

PSF

State Dept.: CORDELL Hull

1933-37

Get from State
Dept.

Cordillo speaks in So. Am.
Get the little book



THE SECRETARY OF STATE
WASHINGTON

Oct. 27, 1933.

PSF: Hull

MEMORANDUM FOR THE PRESIDENT.

Dear Mr. President:-

I am disposed at present to the view that instead of sailing on November 5 and going by the West Coast, stopping at three capitals on that coast, on my way to Montevideo, I should sail on the 11th, going down the East Coast direct to Montevideo.

Some of the considerations are (1) I had fully hoped to see the Cuban situation cleared up before I might sail on the 5th, whereas just a few days more may be required for this purpose; (2) The whole question of our commercial policy with which all of our proposed reciprocity treaties with Latin America are tied up, is very seriously complicated here at present on account of several branches of our own government establishment having under execution policies calling for sudden and material changes in tariffs and other important phases of commercial policy. *A* ~~The accompanying~~ separate memorandum is fully explanatory of this latter. (3) I have really given a great deal of attention to our problems



problems with Russia, dating back from your inauguration, and I am undertaking for another week or ten days to give every attention to the important necessity of carefully developing every technical and other phase of all the preliminary subjects and questions of which you should be fully in possession for purposes of preliminary conversations with the Russian representative; (4) The conditions and the complications as they relate to the monetary subjects on the agenda for Montevideo, and to the billions of their external debt, and to their probable attempts to discuss and act on such controversial questions as the Platt Amendment, intervention, the Monroe Doctrine as to certain of its phases, etc. etc., might suggest that I make this more of a visit to most of the important countries in Latin America to convey a message of friendship and of the "good neighbor" from you, and devote possibly only a week or ten days to stay at Montevideo, allowing the most ample time for the fullest conferences in an individual way with a view to getting their entire viewpoint on all major problems and conditions and in the most effective manner possible giving them ours.

In these circumstances, if it should be announced to the press today that, not the Russian or any single problem required it, but that a collection of important problems

problems on hand at the State Department which it was expected I would be able to dispose of by the 5th of November, would now apparently require some few days additional, and that in these circumstances it would serve the identical purpose of my visit to Montevideo if I should sail on the 11th and return by the West Coast instead of going by the West Coast, such announcement would, I think, take care of the entire situation.

I would be glad for you to make this announcement at your press conference, should you feel so disposed, otherwise I will, if you concur, make the announcement at my press meeting at 12:30 today.

Sincerely yours,

Cordell Hull

Any statement relating to any
particular foreign situation must of
course come from the ~~State Department~~
Secretary of State of the United States.

I am however wholly willing to make
it clear that ~~use of the forgotten commitments~~
~~American~~ foreign policy must ~~be~~
~~to uphold~~ the ~~sanctity~~ of international
treaties. That is ~~the~~ a cornerstone on
which all relations between nations must
rest. ~~be~~

PSF Hull 9 81

I stated to Press that it now
appears that a Collection of important
problems at the State Dept - Contrary
to plans - Cannot be disposed of before
Nov. 5th; that in order to pursue
them to completion, I have deferred
date of sailing to Nov 11th - That
I would not have done this
on account of ~~any~~ anyone of these
unfinished matters -

H-

his
private

PS F Hull

THE SECRETARY OF STATE
WASHINGTON

June 30-1934-

My dear Mr. President:

To the many expressions of
good will that come to you to-day,
I am happy to add my own Congratu-
lations and those of Mrs. Hull.

On behalf of all those associated
with me, as well as on my own behalf,
I extend to you best wishes for
forthcoming years.

Faithfully yours,

Cordell Hull

PST- Hull

"file
for me"

Personal and Confidential

THE SECRETARY OF STATE
WASHINGTON

Pinehurst, North Carolina,
November 1, 1934.

Dear Mr. President:

Thank you for your letter of October 29th enclosing Welles' diplomatic appointment suggestions and also inviting Mrs. Hull and myself to go to Tennessee on the occasion of your visit there about the 16th of this month. We shall both expect to return to Washington about the 12th and take passage on the train your car will be attached to. We are of course more than delighted to join you and Mrs. Roosevelt on this Tennessee trip. I know the people of that State feel most highly complimented by your visit, and you will receive a heartfelt welcome.

I was tired out so that I found myself unable to throw off a bronchial cold and some weakening of my vocal chords due to overstrain in speaking. The doctors ordered me here for three or four weeks. I am recovering splendidly.

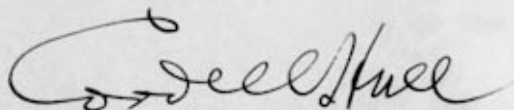
I keep in touch with the Department each day as to all matters of importance such as the London conversations. I desire to discuss some phases of these with you upon my return. Since most all questions of policy in the

Orient-

The President,
The White House,
Washington.

Orient-economic, naval, and political-were and are tied in with the 5-5-3 ratio or the Washington treaties, and since a young, wild, and lawless group of Japanese have seized control and made of their government an international desperado, so to speak, by brushing aside all treaty obligations and all decent international relationships, and instituting a course of conquest by force, first of Eastern Asia, - it follows that all questions of policy in the Orient are by Japanese action at London opened up anew and afresh. This calls for much patience, self-control and skill on our part during coming weeks and doubtless months.

My best regards,
Faithfully yours,

A handwritten signature in dark ink, reading "Cordell Hull". The signature is fluid and cursive, with a large, sweeping initial "C" and a long, horizontal flourish extending to the right.

PST Hull

THE SECRETARY OF STATE
WASHINGTON

Dec. 25, 1934.

My dear Mr. President:

I am genuinely appreciative of the very beautiful and useful Christmas remembrances. I am even more appreciative of your generous Christmas thoughts back of it. My sincerest thanks.

Mrs. Hull joins me in extending every holiday wish for yourself, Mrs. Roosevelt and the family.

Faithfully yours,

Cordell Hull

The President,
White House.

THE WHITE HOUSE
WASHINGTON

*File
PSF: Hull (S)(1)*

~~CONFIDENTIAL~~

June 20, 1935.

MEMORANDUM FOR
THE SECRETARY OF STATE

I entirely approve the
appointment of Dr. Edmund Schulthess,
of Switzerland.

I am appalled, however,
to discover that Silas Hardy Strawn,
of Illinois, is the American
Commissioner. He is and always has
been such a deliberately unfair
partisan of the worst type that I
should like to have his resignation
from the Commission, if this can be
brought about.

F. D. R.

75F - Hall

June 19 1935

My dear Mr. President:

The Treaty of Conciliation between the United States and Yugoslavia provides, in common with the other treaties of this kind, for a Commission of Inquiry consisting of five persons whose duty it would be to inquire into such disputes as may conceivably arise between the two countries..

The American and Yugoslav national and non-national members of the Commission are as follows:

American Commissioners:

National: Silas Hardy Strawn, of Illinois;

Non-national: Don Foción Mariátegui, of Peru.

Yugoslav Commissioners:

National: Željko Mažuranić;

Non-national: Jan Masaryk, of Czechoslovakia.

Since the death several years ago, however, of the Honorable Francis Alexander Anglin, of Canada, the office of joint member of the Commission has been vacant. Should you agree, I believe that this vacancy might well be filled.

The

The President,

The White House.

-2-

The responsible offices of the Department have suggested the appointment to this office of Dr. Edmund Schulthess, of Switzerland, and I am writing, therefore, to inquire whether this appointment would meet with your approval.

A brief biographical sketch of Dr. Schulthess taken from "European Who's Who", is enclosed for your convenience.

Faithfully yours,

Cordell Hull

Enclosure:
Biographical sketch.

**BIOGRAPHICAL SKETCH OF DR. EDMUND SCHULTHESS,
PROPOSED JOINT COMMISSIONER ON THE TREATY OF CONCILIATION
BETWEEN THE UNITED STATES AND YUGOSLAVIA.**

"Schulthess, Edmund, LL.D., Swiss statesman;
b. 68; ed. Strassburg, Munich, Leipzig and Berne
Univs. Practised as a lawyer in Paris; Solicitor
in Brugg 91; mem. First Council 93-12 and Pres. 27;
mem. Council of Corporations 05-12; Federal Councillor
12; Pres. of Swiss Confed. 17, 21, 27 and 33; Head of Dept.
for Public Economy.
Berne."

Paulson

THE WHITE HOUSE
WASHINGTON

BSF
Hull

November 22, 1935.

THIS MEMORANDUM IS FROM
THE SECRETARY OF STATE. KEEP THIS
NOTE WITH IT AND FILE IN PERSONAL
FILES.

G. G. T.

THIS IS A COPY OF THE
ORIGINAL IN THE
OFFICE OF THE
SECRETARY OF THE
NAVY
WASHINGTON
JAN 11 1922

THE WHITE HOUSE
WASHINGTON

The Fordney Tariff of 1913
~~also~~ afforded a greater amount
and number of tariff benefits
to industry & agriculture than any
tariff in our history.

The Canadian trade agreement
keeps agriculture on or above the
level of the Fordney tariff. It
will be hard to ^{conjure up} (make) a political
issue of this situation.

Furthermore the agreement will
thoroughly justify itself ~~within~~ within
six months by increasing

WASHINGTON
THE WHITE HOUSE

2
THE WHITE HOUSE
WASHINGTON

business with stable and
satisfactory prices.

We say that we desire to
get back the \$60,000,000 of
exports to Canada, we have
lost. The opposition seemingly
contends that it does not desire it,
and prefers to cling to ~~the~~ every
phase of the Smoot-Hawley act with its
embargo tariff ^{and their serious effects} ~~as it has operated~~
during the past five years.

Secret [c. 1935]

For Hall

Think draft of your proposed cable to
Bingham is excellent

Rosen

Secret [c 1935]
WTS.

For Hull -

Your black ~~over~~ twenty-five: Period
I have not ^{a copy of} Kellogg Briand pact on board.
Can you let me have language under which
it can be quote invoked unquote. I recollect
no clause under which any positive action can
be taken by signatories against a violating
nation except possibly a pro forma protest
or a request by ~~one~~ one or more signatories
that an offending nation ought to conform to
arbitration or peaceful means to avert war.
Period. This seems somewhat far fetched after
the horse is out of the stable. Just what
Hans Hoare suggest.

Rosenick

*file
personal*

BF Hall

THE SECRETARY OF STATE
WASHINGTON

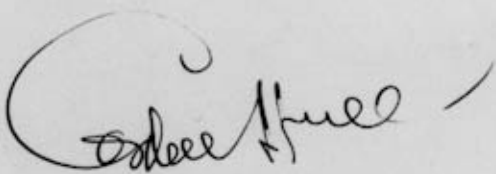
January 2, 1936.

My dear Mr. President:-

I am more than thankful to you for your very
unique and much prized Christmas remembrance.

You have my best wishes for the most
satisfactory year you have ever had.

Sincerely yours,

A large, elegant handwritten signature in dark ink, which appears to read "Cordell Hull". The signature is written over a large, light-colored circular mark or stamp.

The President,

The White House.

file personal

DEPARTMENT OF STATE

PSF
Hull

THE SECRETARY

Jan. 25, 1936.

MEMORANDUM FOR
THE PRESIDENT.

May I take the liberty of emphasizing the high character, long practical experience, and excellent equipment in every essential respect of Hon. Charles Hamlin, in connection with further service on the Federal Reserve Board?

I am doing this solely on my own initiative, and at the same time with not the slightest disposition to interfere or suggest with respect to this class of appointments.

Hull

M.A.L.
To Joseph

PST

Health - Personal
(S) Answer!

THE SECRETARY OF STATE
WASHINGTON

January 30, 1936.

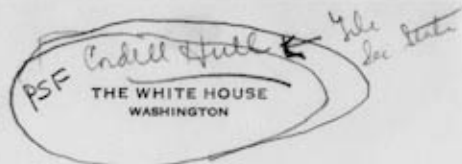
Dear Mr. President:

Mrs. Hull and I wish to extend our heartiest greetings on your birthday. Secure in the knowledge that your untiring labors in behalf of and devotion to the welfare and interests of our people are recognized and appreciated by the great majority of our citizens, it is our hope that you may have many more birthdays as happy as this one.

Sincerely yours,

Cordell Hull

The President,
The White House.



The occasion
last night was
a real credit
to you and
Mrs. Roosevelt ~
all say it was magnificent.

THE WHITE HOUSE
WASHINGTON

PSF
C. H. Well
(5) Drawer 1-36

PRIVATE

April 18, 1936.

MEMORANDUM FOR C. H.

Several people have suggested Dr. Shotwell, or some similar individual associated with Peace movements, to go as a member of your Delegation to B. A. I have no especial thoughts on the matter but will you mention it when we talk over the personnel of your very important mission?

F. D. R.

*PSF:
Hill Codell Hull
Dinner 1-36*

DEPARTMENT OF STATE
WASHINGTON

April 21, 1936

My dear Mr. President:

With regard to the Inter-Governmental Conference on Jewish and Non-Jewish Refugees coming from Germany, referred to in Mr. Frankfurter's letter to Mr. Moley, and the latter's letter which you sent to me by confidential memorandum of April 20th, I should perhaps state that the Council of the League of Nations has called a conference of the States members of the League, as well as the United States of America and the United States of Brazil, to meet at Geneva on July 2, next. The provisional program of this conference (a copy of which I am appending hereto) contains the following items of discussion:

1. Framing of provisional arrangements concerning the legal status of German refugees.
2. Drafting of a convention determining the status of refugees.
3. Examination of methods of obtaining facilities for

The President,

The White House.

the delivery of civil status and other papers by the authorities of the country of origin.

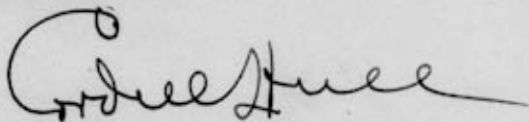
As you will see, the agenda of the conference calls for discussion only of matters pertaining to the legal status of German and other refugees. As far as this country is concerned, the status of all aliens is determined by law and there is no latitude left to the Executive to discuss questions concerning the legal status of aliens. It does not appear advisable, therefore, for this Government to place itself in the position of even appearing to have any authority or discretion in connection with the status of other than American citizens. We have, in consequence, already informed the Secretary General of the League that this Government does not contemplate participating actively in the conference or in becoming a party to any convention which it may draw up, but will be very glad to have the American Consul in Geneva, or a member of his staff, attend the meetings as an observer.

In response to an inquiry on his part, we have informed Professor Joseph P. Chamberlain, who was the American representative on the Governing Body of the High Commission for Refugees from Germany until the recent dissolution of that Body, of our intention to
have

- 3 -

have an observer from the American Consulate in Geneva attend the conference. Professor Chamberlain, in acknowledging the Department's letter, stated that he understood the position of this Government and that he was glad to learn that the American Consul would attend the conference as an observer.

Faithfully yours,

A handwritten signature in dark ink, appearing to read "Cordell Hull". The signature is fluid and cursive, with a large initial "C" and a long, sweeping horizontal line at the end.

Enclosure:
Copy of Agenda,
as above.

BSF
Hull

10/9/59

Memo for the files:

This is the text of Secretary Hull's address at Minneapolis, Minn., Oct. 7, 1936. The entire speech is printed in the New York Times, Oct. 8, 1936, p. 1, 10.

G.W. Roach

file
personal

10/6/36

Hue

The outstanding question before the world today is peace. The present Administration is dedicated to a program of constructive effort for peace. It has followed, in all its dealings with other peoples, the good neighbor policy. It is not my purpose to discuss this evening all the constructive efforts made during the past three and a half years to make the good neighbor policy effective for peace. I shall stress one phase only of that policy which I feel is basic - the economic or trade phase.

The trade agreements program is an instrument for the furthering not only of prosperity but also of peace. The fourteen trade agreements that have been made are not only trade building achievements. They are in every true sense "treaties of commercial peace". These fourteen agreements and those that are to follow are designed not alone to reestablish the flow of mutually profitable trade between the United States and the rest of the world and to restore full and stable prosperity for our nation by reopening adequate foreign markets for our vital surplus-producing branches of agriculture, mining, and manufacturing industry. They are also a means

means of exerting our influence for the reestablishment throughout the world of flourishing trade, based upon equal treatment for all, upon fair-dealing and friendly liberality in international commercial relations. These agreements are "treaties of commercial peace" both in the sense that they provide for non-discriminatory treatment of commerce and in the sense that they promote economic disarmament.

They are a solvent for economic distress, which breeds war. Economic distress opens the way for the demagogue and the agitator, foments internal strife, and frequently leads to the supplanting of orderly democratic government. It creates international friction, fear, envy, and resentment, and destroys the very foundations of world peace. Some nations are tempted to seek escape from distress at home in military adventures beyond their frontiers. Even peace-loving nations are forced to divert their national effort from the creation of wealth and from peaceful well-being to the construction of armaments.

In the past few months we have witnessed a swift increase in international political tension; a recrudescence of the military spirit, which sees no goal in life except triumph by force; an expansion of standing armies; a sharp increase of military budgets; and

actual

actual warfare in some portions of the globe. Human and material resources are being shifted, on a truly alarming scale, in a military direction rather than one of peace and peace pursuits.

Through the trade agreements program we have striven to divert the attention of the nations from preparation for armed conflict, born of economic misery and despair, to the preservation of durable peace, based upon economic contentment and prosperity.

This policy is being carried out under a clear and unequivocal mandate of the Congress. In the fulfillment of this mandate, the President has mobilized all the resources of the Government into a highly efficient and hard-working inter-departmental organization.

Two years of energetic activity have yielded tangible and gratifying results. The volume of foreign trade is steadily expanding. The commercial policies of the world are unmistakably moving away from the suicidal tendencies toward which they seemed inexorably pointed but a short time ago. In our own country, the program has received the endorsement from the most outstanding statesmen, and from a majority of the press, irrespective of political affiliation.

Until recently the principal criticism that attended the execution

the execution of the program came from scattering selfish and predatory special interests. In the past few months, vast propaganda at large cost has been unleashed against the program. Even Governor Landon, who spoke on this subject in this very community less than two weeks ago, has invested the attack with the authority of his name.

It is not my purpose tonight to defend the trade agreements program. It needs no defense beyond a fair and honest examination of the facts. But I am happy to have this opportunity to discuss the program and some of the criticisms directed against it, because, as a citizen, I deplore and resent any attempt to sacrifice to selfish greed or to narrow partisan advantage the welfare of our nation and the great cause of world peace; and because I regard it as my duty to place before my fellow-citizens the true facts and the reasons for my profound belief that the trade agreements program is the sole agency, in the sphere in which it is designed to operate, capable of serving adequately the best interests of our nation and of our time.

Many of you in my immediate audience are farmers. It is natural that the consideration uppermost in your thinking with respect to our foreign-trade program and the improved

the improved conditions of peace which it contemplates if the relation of that program to the agricultural situation in our country. I, too, have long been intensely interested in the special plight of our farming community. For 22 years I represented in Congress, on one nomination, an agricultural district of my native State. During that long period, constant personal farming experience and intimate contact with my constituents taught me to appreciate the fact that healthy and active foreign trade is indispensable to the prosperity of our farms.

Our trade agreements program was the way out of the misery and confusion that had fallen upon our affairs in the years prior to 1933 - nowhere more acutely than in agriculture, and for no single reason more important than the collapse of our trade relations with the outside world. That program was the only practical and effective means of overcoming the extreme emergency which confronted us.

We, and other countries, have had a long and full trial of other policies. During the postwar period restrictions on imports were multiplied while exports were encouraged by every manner of device and exertion. The basis of mutually beneficial trade was lost. For a while the unhealthy process was sustained by vast and
extravagant

extravagant foreign lending, mostly by the United States. But in 1929 came the inevitable doom. International trade withered, the prices of all raw materials and foodstuffs tumbled, the income of producers shrank. In all nations large surpluses accumulated, needed and wanted by other nations, but impossible to move. The depression, unparalleled in scope and intensity, was upon us.

The American farmer suffered bitterly. The prices of his products fell faster and further than those of industrial goods. The gross income of our farm production slumped from \$11,900,000,000 in 1929 to \$5,300,000,000 in 1932. Mortgages became unpayable and, by thousands, farmers lost their homes.

The responsible leaders of the time, here and abroad, ignoring completely the fact that the policies of national self-sufficiency which they had pursued were in large measure the cause of the universal disaster, sought relief by clinging to and carrying further the same fatal policies. We enacted the Smoot-Hawley Tariff, designed as nearly as possible to exclude every foreign commodity deemed in the slightest degree competitive with domestic production. Other countries, either in pursuit of a similar policy or in retaliation, increased

increased their tariffs. As the depression deepened, they went further and applied their frightened ingenuity to the establishment of still more rigid and arbitrary restrictions, such as quotas and exchange controls. The inevitable result was to reduce trade further, to create greater unsalable surpluses, to lower living standards, while privation and unemployment raged among millions.

It was to stay this process of ruin, and to repair the havoc already wrought that the Trade Agreements Act was put on our statute books. Our foreign markets were wrecked under the Smoot-Hawley tariff, which had been based on the embargo principle. Our foreign markets are being rebuilt under the trade agreements program, through its method of carefully negotiated concessions on a mutually profitable basis. From a level of slightly over \$1,600,000,000 in 1932 and 1933, our exports rose to \$2,280,000,000 in 1935 and continue this year on an upward trend. The increase in our exports in 1935 over the preceding year constituted 40 percent of the entire increase in the combined exports of all countries of the world. This year the percentage is running even higher.

Our critics offer the nation nothing but a return to Smoot-Hawleyism that will inevitably destroy the
precious

precious gains which have so far been attained in our drive toward a revival of foreign trade. They bolster up their attack by wantonly misrepresenting some of the essential features of the trade agreements program. They say that the extension to other countries of concessions embodied in the agreement with any one country is giving away something for nothing. That is not true. We receive in exchange from each foreign country to which we may extend these concessions the pledge that our commerce will enjoy all the concessions granted by it in the past or to be granted in the future to any and all other countries. That is the only way in which we can make our trade secure against wholesale discrimination. Let me emphasize that the alternative would be not only to discriminate against fifty countries when we make a concession to one, but also to deny ourselves the right to equal treatment at the hands of other nations. Further, this rule contributes greatly to commercial stability and peace. Without it, world trade must become merely a business of cut-throat bargaining and bartering on an ever narrowing scale. Let me add that as our program develops, such countries as refuse American goods equal opportunities in their markets will be denied the benefits of equality of opportunity

opportunity in our market. Our hands are free to deal with their products as may be sound and just.

Again, attack has been made regarding the methods by which the terms of the trade agreements had been decided. Our critics have charged us with using "star chamber" proceedings. This accusation came first of all from powerful Washington lobbies, and most loudly of all from the representatives of particular industrial interests who have not found it as easy as before to make their wishes prevail. These neither waited for notice, nor cared for notice when the Smoot-Hawley bill was log-rolled through Congress and rammed down the throats of the American people. The methods pursued involve procedures with regard to public notice, public hearings and conferences, no different in essence than those long employed by congressional committees and by such semi-judicial bodies as the Tariff Commission, the Federal Trade Commission, and the Interstate Commerce Commission. To criticize in this one instance and to commend in all others approaches gross unfairness. A most carefully selected and well trained organization, assembled from the interested Departments of the Government - State, Treasury, Agriculture, Commerce, and the Tariff Commission - has handled every detail and

has welcomed

has welcomed every presentation of fact from all sources. It has thus conscientiously and capably carried out the mandate of Congress.

The most serious accusation which our critics make against the trade agreements program is that under its operation the American farmer has been sold down the river. Governor Landon and the Republican National Committee have reiterated, over and over again, the charge that in the execution of the trade program the Roosevelt Administration has taken the American farmer out of the foreign market and has put the foreign farmer in the American market.

The unvarnished truth is just the opposite.

Our agricultural exports have increased steadily since 1932. The fourteen trade agreements which have so far been negotiated give us far-reaching concessions on scores of agricultural products, ranging as high as 50 percent to 60 percent in tariff rate reductions, some complete removals of rates, and extensive liberalization of import quotas and other barriers. These concessions relate to one-third of our normal farm exports to the 14 countries involved. With respect to another third of our farm exports to these countries, pledges have been made to continue existing favorable treatment.

treatment. Our program has a definite tendency to drive down trade barriers abroad. Within the past week, almost literally while my train was moving west, France, Italy and Switzerland have substantially lowered tariff duties on products of the American farm - notably wheat, apples, pears, and other fruits. The world economic log-jam is beginning to give away.

These concessions have already assisted exports of many farm products, in some cases notwithstanding obstacles created by the drought. Our agricultural exports to Cuba more than doubled during the first year of the agreement and have been well maintained since that time. During the first seven months of the Canadian agreement, exports of hams and shoulders to Canada increased 169 percent; and of other pork, pickled or salted, 329 percent, as compared with the same period of 1935, while lard exports to Canada increased 92 percent. Comparison for the same periods in the case of fruit shows increases of 49 percent for dried fruits, 68 percent for canned fruits, and in the case of apples an increase of 127 percent. These striking benefits of the concessions we have obtained illustrate the possibilities of the program as a means of restoring the farmer's foreign market. Naturally trade recovery cannot be brought about overnight.

In the light of this evidence, what fair-minded person will accept the reckless assertion that the

Roosevelt

Roosevelt Administration has taken the American farmer out of the foreign market?

I will tell you just when our farmer was taken out of his foreign markets. It was when our agricultural exports slumped from \$1,692,900,000 in 1929 to \$662,400,000 in 1932 and when our farmers thus sustained a staggering loss of over one billion dollars in their foreign markets. This occurred under the Hoover Administration, under the Smoot-Hawley tariff. There has not been one dollar of loss since that time.

When was the domestic market taken away from the American farmer, and by whom? Not by the foreigner. Not in the last four years, when the total cash income of our farms from the marketing of crops and livestock rose from \$4,328,000,000 in 1932 to \$6,360,000,000 in 1935, not including benefit payments. On the same basis, the total cash farm income in 1936, with our trade agreements in operation, will probably approximate seven and one-half billions of dollars. In other words, it is safe to estimate that this year our farmers will receive from their sales in the domestic market about three billions of dollars, or 70 percent, more of cash income than in the year before the Roosevelt Administration took office. The real loss of the farmers' domestic market,

market, the loss that Governor Landon ignores, the loss that had carried our gross farm income from \$11,900,000,000 in 1929 to \$5,300,000,000 in 1932, or 60 percent of the farmers entire domestic market, took place under the Hoover administration, while more than \$3,000,000,000 of that lost domestic market has been restored under the Roosevelt administration.

In order to divert attention from just such facts as I have cited, it is sometimes sweepingly asserted that all of our so-called agricultural imports, which amounted to \$1,106,000,000 in 1935, are all competitive with domestic production. This is anything but the truth. These imports comprised, to the extent of \$484,000,000, such entirely non-competitive commodities as coffee, tea, cocoa, spices, bananas, carpet wool, sisal, unmanufactured silk, and crude rubber. Again, we have substantial imports of other necessary raw materials and semi-manufactures to be further manufactured by our labor and capital, such as hides and skins, furs, unmanufactured tobacco, carpet and similar wools, raw silk, wood pulp and news print, and a large list of similar products, indispensable to the progress of our domestic industries.

It is true that in 1935 and during the course of
the present

the present year there has been an increase in our imports of agricultural products. The increase in 1935 over 1934 amounted to \$247,000,000. Of this amount, \$75,000,000 represented wholly non-competitive products - coffee, rubber, bananas, etc. Of the remainder, exclusive of sugar which is governed by international agreement, only \$13,000,000 was accounted for by commodities affected by the trade agreements. Practically all the rest of increased imports came in to repair the ravages of the disastrous drought which seared our farms in 1934 and the effects of which were felt most severely in 1935.

The agreements that have been negotiated involve but a small number of agricultural rates. Even after the downward adjustments had been made, these rates still stand around or above the level of the Fordney-McCumber Act, the rates of which afforded at the time a larger measure of protection than ever before in American history. In no reciprocal trade agreements have there been any tariff reductions on wheat, corn, rye, oats, or any of the other commodities brought in to eke out shortages of feedstuffs caused by the drought. Our critics have not the fairness to admit that these emergency drought imports are temporary in character and

will

will disappear as the effects of the drought wear off.

These products were brought in over the Smoot-Hawley tariff rates because they were desperately needed by the farmers to save their livestock from starvation or premature slaughter - not because our gates were thrown open to the foreigner by any act or policy. I desire here and now to nail down the atrocious falsehood to the contrary, so shamelessly circulated throughout the farm belt in an unscrupulous effort to prejudice the farmer.

There are three commodities the tariff rates on which have been affected by the trade agreements that are singled out by the critics of the program in their attempt to prove, by specific instance, that our farmers have been gravely injured in the process. Governor Landon, in his speech of two weeks ago, devoted most of his time to a discussion of these items.

He first mentioned cheese and proclaimed that the imports of cheese from Canada increased sevenfold, and that the prices of the particular kind of cheese on which his fancy fell, cheddar, had declined since January 1, from 17 to 12-1/2 cents a pound. What he failed to state was that the price decline was a seasonal phenomenon, that his price quotation was several months

months old when he delivered his speech, and at the very time he spoke, the price of cheddar cheese was over ly cents - not 4-1/2 cents below, but 1/2 cent above the price on January 1. It was 25 percent higher than a year ago at the same time when there was no agreement with Canada. And let me add that today it is higher than at any time since the depression began.

The second commodity singled out by the Governor was Babassu nuts and oils. He referred to it in the following fanciful language: "Under the present agreement a new jungle product is permitted to come into this country in direct competition with American dairy products." The truth is that the trade agreement with Brazil permits nothing with respect to Babassu nuts and oil that was not permitted under the Smoot-Hawley Act. Babassu nuts and oil are bound on the free list where they always have been.

Finally, Governor Landon referred to the decline of cattle prices earlier in the year as evidence of the adverse effect upon cattlemen of the trade agreement with Canada. There was a decline of cattle prices during the first half of this year, particularly fat cattle. But attempts to explain the decline on the basis of the Canadian agreement simply fail to stand up

under

under scrutiny. What the Governor failed to point out was: (1) that the duty-cut was limited to a quantity of animals equivalent to only 3/4 of one percent of our average annual slaughter, and even on this quantity the duty was left as high as in the Fordney-McCumber Act; (2) that the class of animals imported from Western Canada is mostly feeders, whereas the chief decline in domestic prices was in fat cattle; (3) that the decline in prices of fat cattle was due almost entirely to abnormally large supplies of domestic fat cattle marketed since the first of the year as a result of a great expansion of feeding operations last fall; (4) that imports from Canada constitute only some one or two percent of our domestic slaughter, or one or two cattle out of each 100 sent to market; and (5) that conditions in Canada and the United States were such that most of the Canadian cattle imported would have come in anyhow even if the duty had not been touched. Nor is there anything but special pleading in the attempts to make it appear that a few extra carloads of animals received in a particular market on a particular day is anything but a normal market phenomenon regardless of whether the cattle are imported or domestic. Large receipts come in also from Montana on a particular day. Attempts to attach

to attach special importance to imports in this connection is nothing more than trying to make the parts seem larger than the whole. Incidentally, also, the Governor failed to point out that the price of the very grade of animals that he quoted as having declined during the first half of the year from \$9.75 per hundred to \$7.25 had risen by the time he made his speech to \$8.65.

In the light of all this evidence, what fair-minded person will accept the reckless assertion that the Roosevelt Administration has taken the domestic market away from the American farmer and has handed that market over to the foreign farmer?

Governor Landon was right. The American farmer has been sold out. But the Governor is mistaken as to who did the selling and when it occurred. The "sell-out" took place during the Hoover Administration, and it was the Smoot-Hawleyites who did the work.

Governor Landon has permitted his views and his utterances to be shaped by the same interests that were behind the Smoot-Hawley tariff. The very authors of the farmer's ruin prior to 1933 now ask him to turn on and smite the Roosevelt Administration with full knowledge of the incalculable service it has rendered the farmer.

the farmer.

I repeat that the Governor, in his Minneapolis speech, after paying lip service to the principle of foreign trade and tariff reciprocity, declared his support of principles and methods for carrying out a reciprocal trade program which would render it completely sterile and make it thus a sham and a fraud. The country will regret to see this discussion of our most vital economic problem and of constructive methods for dealing with it made the subject of confused, inaccurate, and incoherent statements such as characterized the Governor's speech.

The important question before us is not whether Babassu nuts remain on the free list where they always have been; it is not whether we should continue to permit the entry of a very limited amount of Canadian cattle at a reduced but still substantial duty. It is whether we are to regain a balanced and stable economic system in which all parts of American production can cooperate prosperously, or whether we shall have a crippled and unstable system. It is whether we shall permit those branches of American farming and industry equipped and accustomed to sell part of their product to other countries, to do so and be paid for that product;

product; or whether we shall make it impossible for these branches to trade, and throw their land out of production and their people out of work and so depress conditions throughout the country. The latter course will mean continued burdens on the taxpayer, continued governmental intervention to deal with surpluses. It will lead American industries into an intensified fight to control the shriveling opportunities to export by controlling the Government. It would invite regimentation. As the Honorable Frank Lowden is reported to have said in 1922, and it is still true:

"You ask, 'Is it not possible for America to recover this splendid isolation she has lost?' Yes, perhaps it is. The way is to let, say thirty percent of our wheat fields go back into prairie and fifty percent of our cotton fields go back into forests, and to close half of our copper mines and to curtail our production along many other lines. We can live within ourselves better perhaps than any other nation in the world if we are willing to pay the price, but we must readjust our whole life from one end to the other. I find no one who is willing to pay that price and therefore we have got to concern ourselves in the affairs of the world."

The reciprocal trade policy has helped to improve relations between the United States and the rest of the world. We have carefully guarded the national interest. We shall continue to do so. We have asked fair return for concessions we have made and we shall always do so.

But at

But at the same time we have shown in the trade agreements policy our good will, our wish for general improvement, and our intention of dealing with all countries alike. Five years ago 30 to 40 nations were embittered at the extremes to which our trade policy had been carried, and the harsh consequences to them. The trade agreements program, based on good will and equality of treatment instead of threats and discrimination, has broken down the wall of prejudice and bitterness and today the United States is on as friendly relations with all other nations as within living memory.

THE WHITE HOUSE
WASHINGTON

PSF
Hall

~~CONFIDENTIAL~~

December 17, 1936.

MEMORANDUM FOR

THE ACTING SECRETARY OF STATE

What do you think of
the last page of this letter? *Bingham*
Do you think R. W. B. should
come home or not?

F. D. R.

PSF
Hull -

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

December 19, 1936.

MEMORANDUM FOR

THE ACTING SECRETARY OF STATE

It seems to me that the best thing to do would be to send out immediately a note to all Chiefs of Mission to read somewhat as follows:

"Chiefs of Mission are reminded that owing to the change in the date of Inauguration, and in pursuance of custom, their resignations should be in the hands of the President not later than January 15, 1937."

In some way it could be made clear that a similar note is being sent to all other Chiefs of Mission.

F. D. R.

BSF
Hull

Cromb's file

Letter from
Motta - put in
Signature file
Jan 1-37

DEPARTMENT OF STATE
WASHINGTON

January 26, 1937

My dear Mr. President:

With reference to your letter of December 18, 1936, congratulating His Excellency Giuseppe Motta upon his completion of twenty-five years' service in the Swiss Federal Council and his assumption for the fifth time of the Office of President of the Swiss Confederation, there is transmitted herewith a letter addressed to you by President Motta.

Faithfully yours,

6
Cordell Hull

Enclosure:
From President Motta.

The President,
The White House.

Department of State

DIVISION (WE
BUREAU (

ENCLOSURE

TO

LETTER DRAFTED

ADDRESSED TO

The President

*file
personal*

PST Hull

THE SECRETARY OF STATE
WASHINGTON

January 30, 1937.

Dear Mr. President:

I wish to convey to you my sincere congratulations on the occasion of your birthday, and I hope that you may have many more of them.

Sincerely yours,

Cordell Hull

The President,
The White House.

PSF
File Hull -

Feb. 19, 1937.

Sec. Hull on Feb. 19th brought the Pres.
a letter from Sayre in re-Phillipine Islands.

Attached a memo in re-Independence of the Islands
in 1946.

SEE--State Department-(S) Drawer 1--1937

PSF
File Hall

February 27, 1937.

Memo to President

In re-schedule suggested by the Honorable MacKenzie King
for his visit to see the President.

SEE--Canada-(S) Drawer 2--1937

THE WHITE HOUSE
WASHINGTON

RF
Have

February 27, 1937.

MEMORANDUM FOR
THE SECRETARY OF STATE

FOR YOUR CONFIDENTIAL
INFORMATION. PLEASE RETURN.

F. D. R.

Letter from Hon. Dave H. Morris

PSF
File Three

March 5, 1937.

To President
Letter from Cordell Hull
March 2, 1937
In re- matter of China Consortium Agreement of 1920

SEE--Henry Morgenthau-(S) Drawer 1--1937

THE WHITE HOUSE
WASHINGTON

DSF
Hull

March 11, 1937.

COPY**PRES. WROTE IN LONGHAND AT TOP OF LETTER

MEMORANDUM FOR
THE SECRETARY OF STATE

4 C.H. I AGREE WITH YOU--WILL YOU
TELL SEN PTTMAN?

F.D.R.

C. H.'S letter in re -to bill of Fed. Board
of Foreign Trade and Commercial Policy.
Hull encloses objections to policy-wants to
know if Pres. agrees.

File ^{Wells}
(Confidential)

DEPARTMENT OF STATE
WASHINGTON

April 23, 1937

My dear Mr. President:

In accordance with your confidential memorandum of April 21, I am taking steps to have an immediate study made of the question of embargoes or restrictions in the export movement of certain materials, including the ones you enumerate, steel billets and scrap steel (or rather the whole movement of iron and steel scrap) and copper.

It so happens that the Executive Committee on Commercial Policy has had a Sub-Committee engaged in an intensive study of this subject for some time. The analysis of this Sub-Committee on iron and steel scrap should be ready shortly and will be immediately transmitted to you.

The Chairman of the Sub-Committee is the Economic Adviser of the Department, Mr. Feis, and the membership is made up of representatives of the State Department,

Tariff

The President,

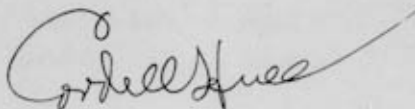
The White House.

- 2 -

Tariff Commission, Department of Commerce and Department of Agriculture, which seems to correspond to your suggestion as to the composition of the committee. I have given directions that there should be added to the committee qualified people from the Bureau of Mines and from the Central Statistical Board, in accordance with your instruction.

I trust this is satisfactory.

Faithfully yours,

A handwritten signature in dark ink, appearing to read "Cordell Hull". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

PSF
Hull

April 27, 1937

Letter

From Cordell Hull to the President

In re- Japanese expansionist program and the study
of the economic and financial position of Japan.

SEE--Japan-(S) Drawer 2--1937

THE WHITE HOUSE
WASHINGTON

BSF
Hull -

June 4, 1937.

MEMORANDUM FOR
THE SECRETARY OF STATE

FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter of June 1, 1937 from Dave H.
Morris enclosing letter of resignation
dated January 20, 1937.

THE WHITE HOUSE
WASHINGTON

BSF
Hull

June 5, 1937.

MEMORANDUM FOR
THE SECRETARY OF STATE

Will you speak to me
about this?

F. D. R.

Longhand memorandum

George W. Lynn - Minister to
Costa Rica - for McAdoo. He is a
very good supporter of ours.

F. D. R.

PSF 7/12
See Hull

THE WHITE HOUSE
WASHINGTON

June 17, 1937.

MEMORANDUM FOR THE SECRETARY OF STATE:

The following list seems to have been approved by you. Is this right?

Belgium	Hugh Gibson
Brasil	Jefferson Caffery
Colombia	Spruille Braden (on transfer of Mr. Dawson in August)
Cuba	J. Butler Wright
Spain	Claude Bowers (to remain)
Uruguay	William Dawson (now in Colombia, to go to Uruguay on retirement of Julius Lay in August)

F.D.R.

Entire file returned to STATE 6/17/37.

June 17, 1937.

MEMORANDUM FOR THE SECRETARY OF STATE:

I understand the following places are vacant or would become vacant in case of transfers: Please let me know what you think.

Austria
Bulgaria
Chile
Czechoslovakia
Salvador
Haiti
Honduras
Hungary
Iran
Panama
Rumania
Switzerland
Yugoslavia

I understand the following now in the service would have to be taken care of:

Sterling	Now in Belgium
Gordon	Now in Haiti
Corrigan	Now in Salvador
Leland Harrison	Now in Rumania
Emmet	Now in The Netherlands

Smith now in Austria

I understand the following now in the service are available:

Wilbur J. Carr	State Department
Robert Frazier	Counsellor General in London
Ferdinand Mayer	Counsellor in Berlin
Franklin Gunther	Formerly in the service
Ray Atherton	Counsellor in London

I understand we have been asked to consider the following candidates:

Ira Nelson Morris, of Illinois
Wm. H. Hornibrook, of Utah, former Minister
White, of Idaho
Rev. O. J. Norem, of Montana
Archibald MacLeish (Chicago ?)
Edgar Mowrer of ?
John D. Irwin, of Tennessee
Cameron Morrison, of North Carolina

(continued)

Sam Wood, of Pervis, Miss.	Now a commercial secretary
Rice, of Ohio.	(Wants Costa Rica or Salvador if we promote Corrigan)
Charles E. Adams, of Arizona.	(Arizona has no one in the service -- wants South Africa)
Dr. Howard Block, of Miami, Fla.	(Wants Costa Rica)
Louis James Rosenberg, Detroit.	(Michigan has no diplomatic post)

I have made only one commitment and that is to send Emmet from The Netherlands to Hungary -- the quicker, the better. That would give us The Netherlands as an added post.

F.D.R.

RF
Hull -

July 6, 1937

Memorandum of conversation between Sec. Hull
and the Italian Ambassador, Signor Fulvio De
Suvich.

Subject--Trade Agreements Program

SEE--Italy folder--Drawer 2--1937

PSF
Hull -

July 12, 1937

Memorandum from Cordell Hull to Pres. in
re-conversation between him and the Japanese
Ambassador, Mr. Hiroshi Saito on the Japanese-
Chinese military trouble.
Memo which the Ambassador handed to Hull
on the situation attached.

SEE--Japan folder-(S) Drawer 2--1937

PST
file Hull -

July 13, 1937.

Memorandum of conversation between Sec. Hull
and the Japanese Ambassador, Mr. Hiroshi Saito.

SEE--Japan folder-(S) Drawer 2--1937

PSF
File Hull -

July 14, 1937

Copy of cable from Embassy in London to
Sec. of State containing text of proposal
of British Gov. solution of deadlock in Non-
Intervention Committee.

SEE--Great Britain-(S) Drawer 2--1937

PSF
Lili Hall

July 14, 1937.

To President
From Hull

Copy of Press Conference of Dept. of State,
Division of Current Information-July 13, 1937.
Has marked questions and answers in re-Far
East situation particularly.

SEE--State Dept. folder-(S) Drawer 1--1937

*file
confidential
Hull
PSF*
DEPARTMENT OF STATE

THE SECRETARY

July 17, 1937.

MEMORANDUM FOR MISS LE HAND.

Transcript of Secretary
Hull's press conferences of
July 16th and 17th, as of
possible interest to the
President.

THE SEC
DEVELOPMENT

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

PSF
Hull

Department of State
Division of Current Information No. 134

MEMORANDUM OF THE PRESS CONFERENCE, FRIDAY, JULY 16, 1937

At the press conference this afternoon, Secretary Hull said: I am sorry for not meeting you gentlemen today. I tried to get word that I would be back later and if anything of any importance came along I would look you up during the afternoon sometime. So the idea of the delayed meeting; I suggested that if you cared to drop in for a minute I would refer to the general situation by way of background for a little statement I have dictated today. This is for universal application and it is intended to apply everywhere. It is, I think, not altogether new to you gentlemen. At least portions of it are not.

Getting away now to the Far Eastern situation, someone enquired and I may say this first OFF THE RECORD to see how it sounds because I am trying to help you without intending to give you something to publish—gentlemen come around and enquire if we have been asked to invoke the Nine Power Treaty or invoke some other treaty to which we and others are parties in relation to peace. Naturally it is very difficult to know just what is going on over there. We get a mass of despatches, reports and rumors. We don't know to what extent either side or both sides are seeking to localize this controversy and just what may be the possibilities of dealing with it in that way, or if not, we then don't know just to what extent there may be now or later occasion for conferences between the general government and Japanese officials. At any rate both sides, as you know, are earnestly protesting any purpose to bring on a general state of hostilities and I think you will agree that when we reach the stage ^{at} which we will invoke the Nine Power Treaty that would be discrediting somebody's present professions, and we would then be past the stage where, perhaps, anything we could say about peaceful

adjustments would be feasible or practicable. So we are saying everything we can now and during this stage that might be calculated to aid in encouraging^a peaceful outcome.

I think, if I have made that clear--

Q. You said that OFF THE RECORD. That is not for publication directly or indirectly.

A. I just wanted^{you} to see why it is not feasible before we get the full facts as to just what is going on also while both parties are protesting a peaceful purpose if, during that time, we step out here and say the Nine Power Treaty must be invoked, that negatives all that sort of thing. I just wanted you to know why it hurts the prospects of this situation being kept so when we in this country or some other important country step out and go talking about invoking these things before we reach that stage.

Q. I understand that, but I want to have a complete understanding on the part of all present. You said off the record. Am I right in understanding it is not for publication?

A. I said OFF THE RECORD to see how it sounded. All I am interested in is trying not to complicate the situation.

Q. That means not for publication directly or indirectly.

A. That is what it means.

Q. If you said background, we might use it without attributing it.

A. I doubt we ought to use it today. If later the situation should suggest, then we will talk with you further.

Q. Do I understand from that statement when you referred to it as of general application and then you said a moment afterward, "Now, to turn to the Far Eastern situation," do I understand this does not have reference to the Far Eastern situation?

A. This applies universally.

I am sorry about the lateness. Have you anything else on your minds?

Q. Mr. Secretary, while I appreciate the ideas expressed,

we are forced, because the Chinese Ambassador and the Japanese Counselor were over here today and despatches and in some instances statements by the Embassies have been given out and various reports did come to the State Department, is there anything along this line you could tell us that would enable us--

A. You gentlemen all know there has no action taken, no decisions on this thing.

Q. Might I ask if we could go so far as to say it was understood the State Department advises on the matter were they were trying to assist in reaching a peaceful adjustment and using their good offices but no action was contemplated?

A. I don't know whether that would be exactly the way you want to use it. In other words, still OFF THE RECORD, we haven't reached the stage yet where we have any definite tangible facts on which to predicate the deliberate conclusion about the operation of the Nine Power pact. // Naturally representatives of the Governments put their views on all these things from the very beginning, but we have to wait in any event until the facts are carefully developed for ~~and~~ our decision on them to be fairly accurate and naturally so far we haven't made any decisions.

Q. Mr. Secretary, I wonder if you would be kind enough to read your statement while we are all here in case we have any questions to clear up, any loose ends, so to speak, that we might not understand fully?

A. The Secretary read the statement which was issued as a press release.

Q. That answers my question, Mr. Secretary.

It answers all of mine.

A. We are striving earnestly to arouse and promote the spirit of peace wherever it will be calculated to be most helpful and incidentally to keep alive these basic relationships that must underlie all restored international order.

-4-

Q. Mr. Secretary, can you say whether we have received any request or communication from Great Britain or other Nine Power signatories asking consultation or suggesting consultation on the Far Eastern situation?

A. I haven't heard anything new really. I gave you gentlemen a very frank and full statement the other day when I described the extent and nature of our utterances to all parties in the present controversy and then stated that now we were telling you and Great Britain or any other Government what we were saying and they are telling us what they are saying. I am sorry to have delayed you.

Q. It was worth waiting for.

Howard Bucknell, Jr.

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

Department of State
Division of Current Information No. 125

MEMORANDUM OF THE PRESS CONFERENCE, SATURDAY, JULY 16th 1937
morning

At the press conference this ~~afternoon~~, Secretary Hull said:

Have you any questions this morning?

Q. Mr. Secretary, in your statement last night one expression struck me as being new. I wrote something about it at the time. I wondered if you care to expand it: that the United States was prepared to increase or reduce her armaments in proportion to increases or reductions by other nations.

A. I don't know of any elaboration I have in mind on the subject.

Q. In other words, Mr. Secretary, were not most of the tenets and principles outlined there contained in the principles adopted at Buenos Aires? The reason I ask the question is whether or not it would show unanimity of opinion of the American Republics in line with your statement.

A. I tried to set them out in the so-called eight pillars of peace in the address there and they were echoed and re-echoed through the conference in speeches and resolutions. They draw the line between international anarchy, on one hand, and international order, on the other.

Q. Have you any other conference today, Mr. Secretary, with either the Japanese or Chinese envoys?

A. I have no appointments at present.

I hope you have a good-week-end.

Q. Thank you and the same for you, sir.

Howard Backnell, Jr.

PSF; Hull

July 26, 1937

CONFIDENTIAL MEMORANDUM FOR

THE SECRETARY OF STATE

I wish you would read this personally. It looks to me as if this is a sheer case of bluff on the part of the British.

As I pointed out to you in Cabinet meeting, discovery does not constitute national possession for the country to which the discovery should belong unless discovery is followed within a reasonable period of time by permanent occupation.

Furthermore, a purely temporary occupation such as, for example, occupation for the purpose of removing guano and nothing else does not give sovereignty to the country to which the guano company belongs.

In the case of Canton Island, the United States has claimed it by proclamation, as well, I think, as by discovery.

The point is that nobody has occupied it for years and years and it is open to occupancy to us today.

I suggest immediate action from Honolulu.

Will you please return these confidential reports.

F. D. R.

Enclosures

fdr/tmb

C O P Y

THE WHITE HOUSE
WASHINGTON
THE SECRETARY
DEPARTMENT OF STATE

August 3, 1937.

MEMORANDUM FOR
THE PRESIDENT

Hamilton Fish Armstrong has just returned from France. He informs Norman Davis that Bullitt and Bonnet in Paris are strongly pressing Blum to make a visit to the United States. I am not sure whether Blum or Bullitt gave him this information. Armstrong was urging Davis to join in a cable inviting Blum to come over. Davis declined.

It occurs to me that unless you desire Blum to come on some particular matter, there is no occasion for his coming without the serious risk of going back without anything accomplished. If you desire him to come, that is another proposition; if you do not desire him to come, I suggest that you might consider communicating directly with Bullitt.

HULL

C. H. You are right - send an intimation
to Bullitt. F. D. R.

1
Mrs. Cordell Hull
The Carlton
Washington, D. C.

PSF
Hull

Aug. 4th

My dear Mr. President:

Do not think I am
childish for sending you the
game "Rings".

It is played so much on board
ships, and is very diverting
and amusing.

We had to put up ten cents - a
game, half went into the jack pot
and the rest to the Sailors fund.

Made it more interesting.
So try it for it does direct
your mind and is restful.
It can be played on card tables
out on deck when you sit.
With warmest regards.

Sincerely Yours,
Frances Hull

August 11, 1897.

My dear Mrs. Hall:-

It is awfully good of you to
send me the game "Bingo." I am taking it
down the river this coming weekend and
that it will give us a delight
especially as we

it was interesting
to see it did
not seem to be
so bad.

August 11, 1937.

My dear Mrs. Hull:-

It is awfully good of you to
send me the game "Bingo." I am taking it
down the river this coming weekend and I know
that it will give us a delightful diversion,
especially as we can play it out on deck.

Ever so many thanks for your
thought of me.

Always sincerely,

Mrs. Hull,
The Carlton,
Washington, D. C.

[Aug. 4, 1937] PSF
Cable

Confidential

The Honorable,

The Secretary of State.

My dear Mr. Secretary:

I am eager that a highway which will link Alaska and continental United States by land be completed as soon as possible. As you know, a reconnaissance survey has already been made and a report of its findings has been printed. As I understand it, the portion to be constructed on United States territory will cost about \$2,000,000 and the Canadian portion about \$12,000,000. I am hopeful that negotiations in this direction may proceed vigorously. The road would be of great advantage both to Canada and to us, but I think it may be pointed out to the Canadians that they would be the greater beneficiaries financially, since all tourists will spend the first few days of their journey on Canadian territory, and many may decide not to go the entire distance.

In addition to this, there is a strong desire on the part of those who wish to see our air communications with Alaska improved to secure a strip of land wider than the very narrow band of American territory which now connects Southeastern Alaska with the main body of Alaska so that our airplanes may fly over it without crossing foreign territory. I have suggested to Senator Schwellenbach, Mr. A. J. Dimond, Delegate from Alaska, and to Ernest Gruening, Director of the Division of Territories and Island Possessions, that we might work this out by proposing an international park to the Canadians. This would be the first international park in existence and would further symbolize the enduring amity and good neighborliness which exists between the Canadians and ourselves. Such a park would probably include the Canadian territory now lying directly North of our boundary between the 141st and 135th parallels of longitude, with not only our own St. Elias and Fairweather Ranges but Mt. Logan, second highest peak in the northern hemisphere, and scenery which is unquestionably worthy of being included in an international park. This park might very properly include on our own territory everything down to the coast between the 141st and 136th parallels, Malaspina Glacier in the West, Glacier Bay National Monument as far as Lynn Canal on the east, Icy Strait and Cross Sound on the south and possibly extend westward to include Bering Glacier and the Wrangell Mountains which contain half a dozen peaks higher than any in continental United States and is a region of singular beauty.

There is another problem in this region centering around the desire of the Canadians to secure a commercial exit by way of Skagway. I have discarded as undesirable the suggestion that Skagway be ceded to Canada. But I believe that the ends which the Canadians seek, namely an outlet to the sea in northwestern Canada, may be secured by making Skagway a free port. Such an inducement might tend to encourage and interest the Canadians in building their part of the international highway.

Sincerely yours,

OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.



DEPARTMENT OF STATE
WASHINGTON

*file
personal
Hudson*

My dear Mr. President:

On August 4th I received your confidential letter informing me of your eagerness to push to the earliest possible conclusion the construction of a proposed highway to connect the Territory of Alaska and continental United States. At the same time you outlined the suggestion that you had made to Senator Schwollenbach, Mr. A. J. Dimond, and Dr. Ernest Gruening, for the joint establishment with Canada of an international park situated, roughly, north and west of Skagway, Alaska.

As you know, the question of the proposed highway to Alaska is one which we have long endeavored to have favorably considered by the Canadian authorities, who up to now have unfortunately shown little inclination even to discuss the matter. It has been indicated to us that financial reasons are in large part responsible for their reluctance to negotiate.

Immediate consideration is being given to means whereby

we

The President,

The White House.

-2-

we may enlist the active interest and cooperation of the Canadian Government to the highway project and to the proposal for an international park. As soon as plans to this end are a little further advanced I shall be glad to communicate with you again.

Faithfully yours,

Cordell Hall

DEPARTMENT OF STATE
THE SECRETARY

August 11, 1937.

MEMORANDUM FOR
THE PRESIDENT.

I herewith return the enclosure. The information in the letter is interesting. While no accurate information has been thus far obtainable as to the truth of the matter, I very much doubt if the value of any proposed purchases was as much as \$50,000,000. It was probably much nearer \$5,000,000, if anything.

I have since seen news reports to the effect that 20,000,000 to 30,000,000 gallons of gasoline had been purchased on the Coast by Chinese agencies. The truth of this, however, cannot be verified. In any event, there is nothing this Government could do about the matter unless and until we choose to place some restrictions not now existing upon petroleum products.

Hue

*file
private
Hue
BSF*

THE WHITE HOUSE
WASHINGTON

August 5, 1937.

MEMORANDUM FOR
THE SECRETARY OF STATE

Will you speak to me about
this?

F. D. R.

PSF Hull

THE WHITE HOUSE
WASHINGTON

August 24, 1937.

MEMORANDUM FOR
THE SECRETARY OF STATE

In regard to enclosed,
I suggest Bullitt tell him, in
confidence, that the President
rather expects to be in the West
from Constitution Day, September
seventeenth, to the middle of
October.

F. D. R.

(Enclosure) No. 1190 - Paris

PSF
Hull

Cordell Hull

August 26, 1937.

Telegram sent by Hull to Nanking, China

In re- steps being taken to obtain and put on
record evidence of losses and damages suffered
during disturbances etc.

SEE--China folder-Drawer 2--1937

PSF
Hull

DEPARTMENT OF STATE

THE SECRETARY

file
"personal"

August 27, 1937.

MEMORANDUM FOR THE PRESIDENT

The attached statement of imports and exports with trade agreement and non-agreement countries, contains the figures I referred to on yesterday in our conversation.

Hull

PSF

*file
Hull*

Memo from Cordell Hull
Sept. 10, 1937

Enc. original of his letter of Sept. 2, 1937
regarding the participation of Finland in the
celebration of the Three Hundredth Anniversary
of the settlement of the Delaware River Valley.

Attached is telegram from Dearing, Minister
in Sweden, in re-Finland participating in
the celebration. He thinks Finland should be
asked to withdraw etc.

SEE--Sweden--Drawer 2--1937

PSF

Hull.

September 18, 1937.

Memo to President
Encloses letter in Chinese (with translation) from
five Chinese business organizations in Shanghai.

SEE--China folder-Drawer 2--1937

PSF
Hull

file

DEPARTMENT OF STATE
WASHINGTON

October 11, 1937.

My dear Mr. President:

In accordance with Section 14 of the Act of February 23, 1931, I take pleasure in transmitting a list of Foreign Service officers who have demonstrated special capacity for promotion to the grade of Minister, which has been furnished to me by the Board of Foreign Service Personnel. In preparing the list, the Board has been guided by the provisions of law and has included in it in the order of merit officers who are qualified to assume the position of Chief of Mission, either to a post in one of the American Republics, or more particularly by reason of their recent experience, to one of the lesser European Legations, as follows:

J. Theodore Marriner of Maine. (Class I), Consul General at Beirut.

Mr. Marriner entered the Service in 1918. After serving as Secretary of Legation at Stockholm and Bucharest, he was, in 1923, assigned to the Department of State. He acted as Technical Adviser and Secretary to the Preparatory Commission for Disarmament at Geneva in 1926 and 1927 and as Technical Adviser at the First Session of the

Special

The President,

The White House.

Special Commission for the Preparation of a Draft Convention on the Manufacture of Arms, at Geneva in 1927. In April, 1927, he returned to the Department of State as Chief of the Division of Western European Affairs, which position he filled with marked success. In 1931 he proceeded to Paris as Counselor of Embassy, and remained there until 1936, when he went to Beirut as Consul General, his present position. When Chief of the Western European Division, and Counselor of the Paris Embassy, Mr. Marriner participated as an adviser in a number of International Conferences, including the conference of Ministers for Moratorium on Intergovernmental Debts at London in 1931, and the General Disarmament Conference at Geneva, 1932. His experience in European affairs is broad and his knowledge is intimate and accurate. He is considered eminently suitable for ministerial appointment, either in Latin America or Europe.

John Campbell White, of Maryland. (Class I).
Consul General, Calcutta.

Mr. White was appointed after examination Secretary of Legation and Consul General at Santo Domingo in 1914 and has served also at the following Missions: Petrograd, Athens, Tokyo, Bangkok, Warsaw, Caracas, Prague, Riga and Buenos Aires. While Counselor of the Embassy at Berlin, he was assigned as Consul General at Calcutta early in 1936, and he has since been conducting the work of that post in a very satisfactory manner. Mr. White has always proved to be an officer of great discretion and sound judgment, and his record has consistently been characterized by reliability and loyal, conscientious effort.

Douglas Jenkins, of South Carolina, (Class I).
Consul General, Berlin, (now under assignment to London).

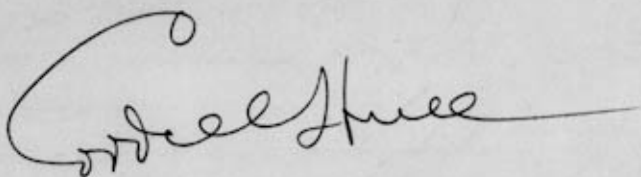
Mr. Jenkins was appointed, after examination, Consul at St. Pierre in 1908. He has served since at Halifax, Goteborg, Riga, Kief, Chita, Harbin, Canton, Hongkong, and has served at Berlin as Consul General since 1934. He was on duty in the Department of State from December, 1921, to March, 1923, and from September, 1927, to November, 1929,

when

- 3 -

when he served in the Far Eastern Division. Mr. Jenkins has served most satisfactorily at posts of difficulty in times of unusual stress, as at Canton, and during the past several years at Berlin. His faculty of making himself generally liked and respected is outstanding and his suitability for promotion to the grade of Minister has previously been recognized.

Faithfully yours,

A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and features a large, sweeping initial "C" that loops around the first part of the name. The name "Hull" is written in a more compact, cursive style. The signature ends with a long, horizontal flourish that extends to the right.

PSF
Hull
State

Memo from Cordell Hull
October 19, 1937
Attaching letter from Chamberlain
in regard to his coming over to see the President

See-Great Britain folder-Drawer 2-1937

THE WHITE HOUSE
WASHINGTON

PSF
file
Hall

November 22, 1937.

MEMORANDUM FOR

THE SECRETARY OF STATE

I am delighted with your memorandum in regard to Alaska salmon which you sent to Grew.

You speak of the "shelf" extending as a kind of "bridge" from the shore line out to deep water.

That gives me the thought that it might be possible, if the worst comes to the worst, to forbid fishing on this "shelf" and to a distance of perhaps twelve miles beyond it into real deep water.

Could you:

- (1) Let me have a map showing the depth contours of the Alaskan Coast, and,
- (2) The estimate from the experts as to which contour depth could be chosen as affording complete protection.

THE WHITE HOUSE
WASHINGTON

-2-

You are right in saying that far more than the Bristol Bay area is involved. Whatever we do should protect the entire shore line of the whole of Alaska.

Please read this in connection with the previously dictated memorandum appended hereto. I think it is well worthwhile to stress not only the investment in this American industry but also its relationship as a large factor in the American food supply.

F. D. R.

PSF Hull

11-1-1
m

November 22, 1937

file personal
Notes for the Secretary. (Hull)

From: Moser.

Subject: Conditions in the Far East as received by reports during the week ended November 20.

~~CONFIDENTIAL~~

The Weekly Report of Commercial Attache Frank S. Williams, Tokyo, for October 18 offers some interesting comments as to Japanese reactions on the situation in China and world opinion thereupon. Japanese business men, he says, are showing some concern over reported boycott agitation in this country and there is a feeling of resentment in view of the "very large visible trade balance," the United States has enjoyed during the past few years. No consideration seems to be given to the fact that said trade balance is largely a matter of ratio between world prices for silk and cotton, nor is any mention made of the long stretch of years prior to 1932 when Japan's trade balance with us was overwhelmingly favorable.

Mr. Williams also mentions "the strong probability of Japan retaining and developing the five northern provinces in China as an indemnification", for war expenditures. A highly valued friend of his, a foreigner long resident in Japan, Mr. Williams quotes as giving thirteen conditions Japan will impose if she is successful in "crushing China to her knees". Most important of these so far as foreign interests are concerned are:

- (1) An Autonomous Anti-Communist North China, under Japanese protection, with Japanese control of all taxes and customs revenues;
- (2) A Japanese Inspector-General of Customs; Japanese advisers in all national departments and prefectural governments;

- (3) Chiang Kai-shek to be replaced by a pro-Japanese statesman and China to be demilitarized, her military forces being confined to Peace Preservation Corps;
- (4) China will not be permitted to possess any commercial or military airplanes and all air services will be operated cooperatively, China providing the aerodromes and ground staff and Japan the machines and pilots;
- (5) Japan to direct the Chinese Government in the working of its official news agency and all China's broadcasting stations.

Non-Confidential:

Commercial Attache Julian Arnold covers the whole China field in his radiograms of November 15 and 19, but the principal feature is that apparently there is now no obstacle to foreign shipping going in and out of Shanghai. Cargo began moving in fact from Hong Kong to Shanghai on October 10 and has since proceeded in increasing volume. However, the movements of hostile armies between Shanghai and the hinterland have cut off all but restricted amounts of Chinese products from reaching Shanghai for export, and likewise prevent more than dribbles of incoming goods to be distributed. Arnold's picture, therefore, of foreign trade with China until hostilities have definitely ceased is a gloomy one. The only brightening seems to be that a considerable amount of Chinese products has been moving irregularly by railway down to Hong Kong (which port is glutted with tung oil awaiting shipment.)

The Associated Press today carries reports that Japan has demanded customs control and the exercise of sovereignty over the entire Shanghai area, including the International Settlement and the French Concession. If this means what it seems to mean, undoubtedly the Japanese will abolish all extra-territoriality rights or other privileges hitherto enjoyed by foreigners and give to the area the same status as if it were Japanese territory. The powers will protest but probably as a mere gesture and the Japanese will so regard it. If the Japanese are enabled to maintain the policy they have inaugurated, the outlook for foreign trade with China is distinctly not good.

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Far Eastern Section, D.R.I.,
November 22, 1937
CKM:mib

December 13, 1937.

PSF

file
Hull

copy of

Memo from the President

For Cordell Hull

Original Memo handed to Sec. Hull in which the President asks him to tell the Japanese Ambassador how shocked he is by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtse and requests that the Emperor be so advised etc.

The original memo has been retained by the State Dept.

See Japan folder-Drawer 2--1937

PS F: Hull

DEPARTMENT OF STATE
WASHINGTON

December 22, 1937

My dear Mr. President:

You will doubtless have seen in the press reports of the controversy now going on in Canada over the efforts of Premier Hepburn of Ontario, supported by Premier Duplessis of Quebec, to obtain from the Dominion Government permission to export power to this country. Because of the bearing of this controversy on the future of the St. Lawrence waterways project, I believe that you will be interested in two despatches, dated December 17 and 18, 1937, copies of which I enclose, received from Mr. Armour at Ottawa.

The despatch of December 18 contains the text, as published in the press, of Mr. Mackenzie King's very vigorous denial of Mr. Hepburn's charges that the Dominion Government's refusal to permit the export of power is part of a concerted plan on the part of that Government and our own to force Ontario to approve the

St. Lawrence

The President,

The White House.

St. Lawrence waterways project.

Since Mr. Armour's despatches were written, Mr. Hepburn has publicly repeated his charge of attempted coercion and has even gone so far as to make public, on December 20, certain confidential letters on the general subject which he has received during the past year from Mr. King. The text of these letters has not yet reached the Department, but should do so shortly.

In the course of the controversy, mention has been made of Mr. King's visit to you in November 1936 and he has asked Mr. Armour that there be conveyed to you an expression of his very real regret that your name should have been drawn into the matter by Mr. Hepburn.

As far as the present situation is concerned, we are taking the position that the question of the export of power from Canada is a domestic one and that we would have no comment to make regarding it unless it were brought to our attention officially by the Canadian Government. Mr. King has announced that he will place the matter before Parliament, which convenes on January 27 next and which he believes should decide whether or not exports of power are in the public interest.

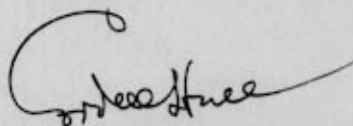
In my opinion Mr. King has been doing everything

in

-3-

in his power to confine the controversy locally and to
avoid our being drawn into it.

Faithfully yours,

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

Enclosures:

1. From Legation, Ottawa,
no. 1781, December 17,
1937.
2. From Legation, Ottawa,
no. 1782, December 18,
1937.

DEPARTMENT OF STATE

DIVISION (Eu)
BUREAU ()

ENCLOSURE

TO

LETTER DRAFTED _____

ADDRESSED TO

The President

Ottawa, Canada,
December 17, 1937.

No. 1781

Subject: St. Lawrence waterway project.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

With further reference to the Legation's despatches No. 1771 of December 15, 1937, and No. 1775 of the same date, regarding the St. Lawrence waterway project, and more specifically, the possibility of the Dominion Government granting the joint request of the Provinces of Ontario and Quebec for permission to export surplus power to the United States, I have the honor to inform the Department that the Prime Minister is reported to have announced last night, following the first meeting of the Council since his return, that this matter will have to

be

be settled "in accordance with British custom" on the floor of Parliament. At the same time Mr. King announced that the next session of Parliament would open January 27th next, and indicated clearly that the power issue will be debated at that time.

The Canadian Press report of the interview states that the Prime Minister made it clear that requests for license to export surplus electrical energy to customers in the United States had come, not only from Premier Hepburn of Ontario, but as early as last spring from the Montreal Light, Heat and Power Consolidated. Mr. King said that to both requests he had replied that the recorded opinions of members of the House of Commons had been against export without the approval of Parliament, and until that body had altered its view the Government felt it would be desirable not to grant new licenses.

One of the newspaper correspondents apparently directed the Prime Minister's attention to a reported declaration by the Premier of Quebec, Mr. Duplessis, that "if Ottawa wants a fight on its hands, it can have one", to which Mr. King is reported to have replied: "We prefer not to follow the practices of dictatorships. We will settle this and all national questions on the floors of Parliament and in accordance with British parliamentary procedure." The Prime Minister stated further that the sentiment in Parliament might be found to have changed, but called attention to the fact that not only had Parliament in the past directed that no export licenses should be granted, but pointed out that Section 91 of the British North America Act, giving the Dominion power to legislate on matters respecting trade and commerce, would be binding.

Mr. King also made public certain correspondence the

Government

Government had had, beginning last April, with the Montreal Light, Heat and Power Consolidated regarding their request for a license to export 40,000 horsepower to the Aluminum Company of America at Massena, New York. He also made public for the first time the subject of Mr. Hepburn's visit to him on November 29th last, confirming the fact that the object of the Ontario Premier's visit to Mr. King had been to secure his approval to the export of power.

The Toronto GLOBE AND MAIL of yesterday carries a report that it is "reliably reported" that the Ontario Hydroelectric Power Commission may immediately export 110,000 horsepower to the United States without awaiting any approval of its course by Ottawa or the Federal Parliament, and confirms the report that contracts for the sale of the above power are said to have been made with Niagara-Rudson and the Aluminum Company of America. The Ontario paper's account said that the horsepower is now available for export and can be sent across the St. Lawrence River via transmission lines at Cornwall at a moment's notice.

It seemed unlikely, however, that even Mr. Hepburn would dare to go so far in challenging the undoubted authority of the Dominion in this matter. As the Department will remember, control over the export of power is given the Federal Government under the Electricity and Fluid Exportation Act of 1907, (R. S. Canada 1907, Chap. 54), Section 5 of which specifically states that "no person shall export any power or fluid without a license", and that "no person shall, without a license, construct or place in position any line of wire or other conductor for the exportation of power..."

Under

Under the above Act licenses to export power are granted by the Governor General in Council.

In 1929 a bill was presented to Parliament which passed the House of Commons, and only failed of passage in the Senate through a technicality, which provided that there should be no new licenses to export power granted without the consent of Parliament. It is this latter legislation that Mr. King had in mind when he stated that the question of export of power was one which could be settled only by Parliament, as he feels that Parliament on that occasion unmistakably made it clear what its wishes were, and Mr. King has always been scrupulous in referring to Parliament matters which he feels properly come within its jurisdiction.

For the Department's confidential information, Mr. King, in speaking with me this morning by telephone on another matter, referred to the power dispute. He reminded me of our talk just prior to his departure for Florida, and said that he was glad the matter had now become public, as I would now understand what he was driving at at that time, although he was not then at liberty to explain. The Prime Minister was caustic in his reference to the methods employed by Hepburn and Duplessis, which he likened to those of Hitler and Mussolini, and added emphatically that when Parliament met they would find that they could not ride rough-shod over the nation's wishes.

Mr. King in the way he spoke made it plain that he does not feel that Parliament will readily acquiesce

in

- 5 -

in the joint demand for export of power.

In conclusion, the Prime Minister mentioned the St. Lawrence waterway question, and said that with the Premiers of the two Provinces concerned in their present frame of mind, he was afraid that there was little that could be done, for the time being at least, with regard to the St. Lawrence project. He intimated, however, that he hoped that later on it might be possible to reopen the question.

Respectfully yours,

True copy of the original signed by:
Norman Armour.

715.5
NA/rfh
Sent in quadruplicate.

Enclosure:

1. From Ottawa JOURNAL, Dec. 17, 1937 (single copy).

Ottawa, Canada.

December 18, 1937.

No. 1782

Subject: St. Lawrence waterway project and the
question of export of hydro-electric
power to the United States.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

Referring to the Legation's despatch No. 1781
of December 17, 1937, and previous correspondence
with regard to the St. Lawrence waterway project
and the question of export of hydro-electric power
to the United States, I have the honor to inform
the Department, in confirmation of my telephone
conversations with the Adviser on Political Relations,
Mr. Dunn, that the papers of last evening contained
a sensational statement issued by the Premier of
Ontario, Mr. Hepburn, charging that an agreement
existed

existed between Ottawa and Washington that Ontario would not be allowed to divert more water at Niagara Falls until the Province of Ontario becomes a party to the St. Lawrence development, and furthermore that Mr. King's refusal to give the Government's approval to the export of surplus power, as demanded by Mr. Hepburn, was part of a similar plan arrived at between the American and Canadian Governments to force the Ontario Government to give its approval to the St. Lawrence project.

Two Canadian press reports, one published in last night's papers and the other in this morning's papers, giving slightly different versions of Mr. Hepburn's statement to the press, are enclosed herewith.

Mr. Mackenzie King lost no time in replying to Hepburn's charges, issuing a vigorous statement to the press late last evening which has been published in this morning's papers. Mr. King's statement, as reported in the press, follows:

"As I have already intimated, discussion concerning the question of the export of power is one which, in my opinion, should be reserved for Parliament. In the period prior to the re-assembling of Parliament on January 27, I do not propose to be drawn into controversy on the subject.

"I should, however, point out immediately that there is no foundation in fact for the statement made today by the Premier of Ontario to the effect that the action of the Canadian Government, in refusing to reverse, without consulting Parliament, the policy followed by successive administrations, with regard to the granting of export licenses, is due to an agreement with the United States.

"There has been no discussion with the Government of the United States, either of a formal or informal character, which has had

to

to do with the granting of licenses for the export of power. There has been no agreement or undertaking of any sort by the present administration with regard either to this matter, or to the larger question of the St. Lawrence Waterways.

"The Government's decision with respect to the applications made in recent months was based solely upon the desirability of deferring action until the matter had been considered by Parliament.

"At no time, so far as I am aware, has the United States Government sought to bring pressure to bear upon the Government of Canada to secure the co-operation of Ontario in the development of the St. Lawrence Waterways. Likewise, at no time has pressure been brought to bear by the Government of Canada upon the Province of Ontario, or upon any other province, with respect to the St. Lawrence waterways.

"Further allegation that an agreement exists between Ottawa and Washington that Ontario should not be allowed to develop more power at Niagara Falls until the province becomes a party to the St. Lawrence development, is also wholly without foundation.

"The present legal position with regard to the use of St. Lawrence waters, whether at Niagara or elsewhere, is based upon the provisions of the Boundary Waters Treaty which was concluded in 1909. In that sense, the question of diversion and use of water is governed by the terms of the treaty between the two countries. The terms of the treaty necessarily become a subject for consideration on the part of all governments concerned in any plans for modification of existing arrangements respecting boundary waters.

"Successive Canadian governments have consistently taken the position that the provinces, as well as the Dominion, are vitally interested in the question of the development and use of the waters of the Great Lakes and St. Lawrence. In the particular aspects of this question, which are of direct and vital interest to the provinces, it has, at all times, been the policy of Canadian governments to co-operate with the provinces with due regard, of course, to the protection of Dominion interests."

Accustomed

Accustomed as one has become to the Ontario Premier's politically irresponsible actions and reckless statements, this latest development, beginning with Hepburn's visit to Mr. King on November 29th last and followed by his meeting with the Quebec Premier in Montreal and culminating in his latest statement, goes beyond anything that even Hepburn has thus far been guilty of.

With regard to the letter mentioned by Hepburn as having been written on September 11th by T. Stewart Lyon, then Chairman of the Ontario Hydro Commission, in which Mr. Lyon commented on a letter from Mr. King, I am somewhat at a loss to know what the occasion of the writing of Mr. King's letter may have been. During the summer months, it will be remembered that in accordance with an informal understanding reached between the President and Mr. King at Washington discussions with regard to the St. Lawrence waterway question remained in abeyance pending the Ontario elections. It may be, of course, that Mr. Lyon's letter had reference to some earlier letter from Mr. King, but certainly no representations have been made by our Government that would justify any such statement as that attributed to Mr. Lyon, that -

"The letter (Mr. King's), as I understand it, means neither more nor less than that Mr. Roosevelt will give us no additional rights on the Niagara, even for the use of water originating in Canada, unless Ontario gives immediate consent to the immediate inauguration of the St. Lawrence canal work."

To

To be sure, as I reported to the Department, Dr. Skelton on more than one occasion told me that the well-known desire of Hepburn to secure further power at Niagara, resulting from the Ogoki and Long Lac projected developments, would, he felt, perhaps be the strongest lever or argument in inducing Mr. Hepburn eventually to accept the treaty. (In this connection see the Legation's despatch No. 1655 of October 4, 1937, pages 3 and 4.) In any case, according to the press report, Mr. Hepburn went on to say:

"Mr. King never asked Washington about the Long Lac diversion. He just assumed the answer."

As I pointed out in despatch No. 1655, referred to above, Mr. Hepburn could not be ignorant of Article 3 of the Treaty of 1909, whereby water can not be diverted without the consent of both Governments.

Looking back now to Mr. Hepburn's campaign statements, particularly those referred to in despatch No. 1655, it seems quite possible that Mr. Hepburn was, as Mr. Macaulay recently charged, already at that time in negotiation with the Quebec power companies and that he was using the "Back to Niagara" argument not only to secure better terms from the Beauharnois Company but also, as indicated by this latest "explosion", to have an "alibi" when the time came to announce a new contract with the Beauharnois Company. This is, of course, purely surmise, but is perfectly in keeping with Hepburn's character

character and methods as indicated by his actions in the past.

In this connection it is perhaps not a mere coincidence that this morning's papers contain the announcement made by Dr. Thomas Hogg, Chairman of the Ontario Hydro-Electric Power Commission, that the Commission has suspended plans for the two Northwestern Ontario water diversion projects until an agreement respecting the use of additional water for power generation at Niagara Falls is reached; the two projects being the so-called Long Lac and Ogoki diversions. A Canadian Press despatch from Toronto, giving the text of the statement attributed to Dr. Hogg, as published in this morning's paper, is enclosed herewith.

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I shall not fail to keep the Department informed of any further developments. In the meantime, the morning papers gave prominence to an Associated Press report, over a Washington dateline of yesterday, to the effect that -

"Washington officials said tonight that they had no information on a controversy between Premier Hepburn of Ontario and the Canadian Government over a license to export electric power to the United States."

The despatch continues:

"It was explained here that this country would take no official interest in the matter until and unless Ontario and the Dominion Government agreed on the matter and formally notified this Government of its intention to export power to United States industrial firms."

"That is a matter to be decided entirely between the province and the Dominion", one spokesman asserted.

"Those

- 7 -

"Those in official quarters here said they had no knowledge of the 'made-in-Washington' policy which Premier Hepburn asserted was being used by the Dominion Government to force Ontario to support Canadian-American development of the international rapids section of the St. Lawrence river."

Respectfully yours,

True copy of the
original signed by Norman Armour.

Enclosures:

1. From Ottawa Citizen, Dec.17,1937.
2. " Montreal Gazette, Dec.18,1937.
3. " Ottawa Journal, Dec. 18,1937.
4. " " " 18,1937.
5. " Montreal Gazette, Dec.18,1937.
6. " " " " " "

In quadruplicate to Department.

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NA/meh