GREAT BRITAIN

CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN RELATING TO AMERICAN RIGHTS IN THE CAMEROONS

Convention Between the United States of America and Great Britain, Signed at London, February 10, 1925

Treaty Series No. 743

Whereas His Britannic Majesty has accepted a mandate for the administration of part of the former German protectorate of the Cameroons, the terms of which have been defined by the Council of the League of Nations as follows:—

"Article 1

"The territory for which a mandate is conferred upon His Britannic Majesty comprises that part of the Cameroons which lies to the west of the line laid down in the Declaration signed on the 10th July, 1919, of which a copy is annexed hereto.

"This line may, however, be slightly modified by mutual agreement between His Britannic Majesty's Government and the Government of the French Republic where an examination of the localities shows that it is undesirable, either in the interests of the inhabitants or by reason of any inaccuracies in the map, Moisel 1:300,000, annexed to the Declaration, to adhere strictly to the line laid down therein.

"The delimitation on the spot of this line shall be carried out in accordance with the provisions of the said Declaration.

"The final report of the Mixed Commission shall give the exact description of the boundary line as traced on the spot; maps signed by the Commissioners shall be annexed to the report. This report, with its annexes, shall be drawn up in triplicate; one of these shall be deposited in the archives of the League of Nations, one shall be kept by His Britannic Majesty's Government, and one by the Government of the French Republic.

"Article 2

"The Mandatory shall be responsible for the peace, order and good government of the territory, and for the promotion to the utmost of the material and moral well-being and the social progress of its inhabitants.

1 For correspondence regarding the negotiation of this treaty, see Foreign Relations, 1924, vol. iv, pp. 193 ff.

2 Ratification advised by the Senate, Mar. 15, 1926; ratified by the President, Mar. 23, 1926; ratified by Great Britain, Apr. 20, 1926; ratifications exchanged at London, July 8, 1926; proclaimed by the President, July 12, 1926.
"ARTICLE 3

"The Mandatory shall not establish in the territory any military or naval bases, nor erect any fortifications, nor organise any native military force except for local police purposes and for the defence of the territory.

"ARTICLE 4

"The Mandatory:

1. Shall provide for the eventual emancipation of all slaves, and for as speedy an elimination of domestic and other slavery as social conditions will allow;
2. Shall suppress all forms of slave trade;
3. Shall prohibit all forms of forced or compulsory labour, except for essential public works and services, and then only in return for adequate remuneration;
4. Shall protect the natives from abuse and measures of fraud and force by the careful supervision of labour contracts and the recruiting of labour;
5. Shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

"ARTICLE 5

"In the framing of laws relating to the holding or transfer of land, the Mandatory shall take into consideration native laws and customs, and shall respect the rights and safeguard the interests of the native population.
No native land may be transferred, except between natives, without the previous consent of the public authorities, and no real rights over native land in favour of non-natives may be created, except with the same consent.

"The Mandatory shall promulgate strict regulations against usury.

"ARTICLE 6

"The Mandatory shall secure to all nationals of States Members of the League of Nations the same rights as are enjoyed in the territory by his own nationals in respect of entry into and residence in the territory, the protection afforded to their person and property, and acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order, and on condition of compliance with the local law.

"Further, the Mandatory shall ensure to all nationals of States Members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation, and complete economic, commercial and industrial equality; except that the Mandatory shall be free to organise essential public works and services on such terms and conditions as he thinks just.

"Concessions for the development of the natural resources of the territory shall be granted by the Mandatory without distinction on grounds of nationality between the nationals of all States Members of the League of Nations, but on such conditions as will maintain intact the authority of the local Government."
"Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources, either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or his nationals, directly or indirectly, nor any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.

"The rights conferred by this article extend equally to companies and associations organised in accordance with the law of any of the Members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

"ARTICLE 7

"The Mandatory shall ensure in the territory complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; missionaries who are nationals of States Members of the League of Nations shall be free to enter the territory and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the territory; it being understood, however, that the Mandatory shall have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control.

"ARTICLE 8

"The Mandatory shall apply to the territory any general international conventions applicable to his contiguous territory.

"ARTICLE 9

"The Mandatory shall have full powers of administration and legislation in the area, subject to the mandate. This area shall be administered in accordance with the laws of the Mandatory as an integral part of his territory and subject to the above provisions.

"The Mandatory shall therefore be at liberty to apply his laws to the territory under the mandate, subject to the modifications required by local conditions, and to constitute the territory into a customs, fiscal or administrative union or federation with the adjacent territories under his sovereignty or control, provided always that the measures adopted to that end do not infringe the provisions of this mandate.

"ARTICLE 10

"The Mandatory shall make to the Council of the League of Nations an annual report, to the satisfaction of the Council, containing full information concerning the measures taken to apply the provisions of this mandate.
"Article 11

"The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

"Article 12

"The Mandatory agrees that, if any dispute whatever should arise between the Mandatory and another Member of the League of Nations relating to the interpretation or the application of the provisions of the mandate, such dispute, if it cannot be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by article 14 of the Covenant of the League of Nations"; and

Whereas the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the rights of their respective Governments and of their nationals in the said territory:

The President of the United States of America and His Britannic Majesty have decided to conclude a convention to this effect, and have named as their plenipotentiaries:

The President of the United States of America:

His Excellency the Honourable Frank B. Kellogg, Ambassador Extraordinary and Plenipotentiary of the United States at London:

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Joseph Austen Chamberlain, M. P., His Majesty's Principal Secretary of State for Foreign Affairs:

who, after having communicated to each other their respective full powers, found in good and due form, have agreed as follows:

Article 1

Subject to the provisions of the present convention, the United States consents to the administration by His Britannic Majesty, pursuant to the aforesaid mandate, of the former German territory described in article 1 of the mandate, hereinafter called the mandated territory.

Article 2

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of articles 2, 3, 4, 5, 6, 7, 8 and 9 of the mandate to Members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.
GREAT BRITAIN

ARTICLE 3

Vested United States property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the Mandatory under article 10 of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited above, unless such modification shall have been assented to by the United States.

ARTICLE 6

The Extradition treaties and conventions in force between the United States and the United Kingdom shall apply to the mandated territory.

ARTICLE 7

The present convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged at London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof, the undersigned have signed the present convention, and have thereunto affixed their seals.

Done in duplicate at London, this 10th day of February, 1925.

[seal] FRANK B. KELLOGG
[seal] AUSTEN CHAMBERLAIN

CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN RELATING TO AMERICAN RIGHTS IN EAST AFRICA*

Convention Between the United States of America and Great Britain, Signed at London, February 10, 1925

Treaty Series No. 744

WHEREAS His Britannic Majesty has accepted a mandate for the administration of part of the former German colony of East Africa,

*For correspondence regarding the negotiation of this treaty, see Foreign Relations, 1924, vol. II, pp. 198 ff.

4 Ratification advised by the Senate, Mar. 15, 1926; ratified by the President, Mar. 23, 1926; ratified by Great Britain, Apr. 20, 1926; ratifications exchanged at London, July 8, 1926; proclaimed by the President, July 12, 1926.
the terms of which have been defined by the Council of the League of Nations as follows:

"Article 1"

"The territory over which a mandate is conferred upon His Britannic Majesty (hereinafter called the Mandatory) comprises that part of the territory of the former colony of German East Africa situated to the east of the following line:

"From the point where the frontier between the Uganda Protectorate and German East Africa cuts the River Mavumba, a straight line in a south-easterly direction to point 1640, about 15 kilom. south-south-west of Mount Gabiro;

"Thence a straight line in a southerly direction to the north shore of Lake Mohazi, where it terminates at the confluence of a river situated about 2½ kilom. west of the confluence of the River Msilala;

"If the trace of the railway on the west of the River Kagera between Bugufi and Uganda approaches within 16 kilom. of the line defined above, the boundary will be carried to the west, following a minimum distance of 16 kilom. from the trace, without, however, passing to the west of the straight line joining the terminal point on Lake Mohazi and the top of Mount Kivisa, point 2100, situated on the Uganda-German East Africa frontier about 5 kilom. south-west of the point where the River Mavumba cuts this frontier;

"Thence a line south-eastwards to meet the southern shore of Lake Mohazi;

"Thence the watershed between the Taruka and the Mkarange and continuing southwards to the north-eastern end of Lake Mugesera;

"Thence the median line of this lake and continuing southwards across Lake Ssake to meet the Kagera;

"Thence the course of the Kagera downstream to meet the western boundary of Bugufi;

"Thence this boundary to its junction with the eastern boundary of Urundi;

"Thence the eastern and southern boundary of Urundi to Lake Tanganyika.

"The line described above is shown on the attached British 1:1,000,000 map. G. S. G. S. 2832, sheet Ruanda and Urundi. The boundaries of Bugufi and Urundi are drawn as shown in the Deutscher Kolonialatlas (Dietrich-Reimer), scale 1:1,000,000, dated 1906.

"Article 2"

"Boundary Commissioners shall be appointed by His Britannic Majesty and His Majesty the King of the Belgians to trace on the spot the line described in article 1 above.

"In case any dispute should arise in connection with the work of these commissioners, the question shall be referred to the Council of the League of Nations, whose decision shall be final.

"The final report by the Boundary Commission shall give the precise description of this boundary as actually demarcated on the ground; the necessary maps shall be annexed thereto and signed by the commissioners. The report, with its annexes, shall be made in
triplicate; one copy shall be deposited in the archives of the League of Nations, one shall be kept by the Government of His Majesty the King of the Belgians and one by the Government of His Britannic Majesty.

"Article 3"

"The Mandatory shall be responsible for the peace, order and good government of the territory, and shall undertake to promote to the utmost the material and moral well-being and the social progress of its inhabitants. The Mandatory shall have full powers of legislation and administration.

"Article 4"

"The Mandatory shall not establish any military or naval bases, nor erect any fortification, nor organise any native military force in the territory except for local police purposes and for the defence of the territory.

"Article 5"

"The Mandatory:

1. Shall provide for the eventual emancipation of all slaves and for as speedy an elimination of domestic and other slavery as social conditions will allow;
2. Shall suppress all forms of slave trade;
3. Shall prohibit all forms of forced or compulsory labour, except for essential public works and services, and then only in return for adequate remuneration;
4. Shall protect the natives from abuse and measures of fraud and force by the careful supervision of labour contracts and the recruiting of labour;
5. Shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

"Article 6"

"In the framing of laws relating to the holding or transfer of land, the Mandatory shall take into consideration native laws and customs, and shall respect the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities, and no real rights over native land in favour of non-natives may be created, except with the same consent.

The Mandatory will promulgate strict regulations against usury.

"Article 7"

"The Mandatory shall secure to all nationals of States Members of the League of Nations the same rights as are enjoyed in the territory by his own nationals in respect of entry into and residence in the territory, the protection afforded to their person and property, the acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order, and on condition of compliance with the local law."
"Further, the Mandatory shall ensure to all nationals of States Members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation, and complete economic, commercial and industrial equality; provided that the Mandatory shall be free to organise essential public works and services on such terms and conditions as he thinks just.

"Concessions for the development of the natural resources of the territory shall be granted by the Mandatory without distinction on grounds of nationality between the nationals of all States Members of the League of Nations, but on such conditions as will maintain intact the authority of the local Government.

"Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate, and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of national resources either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or his nationals, directly or indirectly, nor any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.

"The rights conferred by this article extend equally to companies and associations organised in accordance with the law of any of the Members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

"Article 8

"The Mandatory shall ensure in the territory complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; missionaries who are nationals of States Members of the League of Nations shall be free to enter the territory and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the territory; it being understood, however, that the Mandatory shall have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control.

"Article 9

"The Mandatory shall apply to the territory any general international conventions already existing, or which may be concluded hereafter, with the approval of the League of Nations, respecting the slave trade, the traffic in arms and ammunition, the liquor traffic and the traffic in drugs, or relating to commercial equality, freedom of transit and navigation, aerial navigation, railways, postal, telegraphic and wireless communication and industrial, literary and artistic property.

"The Mandatory shall co-operate in the execution of any common policy adopted by the League of Nations for preventing and combating disease, including diseases of plants and animals.
"Article 10"

"The Mandatory shall be authorised to constitute the territory into a customs, fiscal and administrative union or federation with the adjacent territories under his own sovereignty or control, provided always that the measures adopted to that end do not infringe the provisions of this mandate.

"Article 11"

"The Mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing full information concerning the measures taken to apply the provisions of this mandate.

"A copy of all laws and regulations made in the course of the year and affecting property, commerce, navigation or the moral and material well-being of the natives shall be annexed to this report.

"Article 12"

"The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

"Article 13"

"The Mandatory agrees that if any dispute whatever should arise between the Mandatory and another Member of the League of Nations relating to the interpretation or the application of the provisions of the mandate, such dispute, if it cannot be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by article 14 of the Covenant of the League of Nations.

"States Members of the League of Nations may likewise bring any claims on behalf of their nationals for infractions of their rights under this mandate before the said court for decision"; and

Whereas at its meeting of the 31st August, 1923, the Council of the League of Nations approved certain modifications of article 1 of the aforesaid mandate, which now reads as follows:

"Article 1"

"The territory over which a mandate is conferred upon His Britannic Majesty (hereinafter called the Mandatory) comprises that part of the territory of the former colony of German East Africa, situated to the east of the following line:—

"The mid-stream of the Kagera River from the Uganda boundary to the point where the Kagera River meets the western boundary of Bugufi;

"Thence this boundary to its junction with the eastern boundary of Urundi;

"Thence the eastern and southern boundary of Urundi to Lake Tanganyika"; and
Whereas the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the rights of their respective Governments and of their nationals in the said territory:

The President of the United States of America and His Britannic Majesty have decided to conclude a convention to this effect, and have named as their plenipotentiaries:—

The President of the United States of America:

His Excellency the Honourable Frank B. Kellogg, Ambassador Extraordinary and Plenipotentiary of the United States at London:

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Joseph Austen Chamberlain, M. P., His Majesty’s Principal Secretary of State for Foreign Affairs:

who, after having communicated to each other their respective full powers, found in good and due form, have agreed as follows:—

**Article 1**

Subject to the provisions of the present convention, the United States consents to the administration by His Britannic Majesty, pursuant to the aforesaid mandate, of the former German territory described in article 1 of the mandate, hereinafter called the mandated territory.

**Article 2**

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of articles 3, 4, 5, 6, 7, 8, 9 and 10 of the mandate to Members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

**Article 3**

Vested United States property rights in the mandated territory shall be respected and in no way impaired.

**Article 4**

A duplicate of the annual report to be made by the Mandatory under article 11 of the mandate shall be furnished to the United States.
ARTICLE 5

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited above, unless such modification shall have been assented to by the United States.

ARTICLE 6

The Extradition treaties and conventions in force between the United States and the United Kingdom shall apply to the mandated territory.

ARTICLE 7

The present convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged at London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof, the undersigned have signed the present convention, and have thereunto affixed their seals.

Done in duplicate at London, this 10th day of February, 1925.

[seal] FRANK B. KELLOGG
[seal] AUSTEN CHAMBERLAIN

Convention Between the United States of America and Great Britain, Signed at London, February 10, 1925

Treaty Series No. 745

WHEREAS His Britannic Majesty has accepted a mandate for the administration of part of the former German protectorate of Togoland, the terms of which have been defined by the Council of the League of Nations as follows:—

"ARTICLE 1

"The territory for which a mandate is conferred upon His Britannic Majesty comprises that part of Togoland which lies to the west of the line laid down in the Declaration signed on the 10th July, 1919, of which a copy is annexed hereto.

5 For correspondence regarding the negotiation of this treaty, see Foreign Relations, 1924, vol. II, pp. 198 ff.
6 Ratification advised by the Senate, Mar. 15, 1926; ratified by the President, Mar. 23, 1926; ratified by Great Britain, Apr. 20, 1926; ratifications exchanged at London, July 8, 1926; proclaimed by the President, July 12, 1926.
This line may, however, be slightly modified by mutual agreement between His Britannic Majesty's Government and the Government of the French Republic where an examination of the localities shows that it is undesirable, either in the interests of the inhabitants or by reason of any inaccuracies in the map Sprigade 1: 200,000 annexed to the Declaration, to adhere strictly to the line laid down therein.

The delimitation on the spot of this line shall be carried out in accordance with the provisions of the said Declaration.

The final report of the Mixed Commission shall give the exact description of the boundary line as traced on the spot; maps signed by the Commissioners shall be annexed to the report. This report, with its annexes, shall be drawn up in triplicate; one of these shall be deposited in the archives of the League of Nations, one shall be kept by His Britannic Majesty's Government, and one by the Government of the French Republic.

**Article 2**

The Mandatory shall be responsible for the peace, order and good government of the territory, and for the promotion to the utmost of the material and moral well-being and the social progress of its inhabitants.

**Article 3**

The Mandatory shall not establish in the territory any military or naval bases, nor erect any fortifications, nor organise any native military force except for local police purposes and for the defence of the territory.

**Article 4**

The Mandatory:

1. Shall provide for the eventual emancipation of all slaves, and for as speedy an elimination of domestic and other slavery as social conditions will allow;
2. Shall suppress all forms of slave trade;
3. Shall prohibit all forms of forced or compulsory labour, except for essential public works and services, and then only in return for adequate remuneration;
4. Shall protect the natives from abuse and measures of fraud and force by the careful supervision of labour contracts and the recruiting of labour;
5. Shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

**Article 5**

In the framing of laws relating to the holding or transfer of land, the Mandatory shall take into consideration native laws and customs, and shall respect the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities, and no real rights over native land in favour of non-natives may be created, except with the same consent.

The Mandatory shall promulgate strict regulations against usury.
"Article 6

The Mandatory shall secure to all nationals of States Members of the League of Nations the same rights as are enjoyed in the territory by his own nationals in respect of entry into and residence in the territory, the protection afforded to their person and property and acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order, and on condition of compliance with the local law.

Further, the Mandatory shall ensure to all nationals of States Members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation, and complete economic commercial and industrial equality, except that the Mandatory shall be free to organise essential public works and services on such terms and conditions as he thinks just.

Concessions for the development of the natural resources of the territory shall be granted by the Mandatory without distinction on grounds of nationality between the nationals of all States Members of the League of Nations, but on such conditions as will maintain intact the authority of the local Government.

Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources, either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or his nationals, directly or indirectly, nor any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.

The rights conferred by this article extend equally to companies and associations organised in accordance with the law of any of the Members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

"Article 7

The Mandatory shall ensure in the territory complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; missionaries who are nationals of States Members of the League of Nations shall be free to enter the territory and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the territory; it being understood, however, that the Mandatory shall have the right to exercise such control as may be necessary for the maintenance of public order and good government, and to take all measures required for such control.

"Article 8

The Mandatory shall apply to the territory any general international conventions applicable to his contiguous territory.
"Article 9

"The Mandatory shall have full powers of administration and legislation in the area, subject to the mandate. This area shall be administered in accordance with the laws of the Mandatory as an integral part of his territory and subject to the above provisions.

"The Mandatory shall therefore be at liberty to apply his laws to the territory subject to the mandate with such modifications as may be required by local conditions, and to constitute the territory into a customs, fiscal or administrative union or federation with the adjacent territories under his sovereignty or control, provided always that the measures adopted to that end do not infringe the provisions of this mandate.

"Article 10

"The Mandatory shall make to the Council of the League of Nations an annual report, to the satisfaction of the Council, containing full information concerning the measures taken to apply the provisions of this mandate.

"Article 11

"The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

"Article 12

"The Mandatory agrees that, if any dispute whatever should arise between the Mandatory and another Member of the League of Nations relating to the interpretation or the application of the provisions of the mandate, such dispute, if it cannot be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by article 14 of the Covenant of the League of Nations"; and

Whereas the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the rights of their respective Governments and of their nationals in the said territory:

The President of the United States of America and His Britannic Majesty have decided to conclude a convention to this effect, and have named as their plenipotentiaries:

The President of the United States of America:

His Excellency the Honourable Frank B. Kellogg, Ambassador Extraordinary and Plenipotentiary of the United States at London:

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Joseph Austen Chamberlain, M. P.,
His Majesty's Principal Secretary of State for Foreign Affairs:
who, after having communicated to each other their respective full powers, found in good and due form, have agreed as follows:—

ARTICLE 1

Subject to the provisions of the present convention, the United States consents to the administration by His Britannic Majesty, pursuant to the aforesaid mandate, of the former German territory described in article 1 of the mandate, hereinafter called the mandated territory.

ARTICLE 2

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of articles 2, 3, 4, 5, 6, 7, 8 and 9 of the mandate to Members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a Member of the League of Nations.

ARTICLE 3

Vested United States property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the Mandatory under article 10 of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited above, unless such modification shall have been assented to by the United States.

ARTICLE 6

The Extradition treaties and conventions in force between the United States and the United Kingdom shall apply to the mandated territory.

ARTICLE 7

The present convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged at London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof, the undersigned have signed the present convention, and have thereunto affixed their seals.

Done in duplicate at London, this 10th day of February, 1925.

[seal]   FRANK B. KELLOGG
[seal]   AUSTEN CHAMBERLAIN
STATEMENT BY THE BRITISH GOVERNMENT REGARDING TREATMENT OF AMERICAN NATIONALS AND GOODS IN TERRITORIES UNDER BRITISH “C” MANDATES

800.01 M 31/213

The Chargé in Great Britain (Sterling) to the Secretary of State

No. 1111

LONDON, March 16, 1925.

[Received March 26.]

Sir: Referring to my despatch No. 1096 dated March 5, 1925, concerning the proposed “C” mandate treaties, I have the honor to enclose a copy, in triplicate, of the formal reply of the British Government addressed to me under date of March 14, which has just been received.

It will be seen from the reply that the Governments of the Dominions are unwilling to comply in full with some of the claims advanced by the United States Government, but are willing to enter into a binding engagement “that so long as the terms of the mandates remain unaltered, United States nationals and goods will be treated in all respects on a footing equal to that enjoyed by the nationals and goods of any state member of the League of Nations, with the exception of those within the British Empire, subject only to the proviso that this shall not involve the violation of any existing treaty engagements towards third parties.”

I have [etc.]

F. A. Sterling

[Enclosure]

The British Secretary of State for Foreign Affairs (Chamberlain) to the American Chargé (Sterling)

No. W 1946/5/98

[LONDON,] 14 March, 1925.

Sir: His Majesty’s Government have been in consultation with the governments of the self-governing dominions in the matter of the wishes of the Government of the United States of America in regard to the treatment of United States nationals and goods in the territories administered under the British “C” mandates.

2. As the United States Government were assured in the notes from the Marquess Curzon of Kedleston to Mr. Harvey of the 22nd and 29th December, 1921, dealing with Palestine and with the territories in Africa administered under “B” mandates, His Majesty’s Government had never desired to deprive the United States of the fruits of a victory to which they had so generously

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*Not printed.

*Foreign Relations, 1921, vol. ii, pp. 111 and 115; the note of Dec. 29, 1921, was signed by the British Secretary of State for Foreign Affairs, Sir Eyre A. Crowe.
contributed, and were willing to meet the wishes of the United States as regards the treatment of their nationals in those territories subject to the obligations imposed upon them by their existing treaty engagements. In this spirit His Majesty’s Government entered upon the negotiation of treaties to regulate the position of the United States in the territories in question and have, as you are aware, concluded such treaties in terms satisfactory to your government.

3. The contents of Mr. Harvey’s several notes, the last of which was dated the 25th October, 1923,\textsuperscript{10} dealing with the territories administered under “C” mandates have been carefully examined with the object of determining how far it is possible to adopt in these territories a procedure similar to that followed in the case of the territories referred to in the preceding paragraph. This examination has led both His Majesty’s Government and the Governments of the Dominions to the conclusion that it will not be possible to treat the “C” mandated territories on the same footing as those administered under the “A” and “B” mandates for the following reasons:

4. The terms of the different types of mandate vary fundamentally and this variation has its basis in the terms of the Treaty of Versailles.\textsuperscript{11} It is true that the United States have not ratified that treaty, but that does not alter the fact that, as between Germany and those powers which have ratified it, those provisions are binding. Under article 119 of the treaty Germany renounced “in favour of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions.” Under article 22 those possessions situated in South West Africa and the Southern Pacific were assigned to the mandatory with provision for their administration “under the laws of the mandatory as integral portions of its territory.” This provision was incorporated in the terms of the “C” mandates which, as your Government are aware, have been approved and confirmed by the Council of the League of Nations.

5. The Government of the United States will remember that the plenipotentiaries representing the Commonwealth of Australia, New Zealand and the Union of South Africa refrained from pressing the question of the annexation of these particular territories at the earnest request of the United States Government or president at the time, but only on the express understanding that in return for accepting, instead, mandates over these territories, they would be free to administer them as integral parts of the mandatory dominions. It is impossible now to admit any departure from this express understanding.

\textsuperscript{10} See Department’s telegram No. 287, Oct. 18, 1923, 6 p. m., to the Ambassador in Great Britain, \textit{ibid.}, 1923, vol. II, p. 285.

6. Apart from these considerations, the governments of the dominions would be unable, for reasons of a practical and physical nature, to comply in full with some of the claims advanced by the United States Government. With the object nevertheless of testifying to their friendly sentiments towards the United States, they are willing that an assurance should be given, embodied, if desired, in the form of a binding engagement, that so long as the terms of the mandates remain unaltered, United States nationals and goods will be treated in all respects on a footing equal to that enjoyed by the nationals and goods of any state member of the League of Nations, with the exception of those within the British Empire, subject only to the proviso that this shall not involve the violation of any existing treaty engagements towards third parties.

I have [etc.]

(In the absence of the Secretary of State)

G. H. VILLIERS

800.01 M 31/213: Telegram

The Secretary of State to the Chargé in Great Britain (Sterling)

WASHINGTON, April 25, 1925—5 p. m.

133. Your despatch 1111, March 16.

(1) Please reply as follows:

"I have the honor to acknowledge the receipt of Mr. Villiers' note of March 14, 1925, with respect to the British "C" mandates.

I note the assurance given that 'so long as the terms of the mandates remain unaltered, United States nationals and goods will be treated in all respects on a footing equal to that enjoyed by the nationals and goods of any state member of the League of Nations, with the exception of those within the British Empire, subject only to the proviso that this shall not involve the violation of any existing treaty engagements towards third parties.'

In due course I shall communicate to you the views of my Government with respect to the points raised in your communication under acknowledgment." 12

(2) Please informally request information with respect to the nature of "any existing treaty engagements toward third parties" of the nature referred to in the passage quoted above, and telegraph brief report.

KELLOGG

12 Apparently the further communication contemplated was not made.
GREAT BRITAIN

800.01 M 31/215 : Telegram

The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, June 12, 1925—noon.

[Received June 12—8:23 a. m.]

172. Your 133, April 25, 5 p. m. I am informally advised by the Foreign Office that so far as it is aware there are no existing treaty engagements towards third parties affecting the territories in question and that the proviso was inserted merely as a precaution of a general nature.

HOUGHTON

DELAY IN EXCHANGE OF RATIFICATIONS OF THE PALESTINE MANDATE CONVENTION PENDING ADJUSTMENT OF CASES INVOLVING THE CAPITULATORY RIGHTS OF AMERICANS

867n.01/421 : Telegram

The Chargé in Great Britain (Sterling) to the Secretary of State

LONDON, March 7, 1925—11 a. m.

[Received March 7—10:45 a. m.]

94. The Foreign Office having heard from Sir Esme Howard that the Palestine mandate treaty has been ratified by the Senate, asks me by an informal communication whether we are ready to proceed to the exchange of ratifications.

STERLING

867n.01/421

The Secretary of State to the Chargé in Great Britain (Sterling)

No. 631

WASHINGTON, April 21, 1925.

Sir: The Department has received your telegram No. 94 of March 7, 1925, wherein you report that the Foreign Office has been informed by the British Ambassador in Washington that the United States Senate has advised and given its consent to the ratification of the Convention between the United States and Great Britain, signed at London on December 3, 1924, with respect to the rights of the two Governments and their nationals in Palestine. It is noted that, in an informal communication, the Foreign Office has asked whether this

23 For previous correspondence concerning efforts to maintain American capitulatory rights in Palestine, see Foreign Relations, 1924, vol. II, pp. 197 ff.
24 British Ambassador at Washington.
Government is prepared to proceed to the exchange of ratifications of this Convention.

Your telegram raises again the questions which were the subject of the Embassy's telegram No. 516 of December 11 and the Department's reply No. 473 of December 17, 1924, i.e.

(1) The status of certain cases, involving American citizens or interests, adjudicated by the Palestine Courts in contravention of the capitulatory rights of the United States and in disregard of the provisional arrangement, made in 1922 and 1923 between the American Consul at Jerusalem and the Legal Secretary of the Palestine Government, as to the procedure to be followed in civil and criminal cases arising in Palestine in which American citizens or interests should be defendants, and

(2) The necessity of this Government's assent to the imposition upon American citizens or interests of any dues or taxes not contemplated by the capitulatory regime or to the collection from its nationals or interests of any increase in such dues or taxes.

Since the receipt of your above-mentioned telegram of March 7, 1925, the Department has communicated by telegram with the Consul at Jerusalem with a view to obtaining a recapitulation of all matters in which the Palestine authorities would appear to have taken action prejudicial to the rights of American citizens or interests as outlined above. In reply, the Consul reports that, in disregard of the agreement between the Consulate and the Legal Secretary, eight judgments against American citizens or interests have been rendered by the Palestine Courts, that two of such judgments have been executed without the assistance of the Consulate and that there is now pending in a Palestine Court one case wherein an American citizen is named as defendant. The Consul adds that, in each of the cases referred to, he has lodged a written protest against the action of the Palestine authorities.

In making such protests the Consul has based his action on the following considerations: Article 8 of the Convention of December 3, 1924, provides that it shall enter into effect only upon the exchange of ratifications by the contracting parties; Article 8 of the Mandate for Palestine (incorporated in the preamble to the Convention) provides that, during the period of the Mandate, "the privileges and immunities of foreigners, including the benefits of consular jurisdiction and protection as formerly enjoyed by capitulation or usage in the Ottoman Empire, shall not be applicable in Palestine"; and the United States Government has consistently maintained the position that the privileges and immunities in question could be relinquished.

18 Not printed.
19 By telegram of Mar. 26, 1925; not printed.
only by treaty agreement. The conclusion logically to be drawn from the foregoing considerations was that, pending the exchange of ratifications of the Convention of December 3, 1924, the Consul at Jerusalem should continue to exercise extraterritorial jurisdiction in cases involving American citizens, which, under the capitulatory regime, were properly within the jurisdiction of the American Consular Court.

That this conclusion was accepted in principle is shown by the above-mentioned agreement concluded in 1922 and 1923 between the Consulate and the Legal Secretary of the Palestine Government. The detailed scope of this provisional agreement is set forth in the enclosures to the Department’s instruction No. 977 of October 4, 1923,20 which enclosures the Department desires you to study carefully in connection with its present instruction.

You will also find in the Department’s instruction No. 977 of October 4, 1923, a discussion of the circumstances which, in certain cases, led to the non-application of the terms of this provisional agreement. In this connection reference is also made to the Department’s instruction No. 1004 of October 30, 1923,21 transmitting a copy of a judgment, rendered by the Palestine Court of Appeals, in which the Court set forth its reasons for not following the procedure provided for in the provisional agreement. It is presumably under the provisions of this judgment that the Palestine Courts have taken cognizance of the nine cases involving American citizens to which reference has been made above. For the reasons already stated, however, the conclusions of the Palestine Court of Appeals were unacceptable to this Government, and in each of the nine cases in question, a formal written protest was made by the Consul at Jerusalem to the proper authorities of the Palestine Government.

These reasons persist today, and before proceeding to the exchange of ratifications of the Convention of December 3, 1924, the Department desires you to ascertain whether the British Government is prepared to give assurances in the following sense:

(1) That the pending case will be dropped,

(2) That the two judgments, already rendered by the Palestine Courts and executed in disregard of the provisional agreement, will be cancelled and that sums collected from American citizens without the assistance of the Consulate will be refunded, and

(3) That the six judgments, already rendered but not as yet executed, will not be executed after the exchange of ratifications.

The Department desires that you discuss this question informally with the proper official of the Foreign Office and report the results of your representations. In such conversations you may add that,

21 Not printed.
after the entering into effect of the Convention of December 3, 1924, this Government would, of course, have no objection to the retrial of the nine cases in question. You may suggest also that a further reason for desiring these assurances is that, in some, if not all, of the cases in question, judgment was rendered in absentia, the American defendant having absented himself from the court of trial upon the advice of the American Consulate and as a protest against the assumption of jurisdiction by the Palestine Court.

You will be careful, in your conversations at the Foreign Office, to reserve for further discussion the question of the imposition upon American nationals of the increased Palestine import duties which have not received the assent of this Government. That question will be made the subject of a separate instruction which will be sent to you at an early date.

I am [etc.]

FRANK B. KELLOGG

867n.01/423
The Secretary of State to the Ambassador in Great Britain (Houghton)

No. 68
WASHINGTON, June 23, 1925.

Sir: The Department refers to its written instructions Nos. 631 and 34 of April 21 and May 29, 1925, respectively, in the matter of the assurances desired by this Government from the British Government in connection with the ratification of the convention between the United States and Great Britain, signed at London on December 3, 1924, with respect to the rights of the two governments and their nationals in Palestine.

The Embassy’s memorandum of May 4, 1925, based on the Department’s instruction No. 631 of April 21, 1925, above mentioned, sets forth the assurances desired by this Government with regard to certain judicial questions arising out of the projected suspension of the extraterritorial privileges enjoyed by the United States in Palestine. In concluding this memorandum the Embassy states:

“The question of the imposition upon American nationals of the increased Palestine import duties which have not received the assent of the United States Government is reserved for further discussion.”

The imposition of the increased import duties referred to in this reservation was the subject of a general protest made by the American Consul at Jerusalem upon the occasion of the announcement of the increased duties. The only specific case in which a formal protest

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*83* Latter not printed.
has been made to the Palestine Government is, however, that of Elimelech Sachs, which was the subject of the Department's telegram No. 823 of September 15 and its written instruction No. 387 of October 20, 1924. It is reported by the American Consul at Jerusalem that apparently no objection has been raised by other American importers in Palestine to the payment of the increased duties affecting their importations. The duties affecting such importations are understood to have been increased by only three per cent. ad valorem, whereas the increase affecting the importation of matches by Mr. Sachs was approximately two thousand per cent.

The pertinent facts in the case of Mr. Sachs are as follows:

On August 15, 1924, there was published in the Official Gazette of the Palestine Government the text of an ordinance, entitled "The Customs Duties Amendment Ordinance 1924", providing for certain changes in the Palestine tariff. One of the changes thus set forth increased the duty on matches from 11 per cent. ad valorem to P. T. 20 per gross boxes, not exceeding 10,000 matches, an increase approximately from P. T. 75 to P. T. 1,000 per shipping case of matches. The collection of duties under this ordinance was begun on August 16. Sometime previous to the promulgation of this ordinance (it is stated "in July") Mr. Elimelech Sachs, an American citizen, had ordered a quantity (350 shipping cases or 17,500 gross boxes) of matches. His shipment arrived in Palestine on August 18, and duty was assessed thereon in the amount of L. E. 3,500 under the new tariff instead of L. E. 180 under the old tariff. The difference L. E. 3,320 was equivalent to slightly over $15,000 at the then prevailing rate of exchange. Mr. Sachs declined to pay the increased duty and protested to the Consul at Jerusalem. The Consul addressed a formal protest to the Palestine Government and informed the Department, which, through the Embassy at London, brought the matter to the attention of the British Foreign Office. On December 3 the Foreign Office inquired through the Embassy whether, in view of the signature of the Palestine Mandate Convention, it was desired to pursue further, amongst others, this matter. In replying under date of December 17, the Department stated, in part:

"This Government's position regarding the indispensability of its assent to any duties or taxes to be imposed upon Americans in Palestine prior to the coming into effect of the Mandate Convention has not been changed by the signature of that convention. Meanwhile the Department would, however, be disposed to give favorable consideration to any reasonable request of the Mandatory Power that the

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24 Neither printed.
United States assent to the collection of increased dues or taxes from Americans in Palestine as from the date of the communication of its assent to the British Government. A similar procedure was followed with respect to a contemplated increase of customs dues in Syria 27 shortly after signature of the Syrian mandate convention between the United States and France. 28

Apparently no further action has been taken in this matter by the British Foreign Office, other than in its informal inquiry of March 7, 1925, through the Embassy, whether this Government was prepared to proceed to an exchange of ratifications of the Palestine Mandate Convention.

From a report dated March 4, 1925, from the American Consul at Jerusalem 29 it would appear that, pending a decision as to the admissibility of this consignment under the previously prevailing duty, it has been refused entry except upon payment of the increased duty and has been held in the customs bonded warehouse at the port of Jaffa, where it has become subject to considerable storage charges. It appears to be clearly established that this shipment was such as might reasonably have been made to Mr. Sachs in the normal course of his dealings in matches and that his order therefor was not placed with any knowledge of or in anticipation of the subsequent increase in the Palestine import duty as affecting this commodity. Nor does there appear to be any doubt that, should he now be required to enter this shipment at the new rate of duty, he would sustain a considerable actual pecuniary loss. From a further report from the Consul at Jerusalem, dated June 17, 1925, 30 it appears that such actual loss “would be 1400 Egyptian pounds besides accrued interest and storage charges”. The principal item included in this loss, that of 1400 Egyptian pounds, is attributed to the circumstance that “owing to active smuggling from Syria and Trans-Jordan matches are now sold here (Jerusalem) at a price that scarcely pays new duty, not to mention original costs”.

It will be obvious to the British Government that under the circumstances Mr. Sachs was entitled to have his shipment of matches enter at the former rate of duty which would have amounted to L. E. 180, instead of at the new rate which amounted to L. E. 3500. It is realized, however, that this would have allowed him a considerable advantage over competitors paying the new rate of duty by permitting him to undersell his competitors and still obtain a very large percentage of profit. While this Government does not desire to take advantage of the situation by insisting, as it might well do, that the

28 For text of convention, see ibid., p. 741.
29 Not printed.
matches should be entered at the duty obtaining at the time the purchase was made, it does consider that it is under the necessity of protecting Mr. Sachs against loss. This, it is believed, might be accomplished were the Palestine authorities who are now detaining Mr. Sachs' matches to take over the shipment in toto and pay to him an amount which would reimburse him for his outlay and allow a reasonable profit, or were they to release the goods to him under such circumstances as will make such result possible. Should this second course be followed the Department is of the opinion that (1) accrued storage dues on the shipment of matches to Mr. Sachs should be remitted, (2) he should be indemnified for the difference between the market value in Palestine of the shipment and its original cost plus the present customs duty thereon, (3) he should be relieved of any loss of accrued interest he may have sustained, and (4) he should receive an amount equal to such reasonable profit as might have accrued on the sale of this shipment had the new duty not been put into effect.

The foregoing discussion of the case of Mr. Elimelech Sachs is communicated to you to the end that, providing the British Government is prepared to give the desired assurances with regard to the judicial questions which were the subject of the Department's instruction No. 631 of April 21, 1925, you may be able to discuss informally with the British Foreign Office the further assurances desired by this Government in connection with the exchange of ratifications of the Palestine Mandate Convention. In discussing the case of Mr. Sachs with the British Foreign Office, you should point out that the Department, in again raising this question at this time, does not desire in any way to place any unnecessary difficulties in the way of the coming into effect of the Convention at the earliest possible moment, and that it is not disposed to make an issue of the omission of the British Government to seek and obtain the assent of this Government to the increase of the Palestine tariff affecting the shipment of Mr. Sachs. It is, however, the Department's opinion, an opinion in which it is believed the British Government will readily concur, that, in the circumstances of the case of Mr. Sachs, adequate provision should be made to obviate the possibility of his sustaining any loss as a result of the application to his shipment of matches of the increased tariff of August 15, 1924.

In conclusion, you may, in your discretion, inform the Foreign Office that, should the British Government be prepared to give the desired assurances in connection with the case of Mr. Sachs, this Government will raise no further objection to the action of the British authorities, in providing for an increase in the Palestine tariff and in applying such tariff to the merchandise of American nationals,
without first ascertaining that such increase was acceptable to this Government.

Enclosed with this instruction is this Government’s signed original of the Palestine Mandate Convention,\(^3\) ratified by the President under date of March 2, 1925. You will, of course, retain this document in your possession until the Department, after the receipt and consideration of your reports pursuant to its instruction No. 631 of April 21, 1925, and to this instruction, shall have authorized you to effect the exchange of ratifications.

I am [etc.]

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FRANK B. KELLOGG

877.01/442

The Counselor of Embassy in Great Britain (Sterling) to the Chief of the Division of Near Eastern Affairs (Dulles)

LONDON, September 29, 1925.
[Received October 14.]

DEAR ALLEN: Oliphant, of the Foreign Office,\(^2\) handed me the enclosed today which I am sending you in great haste and without much comment as the pouch leaves almost immediately.\(^2\) The document is a suggested reply to the Department’s representations against the decisions rendered by the Palestine Courts against American citizens and the increased customs dues imposed on Mr. Sachs, and is an attempt to bring to a friendly conclusion the whole vexatious question. He tells me that the Foreign Office has labored very hard with the Colonial Office in order to get as much as is contained in the reply and that he believes it will be difficult to secure any further concessions from the latter. He prefers, however, to get your views as to whether the proposed settlement will be satisfactory to the State Department before sending an official answer which might not be acceptable to you, and consequently again postpone an arrangement.

I think that Oliphant is quite sincere in his statement that he has worked very hard on this matter, realizing the justice of the American point of view, but at the same time feeling that it is impracticable to nullify and reverse action already taken by the Palestine Government. He assures me that the Foreign Office will do everything in its power to prevent further complications after the exchange of ratifications.

If you will telegraph me briefly after considering the proposed reply whether it is satisfactory or not, I will so inform Oliphant. If

\(^3\) Printed in Foreign Relations, 1924, vol. II, p. 212.

\(^2\) Lancelot Oliphant, head of the Eastern Department, British Foreign Office.

\(^2\) The enclosed document is identical with the note from the British Secretary of State for Foreign Affairs to the American Ambassador, Oct. 13, 1925, p. 226.
your telegram states that such a reply would be acceptable Oliphant promises to write officially to the Embassy at once.

Yours very sincerely,

F. A. STERLING

867n.01/442

The Secretary of State to the Ambassador in Great Britain
(Houghton)

No. 224 Washington, October 13, 1925.

Sir: The Department desires to confirm its telegram of even date informing you that it would be prepared to authorize you to proceed to the exchange of ratifications of the Palestine Mandate Convention upon receipt, in official form, of the suggested reply from the Foreign Office to the questions raised in the Department's instructions Nos. 631 and 68 of April 21 and June 23, 1925, respectively, regarding the rights of the United States and its nationals in Palestine pending the entering into force of the Convention signed December 3, 1924.

If, therefore, the Foreign Office addresses you a note in the form indicated in the enclosure to Mr. Sterling's letter of September 29, 1925, as a reply to the Embassy's memoranda of May 4 and July 3, 1925, based respectively on the Department's instructions above mentioned, you may address an acknowledgment to the British Foreign Office in the following sense:

I have the honor to acknowledge the receipt of Your Excellency's note of . . . . . . , 1925, in reply to the Embassy's note of December 19, 1924, and memoranda of May 4 and July 3, last, relative to the position of American nationals in Palestine prior to the entering into force of the Palestine Mandate Convention signed December 3, 1924.

In reply I am directed to inform Your Excellency of the satisfaction with which my Government has noted the sympathetic consideration which has been accorded the communications which I had the honor to address to you on this subject, with a view to finding a mutually satisfactory basis for the settlement of the questions at issue. I take pleasure in informing you that my Government has authorized me to convey to Your Excellency its acquiescence in the suggestion that as regards the questions of principle which have arisen with respect to the status of the capitulatory rights of American citizens in the mandated territory of Palestine pending the coming into force of the Convention each government should take note of the view held by the other. Further consideration of this question is rendered unnecessary, as far as Palestine is concerned, in view of the practical steps

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* Evidently refers to telegram No. 308, Oct. 12, 6 p. m., not printed.
which His Majesty’s Government, on behalf of the Palestine Government, has indicated its readiness to take in the individual cases which the Embassy has had the honor to bring to Your Excellency’s attention. Upon the exchange of ratifications of the Convention the situation will be automatically regularized.

In conclusion, I am directed by my Government to inform Your Excellency that, as a result of the present exchange of notes, I shall be pleased, at your convenience, to proceed to the exchange of ratifications of the Palestine Mandate Convention of December 3, 1924.

I am [etc.]

FRANK B. KELLOGG

867n.01/444

The Ambassador in Great Britain (Houghton) to the Secretary of State

No. 431

LONDON, October 14, 1925.

[Received October 27.]

SIR: Referring to my telegram No. 318 of October 14, 12 noon, 1925. I have the honor to enclose a copy, in triplicate, of a note from the Foreign Office, dated October 13, 1925, relative to the Palestine Mandate Convention.

I have [etc.]

For the Ambassador:

F. A. STERLING
Counselor of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Chamberlain) to the American Ambassador (Houghton)

No. E 4182/214/65

[LONDON,] 13 October, 1925.

YOUR EXCELLENCY: I have the honour to inform you that His Majesty’s Government have considered sympathetically the various questions dealt with in Your Excellency’s note of December 19th 1924, and memoranda of May 4th and July 3rd last, relative to the position of United States citizens in Palestine prior to and pending the entry into force of the Anglo-American Palestine Mandate Convention of December 3rd 1924. His Majesty’s Government understand that the United States Government desire to reach a friendly settlement of

35 Not printed.
36 For the American Ambassador’s reply to this note, see Department’s instruction No. 224 to the Ambassador in Great Britain, supra.
38 See instruction No. 661, Apr. 21, 1925, to the Chargé in Great Britain, p. 217.
39 See instruction No. 68, June 23, 1925, to the Ambassador in Great Britain, p. 220.
the outstanding cases that have arisen in connection with this subject, before the Convention concerned is actually brought into force by the formal exchange of the ratifications which have already taken place. As from the date of this exchange the position will of course be fully regularised, and no further cases of this type can arise. It is therefore desirable from every point of view that the exchange of ratifications should take place with the least possible delay.

2. The particular cases of which a settlement is desired fall into two main categories—administrative and legal. As regards the former, His Majesty's Government fully understand the position taken up by the Government of the United States, that their prior assent is indispensable to the imposition of any dues or taxes upon United States citizens in Palestine pending the entry into force of the Convention. His Majesty's Government realize, moreover, that this position has not been changed by the mere signature of the Convention. It appears, however, that only one case in this category—that of Mr. Sachs—has formed the subject of protest by the United States authorities. I understand from your memorandum of July 3rd last that the views of your government in this matter could be satisfactorily met by the remittance of the accrued storage dues on the shipment of matches to Mr. Sachs; by his indemnification for the difference between the market value in Palestine of the shipment and its original cost, together with the present Customs duty thereon; by Mr. Sachs being relieved of any loss of accrued interest which he may have sustained as a result of the action of the Palestine authorities in this matter; and by his receiving an amount equal to such reasonable profit as might have accrued on the sale of this shipment had the new duty not been put into effect. His Majesty's Government while adhering to their own views in regard to the questions of principle involved, which, as you are aware, are in conflict with those held by your government, are willing to undertake, on behalf of the Palestine Government, that the steps suggested above as regards the particular case of Mr. Sachs' shipment of matches will be taken by the Palestine Government immediately after the entry into force of the Convention. As regards the question of principle, His Majesty's Government consider now that adequate provision has been made for the future, the situation will be adequately met if each government takes formal note of the view held by the other, while at the same time expressing its regret that it is unable on grounds of principle to conform thereto.

3. With regard to the Skora case^{41} and other cases involving the question of jurisdiction over American citizens prior to the entry

^{41} See telegram No. 365, Oct. 18, 1924, 2 p. m., to the Ambassador in Great Britain, Foreign Relations, 1924, vol. ii, p. 201.
into force of the Palestine Mandate Convention, His Majesty's Government notice with satisfaction that the United States Government have no objection to the retrial by the Palestinian Courts of the cases concerned, but regret that it is not possible for them to take the measures suggested in your notes under reply. Such measures would involve *ex post facto* legislation of the kind which is as contrary to British as to United States constitutional practice. Here again it appears that the only solution is that suggested above: that is, for each government to take formal note of the view held by the other, while expressing its regret that it is unable on principle to conform to it.

4. If there is any civil case, however, in which a United States citizen has refused to appear in the Palestinian courts, relying upon his rights under the former capitulatory system, and where he alleges that he had a good defence and that, had he appeared, the judgment would therefore not have been entered against him, the Palestinian Government will be prepared to request the Chief Justice, or some other responsible officer, to investigate the case. Should this officer, as a result of his investigations, form the opinion that the defence, which would have been put forward by the American citizen had he appeared, would have succeeded, His Majesty's Government will undertake that the Palestine Government will offer fair compensation to the United States citizen concerned as an act of diplomatic courtesy not affecting the question of principle involved.

5. It does not appear to His Majesty's Government that any useful purpose would be served by a further discussion of the complicated legal position arising out of the abolition of the capitulations prior to the entry into force of the Convention. It is apparent that the views held by His Majesty's Government, as Mandatories for Palestine, and those held by the United States Government on this matter cannot be reconciled, and, in view of the conclusion of the Mandate Convention, further attempts to reconcile these views appear unnecessary. His Majesty's Government have, however, no desire to obtain from the Government of the United States any formal abandonment of the capitulatory rights of United States citizens in Palestine prior to the entry into force of the Convention. On the contrary, they readily take formal note of the fact that the claim to these rights was not abandoned by the United States Government. At the same time they feel convinced that the United States Government will equally appreciate the position of His Majesty's Government, and will as a friendly act refrain from pressing them to recede therefrom.

I have [etc.]

(In the absence of the Secretary of State)

LANCELOT OLIPHANT
The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, November 24, 1925—10 a.m.
[Received November 24—7:09 a.m.]

356. Department’s 344, November 23, 3 p.m.42 Informally advised by Foreign Office that I may expect reply to Embassy’s note based on Department’s instruction number 224, October 13th, to be somewhat further delayed due to inundation of work on Treaty Department caused by recent royal death.

Houghton

The Secretary of State to the Ambassador in Great Britain (Houghton)

WASHINGTON, November 23, 1925—6 p.m.

349. Your 356, November 24, 10 a.m. Department is at loss to understand the reason for delay in exchange of ratifications of Palestine Convention. Embassy’s note, based on Department’s instruction of October 13, was a reply to the Foreign Office communication of that date and does not necessitate further correspondence or require any other action than formal exchange of ratifications.

In note of October 13 Foreign Office stated “It is desirable from every point of view that the exchange of ratifications should take place with the least possible delay”. To meet this desire, and because the Department appreciated the difficulty of attempting final determination of the conflicting legal viewpoints advanced, the assurances in British note were accepted as a basis for exchange of ratifications.

With existing troubled situation in the mandate territories, it is important for the Department to know promptly whether it can depend upon treaty arrangements for the determination of its rights.

Orally present these considerations to Foreign Office and endeavor to arrange prompt exchange of ratifications. Telegraph result of your representations.

Kellogg

*Not printed.
The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, December 3, 1925—4 p. m.
[Received December 3—3:42 p. m.]

370. My 366, November 30, 6 p. m. Ratifications exchanged this afternoon.

Houghton

DISSATISFACTION OF THE UNITED STATES WITH THE DECISION RELATING TO THE IRAQ MANDATE TAKEN BY THE COUNCIL OF THE LEAGUE OF NATIONS AT THE INSTANCE OF GREAT BRITAIN

The Secretary of State to the Ambassador in Great Britain (Kellogg)

[Paraphrase]

WASHINGTON, October 21, 1924—7 p. m.

369. Department's 368, October 21, 6 p. m. In connection with matters presented in that telegram you may find opportunity also to take up with the Foreign Office informally the situation which has developed because of the British procedure regarding the mandate for Mesopotamia. There is reported in the minutes of the Council of the League for the 30th session, held on September 27, the adoption of the draft decision which the British submitted to the League with the object of defining British responsibilities and rights in Iraq. The American Government was not consulted regarding this decision nor was informed of the proposed action.

You will recall the exchange of communications regarding Palestine and the view which we have held consistently that this Government has a right to be consulted regarding dispositions made with respect to territories under mandate. The resolution adopted by the League on the initiative of the British Government purports to deal with the capitulatory rights of foreigners in Iraq. It fails apparently to include provisions which might help to guard against improper monopolies and protect the principle of equality of opportunity in Iraq. I am at a loss to understand the action of the British Government in proceeding in this matter as outlined above without conferring with our Government, in view of our long correspondence with their Gov-

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44 Not printed.
44 Foreign Relations, 1924, vol. II, p. 64.
45 For text of draft mandate for Mesopotamia, see ibid., 1921, vol. I, p. 105.
ernment regarding principles applicable to territories under mandate and of the statement made in the fourth paragraph of the British note of December 29, 1921, transmitted to the Department in Embassy’s No. 831 of December 30, 1921.46

As the Department has just received the documents in the case and has not yet had opportunity for a thorough study of the matter, it is not desired that you make representations in writing at this time. It would be helpful, however, to have any information which you can secure through oral inquiry. Possibly you may find it advisable to mention this matter in the conversation which you will have in connection with Department’s telegram 368.

Hughes

890g.01/107 : Telegram

The Ambassador in Great Britain (Kellogg) to the Secretary of State

London, November 3, 1924—4 p. m.

[Received 5:05 p. m.]

449. Your 369, October 21, 7 p. m.,47 and penultimate paragraph of my 442, October 28, 5 p. m.48

In further conversation at the Foreign Office I am informed that the mandate for Mesopotamia was never submitted to the League of Nations by the British Government because of the susceptibilities of Iraq, but in its place the treaty of King Feisal was concluded,49 embodying the essential provisions of the mandate. The decision of the Council of the League at its 14th meeting of the 30th session was a declaration to approve the British communication defining British rights and responsibilities in Iraq. The decision of the Council and the dependent treaty, the Foreign Office states, together constitute the mandate and therefore the question of discrimination is provided for.

Kellogg

890g.01/125b

The Secretary of State to the Chargé in Great Britain (Sterling)

No. 627

Washington, April 20, 1925.

Sir: Referring to the Department’s telegraphic instruction No. 369 of October 21, 1924, and to your telegraphic replies Nos. 442 and 449 of October 28 and November 3, 1924, respectively,50 the Depart-

47 Supra.
50 Telegrams Nos. 369 and 400 printed supra; telegram No. 442 printed in Foreign Relations, 1924, vol. ii, p. 68.
ment desires to furnish you with the following résumé of its position with respect to the Decision relative to Iraq taken by the Council of the League of Nations, at the fourteenth meeting of its thirtieth session, held at Geneva on September 27, 1924. Reference is made also to your despatch No. 1037 of February 3, 1925,\textsuperscript{51} transmitting copies of a British Government publication entitled "Papers Relating to the Application to Iraq of the Principles of Article 22 of the Covenant of the League of Nations."\textsuperscript{52}

The evident effect of this action of the Council, apparently taken at the instance of the British Government, is the substitution of the Decision of September 27, 1924, (see copy annexed and hereinafter referred to as the Decision)\textsuperscript{53} together with the Anglo-Iraq Treaty of October 10, 1922, the Protocol of April 30, 1923, and the Subsidiary Agreements of March 25, 1924, for the earlier Draft Mandate for Mesopotamia. In accordance with the Council's policy with reference to "A" Mandates, this earlier Draft Mandate for Mesopotamia followed the general lines of the Mandates adopted in the cases of Palestine and Syria.

You are already familiar with the correspondence which was carried on by this Government with the British Government and with the Council of the League of Nations between 1920 and 1922, with reference to the right of this Government to be consulted with respect to the form of the Mandatory arrangements for territories detached from Germany and her Allies as a result of the war. This Government in this correspondence further indicated its views with regard to the principles which it considered applicable to Mandated territories. A part of this correspondence, as you will recall, was published in British Parliamentary Paper, Cmd. 1226, Miscellaneous No. 10 (1921) entitled "Correspondence between His Majesty's Government and the United States Ambassador Respecting Economic Rights in Mandated Territories." More recent correspondence is contained in the Senate Document \textsuperscript{54} enclosed with the Department's instruction No. 268, July 9, 1924.\textsuperscript{55} Your attention is particularly directed to the portion of this document, pages 47 to 57, relating to Mesopotamia. Reference may be made also to the Monthly Political Report for January, 1924,\textsuperscript{56} in which is given, on pages 27 to 29, a brief survey of developments in Mesopotamia during the period April 1920 to January 1924.

The Department's files indicate that the Anglo-Iraq Treaty, Protocol and Subsidiary Agreements were approved by the Iraq Con-

\textsuperscript{51} Not printed.
\textsuperscript{52} Great Britain, Cmd. 2317 (1923).
\textsuperscript{53} Ibid., p. 6.
\textsuperscript{54} Oil Concessions in Foreign Countries, S. Doc. 97, 68th Cong., 1st sess.
\textsuperscript{55} Not printed.
stituent Assembly on June 10, 1924; by the British House of Commons as a result of its approval on July 29, 1924, of the Government's Middle Eastern estimates; and by the Council of the League of Nations in accordance with the terms of its aforementioned Decision of September 27, 1924.

In considering the effect of the situation thus created in so far as it relates to American interests in Iraq, the Department has found helpful a detailed comparative examination of the Palestine Mandate, on the one hand, and the corresponding Articles of the Anglo-Iraq Treaty, Protocol and Subsidiary Agreements and the Decision of September 27, 1924, on the other hand.

From such examination it does not appear that any of the latter instruments contain provisions which adequately safeguard this Government's position with respect to the Capitulations in the event of the termination of British responsibility in Iraq. The penultimate paragraph of the Decision provides:

"that the privileges and immunities, including the benefits of consular jurisdiction and protection formerly enjoyed by capitulations or usage in the Ottoman Empire, will not be required for the protection of foreigners in Iraq so long as the Treaty of Alliance is in force."

Article 8 of the Palestine Mandate, on the other hand, after reciting, in terms similar to those used above, that "the privileges and immunities of foreigners . . . shall not be applicable in Palestine," concludes as follows:

"Unless the Powers whose nationals enjoyed the aforementioned privileges and immunities on August 1, 1914, shall have previously renounced the right to their re-establishment, or shall have agreed to their non-application for a specified period, these privileges and immunities shall, at the expiration of the mandate, be immediately re-established in their entirety or with such modifications as may have been agreed upon between the Powers concerned."

No similar modifying statement appears in the Anglo-Iraq Treaty or related documents.

Further, there do not appear to be, in the documents relating to Iraq, adequate provisions with respect to equality of economic opportunity in Mesopotamia or adequate safeguards against monopoly of the natural resources of that territory. From a review of this Government's earlier correspondence with the British Government with regard to Mandates, particularly those for Palestine and Mesopotamia, you will note that while, in view of the special conditions prevailing in Palestine, this Government did not insist on a special conditions prevailing in Palestine, this Government did not insist on a special

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provision respecting monopolies in the Palestine Mandate, it expressly reserved its position with respect to other mandate territories, including Mesopotamia. Reference may be made, in this connection, to the Embassy’s note No. 151 of April 5, 1922, to the British Foreign Office,\(^6\) which reads in part as follows:

“It should be clearly understood, however, that this position is taken by my Government solely in recognition of the special situation in Palestine and is not to be considered as prejudicial in any respect to the contentions which have been made, and which are still being made, in connection with other mandate territories.”

Article 11 of the Mandate for Syria and the Lebanon may be quoted as indicating the agreement reached after correspondence with this Government in regard to the régime which should be applicable in Mandate Territories in the matter of concessions. Paragraph 4 of this Article reads as follows:

“Concessions for the development of these natural resources shall be granted without distinction of nationality between the nationals of all States members of the League of Nations, but on condition that they do not infringe upon the authority of the local Government. Concessions in the nature of a general monopoly shall not be granted. This clause shall in no way limit the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory of Syria and the Lebanon, and with a view to assuring to the territory the fiscal resources which would appear best adapted to the local needs, or, in certain cases, with a view to developing the natural resources either directly by the State or through an organization under its control, provided that this does not involve either directly or indirectly the creation of a monopoly of the natural resources in favour of the Mandatory or its nationals, nor involve any preferential treatment which would be incompatible with the economic, commercial and industrial equality guaranteed above.”

In the penultimate paragraph of your telegram No. 442 of October 28, 1924, and, again, in your telegram No. 449 of November 3, 1924, you represent the position of the British Foreign Office to be that the provisions of Article 11 of the Anglo-Iraq Treaty are sufficient to preclude the possibility of any discrimination in this particular connection. It should be observed, however, that Paragraph 1 of Article 11 of the Mandate for Syria and the Lebanon\(^9\) is, except for differences in phraseology, similar to Article 11 of the Anglo-Iraq Treaty, and that, in the case of Syria and the Lebanon, it was considered important to add Paragraph 4 quoted above, not only

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\(^6\) See telegram No. 96, Apr. 3, 1922, 4 p.m., to the Ambassador in Great Britain, Foreign Relations, 1922, vol. ii, p. 271.

\(^9\) Text of the mandate is quoted in convention between the United States and France regarding rights in Syria and the Lebanon, signed Apr. 4, 1924; ibid., 1924, vol. i, p. 741.
to clarify but also to supplement the provisions of Paragraph 1. No such supplementary provisions are found in the Anglo-Iraq Treaty or related documents.

It will be observed also that the Foreign Office memorandum No. E 14259/37/88 of December 29, 1921, to which reference is made in the opening paragraph of your note No. 151 mentioned above, contained the following statement:

"I reserve to myself a still further memorandum to Your Excellency regarding the mandate for Mesopotamia. The position of His Majesty’s Government in that country is peculiar . . . I hope to be in a position at an early date to give you the fullest assurance on this matter."

Apparently no such assurance has been communicated to this Government. From time to time, however, as the situation in Mesopotamia developed, the British Government has supplied this Government with various publications and information dealing with the changing character of what it considered to be its responsibilities as Mandatory with regard to Mesopotamia. Its communications of June 24, 1922 (see your despatch No. 1412 of June 27, 1922) relative to the progress of the then pending Anglo-Iraq negotiations, of October 11, 1922 (see your despatch No. 1755 of October 13, 1922) relative to the conclusion of such negotiations and of June 13, 1923 (see the Department’s instruction No. 948 of July 21, 1923) communicating the text of the Protocol of April 30, 1923, may be cited in this connection.

You will of course appreciate that this Government could not acquiesce in the view that any agreement between Great Britain and Iraq or any instrument accepted by the Council of the League of Nations with reference to Iraq could prejudice existing American rights in that territory. In particular, the Capitulatory rights of the United States are considered still to persist in Iraq pending the consummation of a suitable treaty arrangement with the appropriate authorities. The Department considers, therefore, that, when an appropriate opportunity arises, it may be desirable to conclude with the competent authorities an agreement embodying its consent, on appropriate terms and provided the proper safeguards for American interests are secured, to the arrangements which have been reached with reference to Iraq. It is possible that such an agreement might best be concluded in the form of a convention between the United States and Great Britain, and possibly Iraq, embodying a reference to the Anglo-Iraq Treaty and related documents and to the text of the Decision, and containing operative articles similar to those included in the Anglo-

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*None of these documents printed.
American Convention of December 3, 1924, with respect to Palestine and in the Convention of April 4, 1924, between the United States and France with respect to Syria and the Lebanon.

The foregoing discussion of this Government's views regarding the situation created by the Decision of September 27, 1924, may be supplemented by a brief reference to the exchange of notes early in 1921 between the Secretary of State and the President of the Council of the League of Nations. The pertinent sections of the Secretary's note of February 21, 1921, and the complete text of the Council's reply of March 1, 1921, are quoted on pages 8 to 10 of the Department's confidential publication, printed and distributed November 12, 1924, Series C, No. 54, Syria No. 1, entitled "Mandate for Syria and the Lebanon," a copy of which was duly transmitted to your Embassy. In Paragraph 7 of the Council's reply, the following statement is made:

"No conclusions will therefore be reached with regard to 'A' Mandates until the United States Government has had an opportunity to express its views."

A reference to pages 10 to 15 of the above mentioned confidential publication is believed to be sufficient to establish the fact that this Government's views with regard to "A" Mandates were brought to the attention of the Principal Allied Governments and of the Council of the League of Nations, as well as the fact that such views were duly considered by the Council to the satisfaction of this Government's contentions in so far as concerned the adoption of the final form of the Syrian Mandate. As already indicated, similar consideration of this Government's views was given in the adoption of the final draft of the Palestine Mandate. The Department has noted, therefore, with some apprehension that, in connection with the determination of the nature and extent of the responsibilities of Great Britain as the Mandatory Power in Iraq, the British Government, before seeking the approval of the Council of the League of Nations, omitted to consult with this Government and presumably did not take into consideration certain of its expressed views with regard to "A" Mandates, to wit, particularly those views relative to "Capitulatory rights" and to "Provisions against discrimination" (see page 11 of the Department's confidential publication respecting Syria referred to above).

The Department desires, therefore, that you supplement the informal representations to which reference was made in its telegram

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63 Ibid., vol. i, p. 741.
64 See telegram No. 107, Feb. 21, 1921, 7 p. m., to the Ambassador in France, ibid., 1921, vol. i, p. 89.
65 Ibid., p. 93.
No. 369 of October 21, 1924, by communicating to the British Foreign Office a note in the following sense:—65

"Among the documents recently published by the League of Nations my Government has noted the text of a decision of the Council of the League under date of September 27, 1924, relating to the application of the principles of Article 22 of the Covenant of the League to the territory of Iraq. It appears that this decision was taken at the instance of the Government of His Britannic Majesty following the submission to the Council of a statement by Lord Parmoor with respect to the circumstances which made it appear to His Majesty’s Government to be impracticable to exercise in Iraq a mandate of the form contemplated in the document which His Majesty’s Government submitted to the Council in December, 1920. With a draft of the decision which was adopted by the Council, Lord Parmoor submitted a copy of the Treaty of October 10, 1922, between His Britannic Majesty and His Majesty the King of Iraq, together with a protocol dated April 30, 1923, and subsidiary agreements dated March 25, 1924. Lord Parmoor stated that the Treaty and the connected documents placed the British Government in a position vis-à-vis Iraq to discharge its obligations toward the League and that all the points embodied in the original draft mandate would be found to be covered by these documents, supplemented by the further undertakings embodied in the draft decision. The effect of the Council’s decision, so far as concerns the governments which accepted that decision, appears to be to substitute for the original draft mandate the arrangements of His Majesty’s Government with the Government of Iraq and the undertakings of His Majesty’s Government towards members of the League.

Your Excellency will undoubtedlly recall the extended correspondence between His Majesty’s Government and the Government of the United States, as well as the correspondence which my Government had with the Council of the League of Nations, regarding the right of the United States to be consulted with respect to the character and conditions of the administration of territories detached from the Ottoman Empire as a result of the common victory over the Central Powers. I refer, in this connection, to a communication of December 29, 1921,66 in which His Majesty’s Government asserted that it had no desire to challenge the statement of my Government concerning the relation of the victory over Turkey to the victory over Germany and disclaimed any intention to discriminate against nationals of the United States or refuse them full equality of commercial opportunity in territories detached from Turkey as a result of the common victory. It was the understanding of my Government that its right to be consulted with respect to the character and conditions of the administration to be established in Mesopotamia was fully acknowledged by His Majesty’s Government, as well as by the Council of the League of Nations, and after the statement

65 In accordance with this instruction, a note was addressed to the British Secretary of State for Foreign Affairs on May 5, 1925.
of Sir Eyre Crowe in the communication of December 29, 1921, above mentioned, with reference to the presentation of a further memorandum in which he hoped to be able to give the American Ambassador the fullest assurance regarding the mandate for Mesopotamia, my Government entertained no doubt that it would be consulted before the consummation of final arrangements in regard to the administration of Mesopotamia. The expectation of my Government that it would be consulted in regard to the administration of this territory was supported by the fact that, before the adoption by the Council of the League of the British mandate for Palestine and the French mandate for Syria and the Lebanon, my Government was given an opportunity to express its views regarding the terms of those mandates.

My Government has fully appreciated the fact that the political situation in Iraq has changed in material respects since the draft mandate for that territory was first presented. It has no disposition to question in principle the necessity for a modification of the mandatory arrangement in the general sense of the decision adopted by the Council on September 27, 1924. It has noted, however, with some apprehension, the omission from the modified arrangement of provisions similar to those inserted in the mandate for Syria and the Lebanon respecting the reestablishment of the capitulations upon the termination of the mandatory arrangements and respecting the observance of the principle of equality of opportunity in regard to the exploitation of the natural resources of the mandated territory. It is firmly of the opinion that no arrangements to which it is not a party could modify the rights to which it is entitled in Iraq by virtue of the capitulations of the Ottoman Empire, and it believes that, in accordance with the principles which my Government has consistently advocated and which it is not believed His Majesty's Government would be disposed to contest, American nationals should be placed on an equal footing with the nationals of any of the Allied Powers with respect to economic and other rights in Iraq.

While my Government has no desire to question the finality of the acceptance which other governments may have accorded to the arrangements between His Britannic Majesty and His Majesty the King of Iraq, and is not disposed to suggest a reconsideration of the general arrangement reached, it would be pleased to be informed whether His Majesty's Government, as the Mandatory Power in Iraq, is prepared to give assurances of the character believed to be necessary for the regularization of the situation of Iraq in relation to the United States. Such assurances, I may state, might, in the opinion of my Government, be appropriately embodied in a convention somewhat similar to that recently concluded with respect to Palestine. In view of the particular situation existing in Iraq it might be desirable to consider the possibility of securing the concurrence of Iraq in any such arrangement."

I am [etc.] 

FRANK B. KELLOGG
CONTINUED NEGOTIATIONS TO ENSURE RECOGNITION OF THE
PRINCIPLE OF THE OPEN DOOR IN THE TURKISH PETROLEUM
COMPANY’S CONCESSION IN IRAQ.

890g.6333 T 84/226: Telegram

The Secretary of State to the Ambassador in Great Britain
(Houghton)

[Paraphrase]

WASHINGTON, December 5, 1925—7 p. m.

357. Negotiations regarding the Turkish Petroleum Company.

1. The Department has been informed by the American Group
that there is serious danger that their negotiations with the Turkish
Petroleum Company will reach an impasse due to failure up to now
of the other groups in the Turkish Petroleum Company to come to
an agreement with Mr. C. S. Gulbenkian. See first paragraph in
Department’s telegram No. 331, September 20, 1924, 2 p. m. The
situation described in that telegram is very much like that existing
now.

2. The American Group informs the Department that they would
be sincerely sorry to have to withdraw from further attempts to
obtain participation in the Turkish Petroleum Company on a fair
basis and that they are still hopeful that an agreement will be
reached which will make participation possible. Negotiations with
the Turkish Petroleum Company are being carried on by Mr. Piesse
on behalf of the American Group.

3. You may wish to confer with Mr. Piesse regarding the status of
the negotiations at present. However, such a critical stage seems
to have been reached that the Department wishes you promptly to
present the matter again orally to the British Foreign Office, setting
forth the view which the Department has consistently maintained
and which is fully explained in its telegram No. 331 of September
20, 1924. Except for subparagraph (e) of the third paragraph, the
considerations presented in the third, fourth, and fifth paragraphs
of that telegram apply to the present situation as well as they did
to that of last year. On the point covered by section (e) of the
third paragraph, the situation is modified by the fact that a conces-
sionary contract between the Turkish Petroleum Company and the
Iraq Cabinet has been signed, so that presumably the present claims

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90 Calouste Sarkis Gulbenkian, naturalized British subject, a minority stock-
holder in the Turkish Petroleum Company.
92 Turkish Petroleum Company, Limited, Convention with the Government of
Iraq, made the 14th day of March, 1925 (London, Blundell, Taylor & Co.
[1925]).
are based not on the pre-war claims of the Turkish Petroleum Company but upon the recent alleged concessionary grant.

4. In making your representations at the Foreign Office you should stress especially the views outlined in the fifth paragraph of the telegram of September 20. The Department is aware that neither our Government nor the British Government would wish to intervene in negotiations which are of a purely business nature. The British Government, however, in view of its connection with the Anglo-Persian Oil Company which is one of the chief parties to these business negotiations, may be able to persuade British subjects or companies not to assume an attitude which would make it impossible for American interests to participate in the Turkish Petroleum Company. It is the belief of the Department that its wish to avoid any further controversy regarding the Mesopotamian oil question is shared by the British Foreign Office. The American and British Governments have agreed on important questions of principle regarding this matter, and the development of a selected part of the Mesopotamian oil field by a company in which important oil interests of four nations were to participate was to give practical application to these principles. Effect was being given to the open-door principle as applied to territories under mandate, and thus there was to be brought about a wide basis of participation in developing these oil resources.

5. Should the American Group withdraw because of failure to obtain participation in the Turkish Petroleum Company on a fair basis, the Department would reserve its entire freedom of action if any reasonable and proper efforts should be made by the interested American companies to secure the right to a fair share in the development of the oil resources of Mesopotamia through other means than the Turkish Petroleum Company.

6. Should oral representations not be sufficient, the Department would consider sending a written communication on this subject. Please make report.

Kellogg

890g.6363 T 84/229 : Telegram

The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, December 9, 1925—6 p. m.
[Received December 9—5 p. m.]

377. Department's 357, December 5, 7 p. m. was discussed with Foreign Office today in reviewing the Turkish petroleum situation.
Oliphant gave fullest assurances of the desire of the British Government to see American interests remain. From the latest information the Foreign Office is hopeful that the proposal to resort to arbitration will be accepted by Gulbenkian and by the British interests in Turkish Petroleum. Foreign Office has not ceased to urge this course on British group and I understand from Oliphant that French Government has been exercising similar pressure on French group.

In reply to a question in the House this afternoon the Prime Minister replied:

"His Majesty's Government regard as undoubtedly valid the convention made on March 14, 1926, whereby the Government of Irak granted to the Turkish Petroleum Company for a period of 75 years the exclusive right to extract and dispose of petroleum and similar products in the whole of Irak with the exception of the 'transferred territories' and the vilayet of Basra.

They welcomed the inclusion of French interests in the Turkish Petroleum Company and have watched with sympathy negotiations for the inclusion also of American interests. If these negotiations result in American interests acquiring an interest in the Turkish Petroleum Company such a result will be welcomed by His Majesty's Government."

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Houghton

890g.6363 T 84/233

The French Embassy to the Department of State

The French Government is informed that difficulties have arisen between the French and British Groups on one part and the American Group on the other, which are parts of the Turkish Petroleum Company, concerning the interpretation of the "heads of agreement" agreed upon between them last March and inserted into a final contract.

The American Group is threatening to withdraw and to negotiate by itself with the Turkish interests.

The British and French Governments are proposing that the question should be settled by arbitration. Such a procedure would be entrusted with four experts who would have to decide upon the interpretation to be given to the Convention. Should the experts not reach an agreement, they would designate one sup-arbiter and the contract drawn by them would engage all the interested parties.

Lancelot Oliphant, head of the Eastern Department of the British Foreign Office.
The French Government would deeply appreciate any steps which the American Government could take in order to induce the American Group to give its consent to the proposed procedure.

It is needless to insist upon the serious inconveniences of all kinds which, in the present circumstances, the retirement and an isolated action of the American Group could have.

WASHINGTON, December 18, 1925.

Memorandum by the Chief of the Division of Near Eastern Affairs (Dulles)

[WASHINGTON,] December 18, 1925.

The French Ambassador called to see the Secretary on December 18 and left with him a memorandum, of which a copy is attached, expressing, on behalf of the French Government, the hope that this Government would intervene to prevent a break between the Turkish Petroleum Company and the American Group.

The Secretary asked me to outline to the French Ambassador the present status of these negotiations, which I did, somewhat as follows:

I pointed out that the negotiations between the American Group and the Turkish Petroleum Company were negotiations of a business character and that in principle the Department did not intervene in such negotiations; that we were of course interested in maintaining the principle of the Open Door in Mesopotamia and the right of American companies to obtain a fair share of participation, if they so desired, in the development of the natural resources of Mesopotamia. This policy the Department had consistently maintained in correspondence with the British Government, of which the Ambassador was possibly aware.

I told the Ambassador that the American Group had been negotiating for the past two or three years with the Turkish Petroleum Company and that an agreement had been practically reached when serious difficulty was encountered in view of the attitude assumed by a minority shareholder in the Turkish Petroleum Company, Mr. Gulbenkian. The latter had apparently insisted that the various partners in the Turkish Petroleum Company should have a stock interest only in the Company, as he himself only desired such an interest. The American Group, on the other hand, informed the Department that they were interested in securing their pro rata share of the crude oil produced by the Company and were not interested in mere stock participation.

With respect to the suggestion contained in the French Ambassador's note that the American Group consent to the arbitration of

Printed supra.
the outstanding difficulties, and not resort to separate action, I said that I understood from the American Group that they considered that the questions at issue were solely between Gulbenkian and the Turkish Petroleum Company and that they could neither be a party to nor would they desire to block arbitration between the Turkish Petroleum Company and Gulbenkian. I added that I further understood that, in the event that the agreement which might ultimately be reached between the Turkish Petroleum Company and Gulbenkian was not of a character to permit the participation of the various groups in the actual crude oil produced, or if this agreement imposed onerous charges upon the prospective participants in the Turkish Petroleum Company, I could give no assurance that the American Group would not withdraw. On this point they would have to consult, and would probably consult, their own business interests.

I gathered that the French Ambassador himself did not have any data on the situation or any knowledge of the background which had led his Government to make the request contained in his note.

Later in the day, I read over the telephone to Mr. Swain, of the Standard Oil Company of New Jersey, the pertinent sections of the French Ambassador’s note. Mr. Swain replied that he could only confirm what he had already stated, that the American Group did not see that they could properly be a party to the proposed arbitration; that the questions involved were questions between the European partners and Gulbenkian. If those parties desired to refer their difficulties to arbitration that was their concern.

A. W. DULLES

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800g.6363 T 84/229 : Telegram

_The Secretary of State to the Ambassador in Great Britain (Houghton)_

[Paraphrase]

WASHINGTON, December 19, 1925—6 p. m.

369. Our No. 357 of December 5 and your No. 377 of December 9.

1. Under date of December 8 the American Group has written the Department reviewing the present status of their negotiations with the Turkish Petroleum Company and asking whether the Department can do anything further through diplomatic channels regarding the Turkish Petroleum Company and asking whether the Department would object to direct negotiations by the American Group with Iraq or Turkey.

2. No written reply has yet been given to the above questions, but the Department could hardly answer in the negative should it

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"Letter not printed.

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be pressed for a reply to the second question. If the American Group should decide to enter into direct and independent negotiations with Iraq or Turkey it probably would mean that the cooperative effort developed so laboriously during the past three years is ended. Paragraph 2 of our telegram No. 357 of December 5 still accurately reflects attitude of the American Group.

3. It is really important that the door should be kept open for arranging a fair basis for American participation in developing the Mesopotamian oil field. I wish you, therefore, to take an early occasion to present the matter to the British Secretary of State for Foreign Affairs on the basis of the points set forth in Department's telegram No. 331 of September 20, 1924 and No. 357 of December 5, 1925. You should say that the Department considers it contrary to the interests of both the American and British Governments that the effort to settle this problem on a basis of cooperation between the American and foreign interests concerned should stop, especially with agreement so nearly reached.


KELLOGG

890g.6363 T 84/231: Telegram

The Ambassador in Great Britain (Houghton) to the Secretary of State

[Paraphrase]

LONDON, December 21, 1925—5 p. m.

[Received December 21—3:35 p. m.]

383. Your telegram No. 369 of December 19. I am assured by Tyrrell that the British have not changed their attitude toward American participation in the Turkish Petroleum Company. He told me that British oil interests have been engaged in deadly warfare for some time and he believes that in this conflict American interests have been used as a catspaw. This trouble is now being terminated and under government pressure arbitration is being resorted to. Within a day or two the result will be known, and Tyrrell believes that matters will move smoothly once this difficulty is settled. As soon as the result of arbitration is known, Tyrrell will personally inform me.

HOUGHTON

*Sir William G. Tyrrell, British Permanent Under Secretary of State for Foreign Affairs.
The Secretary of State to the Ambassador in Great Britain (Houghton)

WASHINGTON, December 31, 1925—9 p. m.

372. Your 383, December 21, 5 p. m. Please expedite supplementary reply; also endeavor to discuss matter with Chamberlain early possible opportunity.

KELLOGG

EFFORTS BY THE UNITED STATES TO OBTAIN FOR AMERICAN RUBBER MANUFACTURERS RELIEF FROM BRITISH RESTRICTIONS ON THE EXPORT OF RAW RUBBER

841.6176/5

The Rubber Association of America, Inc., to the Department of State

MEMORANDUM SUBMITTED BY THE RUBBER ASSOCIATION OF AMERICA, INC., WITH REFERENCE TO THE EFFECT UPON AMERICA'S CRUDE RUBBER SUPPLY OF THE BRITISH "STEVENVSON SCHEME" UNDER WHICH THE EXPORT OF CRUDE RUBBER FROM BRITISH POSSESSIONS IS RESTRICTED

The so-called "Stevenson Scheme" is a legislative measure under which the amount of rubber exported by the British rubber-growing possessions in the Middle East, is arbitrarily restricted for the purpose of enhancing its price.

The purpose of this memorandum is to explain the history and operation of this scheme, and to point out the critical situation that now confronts the American rubber manufacturing industry as a result of the artificial curtailment of crude rubber supply which its operation has brought about. This situation is such that an early relaxation of the restriction imposed under this scheme is of the utmost importance to the American rubber industry and to the American consuming public.

THE BRITISH POSSESSIONS IN THE MIDDLE EAST ARE THE CONTROLLING FACTOR IN THE CRUDE RUBBER MARKET

Due primarily to climatic and labor conditions, the British and Dutch possessions in the Middle East enjoy, at the present time, what amounts practically to a monopoly of crude rubber production. Some "wild rubber" comes from South America, but the rubber from

Sir Austen Chamberlain, British Secretary of State for Foreign Affairs.

Left at the Department on July 17, 1925. The exhibits attached to this memorandum are not printed.
this source represents a very small percentage of the total. Of the
four million acres of land now devoted to rubber plantations in the
Middle East, about 70% is in British territory or under British
control, (Ceylon, the Malay States, the Straits Settlements, etc.)
The report of the United States Department of Commerce, 1925,
entitled “The Plantation Rubber Industry in the Middle East” (copy
herewith)76 gives a very complete survey of the situation in that part
of the world.

Under these circumstances it is apparent that any curtailment of
the production or shipments of crude rubber by the growers of the
British possessions, such as is imposed by the “Stevenson Scheme”
must have a very direct effect upon the operations of the American
rubber industry. And, since America accounts for about three-
fourths of the entire rubber consumption of the world, it is America
that is primarily affected by such curtailment.

THE CONDITIONS LEADING UP TO THE ADOPTION OF THE STEVENSON
SCHEME IN 1922

The “Stevenson Scheme” was adopted as a result of a temporary
condition of over-supply of crude rubber, as is shown graphically in
the attached Exhibit A, in each of the three years immediately fol-
lowing the war, i. e., 1919, 1920, and 1921 when the production of
crude rubber exceeded the consumption by a considerable margin.
This naturally resulted in depressing the price of the commodity.

The year of 1919 showed a substantial increase in rubber con-
sumption over 1918, the last year of the war, but this increase did
not nearly keep pace with the tremendously increased production.
Then came the post-war depression in all business, with the result
that instead of the expected large increase in the consumption of
rubber in 1920 and 1921, there was a marked decrease in each of
these years as compared with the previous year. And, as above
stated, in each of these years, the production was far ahead of the
consumption.

The large stock of rubber on hand as a result of the three years
of over-production, brought the price down as low as 14 cents per
pound in 1921, a price which was asserted to be far below the cost
of production. (See attached Exhibit B.)

It was this that led to the appointment in 1921 by the British
Secretary of State for the Colonies of the so-called “Stevenson Com-
mitee” (taking its name from its chairman, Sir James Stevenson,
now Lord Stevenson) “to investigate and report upon the present
Rubber Situation in British Colonies and Protectorates”.

76Not reprinted in Foreign Relations.
In its initial report of June, 1922, (a copy of which is annexed as Exhibit C), the committee reviewed the 1919, 1920 and 1921 production and consumption figures, and concluded from them:

"On these figures, the Committee cannot fail to advise you to contemplate with grave concern the position of the Industry in British Colonies and Protectorates, unless steps are taken to reduce stocks and, further, to prevent over-production of rubber so long as the potential normal production continues to be substantially in excess of consumption. They are of opinion that consumption is not likely to overtake potential production for some years."

The Committee also discussed several proposals for bringing about the desired result, including voluntary restriction and governmental action, but made no definite recommendation, pending the ascertainment of the attitude of the Dutch government. In its supplementary report of October of the same year (attached Exhibit D) the Stevenson Committee noted the failure of attempts at voluntary restriction of production. It also stated that the Dutch Government declined to co-operate in governmental restrictions. Nevertheless, it decided that the situation warranted legislative restriction of production in the British Colonies and Protectorates. The Stevenson Committee therefore recommended that the present "scheme of governmental intervention should be put into operation in Ceylon, the Malay States and the Straits Settlements, as soon as possible". This recommendation was followed.

THE STEVENSON SCHEME

The supposed object of the Stevenson Scheme * was to stabilize the price of crude rubber at 1s/6d per pound, or roughly about 36 cents. This was fixed as a price which would not only give a satisfactory profit to the producer, but would be sufficient to stimulate the investment of new capital in the planting of additional acreage. The method provided by the scheme for accomplishing this object is as follows: The actual output of each producer for the year beginning Nov. 1, 1919, was taken as his "standard production". During the first quarter of the operation of the scheme each producer was permitted to export at the low, minimum rate of export duty, only 60 percent of his "standard production". If he exceeded that percentage he would have to pay what, up to the present, has proved

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*Great Britain, Cmd. 1678 (1922) : Report of a Committee Appointed by the Secretary of State for the Colonies to Investigate and Report upon the present Rubber Situation in British Colonies and Protectorates, p. 4.

**Great Britain, Cmd. 1756 (1922) : Supplementary Report of the Committee Appointed by the Secretary of State for the Colonies, to Investigate and Report upon the present Rubber Situation in British Colonies and Protectorates.

* See pages 3 to 5 of "The Plantation Rubber Industries in the Middle East." U. S. Dept. of Commerce 1925. [Footnote in the original.]
to be a prohibitive export duty on the entire amount exported. The more the amount exported exceeds the prescribed percentage, the higher the export duty. The prescribed percentage is subject to change each quarter depending upon the average price for the preceding quarter. That is, if the average price for a certain quarter is between 1s/3d and 1s/6d, the prescribed percentage exportable during the following quarter at the minimum rate of duty is increased 5% for the next quarter, and if the price is 1s/6d or over for a given quarter, the prescribed percentage is increased 10%. So also, if the average price falls below 1s, the percentage is decreased to 55%, and if that reduction does not raise the average price to 1s/3d in the next quarter, a further reduction in the prescribed percentage to 50% becomes effective, and so on.

As is apparent from this brief resume of the scheme, it was an attempt artificially to maintain the price of rubber at 1s/6d by altering the amount of rubber exported or "released" each quarter.

**THE ACTUAL OPERATION OF THE SCHEME**

The Stevenson Scheme went into operation on November 1, 1922. At that time the world stock of crude rubber was large and it took some time before the effect of the restriction scheme was felt to any great extent. But upon the depletion of the accumulated stock (accompanied by a rapidly increasing rate of rubber consumption) the situation immediately took on a serious aspect. And now, as a result of the operation of the scheme, the price of rubber has been forced up to about three times the normal price of 36 cents, and there is threatened an actual shortage in the amount of rubber needed to meet the requirements of the consuming public. The following schedule tells the story of the operation of the Scheme:

**RUBBER EXPORT QUOTA**

<table>
<thead>
<tr>
<th>Restriction Quarter</th>
<th>Exportable Allowance of standard production</th>
<th>Average Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 1, 1922, to Jan. 31, 1923</td>
<td>60</td>
<td>d 2.295</td>
</tr>
<tr>
<td>Feb. 1, 1923, to Apr. 30, 1923</td>
<td>60</td>
<td>d 4.835</td>
</tr>
<tr>
<td>May 1, 1923, to July 31, 1923</td>
<td>65</td>
<td>d 2.242</td>
</tr>
<tr>
<td>Aug. 1, 1923, to Oct. 31, 1923</td>
<td>60</td>
<td>1.274</td>
</tr>
<tr>
<td>Nov. 1, 1923, to Jan. 31, 1924</td>
<td>60</td>
<td>1.275</td>
</tr>
<tr>
<td>Feb. 1, 1924, to Apr. 30, 1924</td>
<td>60</td>
<td>1.917</td>
</tr>
<tr>
<td>May 1, 1924, to July 31, 1924</td>
<td>60</td>
<td>10.974</td>
</tr>
<tr>
<td>Aug. 1, 1924, to Oct. 31, 1924</td>
<td>55</td>
<td>1.682</td>
</tr>
<tr>
<td>Nov. 1, 1924, to Jan. 31, 1925</td>
<td>50</td>
<td>5.9983</td>
</tr>
<tr>
<td>Feb. 1, 1925, to Apr. 30, 1925</td>
<td>55</td>
<td>1.738</td>
</tr>
<tr>
<td>May 1, 1925, to July 31, 1925</td>
<td>65</td>
<td>1.115</td>
</tr>
</tbody>
</table>

*Price on July 15, 1925.*
The present day price, while of a somewhat speculative character, is believed to be indicative of the actual conditions of supply and demand and to forecast a real shortage of crude rubber supply unless decisive steps are taken by the British authorities to make immediately available a greater amount of rubber than is provided for by the Stevenson Scheme as it now exists.

THE LARGE AND INCREASING DEMAND FOR CRUDE RUBBER IN THE UNITED STATES

Not only has the accumulated world stock of rubber been depleted, and the rate of production of rubber reduced by the Stevenson Scheme, but the consumption of rubber in the United States is now increasing very rapidly so that the 1925 consumption figures will be greatly in excess of the figures of any year in the past. This increase in consumption of rubber by our citizens is due to the following causes, namely:

1. The normal increase in population.
2. The increasing number of articles that are made in whole or in part of rubber, and
3. The very large increase in the use of automobiles (both commercial and passenger vehicles), and in the change that has recently been effected in the type of tires used upon many of these vehicles.

This third cause of increased consumption has the greatest effect upon the situation, because approximately 80 per cent of the rubber consumed in the United States goes into the manufacture of motor vehicle tires. The growth of this important, modern and indispensable form of transportation can be visualized by reference to the attached sheet entitled “Production and Registration of Motor Vehicles 1895 to 1924” (attached exhibit E. See also exhibit F, showing the increase in gasoline consumption.) Moreover, the figures for the current year indicate a very large increase in the number of motor vehicles in use, as compared with 1924. But this increase in the number of vehicles does not tell the whole story, for practically all of the cars now being manufactured are equipped with the new types of tires known as “balloon tires” which embody a substantially greater amount of rubber per tire than was formerly the case. Also the rapid development of the motor bus, which is run almost continuously and is equipped with very large tires, accounts for a considerable increase in rubber consumption.

Other lines of rubber products in addition to tires include “mechanical rubber goods” such as hose, transmission and conveyor belts, packing, jar rings, etc., “footwear”, such as rubbers, boots, arctics, rubber-soled shoes, rubber heels, etc., “drug sundries” such
as hot water bottles, syringes, air cushions, rubber sheeting, gloves, etc., and “hard rubber articles” such as electric battery jars, radio panels, handles, combs, etc. These are only a few of the many thousands of articles, made wholly or partly of rubber, which are essential to the welfare and progress of our people. And in substantially all of these lines the consumption of rubber is steadily increasing.

The United States must have an adequate supply of rubber to meet its increasing needs which will soon outstrip the now anticipated production, even in the absence of any artificial restriction. (See Exhibit G.) And it must be able to purchase it at a reasonable price (for example, the 1s/6d fixed by the British growers as reasonable), so that the American consumer shall not be forced to do without things to which he has been accustomed because he cannot afford to pay for them. The present operation of the Stevenson Scheme threatens an actual shortage of rubber, and, as pointed out above, it has already raised the price of rubber by artificial means to almost three times the normal figure.

THE EFFORTS MADE BY THE RUBBER ASSOCIATION TO AVERT THE PRESENT CRITICAL SITUATION

The present shortage and high price of rubber, as a result of the Stevenson Scheme, was not unforeseen by American rubber manufacturers. Immediately upon learning of the enactment of the Stevenson Scheme, American manufacturers realized the great danger which it threatened. They considered it to be economically unsound and absolutely unnecessary. And they believed and feared that the increase in rubber consumption in the United States, which was then forecast, would bring about just such a situation as exists today, if the plan were carried out as then intended.

Accordingly, the Rubber Association of America, on behalf of the American manufacturers, opened negotiations with the Rubber Growers Association of London, which represented more than half of the British Crude rubber interests and was understood to have been instrumental in originating the Stevenson Scheme and presenting it to the British Government through the Stevenson Committee. These negotiations early took the form of an invitation to the Rubber Growers Association to send to the United States a Committee which might visualize for the crude rubber growing interests the enormous rubber manufacturing capacity of this country and the great and constantly increasing use of rubber, particularly in the automotive industry. It was hoped that a presentation of the actual facts would cause these representatives of the British growers to realize the necessity of providing an adequate supply of the neces-
sary raw material and to prevent not only an actual shortage of the material but also an abnormal or speculative market which would retard the growth of the industry and deprive the American people of their needs for rubber products.

The personnel of the Committee or Delegation appointed by the Rubber Growers Association of America to visit the United States and to confer with American manufacturers consisted of three men prominent in the development of the crude rubber growing industry, namely—

Sir Stanley Bois
H. Eric Miller, and
P. J. Burgess

The first two named were members of the Stevenson Committee and Sir Stanley Bois was the past Chairman of the Rubber Growers Association. The Committee spent about three weeks in the United States, which time was occupied in conference with leading American manufacturers and in the inspection of the principal rubber manufacturing districts, including New Jersey, Northeastern Ohio, and New England. They also inspected the great automobile manufacturing center in Detroit.

The situation was explained fully and frankly to these British representatives and their attention was directed particularly to the fear entertained by our manufacturers that upon the depletion of the then existing stock of crude rubber the continued operation of the Stevenson Scheme would present an ideal situation for speculative or trading interests and would make for abnormally high prices and thus perhaps demoralize, temporarily at least, the rubber manufacturing industry.

The British representatives, while careful to explain that they could not speak for their Government, expressed the belief that the restriction scheme gave a sufficient degree of discretionary power to permit the control of any speculative or runaway market conditions and that it was their firm belief that such control would be exercised if the contingency arose. In the report of the British Delegation to their Association, they said, in part (Rubber Growers’ “Bulletin” February, 1923, page 71):

“4. There is a definitely express[ed] fear that the legislation may prove insufficiently elastic to prevent an actual shortage of rubber if America’s requirements come up to present anticipations; that if this were to eventuate speculation and price manipulation would inevitably ensue in a manner most detrimental to the interests of manufacturers and producers alike.

6. The Americans feel, however, that they are entitled to ask, and they do most strongly urge, that a declaration be made by or on behalf of the Governments controlling the Restriction of Exports,
to the effect that if the legislation at present enacted should prove to be insufficiently elastic to furnish adequate supplies of rubber for the needs of the industry as and when required, steps will be taken by those Governments to release additional exports more rapidly than present legislation admits. This request for a declaration has the support of Mr. Hoover, Secretary of State [sic] for the Department of Commerce at Washington.”

Ever since the visit of these British representatives the Rubber Association has supplied the Rubber Growers Association of London, the British Embassy at Washington and the Department of Commerce with a quarterly statement showing the consumption of crude rubber in the United States, and since November 1924 with a monthly statement of the consumption. At all times, therefore, the British growers have been in a position to visualize the actual balance between supply and demand and to see the approach of the serious condition with which we are now confronted.

As has been stated above, when the world’s stocks began to reach a low point late in 1924, rubber prices began to rise. When they had passed beyond the established price level of 1s/6d cable negotiations were renewed with Mr. H. Eric Miller, first as the spokesman of the Rubber Growers Association and then as a member of the Stevenson Scheme Committee, and therefore an adviser to the Government. Cables were also exchanged with Lord Stevenson, who was acting as an Aide to the Colonial Office in the restriction matter. Copies of this correspondence are appended 82 and need no explanation. It appears from them that the American rubber manufacturing industry can look for no relief through this source.

As indicative of the present attitude of the British Government, we quote the following Associated Press dispatch of July 13, 1925:

“London, July 13 (AP).—The British Government does not consider the present price of rubber warrants reconsideration of the existing ordinance restricting the output of the Malay Peninsula, W. G. A. Ormsby-Gore, Parliamentary Under Secretary for the Colonial Office, announced today in the House of Commons in response to a question.

A member had asked whether the present high price of rubber would likely mean the reconsideration of the present Government policy.

Mr. Ormsby-Gore said the legislation originally was framed to restrict export, not production. The whole matter always is under consideration of the Colonial Office, he said.

While admitting the present rise in prices was unexpected, he declared it meant that the amount of rubber for export would be increased automatically on Aug. 1. But if prices remain at the present extraordinary high figure, the situation would without doubt be re-examined. Legislation would be required in the Straits Settlements,

82 Not printed.
the Federated Malay States and Ceylon to increase the percentage of Aug. 1 by 20 per cent instead of 10.
This increase could not be made suddenly without creating a great disturbance, he explained”.

CONCLUSION

It is apparent from this dispatch that the British Government considers it possible to effect such modification in the restriction scheme as it may deem necessary or wise. It is the view of the special committee appointed for this purpose by the Rubber Association of America that if the British Government could be made to understand fully what the present situation is in the American Rubber manufacturing industry and how the future of that industry is threatened by a continuation of the present operation of the scheme, it would see the desirability and the necessity of relaxing its restrictive provisions.

THE RUBBER ASSOCIATION OF AMERICA, INC.

841.6176/6: Telegram
The Secretary of State to the Ambassador in Great Britain (Houghton)

WASHINGTON, July 18, 1925—2 p. m.

282. Delegation under chairmanship of Frederick C. Hood of Watertown, Massachusetts, representing Rubber Association of America, discussed with me today the situation respecting supply of crude rubber from British possessions under the Stevenson Plan. Price appears to have more than tripled since first of year and supply even at new prices and with additional 10 per centum release expected August 1 considered entirely inadequate. July 16 price quotation $1.15 per pound.

Associated Press dispatch London July 13 quotes Ormsby-Gore as announcing that day in House of Commons that if extraordinary prices continue the situation would without doubt have to be re-examined. He added that legislation would be required in Ceylon, Federated Malay States and Straits Settlements.

This is a matter of very great concern in this country. Please give it your most careful thought and attention and unless you perceive objection to such a step, seek very early opportunity to press the Foreign Office informally for action to relieve the situation. You will, of course, have in mind the entire absence in the United States alike of export duties and restrictions on production of raw materials, for many of which British manufacturers depend very largely upon this country. You may have occasion to suggest creation of a new committee to examine the situation from a disinterested point of view unlikely to
be found in the Committee which itself proposed the Stevenson Plan. Possibly the most available present aid would be larger release, say 20 per centum instead of the expected 10 per centum August 1.

[Paraphrase]

The American consul at Penang cabled on July 14\textsuperscript{63} that Malay estates apparently were unable to materially increase their present output due to the fact that the standard production accredited to them was really beyond their capacity to produce and also because of a labor shortage.

You may want to consult consulate general. Keep Department promptly and fully informed.

KELLOGG

841.6176/14

The Ambassador in Great Britain (Houghton) to the Secretary of State

No. 213

LONDON, July 23, 1925.

[Received August 4.]

Sir: Referring to my telegram No. 224 of July 23, 5 p. m., 1925,\textsuperscript{64} I have the honor to enclose a copy, in triplicate, of the Aide-Mémoire which I left with Mr. Chamberlain\textsuperscript{65} with regard to the situation in the United States in the rubber industry.

I have [etc.]

For the Ambassador:

F. A. Sterling

Counselor of Embassy

[Enclosure]

The American Embassy to the British Foreign Office

AIDE-MÉMOIRE

A critical situation seems to have arisen as a result of the restriction of rubber exports from Ceylon, the Federated Malay States and the Straits Settlements under the Stevenson Plan. The rubber industry in the United States involves roughly one billion dollars; it consumes more than 70 per cent of the world’s production of rubber, and directly or indirectly gives employment to more than one million persons. The disrupting effect to the industry of the recent advance in prices in the short space of eleven weeks, namely from about one shilling and six-
pence per pound to about four shillings and sixpence, has caused great concern in the United States. It appears that this great advance in prices is due partly to speculation and partly because practically no stocks exist either in London or in the United States; and that unless some relief is afforded a partial closing down of American rubber manufactories is inevitable.

It is perhaps useless at this time to go into the question of how the situation might have been avoided as it would merely open up a discussion which can in no way alter the fact that this vast American industry is in jeopardy. To relieve the situation it has been suggested that instead of the ten per cent release of the exports of rubber from the States mentioned which is contemplated under the Stevenson Plan on August 1st, an additional ten per cent release should be made.

A delegation of the Rubber Association of America has recently conferred with Mr. Broderick, Commercial Counsellor of the British Embassy at Washington and made the following suggestions which, it is understood, have been forwarded to His Majesty's Government by Mr. Broderick. 66

"(One) That the British Government make an announcement of policy along the following lines: "The object of the Government in promoting the Stevenson Act was to stabilize the price of crude rubber at a price that would best serve the common interests of the grower and the consumer; this is still its purpose and it is determined to take such measures as are necessary to check any undue speculative activity that would defeat that purpose.

"(Two) That the exportable allowance of crude rubber be increased by twenty per cent (instead of ten per cent) on August 1st, 1925.

"(Three) That from now on and until the amount of rubber in London reaches fifty thousand tons rubber in excess of the exportable allowance be permitted to be shipped to bonded warehouses in London for subsequent release within exportable allowances.

"(Four) To prevent the recurrence of violent speculative movements and encourage additional planting of rubber for insuring future supplies that the present plan be rendered more elastic by providing for an additional five per cent increase in exportable allowance of every three pence increase over one and six and for suitable decreases in exportable allowances upon decreases in price below one shilling".

It is essential that the price of rubber should be stabilized at a reasonable figure if the American manufacturer is to continue operations in a normal way and develop to its utmost the use of rubber which, in turn, would encourage and make profitable its growth in a manner which would serve the common interests of both grower and consumer and restore the equilibrium from which the industry has

66 The substance of the suggestions was cabled to the American Embassy in Great Britain by the Department in telegram No. 233, July 15, 1925, 3 p.m. (not printed).
been thrown. It is believed that the suggestions above mentioned might serve as steps towards restoring this equilibrium.

LONDON, July 22, 1925.

841.6176/21

The Ambassador in Great Britain (Houghton) to the Secretary of State

No. 272

LONDON, August 17, 1925.

[Received August 27.]

Sir: Referring to my telegram No. 258, dated August 17th, 3 p. m., the I have the honor to enclose copy in triplicate of Mr. Chamberlain’s note mentioned therein concerning the concessions requested with respect to crude rubber exports from Malaya.

I have [etc.]

For the Ambassador:
F. A. STERLING
Counselor of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Chamberlain) to the American Ambassador (Houghton)

W. 7756/5208/50

LONDON, August 15, 1925.

Your Excellency: With reference to my note of the 10th instant the I have the honor to state that the suggestions put forward by Your Excellency in the course of our conversation on July 22 in regard to an increase in the export of plantation rubber from Ceylon and Malaya have been the subject of a careful and sympathetic examination on the part of His Majesty’s Government.

2. The main proposals contained in the aide-memoire communicated by Your Excellency were as follows: that the exportable allowance of crude rubber should be increased by 20% (instead of 10%) as from the 1st instant; that rubber in excess of the exportable allowance should be permitted to be shipped to bonded warehouses in London, for subsequent release within exportable allowances, until the amount of rubber in England reaches 50,000 tons; and that the present plan should be made more elastic by providing for additional increases and decreases in the exportable allowance in accordance with variations in the price of rubber.

3. In the first instance I would observe that, although at the moment of Your Excellency’s representations, the price of rubber was

*6 Not printed.
unduly high, it was even then falling and has since fallen again, with the prospect of a still further decline. The price to-day is 3s/5d a lb., as against 4s/6d a lb. some weeks ago.

4. This downward tendency of prices will probably be assisted by a decision taken at the end of July by the Federated Malay States Government, acting on legal advice, to release 6,000 tons of "un-couponed" rubber, i.e., rubber comprising the stocks in the hands of dealers at a date in 1923 when it was made illegal to transfer such stocks without covering documents of authority to export. The effect of this decision is in itself equivalent to the authorisation of an additional release of approximately 7½% of the standard production of Malaya.

5. I would further observe that, while His Majesty's Government have not been able to take the exact steps suggested in the aide-memoire, a similar result may in effect be anticipated from the reassessment of the standard production of rubber estates. As a result of this decision the maximum rate of assessment has been raised from 400 lbs. to 500 lbs. per acre and additional concessions have been made to small holders. The Rubber Export Restriction Regulations issued in October 1922 provided for a scale of export duties of which the minimum rate is payable if no more than a certain stated percentage of an estate's normal (or "standard") production is exported. At the inception of the scheme, this figure was placed at 60% of the standard production and, following the 10% automatic increase which took place on the 1st instant, it has now risen to 75% of standard production. As a result, however, of the revision to which I have referred, a proportion of 75% of standard production under the new assessment will be equivalent in fact to a proportion of rather over 80% under the old assessment. Thus since July last there has in effect been an increase corresponding to 15% of standard production, in addition to a release of 6000 tons of rubber representing a further 7½% of the standard production of Malaya.

6. His Majesty's Government are confident that the two steps which I have explained will materially ease the situation. They regret that they cannot go further than this at the present moment. It is they believe, very questionable whether the immediate adoption of the steps recommended in the aide-memoire would in fact serve the purpose intended. For instance, it may be mentioned that the supply of labor on the rubber plantations has, on account of the long continued depression of the industry fallen below its normal strength. Any sudden and unanticipated increase of the percentage of rubber which may be exported on the minimum duty would not, therefore, have the effect of increasing the rate of export until such time as it might
be possible for estates to recruit the necessary additional labor from India and elsewhere. For this two months at least would be required.

7. Again His Majesty's Government consider that there are grave objections to any interference with the present scheme until it has been established beyond doubt that the present abnormal price is more than a purely temporary development. While giving all due consideration to the representations and the requirements of the consuming interest in the rubber industry, they feel there is no less need to have careful regard for the reasonable protection of the producers by whose enterprise this great industry has been built up in quite recent times. The plantation of rubber on its present extensive lines is, in fact, a matter of such recent history that the producing companies have not, in many cases, large reserves of capital to fall back upon in times of depression. Many of these companies were virtually exhausted and faced with the necessity of allowing their estates to go out of cultivation at the critical stage when the present scheme was introduced for their relief. If no such relief had been afforded by government action, the situation for consumers might have been considerably worse than it is today, since the producing area would, in 1922 and 1923, have been appreciably restricted by the collapse of a number of estates and small holdings.

8. I would here draw attention to the fact that during the two years immediately preceding and following the war the average price of rubber was approximately 2s - a lb.; for seven out of the eleven quarterly periods during which the scheme has been in operation the average price has been below 1s/3d a lb. Thus, for the larger part of this period consumers have been able to obtain their supplies at less than the price of 1s/3d to 1s/6d per lb. which they, in common with the other sections of the industry, agreed to regard as reasonable; only for the last two quarters of this period has the average price exceeded 1s/6d per lb. Judging from the latest estimates of the statistical position which have been brought to the notice of His Majesty's Government, there is every reason to believe that, provided that the average price of rubber during the next few quarters does not fall below 1s/6d a lb., any risk of a shortage in the supplies of rubber on the world's markets has now passed. The information which I had the honor to request in my note under reference will be of material assistance to His Majesty's Government for purposes of confirmation and comparison with the statistics already in their possession.

9. While regretting their inability for the above reasons to give effect to the proposals of the United States Government, except in so far as this has been done by the measures described in §§ 4 and 5 of this note, I desire to assure Your Excellency that His Majesty's Gov-
ernment will continue to keep a careful watch on developments as regards the price and other aspects of the market and will hold themselves free to intervene if at any time it appears that substantial injustice is being done or is likely to be done by reason of the present scheme. It is, as surmised in your aide-memoire, the policy of His Majesty's Government "to stabilise the price of crude rubber at a price that would best serve the common interests of the grower and the consumer."

10. Your Excellency must permit me to add that, as you very frankly admitted to me, the inconveniences of which the American users of rubber complain were not inherent in the Stevenson scheme but arose out of the speculative attitude adopted by those users towards the scheme and out of their consequent failure to make in time steady purchases at the low prices which prevailed up to so recent a date as the end of last year. Nevertheless I trust that the measures which His Majesty's Government have taken as above described will be found effective to remove the graver consequences of this unfortunate lack of prevision.

I have [etc.]

AUSTEN CHAMBERLAIN

841.6176/21: Telegram

The Acting Secretary of State to the Ambassador in Great Britain (Houghton)

WASHINGTON, September 5, 1925—3 p. m.

285. Your despatch 272, August 17. If receipt of note not already acknowledged please make appropriate acknowledgment, stating that British note has been received in Washington and that this Government appreciates the attention which has been accorded your communication; that this Government hopes the British Government will continue to give sympathetic consideration to the question; and that you may wish to communicate further with Mr. Chamberlain on the subject after the matter has had the further consideration of this Government.

GREW

841.6176/83

The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, November 9, 1925.

[Received November 21.]

MY DEAR MR. SECRETARY: I spent the week-end at Hatfield with the Salisbury's. Among the guests there was Amery, the Colonial Secretary. . . .
Our particular subject of discussion was the rubber situation. The Stevenson Plan, as you know, comes under Amery's control. We drifted into the talk quite informally, but it gave me a chance to review the whole subject from our point of view and to say to him that the conditions at home were distinctly bad and showed little hope of improvement. Amery said that if the Plan were now abandoned, the situation, he thought, would be materially worse. I replied that, so far as I was aware, our people did not object to the Plan per se, but did feel that its administration had failed to give adequate consideration to our really desperate needs. Amery said that while he recognized that the great bulk of the demand for rubber came from America, other factors must also be kept in mind, and he pointed out that the whole matter was constantly being reviewed by an advisory committee. That gave me the opportunity I had been seeking, and I said that, speaking wholly for myself, it did seem to me that if the Plan was to be worked out satisfactorily, it could only be done with American cooperation and agreement, and I suggested, therefore, the possibility of two representatives of the American rubber interests being on the advisory committee. That would, of course, bring the opposing factors of supply and demand together, and would enable a more adequate consideration of present and future needs and tend directly toward the satisfactory development of the rubber industry as a whole. Amery said that the suggestion was most interesting and that he would like to think it over.

I need hardly say to you that I made the suggestion wholly personally and on my own initiative, and that Amery understands this fact. I have little hope that the suggestion will be carried out. I am sure, however, that if such a plan could be put into operation, it would remove much of the difficulty since it would enable the American representatives to know at all times the exact market conditions, and so tend at least to remove the suspicions which naturally attach themselves now to any action taken by the British alone. In any event, I want you to know precisely what I said.

One word more. Hood, the head of the Rubber Association, cabled me some weeks ago that in their belief a seventy-five per cent. release meant, in fact, only a sixty-five per cent. release. I mentioned this statement casually to Amery, who replied at once that in his opinion rather the reverse was true. The eighty-five per cent. release on November 1st would, he indicated, be made a ninety-five per cent. release on February 1st. Amery added that if this full twenty per cent. release had been made on November 1st, it would have resulted merely in a war among the rubber producers, by which the stronger would have hired labor from the weaker in order to take advantage
of the situation, and in this way have pushed up wages and, therefore, costs and prices. By making the increase only ten per cent. now, but indicating an intention to add another ten per cent. on February 1st, the effect would be to bring in new labor, especially from China, and leave the wage level substantially undisturbed.

If, for reasons of your own, you disapprove of my suggestion of American participation, I would be grateful if you would cable me in order that I may make the fact known to Amery. As I said, however, I doubt if the suggestion will seriously be entertained. There is a basis of national pride in maintaining the present situation and that would likely, I think, make our participation improbable.

With assurances [etc.]

A. B. HOUGHTON

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841.6176/36: Telegram

The Secretary of State to the Ambassador in Great Britain (Houghton)

[Paraphrase]

WASHINGTON, November 21, 1925—6 p. m.

343. The Rubber Association of America has informed Department that situation is becoming more serious; that situation is speculative in the absence of the following information: (1) Whether Government of Great Britain intends to modify the Stevenson Plan or make it more flexible, and (2) whether when 100 percent is reached restriction will be removed, or whether 100 percent would be taken to mean 100 percent of standard production only.

Unless you perceive some objection, make inquiry of Chamberlain, informally and discreetly, regarding attitude of Great Britain on the above. You may also tell him, in your discretion, that your Government would be pleased to know whether any relief measures have been determined upon and that you earnestly hope that the Government of Great Britain, knowing the difficulties of the situation, may be able to take such measures. Cable reply.

KELLOGG

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841.6176/38: Telegram

The Ambassador in Great Britain (Houghton) to the Secretary of State

[Paraphrase]

LONDON, November 24, 1925—3 p. m.

[Received November 24—2 p. m.]

357. Department's telegram No. 343 dated November 21. This morning I saw Chamberlain and reminded him that for some months
we had been discussing the rubber situation without much apparent result. I suggested that I would be glad to know if it was the intention of his Government to take no remedial steps. Naturally Chamberlain protested that this was not his Government's attitude and he informed me that a committee of the Cabinet had been formed as a result of our talk last month, which committee was now actively studying the entire rubber situation. Chamberlain also stated that Colonial Secretary Amery in particular was investigating the Stevenson Plan's working. I told Chamberlain then that the situation in the United States was really serious, adding that the market apparently was getting into the hands of speculators. The two points raised in your last telegram on this subject were also laid before him, and he carefully noted both, stating that before he left for Geneva early next week he would give me an answer.

Chamberlain remarked during our conversation that representatives of the Rubber Association had recently been here and had discussed the possibility of a long-time contract with the proper authorities and that this arrangement was also being considered at the present time. I have no information whatsoever with respect to any such move but I suggest that it would be futile for me to discuss the matter further with Chamberlain if the Rubber Association is now undertaking to start direct negotiations.

HOUGHTON

841.6176/83: Telegram

The Secretary of State to the Ambassador in Great Britain (Houghton)

[Paraphrase]

WASHINGTON, November 24, 1925—3 p. m.

345. Your letter dated November 9 received. The Government of the United States is opposed to government monopolies of products in any country. It would be inadvisable for the Government of the United States to give recognition to such a monopoly by being represented on the advisory committee or by having Americans represented on it. This being our policy as to all monopolies in all countries, we cannot afford to recognize them by any participation therein. I believe you should inform Mr. Amery of this.

KELLOGG
The Ambassador in Great Britain (Houghton) to the Secretary of State

[Paraphrase]

LONDON, November 25, 1925—noon.

[Received 1:46 p. m.]

358. Department’s telegram number 345, November 24. Work, President of the Goodrich Company, told me following late yesterday:

Several months ago Winston Churchill60 proposed to certain persons that a banking syndicate composed chiefly of Americans should be formed to regulate the price of raw rubber. Such a syndicate under the lead of Dillon, Read of New York was formed to cover rubber demands of Fiske, Goodrich, Goodyear and United States. Their representatives, Dunn of Fiske and Erdman of Goodyear, came to England, but found it impossible to work out a satisfactory agreement. Work later joined them, and an entirely new plan was developed, acceptable to these American interests. Dunn has sailed for America to see you to learn if you are willing to inform the Government of Great Britain broadly that a plan acceptable to the Rubber Association will be acceptable to you. The plan in substance contemplates the removal of all restrictions on February 1. Three months later, should the price decline, it shall be supported at the rate of 3 shillings 6 pence a pound, but each succeeding quarter the supporting price shall be reduced 3 pence a pound until the price of 2 shillings is reached. This will be regarded as the permanent base price. Stevenson will accept this plan provided the Government of the United States gives its assent; and inasmuch as it will prevent violent fluctuations of price and move the base price steadily downward and is open to all purchasers of rubber, Work and his associates think it should be accepted. Dunn will furnish you with the details. Churchill has assured Work and his associates that much of his interest in plan is based on his desire to strengthen British position in international exchanges. According to Work, Stevenson’s position has been seriously shaken because of our representations. The British apparently will deal with Work only with your approval.

This new development has taken me wholly by surprise. In our talk at Hatfield House,60 Amery mentioned casually that certain American interests had been seeking to purchase rubber on long-time contracts, and, as reported to you, Chamberlain yesterday spoke a

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60 British Chancellor of the Exchequer.
60 See letter from Ambassador Houghton to the Secretary of State dated Nov. 9, 1925, p. 293.
little more definitely. Aside from this I have received no information at all regarding the formation of an American syndicate to control the entire rubber supply or that negotiations to that end had been carried on for several months. Whether the same is true of the British Foreign Office I cannot say. Would it not be advisable for me to inform Chamberlain that the Government of the United States is wholly without information regarding this movement?

HOUGHTON

841.6176/43 : Telegram

The Secretary of State to the Ambassador in Great Britain (Houghton)

WASHINGTON, December 1, 1925—3 p. m.

352. Your 357,\textsuperscript{61} 358,\textsuperscript{62} and 362.\textsuperscript{63}

(1) Until receipt of your recent messages I was entirely ignorant of these negotiations of rubber interests. You may so inform British officials.

(2) This Government cannot countenance any plan to fix the price of rubber or any other commodity. Furthermore, participation by American citizens would certainly be a violation of the spirit if not the letter of our anti-trust laws.

I would be glad if you would as soon as possible take occasion informally to explain to Chamberlain our views in a much wider sense than the question of rubber. We believe that the whole fabric of international commerce and even of wholesome international relations may be undermined unless a halt can be called to governmental price fixing of commodities in international trade. And we believe that Great Britain and the United States, the two greatest importers of raw materials, have the most to lose by such a development. At the present time the price of some 12 different commodities is being fixed by direct or indirect governmental action, and price fixing in at least two more important commodities is now in process of negotiation between different governments, in both of which American and British industry and consumers will be the sufferers. Moreover, the apparent success of price fixing in rubber has given great strength to the movement along similar lines among American cotton growers and among other American agricultural industries where the costs of production have been inadequately met by world prices. If our government becomes a party to such practices as to imports it cannot consistently refuse to allow such combinations upon our own soil. This trend in

\textsuperscript{61} Ante, p. 261.
\textsuperscript{62} Supra.
\textsuperscript{63} Not printed.
international commerce cannot fail to increase unless the great trading nations unitedly oppose it. Recently an attempt to finance the coffee price-fixing in São Paulo with American capital was prevented by our government in the interest not only of our consumers but of those of the rest of the world. We felt that it was a primary duty to discourage international combinations to fix prices from becoming interlocked with international finance, although we understand that British financiers may supply the capital wanted to continue this combination. We have the same situation in potash.

We do not come to our conclusions solely from the above reasons. It appears to us that the very fact of discussions between ourselves and Great Britain upon rubber prices is but an indication of the inevitable result of governmental price fixing in that the discussions, which should be kept to the markets, will be at once elevated into international negotiations between governments with the addition of innumerable conflicts and arousal of bitter public sentiments upon all sides. Moreover, we know that in the long run industry itself will not develop efficiently or wholesomely under price fixing. It discourages progress in production methods, stifles consumption, increases the use of less efficient substitutes, stimulates abnormal production in non-price-fixing areas where production cannot exist on a sound economic basis.

It would seem to us a most forward step in the progress of international trade and world welfare if the British Government would join with us in discouraging such combinations and the financing thereof. This would, of course, imply the abandonment of the rubber control in respect to which our conclusion is that the world outlook, both consumption and production, makes profitable prices to planters a certainty for many years to come and no such control is longer necessary.

Our government trusts these considerations may appeal to the British Government as put forward in every sincerity and in the interest of the world as a whole.

KELLOGG

841.6176/45 : Telegram

The Ambassador in Great Britain (Houghton) to the Secretary of State

LONDON, December 4, 1925—11 a. m.

[Received 11:45 a. m.]

372. Your 352, December 1, 3 p. m. Saw Chamberlain late yesterday and made statement as directed.

*8 See vol. 1, pp. 533 ff.
Chamberlain said very frankly that he too had known nothing of the negotiations being carried on by certain American[s] until just before he had spoken to me. He does not know whether negotiations were initiated by Churchill or by the Americans, but in any event, he says his Government can hardly be supposed to have knowledge of American law and to determine whether or not persons applying to it are within their legal rights.

Chamberlain went on to say he had promised me an answer before he left for Geneva and that he had put his answer in the form of an aide-memoire and that he thought on the whole he had better make the answer as he had originally planned. He then read me the following statement:

“In view of the continued high prices of rubber His Majesty’s Government have decided that the exportable percentage of rubber from Ceylon and Malaya on the first February next shall be raised 15 points to 100 percent of the standard production instead of to 95 percent which would be the normal figure on that date under the rubber export restriction regulations. This constitutes the maximum measure of relief which can be made effective in the time and it will in fact be equivalent to the virtual suspension of the existing restriction on exports of rubber.

It may further be stated for the very confidential information of the United States Government that the above represents an interim measure pending the probable introduction of modified scheme which has for some time been engaging the earnest consideration of the authorities. Various proposals for a modification of the existing scheme have been studied with a view of meeting the present abnormal situation. The advisory committee over which Lord Stevenson presides has already been in consultation on this subject with the more important United States rubber-using interests and His Majesty’s Government are now awaiting a further expression of the views of those interests before finally reaching a decision. A certain amount of delay is naturally entailed by this consultation but every effort is being made to hasten the proceedings.

The United States Government will readily agree to that give any publicity to the fact that a revision of the scheme of restriction is under consideration would create extraordinary difficulties in the rubber market and could only do harm to all concerned until such time as the new arrangements have been definitely settled.

The advisory committee have expressed themselves as most willing in the future to meet the representatives of the United States rubber industry in informal conference either at periodic intervals or whenever the representatives in question may find it convenient to come to this country for the discussion of matters of mutual interest.”

When Chamberlain finished reading he said again that this was the answer he had originally planned to make but that in view of my representations this answer need not now necessarily be regarded as final. He stated frankly that he thought there was little hope that his Government would change their position. He believed the plan
was useful and perhaps necessary to enable rubber production under proper conditions and he pointed out that the laws controlling and restricting output are local laws enacted in Ceylon or the Malayan States and the like.

Chamberlain leaves for Geneva tomorrow. I fancy, therefore, some weeks will elapse before any reply is vouchsafed.

Official notice has been received today that percentage of rubber for export for the quarter beginning February 1st next will be raised by 15 points to 100 percent. See Embassy's 338 November 3 [27], 11 [109] a.m.85

HOUGHTON

ARRANGEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN AND NORTHERN IRELAND GRANTING RELIEF FROM DOUBLE INCOME TAX ON SHIPPING PROFITS

811.512341Shipping/28

The Acting Secretary of State to the British Ambassador (Howard)

WASHINGTON, August 11, 1924.

EXCELLENCY: Referring to the Embassy's note No. 138 of February 11, 1924, and to previous correspondence relating to a proposed arrangement between the Internal Revenue authorities of the United States and Great Britain with a view to granting relief from double income taxation in cases where the profits arising from the business of shipping are chargeable to both British income tax and to income tax payable in the United States, I have the honor to inform you of the receipt of a letter on the subject from the Secretary of the Treasury.86

It appears therefrom that Section 213(b) of the Revenue Act of 1921 which has been reenacted as Section 213(b)(8) of the Revenue Act of 1924 exempts from tax so much of the income of a nonresident alien or foreign corporation as is derived from the operation of a ship or ships documented under the laws of a foreign country if that foreign country in turn exempts from tax so much of the income of a citizen of the United States nonresident in such country and of a corporation organized in the United States as is derived from the operation of a ship or ships documented under the laws of the United States. The question of the exemption from tax of income derived from the operation of British vessels has, as the Embassy has observed, previously been discussed by officials of the

85 Not printed.
86 None of this correspondence printed.
Treasury Department with Sir Percy Thompson, Deputy Chairman of the British Board of Inland Revenue, who came to the United States for that purpose. I am informed that these discussions proved fruitless because Sir Percy Thompson did not feel at liberty to recede from the British position that the taxability of a corporation as a resident of the United Kingdom should depend not upon the place of incorporation but upon the place “where its real business is carried on and that...”\(^7\) is carried on where the control and management of the company abide”.

\(^{7}\) (American Thread Company v. Joyce, 6 T.C. 163, 164.)

The navigation laws of the United States require that a corporation owning a vessel of the United States be a corporation organized in the United States and that its president and managing directors be citizens of the United States, but there is no requirement that the president and managing directors be residents of this country. It was conceivable therefore that the president and managing directors might reside in the United Kingdom, hold their meetings there, and there exercise control of the corporation. In such a case the corporation would, under British law, have been deemed a resident of the United Kingdom and as such subject to tax upon all its income. It is equally clear, however, that such a corporation would be a corporation organized in the United States and deriving income from the operation of a ship or ships documented under the laws of the United States, and would as such be entitled to exemption from British tax upon income derived from the operation of vessels of the United States, if the exemption offered by Great Britain were to be deemed equivalent to that offered under American law.

It is understood that the proposal which the British Government now makes in its suggested draft of a Declaration in Council\(^8\) does not require that the American corporation shall operate its business outside the United Kingdom in order to be entitled to exemption from British income tax. The British Government proposes, according to the understanding of the Secretary of the Treasury, to exempt from British income tax (including super-tax) “any profits accruing from the business of shipping carried on with ships documented under the laws of the United States to a citizen of the United States resident outside the United Kingdom or to a corporation organized in the United States”. Upon the explicit understanding that the American corporation is thus exempted regardless of whether it does business in the United Kingdom or has an office or place of

\(^{8}\) Omission in the original note.

\(^{9}\) Transmitted as an enclosure to the British Embassy’s note No. 138 of Feb. 11, 1924; not printed.
business therein or whether directors’ meetings are held in the United Kingdom and the control of the corporation is there exercised, the Secretary of the Treasury is of the opinion that the offer communicated in the Embassy’s note of February 11, 1924, satisfies the requirements of Section 213 (b) (8) of the Revenue Act of 1924, so far as the United Kingdom is concerned.

The Secretary of the Treasury asks that I make clear the fact that the Treasury Department intends to construe Section 213 (b) (8) of the Revenue Act of 1924 as not affording exemption to British subjects or others resident in the British dominions, colonies, dependencies, or possessions, or to corporations organized under and existing by virtue of the laws of the British dominions, colonies, dependencies, or possessions, unless the laws of such dominions, colonies, dependencies, or possessions grant an equivalent exemption to citizens of the United States and to corporations organized in the United States. The exemption from tax of income derived from the operation of ships of British registry will be confined to individuals resident in the United Kingdom, other than citizens of the United States, and to corporations organized under and existing by virtue of the laws of the United Kingdom.

Accept [etc.]

JOSEPH C. GREW

811.512341Shipping/32

The British Ambassador (Howard) to the Secretary of State

No. 1106

WASHINGTON, November 18, 1924.

Sir: With reference to your note of August 11th, relating to a proposed arrangement between the Internal Revenue authorities of Great Britain and the United States with the object of granting relief from double taxation in cases where the profits accruing from the transaction of shipping business are subjected to both British and United States income taxes, I am instructed to inform you that the Board of Inland Revenue of my government agree with the conditions and limitations specified in the note.

My government have accordingly promulgated an Order in Council dated November 7th, 1924, taking effect from that date so far as Great Britain is concerned, and I expect to be able to transmit to you a copy of the Order at an early date.

I am to add that the Irish Free State in common with the other British Dominions is not to be considered as affected by this measure.

I have [etc.]

ESME HOWARD
The British Ambassador (Howard) to the Secretary of State

No. 1148

WASHINGTON, November 26, 1924.

Sir: With reference to my Note of November 18th, I now have the honour to transmit herewith for your information copy of an Order of His Majesty the King in Council, dated November 7th, 1924, and taking effect from that date, regarding the arrangement with your government for the reciprocal exemption of shipping profits from income tax.

I have [etc.]

ESME HOWARD

[Enclosure]

British Order in Council, November 7, 1924

WHEREAS it is provided by subsection (1) of section eighteen of the Finance Act, 1923, that if His Majesty in Council is pleased to declare—

(a) that any profits or gains arising from the business of shipping which are chargeable to British income tax are also chargeable to income tax payable under the law in force in any foreign state; and

(b) that arrangements, as specified in the declaration, have been made with the government of that foreign state with a view to the granting of relief in cases where such profits and gains are chargeable both to British income tax and to the income tax payable in the foreign state;

then, unless and until the declaration is revoked by His Majesty in Council, the arrangements specified therein shall, so far as they relate to the relief to be granted from British income tax, have effect as if enacted in that Act, but only if and so long as the arrangements, so far as they relate to the relief to be granted from the income tax payable in the foreign state, have the effect of law in the foreign state:

AND WHEREAS it is provided by section two hundred and thirteen of the Act of Congress of the United States of America known as the Revenue Act of 1921, that the term “gross income”, for the purpose of income tax chargeable under the law of the United States of America, shall not include the income of a non-resident alien or foreign corporation which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organised in the United States:

AND WHEREAS His Majesty's Government have intimated to the Government of the United States of America that they propose to take the necessary steps under the said section eighteen of the Finance
Act, 1923, for providing that any profits accruing from the business of shipping carried on with ships documented under the laws of the United States to a citizen of the United States resident outside the United Kingdom or to a corporation organised in the United States shall be, and as from the first day of May, nineteen hundred and twenty-three, be deemed to have been, exempt from income tax (including super-tax) chargeable in the United Kingdom:

AND WHEREAS the Government of the United States of America have signified to His Majesty’s Government that they are prepared to regard the exemption to be provided as aforesaid as an equivalent exemption within the meaning of section two hundred and thirteen of the Act of Congress of the United States known as the Revenue Act of 1921:

Now, THEREFORE, His Majesty is pleased, by and with the advice of His Privy Council, to declare, and it is hereby declared—

(a) that certain profits or gains arising from the business of shipping which are chargeable to British income tax are also chargeable to the income tax payable under the law in force in the United States of America; and

(b) that the arrangements aforesaid have been made with a view to the granting of relief in cases where profits or gains arising from the business of shipping are chargeable both to British income tax and to the income tax payable in the United States of America.

AND HIS MAJESTY is further pleased to order, and it is hereby ordered, that this Declaration may be cited as The Relief from Double Income Tax on Shipping Profits (United States of America) Declaration, 1924.

M. P. A. HANKEY

811.512341 Shipping/33

The Secretary of State to the British Ambassador (Howard)

WASHINGTON, January 15, 1925.

EXCELLENCY: I have the honor to refer to your note No. 1148 dated November 26, 1924, enclosing a copy of an Order of His Majesty the King, in Council, dated November 7, 1924, regarding the arrangement with your Government for the reciprocal exemption of shipping profits from income tax.

The appropriate authorities of this Government have been giving consideration to the matter and feel that some uncertainty exists with regard to the provision in the third paragraph of the Order in Council to the effect that the exemption shall be deemed to take effect on May 1, 1923, whereas your note transmitting the Order in
Council dated November 7, 1924, states that it will take effect "from that date."

I shall be grateful if you will be so good as to furnish me a statement regarding the exact date from which exemption is granted to American citizens or corporations under British laws in order that the exemption of British subjects or corporations under the laws of the United States may be made effective from the same date.

Accept [etc.] CHARLES E. HUGHES

811.512841 Shipping/35

The British Ambassador (Howard) to the Secretary of State

No. 159 WASHINGTON, February 13, 1925.

Sir: I have the honour to refer to your note of January 15th, concerning the arrangement with my Government for the reciprocal exemption of shipping profits from income tax and to inform you in reply to the enquiry contained in the last paragraph, that the date from which exemption from British Income Tax (including supertax) is granted in respect of shipping profits of American citizens or corporations under British laws is May 1st, 1923. I venture to request that instructions may be issued without delay by the appropriate authorities of your Government whereby the British interests concerned may benefit by this arrangement from the date above mentioned.

I have [etc.] ESMÉ HOWARD

811.512841 Shipping/37

The Secretary of State to the British Ambassador (Howard)

WASHINGTON, March 16, 1925.

EXCELLENCY: I have the honor to refer to your note No. 159 dated February 13, 1925, concerning the arrangement for the reciprocal exemption of shipping profits from income tax and to state that a communication has now been received from the appropriate authority of this Government in which it is stated that careful consideration has been given to the Order in Council dated November 7, 1924, and to the statements contained in your note above mentioned, and that it has been decided that Great Britain satisfies the equivalent exemption provisions of Section 213 (b) (8) of the Revenue Act of 1921. Reference is also made to the Act of Congress approved June 2, 1924, known as the Revenue Act of 1924, which contains the provision relating to taxation for 1924 and subsequent years. The provisions of Section 213 (b) (8) of the Revenue Act of 1924 are identical in terms with the corresponding section of the Revenue Act of
1921. It is therefore held that Great Britain satisfies the equivalent exemption provisions of Section 213 (b) (8) of the Revenue Act of 1924.

It has also been determined that the exemption from Federal tax under this holding shall be deemed to be effective from May 1, 1923, the date stipulated by your Government as the date from which the exemption applies under British laws to the income of American citizens not resident in the United Kingdom and corporations organized in the United States, derived from the operation of ships documented under the laws of the United States.

Reference is also made to the last paragraph of Mr. Grew's note dated August 11, 1924, setting forth the construction to be placed upon Section 213 (b) (8). In the last paragraph of your note No. 1106 dated November 18, 1924, you stated that "the Irish Free State in common with the other British Dominions" was not to be considered as affected by the Order in Council. Accordingly the exemption from Federal taxation in the United States will be applied on the basis of this understanding.

Accept [etc.]

FRANK B. KELLOGG

ARRANGEMENT BETWEEN THE UNITED STATES, GREAT BRITAIN, CANADA, AND NEWFOUNDLAND REGULATING WIRELESS BROADCASTING BY SHIPS OFF THEIR COASTS

811.7441/21

The British Chargé (Chilton) to the Secretary of State

No. 796 MANCHESTER, MASS., September 8, 1925.

[Received September 10.]

SIR: With reference to your note of July 1st, and to previous correspondence concerning the proposed reciprocal arrangement between the United States Government and His Majesty's Government for preventing interference by ships with wireless broadcasting,* I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform you that it has been duly noted that the United States regulations do not now require American ships to be equipped for using the 300 metres wave and that it would seem clear, therefore, that the suggestion in your note under reference for the use of the wave on American ships to be permitted regionally in British waters was merely put forward by the United States Government with a view to meeting what was understood to be the views of His Majesty's Government. I am to point

*None of this correspondence printed.
out that the 300 metre wave is used principally in European waters by fishing vessels and other small craft, and it would be impracticable satisfactorily to define the areas in which the wave might be employed. As its use even by such ships may in the near future be abolished, His Majesty's Government are of opinion that it is now unnecessary to qualify the prohibition in regard to United States ships in British waters.

His Majesty's Government are in agreement with the opinion expressed in the penultimate paragraph of Mr. Hughes' note on the subject of December 9th last 1 to the effect that the proposed reciprocal arrangement can be concluded by an exchange of notes, and I am accordingly authorized to inform you that subject to any modifications which may be agreed to internationally at the next International Conference on Radiotelegraphy, ships registered in Great Britain and Northern Ireland will, from October 1st next, be prohibited from using the waves of three hundred and four hundred and fifty metres within two hundred and fifty miles of the coasts of the United States on condition that United States ships will, from October 1st next, be similarly prohibited from using those waves within two hundred and fifty miles of the coasts of the United Kingdom.

In regard to the conclusion of a similar arrangement between Canada and Newfoundland on the one hand, and the United States on the other, I have the honour to inform you that I am awaiting separate instructions which Mr. Secretary Chamberlain has promised to furnish me with at an early date, and on receipt of which I shall not fail to communicate with you in the matter forthwith.

I have [etc.]

H. G. CHILTON

8117442/18

The British Chargé (Chilton) to the Secretary of State

No. 823	MANCHESTER, MASS., SEPTEMBER 18, 1925.

[Received September 21.]

Sir: With reference to your note of September 15th 1 concerning the proposed reciprocal agreement by an exchange of notes between the United States Government and His Majesty's Government for preventing interference by ships with radiobroadcasting, I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform you that the Canadian Government desire to conclude with the United States Government a

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1 Not printed.
reciprocal agreement in terms similar to those proposed in my note No. 796 of September 8th.

I have [etc.]  

H. G. CHILTON

WASHINGTON, September 25, 1925.

Sir: Referring to your note No. 796, dated September 8, 1925, and to the Department’s note dated September 15, 1925, concerning the proposed reciprocal arrangement between the Government of the United States and His Majesty’s Government for preventing interference by ships with wireless broadcasting, I am pleased to state that, subject to any modifications which may be agreed to internationally at the next international conference on radiotelegraphy, ships registered in the United States will, from October 1st next, be prohibited from using the waves of 300 and 450 meters within two hundred and fifty miles of the coasts of the United Kingdom upon the understanding that ships registered in Great Britain and Northern Ireland will, from October 1st next, be similarly prohibited from using these waves within two hundred and fifty miles of the coasts of the United States. Appropriate orders to give effect to this arrangement have been issued by the interested Departments of this Government.

Accept [etc.]  

FRANK B. KELLOGG

WASHINGTON, September 29, 1925.

Sir: With reference to your note of September 25th, concerning the reciprocal agreement by an exchange of notes between the United States Government and His Majesty’s Government for preventing interference by ships with wireless broadcasting, and to my note No. 823 of September 18th, in which I informed you that the Canadian Government desired to conclude with the United States Government a reciprocal agreement in terms similar to those proposed in my note No. 796 of September 8th, I have the honour, under instructions from His Majesty’s Principal Secretary of State for Foreign Affairs, to inform you that the Government of Newfoundland also desire to conclude with the United States Government a similar agreement.

The Canadian Government and the Government of Newfoundland are anxious that these agreements should enter into force on October

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2 Not printed.

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1st next and I have the honour, therefore, to request that I may be informed at the earliest possible moment whether the United States Government are prepared to issue the orders necessary to give effect to these agreements by that date.

I have [etc.]

H. G. CHILTON

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, October 1, 1925.

Sm: Referring to your note No. 823, dated September 18, 1925, and to the Department’s note dated September 23, 1925, concerning the proposed reciprocal arrangement between the Government of the United States and the Canadian Government for preventing interference by ships with wireless broadcasting, I am pleased to state that, subject to any modifications which may be agreed to internationally at the next international conference on radiotelegraphy, ships registered in the United States will, from October 1, 1925, be prohibited from using the waves of 300 and 450 meters within two hundred and fifty miles of the coasts of Canada upon the understanding that ships registered in Canada will, from October 1, 1925, be similarly prohibited from using these waves within two hundred and fifty miles of the coasts of the United States. Appropriate orders to give effect to this arrangement have been issued by the interested Departments of this Government.

Accept [etc.]

FRANK B. KELLOGG

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, October 1, 1925.

Sm: Referring to your note No. 833, dated September 29, 1925, in which you state that the Government of Newfoundland desires to conclude with the Government of the United States a reciprocal arrangement for preventing interference by ships with wireless broadcasting, I am pleased to state that, subject to any modifications which may be agreed to internationally at the next international conference on radiotelegraphy, ships registered in the United States will, from October 1, 1925, be prohibited from using the waves of 300 and 450 meters within two hundred and fifty miles of the coasts of Newfoundland upon the understanding that ships registered in Newfoundland will, from October 1, 1925, be similarly prohibited from

3 Not printed.
using these waves within two hundred and fifty miles of the coasts of the United States. Appropriate orders to give effect to this arrangement have been issued by the interested Departments of this Government.

Accept [etc.]

FRANK B. KELLOGG

PROTEST AGAINST DISCRIMINATORY EMBARGO ON AMERICAN POTATO SHIPMENTS INTO THE BRITISH ISLES

841.612/21

The British Ambassador (Howard) to the Secretary of State

No. 1262

WASHINGTON, December 26, 1924.

Sir: I have the honour to inform you that I am in receipt of a telegram from my Government to the effect that an order, dated 23rd December, 1924, has been promulgated by my Government whereby the landing in England or Wales of potatoes grown in the United States is prohibited. I am advised that this Order has been issued under the provisions of the British Destructive Insects and Pests Acts of 1877 and 1907 and the object of the measure is to prevent the introduction into Great Britain of the Colorado beetle. I am informed, also, that although the Order takes immediate effect, potatoes which may have been shipped from the United States before 23rd December will not be refused entry.

In requesting you to convey this information to the appropriate authorities of the United States Government, I beg to state that I shall be pleased to furnish you with a copy of the text of the Order in due course.

I have [etc.]

ESME HOWARD

841.612/23c: Telegram

The Secretary of State to the Ambassador in Great Britain (Kellogg)

WASHINGTON, December 29, 1924—4 p. m.

488. British Ministry Agriculture order dated December 24 [23?] prohibits importation into England and Wales of potatoes grown in United States, for prevention introduction of Colorado Potato beetle. Consult Foley, United States Department Agriculture representative, and ascertain whether this or similar order bars importation potatoes from Canada. If Canadian potatoes admitted, make immediately representations to Foreign Office in following sense, emphasizing urgency of matter:

The Colorado potato beetle, according to the records of the Department of Agriculture, is and has been long established in Canada.
The situation of Canada regarding this insect seems to be about the same as that of the United States.

Consequently, it is urged that potatoes grown in the United States be accorded by the British Government treatment similar to that accorded potatoes grown in Canada, and be admitted to England and Wales under the same conditions.

It appears that for the first time in many years it has this year been found profitable to export potatoes from Maine to England. The imposition of the British order of December 24 [23?] stops this trade, and, if potatoes grown in New Brunswick and other parts of Canada were admitted to England the action of the British Government would appear to constitute discrimination in favor of Canadian potatoes.

The United States Department of Agriculture has stationed inspectors at Portland, Maine, to issue the certificates required by the existing British quarantine regulations. Department of Agriculture reports that there is little danger of the transportation of beetle in potatoes coming out of winter storage, especially those passed over screen or mechanical grader. Beetle is not active in winter and does not hibernate in tuber.


If prohibition continues only few weeks, it will result in cancellation existing and prospective contracts and loss of trade to American shippers. Hence immediate admission American potatoes same terms as Canadian extremely important.

In case Canadian potatoes also excluded, make no representations, but report by cable.

Hughes

841.612/25 : Telegram

The Ambassador in Great Britain (Kellogg) to the Secretary of State

LONDON, December 30, 1924—4 p. m.

[Received December 30—1:25 p. m.]

542. Your 488, December 29, 4 p. m. Canadian potatoes not prohibited. Am making representations as instructed.

Kellogg
The Secretary of State to the Ambassador in Great Britain (Kellogg)

WASHINGTON, January 3, 1925—4 p.m.

6. Department understands that embargo against American pota-
toes just imposed by Irish Free State. If your information confirms
this, please repeat to Consulate General, Dublin, Department’s tele-
grams Nos. 488, December 29, 4 p.m., 492, December 30, 7 p.m. and
No. 3, January 2, 5 p.m. Consulate General being instructed di-
rectly make representations to Free State if embargo solely directed
against American potatoes.

Hughes

The Ambassador in Great Britain (Kellogg) to the Secretary of
State

LONDON, January 5, 1925—5 p.m.
[Received January 5—1:42 p.m.]

11. Department’s 6, January 3, 4 p.m. Telegrams repeated to
Dublin as instructed. Embargo in Irish Free State has been in effect
since about November 1st.

Embargo for Northern Ireland went into effect January 3rd. Shall
I also make representations protesting against it?

Department’s 8, January 3, 6 p.m. Am making every effort to
hasten reply which will be telegraphed immediately.

Kellogg

The Consul General at Dublin (Hathaway) to the Secretary of State

DUBLIN, January 9, 1925—5 p.m.
[Received January 9—2 p.m.]

Replying to your January 3, 4 p.m. Irish Government still
proceeding under special Irish importation of potatoes order (see
Dublin Gazette, November 5, 1920) as amended by “the destructive
insects and pests (Irish) order 1922”, and the “Colorado beetle order
1923” the latter applying only to France. Irish Department of

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*No. 492 and No. 3 not printed.
*Telegram not printed.
*On January 6 the Ambassador was instructed to make representations against embargo in Northern Ireland in accordance with the Department’s instructions regarding the British embargo.
*Not printed.
*Not printed; see Department’s telegram to Ambassador Kellogg, Jan. 3, 4 p.m., supra.
Agriculture does not intend to issue new order but has in mind to refuse all licenses to both Canada and the United States until better reports concerning Colorado beetle are received.

Hathaway

851.612/44: Telegram

The Secretary of State to the Ambassador in Great Britain (Kellogg)

WASHINGTON, January 30, 1925—6 p.m.

52. Your 39, January 26, noon. Governor of Maine and delegation of prominent dealers called at Department today urging removal of embargo. They are discussing matter with the President January 31.

United States Department of Agriculture is prepared to inspect potatoes for export and to give certificate of freedom from disease and infestation by beetle. Certificate would follow requirement of British order of 1920.

It is understood that either British Minister of Agriculture or responsible official of Ministry informed L. S. Bean and O. G. Bishop, of Presque Isle, Maine, who were in England in December representing Maine growers, that British Government would permit entry shipments accompanied by federal certificate of freedom from infestation. New Brunswick shipments are admitted on such certificates issued, it is understood, only by provincial agricultural authorities.

Please call personally at Foreign Office, leave memorandum as to certificates that will be given by United States Department of Agriculture, and urge removal of embargo as obviously discriminatory, and as apparently not justified by health considerations. For data on latter see Department's telegram No. 37, January 17, 6 p.m.

[Paraphrase.] The season for potato shipping will extend until June 1. Removal of the British embargo will afford valuable outlet for bumper Maine crop. Department requests your most energetic personal efforts in this matter. [End paraphrase.]

Hughes

851.612/47: Telegram

The Ambassador in Great Britain (Kellogg) to the Secretary of State

LONDON, February 2, 1925—4 p.m.

[Received February 2—2:55 p.m.]

47. Your 52, January 30, 6 p.m. I personally presented a strong note to Chamberlain on the potato shipments and verbally explained

*Not printed.
the whole situation, urging him to raise the embargo in view of the certificate Department proposed. He promised to take the matter up [with] the Minister of Agriculture at once as the matter of shipments from Canada was under investigation, but made no definite promises.

KELLOGG

841.612/54: Telegram

The Chargé in Great Britain (Sterling) to the Secretary of State

LONDON, February 27, 1925—4 p.m.
[Received February 27—3:37 p.m.]

85. Embassy’s 77, February 21, 11 a.m. Foreign Office note received today states His Majesty’s Government regret they cannot withdraw embargo and confirms an order as of February 20th prohibiting the importation of potatoes grown in Canada for the same reason as those grown in the United States are prohibited.

STERLING

ARRANGEMENTS FOR A VISIT BY AN AMERICAN FLEET TO AUSTRALIA AND NEW ZEALAND

811.2347/42

The Secretary of State to the British Ambassador (Howard)

WASHINGTON, March 19, 1925.

EXCELLENCY: I have the honor, at the request of the Secretary of the Navy, to bring to your attention the plans which are now proposed for a cruise of a portion of the American Fleet to Australia and New Zealand during the coming summer.

It is at present contemplated that Melbourne and Sydney, Australia, and Auckland and Wellington, New Zealand, will be visited. The units will consist of a cruiser, the Fleet Flagship; a Division of light cruisers; two destroyer squadrons; three battleship divisions, and approximately eleven auxiliary vessels. The present plan contemplates that the Fleet Flagship, a Division of three battleships, a Division of four light cruisers, and two squadrons of destroyers with a light cruiser as flagship, will arrive at Melbourne on July 20 and will remain at that port until August 3, on which date these vessels will proceed to Wellington, arriving there August 8 and departing August 22.

The major portion of the battle fleet, consisting of a battleship, Flagship of the Commander in Chief of the battle fleet, and two ad-

10 Not printed.
ditional battleship divisions comprising six battleships, will arrive at Sydney July 18, departing August 3rd. It will arrive at Auckland August 7, and will remain until August 24.

The disposition of the auxiliary vessels of the Fleet will be determined by the current needs existing at that time, and certain of these vessels will visit each of the four ports in question.

If the Commander in Chief of the Fleet finds it feasible within the time limit and with regard to overhauling, provisioning, and fueling, he may be able to detail vessels to visit Adelaide, Hobart, Brisbane, Dunedin and Christchurch.

In view of the large number of ships concerned, the Secretary of the Navy states that he would be pleased to receive any comment that the appropriate Australian and New Zealand authorities may desire to make in this connection in order that such modifications in the schedule as may appear desirable and practicable may be made in ample time.

Accept [etc.]

FRANK B. KELLOGG

811.3347/53

The British Ambassador (Howard) to the Secretary of State

No. 339

WASHINGTON, April 3, 1925.

Sir: I have the honour to refer to your note of the 19th ultimo, in which you furnished me with an outline of the plans for the cruise of a portion of the United States fleet to Australian and New Zealand waters during the coming summer, and, in accordance with the courteous offer of the Secretary of the Navy as quoted by you, to submit, on behalf of the Australian Government, the following preliminary observations in regard to the matters dealt with in your communication under reference.

While the Commonwealth Government are fully aware of the difficulty of drawing up a programme for so large a fleet, they desire me to state that the people of Australia would greatly appreciate the inclusion in the schedule of all the provincial capitals of the Commonwealth, or as many as possible thereof, preference being decided in accordance with the size of populations of the various cities. If it should be found impossible to amend the programme to this extent, the Commonwealth Government would suggest that arrangements be made for the fleet to steam in close to the shore wherever practicable.

The Government of Australia have requested me to point out that the arrival of that portion of the fleet detailed to visit Sydney at the port in question two days before the Melbourne squadron reaches its destination is likely to prove embarrassing, as, in their opinion, it is
most undesirable that any of the visiting warships should touch at an
Australian port before the arrival of a division at the seat of the
Federal Government. In view of the importance attached to this
question by the Commonwealth Government, I would express the
earnest hope that the interested authorities of the United States will
be disposed to take action so as to ensure that disembarkation is carried
out at Melbourne some hours earlier than at Sydney, more especially
as the Commonwealth Government will then be in session. I am
further to point out that if the suggestions contained in this para-
graph are carried out, the necessary landing and reception arrange-
ments would be greatly facilitated.

I have the honour to request that the Admiral Commanding-in-
Chief be advised to conduct all correspondence relative to the reception
of the fleet at Melbourne etc., through the Prime Minister’s depart-
ment, as it is considered that this will avoid all overlapping and
confusion.

I should be grateful to receive in due course an expression of your
views upon the contents of this note, for communication to the Gov-
ernment of Australia.

I have [etc.]

ESME HOWARD

811.3347/57

The Secretary of State to the British Ambassador (Howard)

WASHINGTON, April 16, 1925.

EXCELLENCY: I have the honor to make further reference to your
note No. 339, of April 3, 1925, making certain observations on behalf
of the Australian Government regarding the plans for the proposed
visit of a portion of the American Fleet to Australia and New Zealand
next summer.

The comments of the Secretary of the Navy on the points raised
in your note have now been received.

With regard to visits to Australian ports other than Melbourne and
Sydney, the Commander-in-Chief of the Fleet, after a recent confer-
ce in San Francisco with Mr. Elder,\(^1\) has now determined upon the
following itinerary, which has been arranged with a view to meeting,
as far as possible, the courteous suggestions of Australian and New
Zealand authorities, and at the same time having due regard to the
requirements of the Fleet.

One section of the Fleet will arrive at Melbourne on July 28. It
will consist of the Fleet Flagship, one division of three battleships,
one division of four light cruisers, and two destroyer squadrons, com-

\(^{1}\) Australian Commissioner in the United States.
prising twenty-eight destroyers with a light cruiser flagship. This section will proceed to Wellington, New Zealand, on August 6, with the exception of the division of four light cruisers, which will depart from Melbourne on August 3, visiting Hobart from August 5 to August 7, and arriving at Wellington, along with the other vessels of this section, on August 11.

The other section of the Fleet will arrive at Sydney on July 23, remaining until August 6, when it will proceed to Auckland, New Zealand. This section will consist of the Flagship of the Commander-in-Chief of the Battle Fleet, and two battleship divisions, eight battleships in all. It will arrive at Auckland August 11, and depart therefrom August 25.

The auxiliaries of the Fleet, about eleven in number, will be distributed in accordance with then existing needs.

You will observe that, in accordance with the desire of the Australian Government, arrival at Melbourne and Sydney will be on the same date. It has further been arranged to have the detachment for Melbourne arrive at a prior hour on July 23.

The Commander-in-Chief will be advised to conduct all correspondence relative to the reception of the Fleet at Australian ports through the Prime Minister's Department. Further, the suggestion of the Australian Government relative to steaming as close to the shore as practicable will be forwarded to the Commander-in-Chief. The Secretary of the Navy expresses the belief that the latter will follow this suggestion, having in view the necessities of the Fleet, the local hydrographic conditions and the weather prevailing at the time.

Accept [etc.]

FRANK B. KELLOGG

811.3347/89: Telegram

The British Chargé (Chilton) to the Secretary of State

MANCHESTER, MASS., July 24, 1925.

[Received 3:12 p. m.]

I have the honor to communicate to you the following message which I have received by cable from the Governor General of Australia and which His Excellency requests may be passed to the President of the United States:

On behalf of the Government and people of Australia I send this message of greeting. To you as President and through you to the people of your great country we are delighted to express our most cordial feelings of friendship and good will in welcoming to Australian points the commander-in-chief, the officers and men of the great fleet of the United States of America.

The people of the United States of America have shown to the world its will to peace and its deep desire to strengthen the bonds of
friendship between nations. Under the guidance of your government the powers and peoples of the Pacific have given practical effort [effect?] to this will and this desire, and the achievements of the Washington Conference are the happiest augury for the future peace of the world.

The visit of the United States Fleet will strengthen the friendship between our peoples and widen and deepen our mutual understanding. Australia trusts that under Divine guidance we shall realize the destiny that lies before us in peace and amity with all the nations of the world. Signed Forster, Governor General.

CHILTON

811.3847/85 : Telegram

The Secretary of State to the Consul at Melbourne (Anderson)

WASHINGTON, July 25, 1925—6 p.m.

Please deliver the following message to the Governor General in answer to his message sent to the President through the British Embassy:

"I have received with appreciation the cordial message you have sent me on behalf of the Government and people of Australia on the occasion of the visit of the American Fleet. I know that the people of Australia join with the people of the United States in their purpose of maintaining the peace of the world. This, I believe, can best be secured through a full and sympathetic understanding between the nations, through faith in their honorable intentions, through their common determination to eliminate causes of possible dispute and their integral fulfillment of international obligations. In questions touching the great region of the Pacific, I am sure that our aims will always be similar, that with the assistance of the other nations which look out on the Pacific peace will be so clearly the established order that it will become a beneficent tradition. It is my earnest hope that this visit of the fleet will draw more closely the bonds of friendship between our two commonwealths that through the understanding so developed it will strengthen our common will for peace. Signed Calvin Coolidge".

KELLOGG