevertheless, he would ask what would happen in the event of a full payment of the June 15th installment as everyone knew Great Britain was in arrears in its past payments; would the full satisfaction of the June 15th payment clear the British Government from the stigma of default or not? I replied that that was a point on which I could not give him a definite answer, but it seemed to me possible that, inasmuch as the British Government was not now in default, it could scarcely be regarded in default if it should make full payment of its June 15th installment. I said that, if possible, I would be glad to give him a more definite answer on this point. Sir Ronald replied that the point he had raised was really an unimportant one and gave me the impression that any payments on account were now exceedingly doubtful; he added, "I suppose you realize the feelings which will be created by the application of the Johnson Act and the repercussions which will occur." I replied that it was better not to talk about repercussions, that there were certainly enough of them

running

running around the world at the present time and that further repercussions would not get us anywhere. The only reply that the Ambassador made was to the effect that none the less repercussions might be expected.

(Signed) William Phillips.

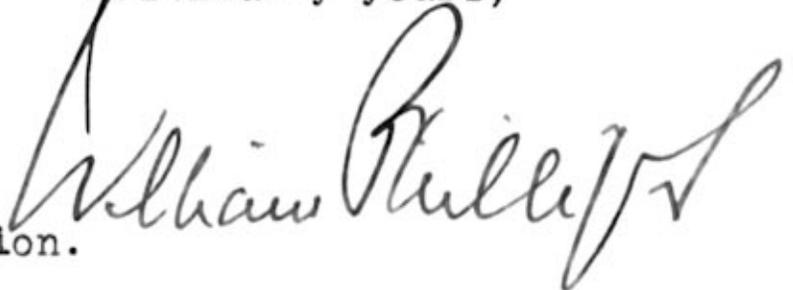
THE UNDER SECRETARY OF STATE
WASHINGTON

May 17, 1934.

My dear Mr. President:

Inasmuch as you are going to receive the British Ambassador this afternoon, it occurs to me that you might be interested to glance through a memorandum of conversation which I had with him on May 11th. Sir Ronald's question as to whether full satisfaction of the June 15th payment would clear the British Government from the stigma of default (in view of the fact that Great Britain is in arrears on past payments) has been put up to the Attorney General and we are still awaiting his reply.

Faithfully yours,



Enclosure:
Memorandum of conversation.

The President,
The White House.

TELEGRAM

PSF
West. Britain 1934

The White House
Washington

NA4PO. RA. 34- 9:40 a.m.

Buckingham Palace, London, June 3

THE PRESIDENT OF THE UNITED STATES OF AMERICA.

I warmly thank you for the kind congratulations and good wishes expressed in your message on my birthday which I heartily appreciate.

GEORGE, R. I.

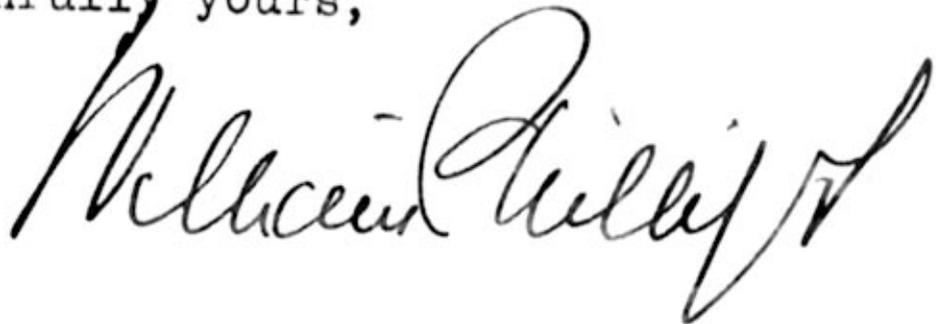
THE UNDER SECRETARY OF STATE
WASHINGTON

June 27, 1934.

My dear Mr. President:

The British reply to our debt note was delivered to me today at noon and has already been handed to the press for publication in tomorrow morning's papers. Thinking that you may care to see it, I enclose a copy herewith.

Faithfully yours,

A handwritten signature in cursive script, appearing to read "Nelson A. Rockefeller". The signature is written in dark ink and is positioned below the typed name "Nelson A. Rockefeller".

The President

The White House.

JUNE 27, 1934.

~~CONFIDENTIAL~~
 FUTURE RELEASE
 NOTE DATE

~~CONFIDENTIAL~~ - TO BE RELEASED FOR PUBLICATION IN MORNING PAPERS OF ALL COUNTRIES ON THURSDAY, JUNE 28, 1934. NOT TO BE PREVIOUSLY PUBLISHED, QUOTED FROM OR USED IN ANY WAY.

TEXT OF NOTE TO THE SECRETARY OF STATE FROM THE
 BRITISH CHARGÉ D'AFFAIRES, MR. F. D. G. OSBORNE.

BRITISH EMBASSY
 WASHINGTON, D. C.,
 June 27th, 1934.

Sir,

After careful consideration of the note which you addressed to Sir Ronald Lindsay on June 12th, His Majesty's Government in the United Kingdom feel that there are two questions to which it may be useful to make further reference.

In the first place, His Majesty's Government would observe that in their note of June 4th they did not state that payment of the British War Debt was legally contingent upon payment of the debts due to them. What they said was that it would be impossible for them to contemplate a situation in which they would be called on to honour in full their war obligations to others, while continuing to suspend all demands for payment of the war obligations due to them. This was a statement not of law but of fact.

Secondly, as regards the suggested payments in kind, His Majesty's Government would recall that the experience of German Reparations showed that transfer difficulties are not solved by a system of deliveries in kind. As the Committee presided over by General Dawes pointed out in 1924: "In their financial effects deliveries in kind are not really distinguishable from cash payments". In fact the economic objections to cash payments would apply with equal force to deliveries in kind, unless those deliveries

were

The Honorable
 Cordell Hull,
 Secretary of State of the United States,
 Washington, D. C.

were to consist of indigenous products of the debtor country (excluding re-exports), and unless they were to be accepted by the creditor country and consumed by it in addition to the goods taken from the debtor country in the normal course of trade. If the United Kingdom were not to receive payment for goods exported on commercial account, her exchange resources available to purchase cotton and other goods from America would be still further diminished. Therefore, while not unwilling to give further consideration to possibilities in this direction, His Majesty's Government do not at present see any method of putting such a plan into practice which would be likely to commend itself to the Government of the United States of America.

In the view of His Majesty's Government, the primary question for settlement is the amount that should be paid, having regard to all the circumstances of these debts. They regret that up to the present it has not been possible to make further progress in this matter, but they will welcome the opportunity of resuming the discussion whenever it may appear that the present abnormal conditions have so far passed away as to offer favourable prospects for a settlement, since they are always anxious to remove from the sphere of controversy all or any matters which might disturb the harmonious relations between the two countries.

I have the honour to be,

With the highest consideration,

Sir,

Your most obedient,

humble servant,

(Signed) D. G. OSBORNE.

THE UNDER SECRETARY OF STATE
WASHINGTON

December 10, 1934.

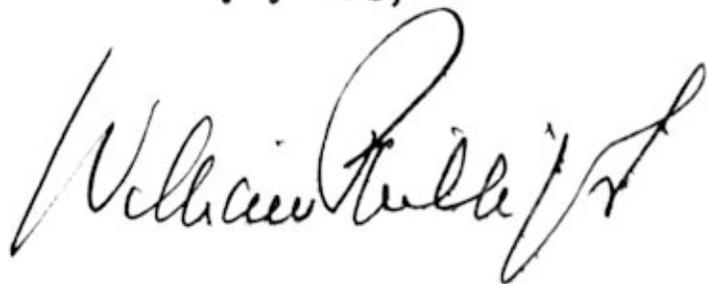
Dear Mr. President:

I am enclosing herewith a copy of a note which was left today by the British Ambassador in reply to a statement which we recently gave to the Government indicating the amounts owing to this country on December 15th.

By arrangement with the Ambassador, this note will be given to the press tomorrow at eleven o'clock, which will in effect give simultaneous release for publication both here and in England.

Faithfully yours,

1 enclosure.

A large, cursive handwritten signature, likely of William Phillips, written in dark ink. The signature is fluid and somewhat stylized, with a prominent loop at the end.

The President

The White House.

BRITISH EMBASSY

WASHINGTON D. C.

No.394.

December 10, 1934.

Sir:

In accordance with instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to acknowledge the receipt of your note of November 22nd enclosing a statement of the amounts due from His Majesty's Government in the United Kingdom under the provisions of the Debt Agreement of June 19th, 1923 and of the Moratorium Agreement of June 4th, 1932.

His Majesty's Government welcome the assurance that the United States Government are fully disposed to discuss any proposals that may be put forward in regard to the payment of this indebtedness and that such proposals would receive careful consideration with a view to their eventual submission to Congress.

In June last His Majesty's Government explained the circumstances which had forced them to decide to
suspend

The Honourable
Cordell Hull,
Secretary of State of the United States,
Washington, D.C.

suspend payments under the Funding and Moratorium Agreements pending the final revision of the War Debt settlement. In that note it was stated that recent events had shown that discussions with a view to a final revision of the settlement could not at that time usefully be renewed.

His Majesty's Government have again most carefully reviewed the position, but they regret that they have reached the conclusion that the considerations which governed their decision six months ago apply with equal force today. Accordingly they feel that it would be useless and, therefore, unwise to initiate negotiations at present; but they will continue to watch for any effective opportunity of taking steps in that direction.

I have the honour to be,

With the highest consideration,

Sir,

Your most obedient,

humble servant,

(SGD) R. C. LINDSAY.

PSF Great Britain - 1936

file
private

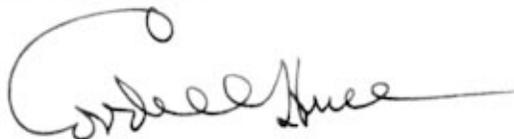
DEPARTMENT OF STATE
WASHINGTON

January 17, 1936

My dear Mr. President:

There is transmitted herewith a copy of
a letter, dated December 15, 1935, from the
American Minister at Bern, which I believe will
be of interest to you.

Sincerely yours,



Enclosure:
Copy of letter
from American
Minister at Bern,
dated December 15.

The President,
The White House.

X 20
X 652
X 547-A

Department of State

BUREAU }
DIVISION }

WE

ENCLOSURE

TO

Letter drafted January 15/36

ADDRESSED TO

The President

The White House.

COPY

Bern, December 15, 1935.

~~CONFIDENTIAL~~
Dear Mr. Secretary:

It is difficult to judge the extraordinary events of the last few days in the atmosphere of Geneva. I have therefore awaited my return to Bern to endeavor to write you with a degree of perspective. Sentiment at Geneva, particularly in the League Secretariat, is clear cut; it has swung from adulation of Great Britain to complete condemnation. The Secretariat sees no mitigating circumstances and attributes what has happened to a sinister manoeuvre of the British Government, which won its election on lip service to the League and once the election over, came out in its true colors of imperialistic conservatism and sympathy for fascism. This picture seemed far too simple. I was convinced that no government, and certainly not the British Government, would deliberately and cynically alienate a large section of its own public as well as
that

The Honorable
Cordell Hull,
Secretary of State,
Washington.

that of a strong portion of the Continent, without what it considered, rightly or wrongly, as sufficient and valid reason. I assigned myself the task of trying to ascertain that reason.

In my two telegrams 356 of December and 359 of December 13, I reported as adequately as I could through that medium, two of the most illuminating conversations which I had. With these and others in mind I shall try to set down what seems to me the explanation of so confusing an incident.

Some of the British Cabinet were certainly impressed with the continued reports from Italy that Mussolini and the Italian people were in a state of mind to assault Great Britain if the petroleum embargo went through. Even those who did not believe that he would resort to this folly could not guarantee to their people that it would not occur. This caused the Cabinet to pull up and take stock of their position and they found it grim. They found that in spite of French Government assurances, the French people could not be counted on; they found that they had neglected or failed to get from Spain, Greece, Turkey, specific assurances as to their respective attitudes in the event of hostilities; they found their fleet in a position peculiarly vulnerable to Italian air attack; they found growing in Italy an intensity of hatred for

Great

Great Britain that excluded other members of the League from the hatred and even pushed the Ethiopian campaign into the background; they found that the Italian nation, instead of breaking down under pressure, was becoming daily more solid and determined to the extent of preferring suicide to humiliation. Something, the British Government decided, had to be done, and it must be something that gave a chance for a peaceful solution of the conflict, and if that were impossible, would relieve Great Britain from its unpleasant and dangerous prominence and make the other members of the League share in the dangers which had arisen. What, Sir Samuel Hoare may have argued, could be so well designed to fit these circumstances as to make, together with Laval, a conciliatory gesture to Mussolini? If the League States would not accept the suggestion and insisted on further embargoes, then Great Britain could also insist that it should not bear the risks alone. The French public would be more ready to accept responsibility if Mussolini refused their conciliatory offer and the League States, if they extended their embargo, could only do so by spreading the risk, instead of the risk being concentrated, as at present, upon Great Britain alone.

I believe that the foregoing is a justifiable assumption of the type of thought which brought about the
action

action of Sir Samuel Hoare, especially when it is considered in the light of the very pregnant statement made by Mr. Baldwin in the House of Commons to the effect that he regretted that his lips were sealed because if he were able to speak he was sure that no member would go into opposition against the Government. There may, of course, have been other influences at work. For instance, rumor has it that the City is bringing vigorous pressure to bear on the Government both because of its dislike of the interference of trade brought about by sanctions, but more especially because of the fear that a breakdown of the Italian financial and monetary regime might have widespread reverberations similar to the crash of the Creditanstalt in Vienna in 1931. I feel, however, that the primary impulse of Hoare's decision lay in a sudden realization of the exposed and dangerous isolation of Great Britain if something were not done to bring the States of the League into a sharing of the risk.

But if one can understand the motives which impelled Hoare to accept Laval's plan, it is difficult nevertheless to understand why Sir Samuel did not foresee the storm of opposition which he would arouse and why he felt it necessary to accomplish his purpose by a method so awkward and so dangerous to the prestige of his Government both internally and externally. It may be that Hoare's

temperament

temperament, a mighty intellect without emotionalism, lacked the imagination which is necessary to foresee waves of popular opinion.

You will remember, Mr. Secretary, that I reported very confidentially certain indications of Eden's personal attitude. An entirely unconfirmed report of what took place in London after Hoare's negotiation with Laval may have elements of truth. It is reported that when Eden learned at the Cabinet meeting of the agreement between Laval and Hoare, he protested emphatically, and was supported in his protest by the two MacDonaldis, Lord Halifax and Neville Chamberlain, and even threatened to leave the Cabinet; that Mr. Baldwin then induced His Majesty to summon Eden and to point out to him that the abandonment of the Cabinet by a British Minister in a period of international crisis would be sternly condemned by the British public; that following this conversation Eden made an admirable defense in the House of Commons and has subsequently made the best of the circumstances. As I say, I cannot vouch for a word of this. I can, however, state that Eden is greatly perturbed at the situation and that in my opinion he by himself would never have accepted the plan in which Sir Samuel acquiesced.

I want to digress for a moment to discuss a phase of this matter of peculiar interest to the student of European international policy. Since the existence of
the

the Third Republic in France, French governments, while facing continual internal disturbances, have nevertheless felt free to plan and to carry through their foreign Policy without taking great thought as to whether the French public would follow. While French policy during this period has fluctuated, it has never deviated in its broad general lines and the French people have never failed to give ultimate approval to the Government's acts within the domain of foreign affairs. Now, for fifteen years, the Government, relying on this same acquiescence on the part of its people, has struggled for and largely built up the system of collective security for France. The system involved of course obligations as well as recompenses for France. The first test of this system involves obligations only and serious ones affecting their relations with one of their great neighbors. The recompenses, if any, lie in a dubious future. It looks as if the French public in this instance is definitely refusing to accept these obligations. It may be that the public can be taught and persuaded. It may be, on the other hand, that a change is taking place in French democracy which will place upon the French Government the same limitations in foreign fields as are imposed by public opinion on the Governments of Great Britain and the United States. The principal reason why both Anglo-Saxon countries have steadily refused to accept automatic obligations is because

they

they know that their action must be determined at a moment of crisis by what the public demands at the time and not by what may have been planned in advance. If it be that the French public will demand for itself the same final veto in a moment of crisis, then the whole political structure of Europe will have to be revamped and the binding arrangements between France and her allies will no longer be the dominating feature of the Continent.

To revert to the present dispute, I would not be bold enough to endeavor to predict what will happen. I do not know whether the impressive momentum of collective security, gathering impetus through September, October, November, has been definitely checked by what has just happened or whether, through the revolt, in British public opinion and among the League States, the march will be resumed with an even greater determination.

Respectfully yours,

(Signed) Hugh R. Wilson.

— File of Britain 1/20/36

Mr. President -

The AP confirms
report that
King George
died at 11⁵⁵ P.M.
London time.

file
personal

DELEGATION OF THE UNITED STATES OF AMERICA

PSF: Great Britain
File J. Britain
(W) (2) 1936

Claridge's Hotel,
London,
February 3, 1936.

Personal and Confidential

My dear Mr. President:

In conversation with King Edward on the night of January 28 when he received at Buckingham Palace the heads of the visiting delegations to the funeral of King George, he asked me particularly to tell you that he had been deeply touched by the manifestation of sympathy in the United States over his father's death and also to tell you that you could not have appointed as your personal representative at the funeral anyone that would have been more acceptable.

In referring to a talk which he and I had at the Guildhall Reception only a few days before his father's death, he said "how little did we know when we last met how soon this great tragedy and sorrow would come". He said he had been particularly impressed at the feeling shown to his father in the United States because his father had never even

The Honorable
Franklin D. Roosevelt,
The White House.

visited America.

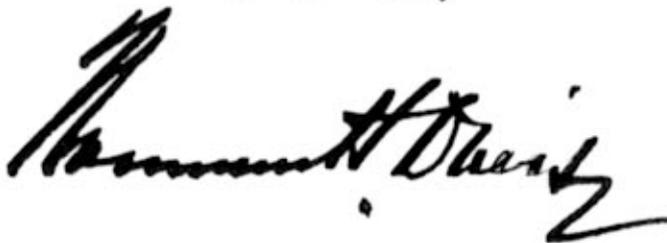
He then abruptly asked me when can the United States and Great Britain get definitely together. I replied that while we were getting closer together, it was not possible to get together by one particular act or agreement; that it was more a matter of the spirit which had to be nurtured; but that two things had happened recently which had done more to bring us together than any agreements could do, namely, the way we had stood together in the Naval Conference and the spontaneous sympathy and sorrow manifested by the American people over the death of his father. He said that was encouraging but that the only hope for us and for the world was to stand together. He then remarked that Great Britain is facing some very difficult problems and situations. He intimated something about his own responsibility. I told him that while I sympathized with him in his deep sorrow and the great responsibility that had fallen upon him, I felt assured that he would discharge it with great credit to himself and with great benefit to his Empire and to the world as a whole. He said it was encouraging to him to have me say that, that his responsibility was indeed a heavy one but fortunately he had three brothers with

whom

whom he was very close and who would counsel with him and support him in every possible way. He then said he wanted me to know his brother, the Duke of York, who was standing near and whom he brought into the conversation and to whom he remarked that I was a very good friend and he wanted his brother and me to know each other. After a few moments of general conversation, I said goodnight and left.

As ever,

Faithfully yours,

A handwritten signature in cursive script, appearing to read "Edmund H. Davis". The signature is written in dark ink and is positioned below the typed name "Edmund H. Davis".

Department of State

BUREAU
DIVISION

NE

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

The President,

The White House.

P.F.
P.S.F.:
First British
Drawn 2-36

DEPARTMENT OF STATE
WASHINGTON
July 27, 1936

My dear Mr. President:

In Judge Moore's absence I have received your memorandum of July 21, 1936, addressed to him and enclosing correspondence regarding the concern of Jewish leaders with respect to the reported proposal of the British Government to suspend Jewish immigration into Palestine.

As you know, for several months the Arabs have been on a general strike in Palestine and have engaged in widespread attacks, not only against individual Jews and Jewish property but against the constituted British authorities. The Arab leaders have insisted upon the suspension of Jewish immigration and a prohibition against further sale of land to Jews. The British Government some time ago announced that it proposed to send to Palestine a Royal Commission of Inquiry to make a thorough investigation of the situation and report the facts. Upon the basis of these facts future British policy in Palestine, within the terms of the Mandate, would presumably be based. The

British

The President,

The White House.

British have made it clear, however, that they will not send the Commission to Palestine until the Arabs cease their attacks and bring an end to the general strike. The Arabs, on the other hand, have refused to take these steps until Jewish immigration is suspended. It is presumably with a view to ending this deadlock that the British Government is now considering suspending, temporarily, Jewish immigration into Palestine. It is assumed that once such immigration is suspended the Arabs would cease their attacks and the Royal Commission of Inquiry could then proceed with its undertaking.

As you know, our Consul General at Jerusalem has been most active during recent months in demanding protection for the approximately 10,000 American nationals in Palestine. On one occasion his representations were strengthened by our Embassy at London. Under the circumstances it would seem to be unwise for us to insist that the British follow a particular course of action in their present difficulties. They might very well respond that if we insisted upon their following a particular course they could not assume responsibility for the protection of our nationals in Palestine. Obviously their position there is extremely difficult since they must endeavor to hold a balance between two factions of the population. Any interference from the outside would only make their task more difficult and would aid in no way in the

solution

solution of their problem.

It seems to me that the situation might be met by asking Mr. Bingham, entirely personally and unofficially, to mention to Mr. Eden the concern of Jewish circles in the United States at the reported proposal to suspend Jewish immigration into Palestine. I believe that Mr. Bingham, in such a conversation, should stress the fact that he is not presuming in any way to interfere with British policy in Palestine or to offer advice thereon, since it is recognized that the administration of that country is wholly a British responsibility. He might add that he is bringing to the attention of Mr. Eden the fact that Jewish circles here are deeply concerned in this matter merely for such consideration as it may merit. I am sending Mr. Bingham instructions in this sense and asking him to be particularly careful to point out that he is speaking entirely in a personal capacity and not on behalf of this Government.

I am returning herewith the letter and enclosures sent to you by Mr. Rosenman.

Faithfully yours,

A handwritten signature in cursive script, appearing to read "Cordell Hull", with a long horizontal flourish extending to the right.

Enclosure:

From Mr. Samuel Rosenman,
July 16, 1936, with en-
closures.

SAMUEL I. ROSENMAN
60 CENTRE STREET
NEW YORK, N. Y.

July 16th, 1936.

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

Dear Mr. President,

MR. Simon Rifkind, who, you know, is Senator Wagner's partner and was formerly his secretary in Washington, phoned me yesterday and read me the inclosed cable which he received from London. In view of the fact that the Senator was on the high seas on his way to Europe, he was at a loss as to how to proceed, and, so, he called me.

I do not know whether Frankfurter has communicated with you concerning this matter or not; and I do not know whether you would wish the State Department to do anything at all in the matter. Naturally a great deal seems to be involved, if the cable is correct, so that I am much interested.

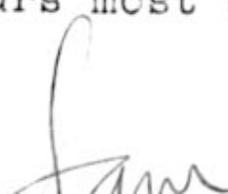
I am sending it to you, knowing that you will want to do what you think is proper and possible in the premises.

We are having a grand rest. Missy is developing into quite a bass fisherman. She had one on her line yesterday, and I have never seen her as excited since the night that Walsh beat Shouse as permanent chairman of the 1932 convention.

We all hope that you get more tuna than she does bass. With love from Dorothy and Missy,

Yours most cordially

Typing by. S.I.R.



From the Desk of

S. H. RIFKIND

I have just heard from Morris Rothenberg of the Z. O. A. to the effect that he had received a cablegram from Wise suggesting that he (Rothenberg) communicate with me with respect to the Palestine immigration situation. That should confirm the official character of the cablegram, copy of which is herewith being transmitted to you.

I believe that it is of the utmost importance that the matter be made known to the President as I know that his response to these matters is much more warm-hearted than that of some of his official family.

Cordially,



G01 LX212 LONDON 148 1/53 11

NLT RIFKIND 410 CENTRAL PARK WEST NY

SERIOUS SITUATION HERE CONCERNING PALESTINE STOP BRITISH
CABINET NEAR DECISION TO SUSPEND JEWISH IMMIGRATION PALES-
TINE THO SUSPENSION MEANS YIELDING TO ARAB VIOLENCE STOP
SUSPENSION WOULD LAST DURING INVESTIGATION AND REPORT
ROYAL ENQUIRY COMMISSION BUT SUSPENSION MEANS STOPPING
ONLY AVENUE ESCAPE GERMAN POLISH JEWS FURTHERMORE
SUSPENSION MIGHT PROVE DIFFICULT TO LIFT AND MIGHT
PROVOKE JEWISH REPRISALS PALESTINE WITH DISASTROUS
CONSEQUENCES AFTER CONTINUED ADMIRABLE JEWISH RESTRAINT
STOP CONFERRING WITH STEPHEN WISE IN LONDON WHO WITH
FRANKFURTER HERE HELPING WEIZMANN STOP EXPECT YOU WAGNER
POSSIBLY BULKLEY OTHER LEADERS URGE ADMINISTRATION MAKE
INFORMAL REPRESENTATIONS LONDON AGAINST PROPOSED SUSPENSION
STOP SUCH REPRESENTATIONS WOULD STRENGTHEN BRITISH GOVERN-
MENT IMPRESSION THAT ANGLO AMERICAN RELATIONS MIGHT BE
INJURED STOP PERSUADED WHITE HOUSE WOULD SYMPATHETICALLY
RESPOND TO YOUR APPEAL STOP WE INCLUDING WISE LEAVING
EVERYTHING AMERICA TO YOU STOP AMERICAN JEWRY INCLUDING
WISE WOULD GRATEFULLY REMEMBER YOUR WAGNERS INTERVENTION

WILL ROSENBLATT

*How Samuel Rosenblatt
Blue Mountain Lake
N.Y.*

Paula
P.F.
P.S.F.
Great Britain
Dinner 2-136

DEPARTMENT OF STATE
WASHINGTON

August 1, 1936

~~Highly Confidential~~

My dear Mr. President:

In continuation of my letter of July 27, 1936, regarding the reported proposal of the British Government to suspend Jewish immigration into Palestine, I think you would wish to know that Ambassador Bingham mentioned the subject to Mr. Eden on July 28. The Ambassador was, as you will recall, instructed to inform Mr. Eden, entirely personally and unofficially, of the deep concern in influential Jewish circles in the United States over the possible consequences of suspending Jewish immigration into Palestine.

Ambassador Bingham has reported that Mr. Eden thanked him for the information but gave no indication as to what the policy of his Government would be.

I have today asked Mr. Bingham whether we are correct in assuming that the recent announcement of the membership and of the terms of reference of the Royal Commission of Inquiry to ascertain the underlying causes of the disturbances that have broken out in Palestine indicates that

the

The President,

The White House.

the British Government has abandoned, at least for the time being, any plan it may have had to suspend Jewish immigration into Palestine temporarily. I shall of course inform you as soon as Mr. Bingham's reply is received.

Faithfully yours,

A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and is positioned to the right of the typed name "Cordell Hull".



*file
confidential*

DEPARTMENT OF STATE
WASHINGTON

*PS F
Greet Britain
Prime 2-2*

August 6, 1936.

Highly Confidential

My dear Mr. President:

As you will recall from the Secretary's letter of August 1, 1936, Ambassador Bingham was asked whether we were correct in assuming that the recent announcement of the membership and of the terms of reference of the Royal Commission of Inquiry to ascertain the underlying causes of the disturbances that have broken out in Palestine indicates that the British Government has abandoned, at least for the time being, any plan it may have had to suspend Jewish immigration into Palestine temporarily. Mr. Bingham has now replied to this query. A copy of his telegram is enclosed.

Faithfully yours,

Enclosure:

From London, No. 388,
dated August 5, 1936.

The President,
The White House.

MED

A portion of this telegram must be closely paraphrased before being communicated to anyone (a)

LONDON

Dated August 5, 1936

Received 2:55 p.m.

Secretary of State,

Washington

388, August 5, 6 p.m.

PERSONAL FOR THE SECRETARY. (Grey)

Your 293, August 1, noon.

In the House of Commons on July 22nd in reply to a direct question whether the Secretary of State for the Colonies would assure the House that no change in the declared policy of the Government with respect to immigration of Jews into Palestine would take place until after the Royal Commission had reported, Mr. Ormsby-Gore said begin underscore inter alia end underscore:

"As regards, however, the suggestion that there should be a temporary suspension of immigration while the commission is carrying out its inquiry, I am not at present in a position to make any statement as to the intentions of His Majesty's Government beyond saying that their decision will be taken in due course on the merits of the case and that there is no question of it being influenced by violence or attempts at intimidating".

MED - 2 - #388, August 5, 6 p.m. from London

at intimidating".

On July 30th the Secretary of State for the Colonies was asked in the House of Commons whether he could give an assurance that there would be no restriction of Jewish immigration into Palestine pending the investigation and report of the Royal Commission. Mr. Ormsby-Gore in reply invited the attention of the questioner to the reply given on July 22nd and said that in that reply he had made it clear that he could not give a definite reply and that "the matter has not been and will not be decided". (END GRAY).

CONFIDENTIAL With reference to these statements in the House of Commons the matter was taken up informally this afternoon at the Foreign Office which confirmed the statement of the Colonial Secretary that no decision has been made.

BINGHAM

KLP

September 24, 1936.

Memo sent to McIntyre
From Henry Morgenthau

Ultra-Conf. memo from
Chancellor of the Exchequer in England
In re-France going off the Gold Standard and her
oral explanations and outline of proposals.

See--Treasury Folder-Drawer 1--1936

PSF: *St. Britain*

*file
personal*

London, December 11, 1936.

Personal and Confidential

Dear Mr. President:

I arrived here in the midst of the domestic crisis and was present yesterday in Parliament when the King's message of abdication was read. I have never been present at a more moving scene ~~than~~ ^{than} these people, inarticulate as they are, ~~are~~ deeply moved by the dramatic turn of events which seems to jeopardize the Throne. There was one story current that behind the drama of the King's personal life was a significant political conflict; ~~The~~ Victorian Cabinet was not only unsympathetic to the King, but regarded him as a dangerous influence in the country and entirely "New Dealish" in his ideas. Therefore they were determined to oust him, and took the affair with Mrs. Simpson as a pretext.

But it is my belief that this suggestion can be disregarded. The facts are that the young King is
completely/

President Franklin D. Roosevelt,
The White House.

completely infatuated by the lady and seems abjectly hypnotised by her. That is the whole story and there is nothing more to it. The story is openly circulated among the upper classes that the King lived with Mrs. Simpson, and in flagrant bad taste, for the past two years. Substantial, well-informed Englishmen have told me that was the gist of the unyielding opposition to Mrs. Simpson as Queen or morganatic wife.

There is no question but that the people have been deeply stirred, but life goes on in even tenor and the sun is shining today for the first time after a gloomy week. I am certain the mental processes of these strange people will adjust themselves to the new turn of events and everything will go on undisturbed. They insist upon proceeding with the Coronation ceremony and already are starting to beat the drum for George VI.

Ambassador Bingham tells me he expects to see you early next month and will discuss important matters he has spoken about to me.

I had a memorably pleasant hour with your great Mother the day before I sailed. I hope you will give her my kindest remembrances.

I wonder if you found time to listen to Lady Astor's broadcast to the U.S.A., which I outlined for her. She says she is an old friend.

Respectfully yours,

John Lushington

25F

FAST



RCA

DIRECT



RADIOGRAM

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A RADIO CORPORATION OF AMERICA SERVICE

TO ALL THE WORLD — BETWEEN IMPORTANT U. S. CITIES — TO SHIPS AT SEA

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WASHINGTON, D. C.

AT 1936 DEC 14 PM 1 05
STANDARD TIME

219

THE PRESIDENT OF THE UNITED STATES OF AMERICA
WASHINGTON

Copy to State 12/14/36

I THANK YOU MOST WARMLY MR PRESIDENT FOR YOUR KIND MESSAGE OF GOOD WISHES ON
BEHALF OF THE PEOPLE AND GOVERNMENT OF THE UNITED STATES WHICH I CORDIALLY
APPRECIATE

GEORGE R I.

P.F.

TELEPHONE: NATIONAL 2600

FORM 115WN-W

To secure prompt action on inquiries, this original RADIOGRAM should be presented at the office of R. C. A. COMMUNICATIONS, Inc. In telephone inquiries quote the number preceding the place of origin.

December 28, 1936.

AMEMBASSY

LONDON (ENGLAND)

Your 624, December 24, 11 a. m.

You are requested to present the following note to the British Government:

One. The Government of the United States of America acknowledges the receipt of the note, dated December 23, 1936, from His Majesty's Government in the United Kingdom, stating that His Majesty's Government considers that the requirements of national security necessitate the retention of five cruisers of sub-category (b) of the "C" class over and above the total tonnage which may be retained by the British Commonwealth of Nations on December 31, 1936, under the provisions of the London Naval Treaty, 1930.

Two. This Government notes that the British Government undertakes that (a) the five vessels shall be retained for a maximum of five years' peace service

and

LONDON-

and (b) they will be used not as cruisers but as anti-aircraft ships, which will involve the substitution of a lighter armament for the existing 6 inch gun armament.

Government to invoke Article 21

in view of the decision of the British will exercise
Three. This Government ~~reserves~~ the right to increase by a proportionate amount its tonnage in the cruiser category over and above the total tonnage ~~allowed~~ on December 31, 1936, under the provisions of the London Naval Treaty, 1930.

which is not to be exceeded in the cruiser category

For your strictly confidential information, we ~~do~~ *cannot* ~~not necessarily propose to avail ourselves immediately of the right to~~ *of course* increase our cruiser tonnage but in the event that it is decided to build more cruisers the existence of our right to increase in this category must be on record before December 31, 1936, in order that the terms of the Vinson Bill may be operative.

WE:RTP:NNE

ACTING