ITALY

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND ITALY

611.6531/86: Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, May 12, 1934—4 p. m.
[Received 9:05 p. m.]

90. For the Secretary from Child. Following report of my conversation with Under Secretary for Commerce Asquini prepared by Tittmann who interpreted:

"Asquini immediately produced statistics showing that Italy’s exports to the United States were only 50 percent of her imports from that country and that Italy’s trade deficit with the United States was larger than with any other country. The perpetual deficit with the United States heretofore has never been an alarming factor in Italy’s commercial balance since this was always offset by favorable trade balances with other countries, together with other favorable items in the international balance of payments. Recently, however, a worsening of these favorable trade balances, and of other items, had rendered the large deficit with the United States a problem of great delicacy. Signor Asquini stated that there were only two ways of solving the problem: either to increase the sale of Italian products in the United States, in order to provide exchange to pay for imports from the United States, or to cut down imports from the United States, starting with cotton. He was not in favor of trade restrictions but he added that Italy was ready for any sacrifices if this latter course became necessary. He produced samples of clothing materials which could be used in substitution for cotton textiles. One was half cotton and half hemp and the other all hemp, hemp being produced in Italy. He admitted that the cost of production would be higher but added that just as in war time the cost of production did not enter the question so it would not be a factor in this commercial war. The cost of running the railroads by electricity was higher than if coal were used but the Italians were willing to bear it in order not to import coal for which they could not easily find the foreign exchange to pay. The

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1 Richard Washburn Child, Special Adviser to the Secretary of State in his capacity as Chairman of the American delegation to the London Economic Conference.

2 Harold H. Tittmann, First Secretary of Embassy.
same would hold true for cotton. Signor Asquini said that the Government was ready to impose a prohibitive duty on foreign cotton just as had been done in the case of wheat, regarding which commodity Italy was now self-sufficient, and to subsidize factories in Italy that produced the above-mentioned cotton substitutes, but that he would not do this if he could have in time assurances from the United States that the sale of Italian products would be increased there in order to provide foreign exchange for the purchase of cotton. He warned that once the Government had started subsidizing these factories it will be impossible not to continue to do so even if the United States changed its policy in favor of Italy. He intimated that the time element was important.

Signor Asquini did not seem to be informed as to the progress of the tariff bargaining bill in Congress and seemed disappointed that something could not be done immediately.

Mr. Child said he understood the statement as presented by Signor Asquini and stated that many countries were interested in elaborating some method of regulating bilaterally commercial relations. He asked among other possibilities about a committee composed of two American and two Italian members which would meet every so often both in the United States and in Italy in order to keep up to date suggestions for bilateral arrangements that might be entered into between the two countries. Signor Asquini agreed that this would be a good idea."

Please inform Commerce. [Child.] Long

611.8531/94

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[Washington,] September 17, 1934.

Mr. Sayre * today asked the Italian Ambassador to call, and, together with Mr. Moffat, received him this afternoon at 4 o'clock.

Mr. Sayre told the Ambassador that, if agreeable to the Italian Government, we are prepared to enter upon reciprocal tariff negotiations with Italy within the near future. In fact, we have suggested giving public notice of intention in the press appearing in Washington, Monday evening, September 24, and in Rome at the corresponding hour. Announcement would be made at the same time for the benefit of American interests concerned that the Committee for Reciprocity Information had prescribed that all information and views in writing and all applications for supplemental oral presentation of views should be submitted to the Chairman not later than November 12;
oral presentation of views by persons whose applications therefor had been approved would be heard November 19.

Without asking Italy to bind herself by a formal written undertaking, we nevertheless asked the Ambassador to assure us that the Italian Government during the course of our negotiations would not prejudice American trade by taking further measures of restraint, particularly any of a discriminatory character. It could only be in an atmosphere that was not marked by such complications that we could hope to achieve a successful conclusion. If Italy were about to embark on a program that would embarrass our trade, it might be better not to start negotiations.

Rosso replied that he had talked over the whole question when he was in Italy and found that the Italian Government thought our tariff negotiations policy was a move in the right direction and he felt certain that our invitation would be accepted shortly. On the other hand, he felt that we should have a true picture of the situation in Italy as he saw it. Italy’s main preoccupation today was to keep the lire at its present level, partly because Italy is a large purchaser of raw materials and partly because of its social and psychological importance throughout the country itself. To do this was requiring a great effort and more and more Italy, under the influence of Finance Minister Jung, was turning in the direction of barter agreements and bilateral balancing of payments. He said that Jung recognized that this was a step in the wrong direction but hoped that it might be only temporary to meet the present crisis. The Ambassador said that as he saw the picture, the purpose of the negotiations was mutually to stimulate trade between the two countries in certain products by lowering their respective duties and he saw no inconsistency between this and the policy at present being put into effect by Finance Minister Jung (N.B.: It will obviously be necessary to watch with especial care the effect of Italy’s currency restrictions on imports, so that logical increases in purchases from the United States due to tariff concessions will not be evaded. P.M.) The Ambassador said that he would telegraph to Italy, explaining our point of view and requesting an answer if possible by Friday.

Pierrepont Moffat

611.6581/95 : Telegram

The Ambassador in Italy (Long) to the Secretary of State

Rome, September 19, 1934—1 p. m.

[Received 1:24 p. m.]

203. In conversation with Mr. Suvich 5 this morning I referred to your 82, September 17, 6 p. m. 6 He said that he had heard from

5 Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.
6 Not printed.
Rosso and had referred the matter to the Minister of Corporations but had not yet discussed it with him but expected to do so very shortly. Concerning a commitment to refrain from further measures of a restrictive character he said that he was inclined to do so and thought that they would be able to, but they would have to consider the effect of such a policy upon a number of other trade conversations they were holding with various other governments in which they felt they must have a free hand. He said that as far as the American Government was concerned he would be glad to make such a commitment and would if it could be done without prejudice to the other negotiations. They have apparently made no mechanical preparation for the negotiations as indicated by the fact that Suvich asked if I thought he should send a delegation in addition to his Ambassador and Commercial Attaché, to which I was noncommittal.

LONG

Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] September 22, 1934.

The Italian Ambassador came in late this morning to give a reply to the proposal put forward to him last Monday by Mr. Sayre that the United States and Italy should undertake a reciprocal trade agreement and that public announcement be made of this fact on September 24. Mr. Sayre had explained that while we did not ask for formal commitments, none the less we asked the Ambassador to assure us that during the life of the negotiations Italy would not put any new restrictive barriers against our trade, particularly of a discriminatory nature.

The Ambassador had just this morning received a long telegram from Rome which he had that moment finished deciphering. He read Mr. Sayre and Mr. Moffat a rough translation which they took down approximately as follows:

“To the Italian Ambassador, Washington. Referring to suggestions made by Mr. Sayre, you are authorized to declare that the Italian Government looks with genuine sympathy upon the policy which has been developed by President Roosevelt and his Administration to stimulate international trade. Italy is glad to accept the American proposal to initiate negotiations for an agreement between the two countries on the basis of reciprocal concessions. As Italy envisages the procedure, as soon as an agreement to negotiate has been reached in principle the both countries will set up organizations to start the work of preparation and only when this preparation has been finished shall the two countries select a date for the beginning of official negotiations.
"The Italian Government feels obliged to point out that the balance of trade with the United States is very unfavorable to Italy and expresses the view that the theory of reciprocity, upon which the American Government intends to base its negotiation, should result as far as possible in the realization of a certain equilibrium of trade. We consider it desirable that this equilibrium should be reached gradually, not by a decrease in importation from the United States into Italy, but rather through increased purchase of Italian goods by the United States. The Italian Government is also constrained to declare, albeit with regret, that although it is not their intention to create difficulties for the importation of American goods into Italy, none the less it would be unable to give a formal undertaking to abstain from now until the conclusion of the negotiations, from every measure of quota restriction or prohibition. The Italian situation in this matter is substantially different from the situation of the United States. Many servitudes imposed upon Italy by commercial agreements she has signed with foreign countries have prevented Italy from adequately protecting her domestic production even when the competition of certain countries has assumed a form of exceptional gravity. Moreover, the deficit of the Italian commercial balance has reached in the current year a figure which raises very serious concern and which weighs heavily on the international balance of payments. In such a situation measures of restriction might in certain cases prove to be the only way at the disposal of the Italian Government to prevent matters from becoming worse. An undertaking such as that mentioned by Mr. Sayre would remove the only possibility of protection at the disposal of the Government, not only with regard to the United States towards which Italy has the most favorable disposition but in the respect to every country which could invoke the most-favored-nation clause for its importations into Italy. With these reservations the Italian Government is quite willing to agree that notice should be given through a communiqué at the beginning of negotiations to the two countries. I am awaiting your telegraphic answer."

Following the reading of this telegram, Ambassador Rosso quoted certain figures to show the seriousness of the available trade balance against Italy and in particular how much it had declined of late. For instance, he pointed out that comparing the first seven months of 1934 with the first seven months of 1933, it would be found that Italian imports had increased by 132 million lire while her exports had decreased 533 million lire. Thus the adverse trade balance for the seven months of 1934 amounted to one billion, 543 million lire, as compared with an adverse trade balance of 877 million lire in the first seven months of 1933.

Mr. Sayre said that the reading of the Italian telegram raised two questions in our minds: The first, the general philosophy advocated of endeavoring to create an exact trade balance between the two countries; the other was the nature of the assurances we had asked for to prevent the imposition of new trade barriers. Mr. Sayre pointed out that there were two ways in which one could approach these negotiations. The first was a narrow nationalistic point of view where
each country endeavored to bargain so closely as to get the better of
the other country, to build up a system of barriers which would be
removed for concessions, that trade between two countries would show
an exact balance, et cetera. This philosophy which had been prac-
ticed more or less by all countries during the past five years had
resulted in the virtual bankruptcy of the world and was even today
destroying trade more and more. When two countries endeavored to
balance their trade, it was almost always on the downward basis. The
other theory which the United States advocated was a gradual liberal-
alization of world trade and an elimination of barriers which were
preventing its recovery. In other words, we rejected the bilateral
time of trade in favor of a triangular or polyangular trade.

The Ambassador said that theoretically Italy entirely agreed with
this point of view but that the situation was so desperate that the
nation could not be expected to commit suicide for the sake of a theory.
He pointed out how Italy had lost trade in Latin America, in the
Danubian area, and even in the United States where, for instance,
the Japanese had been underselling the Italians in silk which was
one of their large exports. What Italy wants is more exports; it
is very much against her wishes that she sometimes finds herself
obliged to hold up imports. What the Ambassador felt that his
Government wanted was more concessions from us than she was
willing to give. In other words, Italy was asking us through a
form of self-sacrifice to assist her in her present desperate need.

Mr. Sayre said that he clearly appreciated the frankness with which
the Italian Government and the Ambassador had explained the
Italian viewpoint. It was always a good augury when each side
laid its cards upon the table and talked matters out fully. However,
he felt constrained to say that the Italian point of view seemed at
such variance with our philosophy in entering into these negotiations
that it would be better to defer informal announcement of the intent
to negotiate until we were a little more convinced that negotiations
gave promise of success. The Italian Ambassador entirely agreed.
He undertook meanwhile to ask Rome if it cared to elaborate on its
telegram, while Mr. Sayre in turn informed the Ambassador that
he would ask him to come down some time next week for a further
talk.

Pierrepont Moffat

611.6531/104

The Ambassador in Italy (Long) to the Secretary of State

No. 728

ROME, September 27, 1934.
[Received October 11.]

Sir: I have the honor to refer to your telegram No. 82 of September
17, 1934, 6 p. m., and to your former Circular Information Series
No. 6 of July 16, 1934, in regard to the possibility of initiating reciprocal trade agreements with Italy. I saw Mr. Suvich and reported the substance of my conversation with him in my No. 203, September 19, 1 p. m., in which he told me that he would be inclined to make the commitment to refrain from additional restrictive measures, but that they might have to take into consideration the fact that the Italian Government had various other trade negotiations in process and might be prevented from making such an agreement with the United States on that account, because such a commitment might hinder the program of the other negotiations.

I now have the honor to advise, reluctantly but nevertheless definitely, that I have formed the distinct and definite impression that the Italian Government is digging itself into the trenches of an economic warfare in which they are confronted with a very large unfavorable trade balance. They are determined to cut down their imports to something approximating the value of their exports. They are moving in an atmosphere of super-nationalism.

Their general export trade has fallen off to a very considerable extent. The figures which are in process of compilation, and which I hope to send by the pouch following this one, will show that their export trade with the United States has fallen off enormously. Had it not been for the exports of wine following the repeal of the Eighteenth Amendment, the value of their export trade would have been reduced to a shadow of its former volume.

Under these circumstances and faced with barriers of quotas and restrictions from countries in Europe to which Italy formerly exported large quantities and in the atmosphere of a war fear and almost in the midst of an armed camp, with the military preparations proceeding on all sides, their super-nationalism has developed to a definite policy which leads directly to the road of economic self-sufficiency.

There are several inconsistencies in the figures which I will submit next week and which indicate the volume of Italy's foreign trade. The most glaring of these, however, is the increase in value of their imports over the corresponding figures of last year. This increase is significant in that the purchasing power of the lira is, in the world at large, at least 20% greater than it was a year ago. The purchasing value of the lira as regards the United States is nearly 40% greater than it was a year ago. Consequently, Italy could have imported from the United States the same quantity of goods imported a year

*Neither printed.*
ago at a cost decreased by nearly 40%. As regards the other countries of the world with which she trades, without considering those of the gold bloc, she could have bought at a material saving. So that the purchasing power of the lira in the world at large, excluding the countries of the gold bloc, is not less than 20% greater than it was a year ago. The increased purchasing power is probably more than 20%. Notwithstanding this fact, the value of goods imported by Italy has risen when measured by lira. This can only mean, in my mind, a very great increase in primary materials, such as cotton, iron, copper, tin, lead, coal, and oil. The custom’s figures are not available and will not be available in detail for some time. I have tried to get, through several of the Consulates, information to support the theory that they were importing primary materials for possible use in case of war, but I have been unable to get any statistical information or any evidence to give real substance to the theory. Nevertheless, the fact remains that there have been much greater imports this year than last year. That partly accounts for the disbursement of gold. If it was not for war purposes, which might be called a capital expense, then it may be that they have taken advantage of the high value of the lira in markets abroad to buy primary materials for use in their manufacturing industries, which would permit them at the high purchasing power of the lira to produce goods at a smaller cost and sell them in closer competition in the world market. This too would be a capital expenditure. But if it were true, the effects of an increased export trade ought to be now in evidence, or beginning to come in evidence, because sufficient time has elapsed between the purchases of the last six months to find the appearance of a considerable increase in the manufactured goods export figures. However, the increased imports, as measured by the lira of this year as compared to last year, can mean to my mind only two things. One is preparation for war—which I am prepared to discount—and the other is a capital investment in the form of cheap primary materials which will later find their way into the Treasury again as more favorable balances appear. I am inclined to accept the latter theory.

The government officials unanimously are agreed that Italy must cut its imports. The Minister of Corporations, the Minister of Foreign Affairs, the Minister of Finance, and every officer of the Government who is at all cognizant or at all concerned with foreign trade and with finance is definite and positive in his expression that Italy must cut its imports. I am convinced that it is a national policy that is being pursued in the most detailed ways. We have seen evidences of it in the quotas recently placed on coffee and lard, and we have had suggestions that there might be limitations placed upon the import of cotton. There are many other small and detailed items
which are not now apparent and which are so inconsequential that they have not been made the subject of protest on the part of manufacturers in the United States and shippers from the United States, but I have no doubt that they are proceeding with a minute restriction of every item, including clothing, drugs, agricultural products, and all manufactured articles to eliminate each item, no matter how small, which is not absolutely necessary for the welfare of Italy as a whole.

Under these circumstances it is difficult to conceive how Italy will approach in a spirit of conciliation a negotiation which would contemplate that Italy increase her imports. She confesses the most important item of her national policy to be the decrease of her imports—if I properly judge it. Consequently I am afraid my suspicions are confirmed that she will reluctantly enter into negotiations with the United States, except for the purpose of increasing her markets in the United States. She has assumed the aggressive in an economic warfare. She is determined to increase her exports and determined to decrease her imports. She would no doubt resort to the expedient of obtaining credits in the United States for private Italian companies for long-time purchases, and I have to suggest that in that connection Italian applications, if any, to the Second Export Bank be very carefully scrutinized before any credits be granted, for the simple reason that in Italy business activity is controlled and dominated by the Government to the extent that no corporation will be allowed to buy in a foreign market and to import into Italy unless that purchase fits in with Italian national policy. Accordingly, such purchases actually assume the character of purchases for, or credits to, the account of the Italian National Government.

The representatives of the gold bloc States are in informal meeting at Geneva. While they say their action is not directed against other countries and that their principal object is the expansion of international trade, they propose to set up a committee composed of delegates of each of the gold countries to consider the difficulties in the way of expanding trade. These gold bloc countries are all contiguous European nations. The important ones have a common ground on the war debts question and in heavy balances of trade owing to the United States. They and their satellites in the eastern part of Europe constitute an area with a very large population and a big purchasing power. They may very easily so cooperate as to take a position opposed to that of the United States and hinder it and make it difficult to carry out trade negotiations with them individually. The policy of Schacht announced for Germany to the effect that her foreign trade would be bi-lateral and her imports limited in value to the exports sent to the country in question may be the general and elusory objective of the

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See vol. i, pp. 594 ff.

Hjalmar Schacht, German Minister for Economic Affairs.
gold countries as regards the United States. If this should be the case, it would practically constitute a European bloc to increase trade amongst themselves and their respective colonial possessions and to cut down imports from the United States. Of course they all have the common ground of war debts added to their common ground of heavy adverse balances, and they all realize that these trade negotiations have been initiated by the United States and I think will wait and see how far the United States is willing to go.

I am afraid this is not a very encouraging despatch, and it is with great reluctance that I give expression to sentiments which are not encouraging to an American movement with which I am in perfect sympathy and which I consider of very great importance. I am conscious of the fact that this is a somewhat rambling discussion of Italian economic foreign policy with general application to the United States, but in a comparatively short time after you will have received this you will receive what I expect to be a rather comprehensive and detailed study of the possibilities of reciprocal trade agreements based on statistics and which I hope will be more encouraging than the tone of this.

Respectfully yours,

BRECKINRIDGE LONG

611.6531/102

The Department of State to the Italian Embassy

AIDE-MÉMOIRE

(1) The communication presented by the Italian Ambassador in regard to the prospective trade negotiations between Italy and the United States has been given careful consideration. It is hoped that this preliminary exchange of views will clarify and ultimately facilitate the negotiation rather than impede it.

This Government wishes to assure the Italian Government that it understands the difficulties with which Italy is now confronted in its international trade relations. In the development of the trade agreements program in which it is now engaged, the Government of the United States is seeking to follow policies which will result in a lessening of such difficulties for all countries concerned, for unfortunately the problems and the pressures such as have been emphasized by the Italian Government seem common and widespread among the nations of the world.

(2) It is the belief of this Government that only as world trade is permitted to increase along natural economic lines, shaped by the differences between climates, natural resources and national aptitudes

20 See memorandum by the Chief of the Division of Western European Affairs, September 22, p. 687.

790532—51——44
of the various countries of the world, and only as the volume of world interchange actually increases, can such difficulties be permanently met. In proposing the negotiations with Italy for a mutually profitable trade agreement, the underlying purpose which moves this Government, and which it trusts similarly animates the Italian Government, is that the volume of trade in both directions between the two countries should be increased. It is hoped that this can be achieved by each of the two Governments abstaining from reducing further the trade opportunities they may accord each other, and by developing as a result of trade negotiations new commercial opportunities of a mutually advantageous character. That this process of creating new and additional trade through mutual concessions is the only way that ultimately can serve to bring about general improvement seems to the American Government a fact established by recent experience and not merely an inapplicable theory; and this would be the leading consideration that would guide the American negotiators in any trade discussions that may be undertaken between the two Governments.

This Government appreciates that the present international trade balance situation of Italy appears to be a decidedly unfavorable one, and that it is natural, therefore, that Italy must to some extent shape its policies to meet the immediate condition with which it is confronted and seek concessions which will enable it gradually to improve its balance of trade. On the other hand, the United States must make it clear that in its judgment any policy of strict bilateral balancing of trade relations between two countries in so far as it interferes with the natural course of trade, can only serve when translated into actual practice to diminish the normal scope and unquestioned benefits of international trade. The widespread practice of such a policy compels countries to purchase in other than the markets to which they would naturally resort, thus effectively suppressing triangular trade upon which rests the purchasing power that nourishes the whole circle of world trade. The inevitable effect is increased costs of commodities and lowered standards of living. In the opinion of the American Government, agreements worked out in accordance with the idea of effecting a bilateral trade balance have customarily not developed new trade; actual experience seems to show that they have at best kept alive under insecure circumstances a reduced measure of old trade. In view of this fact the United States in entering into negotiations for a mutually profitable trade agreement with the Italian Government, while giving the most sympathetic consideration to the views expressed by the Italian Government, assumes that both Governments have as their object the development of trade in both directions, with the expectation that the new opportunities given to the Italian export trade would be such as to assist Italy in meeting the difficulties with which it is confronted.
(3) It may also be observed that such efforts as have been made to attain a bilateral equilibrium in trade relationships have frequently been open to the criticism of overlooking or minimizing the importance of international transactions other than goods movements,—for example, tourist expenditures, shipping earnings, immigrant remittances, pension payments, and the like.

(4) The United States will be happy to proceed with a preliminary exchange of views regarding the terms of a possible commercial agreement on the understanding that neither of the two Governments is committed to any limitation in the objects sought in negotiation by the statements of views that have been exchanged, and that neither of these statements is in any sense a "reservation".

(5) To the suggestion of this Government that up until the conclusion of the negotiations the Italian Government abstain from further restrictions upon the importation of American goods, the reply of the Italian Government is read with regret. The inauguration of new restrictions during the period of negotiation is apt to create new currents of prejudice and thus to make a favorable outcome of the negotiations far more difficult, if not impossible. Nevertheless, if the Italian Government can see its way clear to accept the request put forward, the Government of the United States is prepared to open negotiations upon the Italian Government's giving it the assurance that during the course of the negotiations no restrictive action under any circumstances will be taken by the Italian Government which will create new discriminations against American trade as compared with the trade of other countries. If the Italian Government should find it necessary during the course of the negotiations to adopt new restrictive measures, this Government trusts that the Italian Government, as indicated in its communication, will be willing to limit its restrictive action to measures necessitated by an emergency situation.

(6) This Government will await the further reply of the Italian Government before making any public statement on the subject.

WASHINGTON, September 29, 1934.

The Italian Embassy to the Department of State

[Translation]

MEMORANDUM

It has been noted with particular satisfaction, from the Aide-Mémoire of September 29 last, which the Government of the United

\[1\] Transmitted to the Department by the Italian Ambassador as enclosure to his covering note of December 13, 1934.

States was good enough to transmit to the Royal Italian Ambassador at Washington, that the American Government is fully conscious of the difficulties to which Italy is subjected by the present unfavorable condition of her balance of trade and of the necessity which confronts the Italian Government of giving careful consideration to this condition in the adjustment of its commercial relations with foreign countries.

For its own part the Italian Government willingly concedes that the principles enunciated by the Government of the United States in points 1, 2 and 3 of the Aide-Mémoire hereinbefore mentioned are well grounded, and that in normal circumstances, or at least in circumstances not too far removed from normal, it would be proper to bear them always in mind. Unfortunately, however, the situation now existing in international commercial relations is quite abnormal and Italy, which until recently has exercised every possible effort to maintain unchanged her traditional trade policy, based on the greatest freedom in exchange of goods, is now obliged by necessity to attenuate this policy. In fact many of the countries with which Italy maintains commercial relations,—relations even of outstanding importance,—have followed a policy successively and with increasing frequency of adopting various measures such as direct restrictions on importations, currency measures, limitations on transfers, etc., which have resulted in a contraction in Italian exports, and hence have increased the burden of her unfavorable trade balance.

The natural consequence of such a situation is the intensification of the unfavorable Italian balance of trade as a whole, a lack of balance that can no longer be endured and has accordingly made it necessary for Italy to find means to relieve the situation by having recourse when necessary to measures from which, as a matter of fact, it would have very much preferred to refrain.

From this it follows that notwithstanding the best intentions Italy could in no case renounce her aim of seeking a better adjustment of her trade balance within such limits as are necessary for this purpose. Consequently she cannot abandon her idea of making an effort toward a proper adjustment in the interchange of goods, including interchange with the United States which, so far as Italy is concerned, shows the greatest unfavorable balance. This is all the more true since it is not possible, for considerations entirely independent of her own will, for Italy to give to those movements of trade that naturally would turn to certain countries all the development of which they might be susceptible, and seek thus to achieve a natural equilibrium. This does not mean, however, that the Italian Government is not giving consideration to the possibility of increasing Italian-American trade. On the
contrary it would be very happy, as it has previously declared, if there were any possibility of accomplishing this result by the proposed negotiations without however departing from the premises set forth above.

The Royal Government agrees with the Government of the United States that, as regards tourist traffic ocean freights, remittances from emigrants, and the payment of pensions, the importance of these items should neither be over-estimated nor under-estimated. The Royal Government, however, must observe that items—and some of them in particular—that were of marked importance in the past have now been reduced, so far, at least, as Italy is concerned, to negligible figures and that to bring these factors into the discussions would seem to require an examination of other like questions;—for example, the purchase of goods in third countries, the equivalent of which, is, to a greater or lesser extent, not destined to remain within those countries themselves (for example, purchases of copper in Chile).

In regard to the assurances desired by the United States Government that during the discussions the Italian Government will not adopt any measures that might constitute discrimination against American trade in comparison with the trade of other countries, the Italian Government believes it opportune to recall that it has never adopted measures that can be included in such a category, nor does it now apply regulations restricting importation except in cases of unavoidable national necessity, and for such cases it can not but reserve to itself that liberty of action that is necessary in these circumstances. It does not hesitate to declare, however, that in the application of such regulations it will always endeavor to give the greatest consideration in an effort to reconcile Italian interests with those of the United States.

Such being the case, the Italian Government holds itself in readiness to initiate trade negotiations with the United States and desires to observe that there is no objection on its part to an announcement that the two Governments are in agreement that the discussions may take place.

As to the date on which the discussions will be opened, it is understood that agreement will be reached by the two Governments.

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REPRESENTATIONS REGARDING IMPORT QUOTA SYSTEM ESTABLISHED BY ITALY

665.116/214: Telegram

*The Chargé in Italy (Kirk) to the Secretary of State*

Rome, August 20, 1934—5 p. m.

[Received August 20—5:10 p. m.]

174. Ministry of Foreign Affairs in a note verbale dated August 18 received today requests the following be communicated to the American Government:
"The unfavorable state of the Italian trade balance, the deficit of which was considerable in the past and now tends constantly to increase, has led the Royal Government to study measures to check and reduce as far as possible its unfavorable balance of trade with foreign countries.

To this end the imports of certain commodities into Italy have under a provision now in course been placed on a quota system.

It should, however, be noted that in drawing up quotas the Royal Government has taken care to consider as far as possible the importance which Italian imports of the different commodities affected has had in the past and now has for each of the various countries concerned. The quotas are moreover restricted in fact to a very small number of commodities and are of a strictly general character in no manner discriminating against any country.

The quotas fixed refer to the whole calendar year: that is, shipments already imported between January 1, 1934, and the date the measure goes into effect are to be computed in the quota assigned for the period January 1–December 31, 1934.

The commodities imported from America to which the measure in question applies are shown in the enclosed table which also indicates the amount of the quota assigned for each commodity."

Following quotas set forth in above-mentioned table: lard 10491 metric quintals; celluloid in bars, strips or sheets 5 metric quintals; worked celluloid unspecified 10 metric quintals; superphosphates (item 715 a 1) 69 tons; brushes of animal fiber described under tariff item 914 b 2—5 metric quintals.

Commercial Attaché points out that statistics show that lard imports from the United States already exceed quota set for this year. Mail despatch follows. Inform Commerce.

Kirk

665.116/214: Telegram

The Acting Secretary of State to the Chargé in Italy (Kirk)

WASHINGTON, August 21, 1934—7 p. m.

70. Your 174, August 20, 5 p. m. Has some definite formula been established upon which quota shares for each country are based—e. g. percentage of average imports over a given period of time? Let me know what formula if any has been established.

In cases where quotas have already been exhausted will goods in customs warehouses and in transit be admitted entry? It seems only fair that they should.

It seems highly inequitable to make quotas retroactive to January 1 and charge against quotas imports brought in over such a long unrestricted time. It means in the case of lard total disruption of trade for the remainder of this quota period. Some imports should be permitted in order that ordinary trade lines may at least be kept alive.
I would like to have your views on the foregoing points together with any other pertinent information such as the quota on coffee.

PHILLIPS

665.116/216: Telegram

The Chargé in Italy (Kirk) to the Secretary of State

ROME, August 23, 1934—8 p. m.
[Received August 23—3:55 p. m.]

180. Department’s 70, August 21, 7 p. m. Following explanatory conversations at Ministry of Corporations and Director General of Customs, the Embassy understands that the quota assigned to the various countries for a determined product is based on the imports thereof from the respective countries for some recent arbitrarily selected year. The year chosen differs for different products.

It is also understood that goods in Italian customs warehouses up to August 18 or shipped from countries of origin by the date as evidenced by shipping documents will be admitted.

The Embassy is orally informed that in addition to lard the quotas on celluloid and brushes from the United States have been filled.

The Commercial Attaché has pointed out to the Ministry of Corporations and the Director General of Customs to [the?] injustice of making the quotas retroactive with the result that American exports of certain commodities are stopped for the remainder of the year and I have made similar oral representations to the Ministry of Foreign Affairs. There is a general impression among the diplomatic representatives here that further notifications as to quota regulations affecting special commodities from various countries may be expected and consequently it would seem advisable that written representations be addressed to the Ministry of Foreign Affairs in reply to its note referring to my 174, August 20, 5 p. m. Would appreciate therefore receiving from the Department any observations in addition to those contained in its No. 70, August 21, 7 p. m. to be embodied in note to Ministry.

In this connection it must be noted that as these import restrictions including the quota on coffee (see my despatch No. 668, August 20th 28) are ostensibly imposed with a view to combating Italy’s adverse trade balance with certain countries it is probable that any general concessions as regards these restrictions would be granted by Italy only in exchange for benefits accorded to Italy by those countries. Efforts, however, might be made to obtain minor concessions if a good case can be proved that certain quotas are clearly to occur.

Inform Commerce.

Kirk

28 Not printed.
The Acting Secretary of State to the Chargé in Italy (Kirk)

WASHINGTON, August 27, 1934—4 p. m.

72. Your 180, August 23, 8 p. m. The establishment of quotas as such affords no basis for representation. If quotas are established we seek and expect a fair share of each quota. The American share of any global quota should be proportionately the same as the share of trade in the commodity in question enjoyed by the United States during a prior representative period of unrestricted trade. That is, if the United States supplied say 25% of total imports into Italy during a representative period of unrestricted trade, then the American share of the global quota established should be 25%. We ask that a uniform period be established for all commodities unless it appears that in the case of particular commodities the period chosen would not in fact be truly representative. The arbitrary choice of any period for any commodity leaves the door open for discrimination. Unfavorable years might consistently be chosen for American products in order to throw advantages to third countries. A fixed representative period removes that hazard. You should endeavor to obtain recognition from the Italian Government of the two foregoing points. I might add that we do not expect to have to bargain for the allotment to us of America’s fair share of each quota.

Please continue your efforts on behalf of those commodities, the quotas on which have been exhausted.

PHILLIPS

The Ambassador in Italy (Long) to the Secretary of State

ROME, September 18, 1934—5 p. m.
[Received September 18—2: 40 p. m.]

201. In reply to Embassy’s note verbale based on Department’s 72, August 27, 4 p. m.; and 70, August 21, 7 p. m., Italian Ministry of Foreign Affairs replies as follows:

“The contents of the above-mentioned note verbale were submitted to the careful consideration of the appropriate Royal authorities who—after again pointing out the exceptional and temporary character of the measures recently taken by the Royal Government to restrict imports into the Kingdom—have confirmed the fact that in assigning quotas the imports from the different countries during the given year were taken as the basis for each commodity and that the proportion existing during that year between the imports of the product from the different countries has been maintained unaltered.

The method followed therefore appears to conform to the assurances requested by the Embassy.
As to the year chosen as the basis for the quota the method followed by the Royal Government is to place the imports of each commodity on the basis of a year during which they represented normal requirements.

Finally as to the retroactive character of the measures in question it is to be noted that the Royal Government has been forced to follow this method—which has furthermore already been adopted by other countries—because of the urgent necessity of checking certain imports which during the first few months of the current year had taken on proportions such as to inflict serious hardship on Italian producers.

The Royal Ministry of Foreign Affairs has the honor to assure the Embassy of the United States in any case that the appropriate Royal authorities will consider with the utmost good-will any individual difficulties which might arise as a result of the measures in question."

In addition to Embassy’s representations, representative in Italy of Swift Company has filed protest with Italian authorities on lard quota (see my 708, September 15th 14). Inform Commerce.

PROPOSED EXTRADITION TREATY BETWEEN THE UNITED STATES AND ITALY TO REPLACE THE TREATY OF MARCH 23, 1868

211.65/99 : Telegram

The Secretary of State to the Ambassador in Italy (Long)

WASHINGTON, March 10, 1934—1 p. m.

14. Pointing out that present extradition treaty between United States and Italy made in 1868 is not sufficiently comprehensive to serve present needs of two Governments, please inquire of Foreign Office whether Italian Government will agree to negotiate new extradition treaty with United States and if so whether it will instruct its Ambassador to this country to take up the matter promptly with the Department.

It is desired if practicable to submit this treaty to the Senate before end present session.

211.65/100 : Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, April 3, 1934—11 a. m.

[Received April 3—8: 30 a.m.]

51. Department’s telegram No. 14, March 10, 1 p. m. Matter taken up with Foreign Office and I am now in receipt of reply from Under Secretary for Foreign Affairs as follows:

14 Not printed.
[""] As the Embassy knows the Royal Government in 1927 suggested that it would be well to open negotiations for such a convention proposing that they should be held in Rome and the Department of State courteously agreed.

I trust, therefore, that it will still be agreeable to hold the negotiations in Rome and in that connection I feel it might be well to transmit to Your Excellency at this time the enclosed draft convention.17 This draft is upon the same basis as the extradition treaties which the Royal Government has concluded with other countries during the past few years and which have proved entirely satisfactory.

In any event I shall be pleased to furnish Your Excellency with any other information and explanations which may be thought useful."

Mail despatch follows. Please instruct.

LONG

211.65/101: Telegram

The Secretary of State to the Ambassador in Italy (Long)

WASHINGTON, April 5, 1934—1 p. m.

24. Your 51, April 3, 11 a. m. You may inform the Italian Foreign Office that this Government is willing to defer to its desire that the negotiations be conducted in Rome.

The Embassy's despatch No. 2165 of February 28, 1929,17 states that on January 18, 1929, the Embassy delivered to the Minister of Foreign Affairs a draft extradition convention, and that the competent Italian authorities were studying that draft. The Department's files do not indicate, however, that the Italian Government has made any comment on that draft. We should prefer that the matter be taken up where it was dropped in 1929 rather than to begin now by studying the Italian draft mentioned in your telegram. Please ascertain whether this procedure would be agreeable to the Italian Government.

HULL

211.65/102: Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, April 9, 1934—noon.

[Received 2:25 p. m.]

56. Before notifying the Under Secretary for Foreign Affairs of the contents of your No. 24, April 5, 1 p. m. I will await further instructions for the following reasons:

1st. Italian draft treaty is en route to you and is so much more comprehensive than our old draft that an examination of it may develop the advisability or expediency of using it as a basis of negotiations. The

17 Not printed.
Italian draft covers the following crimes not included in our draft: fraudulent bankruptcy and crimes against the bankruptcy laws committed by persons other than the bankrupt, various crimes of degeneracy, mayhem, extortion, white slavery, and to “malicious and unlawful acts intended to cause railway disasters” adds “air disasters and attempts against the safety of transport by land, sea, and air” but does not include mutiny or forgery as such.

2d. The Italian draft seems to me as acceptable while providing a larger coverage of crime; and,

3rd. That they have had our draft for 6 years without agreeing to use it as a basis while their present draft is assumingly acceptable to them and offers us a fair basis for negotiations. If this delay is inconsistent with your policy I will proceed with your instructions on receipt of cable advice.

Long

211.65/103: Telegram

The Secretary of State to the Ambassador in Italy (Long)

WASHINGTON, April 10, 1934—4 p. m.

27. Your 56, April 9, Noon. Pending receipt of further instructions following arrival of Italian draft treaty you may withhold action on Department’s 24, April 5, 1 P. M.

Hull

211.65/105

The Secretary of State to the Ambassador in Italy (Long)

No. 204

WASHINGTON, May 4, 1934.

Sir: I have received your despatch of April 3, 1934,18 with which you enclosed a copy and translation of a reply dated March 31, 1934, from the Italian Foreign Office, in response to your note proposing a resumption of the negotiations of a new treaty of extradition between the United States and Italy.

With regard to the draft of such a treaty which was enclosed with the Italian note, I may say this draft is in such a form as to render it largely unacceptable to the Government of the United States.

In the first place, this draft includes not only a proposed treaty of extradition but also provisions relating to judicial assistance in penal matters, such as sending witnesses abroad and forwarding copies of court proceedings in criminal cases. Provisions such as these are not

18 Not printed.
contained in any of the extradition treaties of the United States and I do not consider that the Department is in a position to enter into a treaty containing such provisions.

The provisions of the draft relating to extradition are not satisfactory to this Government for the reasons, among others, that they do not provide for the submission of documents making out a prima facie case of guilt against the accused and that they provide for the payment of the expenses of extradition by the surrendering State. These provisions are not contained in any of the extradition treaties of the United States and this Government would not desire to provide for extradition except upon the submission of documents making out a probable cause for believing the accused to be guilty of the crime charged. Moreover, it considers that the expenses of extradition should equitably be paid by the government making the request therefore. In view of the system of government prevailing in the United States, any other method of providing for the payment of expenses would be difficult and, perhaps, impracticable.

Another serious objection to the Italian draft is that it provides that extradition procedure shall be conducted as between the ministries of justice of the two countries. In the United States matters of international extradition are entrusted by law to the Secretary of State as the head of the Department conducting foreign affairs under the direction of the President.

In view of the foregoing it is desired that you carry out the instructions contained in the Department's telegram No. 24 of April 5, 1934. If you consider it desirable you may in this relation refer to the objections above set forth which your Government finds to the Italian draft.

Since the Italian Government received from your Embassy on January 18, 1929, a proposed convention of extradition and indicated to the Embassy that the competent authorities were studying that draft, it is considered that the Italian Government should be willing to continue the negotiations where they were dropped in that year and indicate its views concerning the draft then submitted.

With regard to the respective lists of crimes contained in the two drafts, it is observed that the Italian draft does not cover the crime of murder, except so far as concerns “Voluntary Manslaughter”. Moreover, this list mentions certain crimes, such as “Acts of violent lechery”, which appear to have no meaning in the laws of the United States. However, this Government would be willing to include in the list of crimes the following crimes set forth in the Italian draft:

"Malicious infliction of grievous bodily harm", and
"Fraudulent bankruptcy, and crimes against the bankruptcy laws committed by persons other than the bankrupt"
and to supplement the offense in the American list of "Wilful and unlawful destruction or obstruction of railroads, which endangers human life" by accepting the Italian proposal to cover "transport by sea or air".

This Government would also desire to have the list of crimes cover the following, which is not contained in either list as submitted:

"Crimes or offenses against the laws relating to the traffic in narcotic drugs."

Enclosure No. 2 with the note of the Italian Foreign Office on its face sets forth an alternative wording for Article 3 of the Italian draft. However, it seems that this suggested alternative should be properly regarded as relating to the provisions of Article 2 of the draft rather than Article 3.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

211.65/108

The Ambassador in Italy (Long) to the Secretary of State

No. 551

ROME, MAY 24, 1934.

[Received June 6.]

Sir: I have the honor to inform the Department that upon the receipt of its instruction No. 204 of May 4, 1934, regarding the resumption of negotiations of a new treaty of extradition between the United States and Italy, I presented to Mr. Suvich, Undersecretary for Foreign Affairs, orally and by letter, of which a copy is enclosed, the observations contained in the above-mentioned instruction, and asked that the Italian Government continue the negotiations on the basis of the draft treaty submitted to the Italian Government in 1929 with the additions and modifications referred to on pages 3 and 4 of the Department's instruction of May 4, 1934.

I am now in receipt of a reply from Mr. Suvich, of which a copy and translation are enclosed herewith, stating that the draft of a treaty which was submitted in 1929 and of which a further copy with modifications was delivered by me to Mr. Suvich, is now being considered by the Ministry of Justice and that he will notify me as soon as he is advised of the results of this further examination. Mr. Suvich adds that this draft "could not be accepted by the Royal Government because of the differences presented by the respective legislations of the two countries," but hopes that a satisfactory basis may be found on which an agreement may be reached.

Respectfully yours,

BRECKINRIDGE LONG

39 Not printed.
211.65/110

The Ambassador in Italy (Long) to the Secretary of State

No. 594  Rome, June 22, 1934.

Sir: I have the honor to inform the Department that during a conversation this morning with Mr. Suvich, Undersecretary for Foreign Affairs, I asked how their study of the extradition treaty was progressing. He said that they were making headway and he hoped to be able to talk to me soon.\(^{20}\)

Respectfully yours,

Breckinridge Long

CONDITIONS INDICATING A VOLUNTARY ACCEPTANCE OF ITALIAN NATIONALITY CONFERRED UPON A NATURALIZED AMERICAN CITIZEN UNDER ITALIAN LAW

136/913

The Secretary of State to the Ambassador in Italy (Long)

No. 255  Washington, July 30, 1934.

Sir: The Department acknowledges the receipt of your despatch No. 1673 of November 12, 1932,\(^{21}\) concerning the case of ... and referring to conferences with the Consuls General at Naples and Rome with regard to the reacquisition of Italian nationality under the provisions of Article 9 (3) of the Italian Nationality Law of June 13, 1912, by naturalized American citizens of Italian origin after residence in Italy for a period of two years. The Consuls General at Naples and Rome addressed the Department on this subject on August 23 and October 3, 1932, respectively.\(^{22}\)

The Department has carefully considered the despatches above referred to as well as other correspondence which has passed between it and your office and the various American consular offices in Italy, with a view to establishing a policy which should be pursued with reference to naturalized American citizens of Italian origin who have returned to Italy and resided there for a period of two years, thus reacquiring Italian nationality under the provisions of the Italian Law above mentioned. In discussing the reacquisition of Italian nationality by naturalized American citizens of Italian origin in the manner provided for by Italian Law, the Department desires to reiterate the position which it has consistently followed and which

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\(^{20}\) No report of any further reply from the Italian Government regarding these negotiations has been found in the Department files.

\(^{21}\) Not printed.

\(^{22}\) Neither communication printed.
is that an American citizen should not be considered as having been expatriated under the provisions of Section 2 of the Act of March 2, 1907, by being naturalized in a foreign state in conformity with its laws unless the naturalization is the result of a distinctly voluntary act and the person concerned has indicated acceptance of it. Therefore, this instruction will discuss the conditions which will hereafter be considered by the Department as indicating a voluntary acceptance of Italian nationality conferred upon a naturalized American citizen under the provisions of Article 9 (3) of the Italian Law of June 13, 1912.

As has heretofore been the policy of the Department, it will not consider that any action on the part of a minor results in the loss of American citizenship. However, as heretofore has been the case, when an American father voluntarily acquires the nationality of a foreign country in conformity with its laws and his minor children residing with him also acquire the nationality of such foreign country under its laws the father and children will be held to have lost American citizenship under the provisions of the first paragraph of Section 2 of the Act of March 2, 1907. (See circular instruction of July 6, 1932, Diplomatic Serial No. 2191, entitled “Expatriation of Minor Children through Foreign Naturalization of Father”). The same principle will also apply with respect to the American minor children of an American mother who, being a widow or a divorced, voluntarily acquires the nationality of a foreign country, the laws of which confer its citizenship upon her children. If the American minor children are not residing in the foreign country concerned at the time of the acquisition of the foreign nationality by the parent but subsequently and before attaining the age of twenty-one years take up residence with the parent, the children will be considered to have been expatriated if they acquire the nationality of the foreign country in conformity with its laws.

From a despatch of April 10, 1933, from the Consul General at Naples regarding the case of Salvatore Mauro it is understood that when a naturalized American citizen of Italian origin has resided in Italy for a period of two years subsequent to July 1, 1912, the effective date of the Italian Law of June 13, 1912, he ipso facto acquires Italian nationality under Article 9 (3) of such law, since no act other than mere residence in Italy for a period of two years seems to be required in order for a person of Italian origin, who has acquired foreign nationality, to reacquire Italian nationality. The Department does not, therefore, understand that, before a naturalized American citizen of

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34 Stat. 1228.

Not printed.
Italian origin may be deemed to have reacquired Italian nationality under the provisions of Article 9 (3) of the Law under discussion, he must have signed a formal written application or declaration. Apparently, he ipso facto acquired Italian nationality under Italian law when he has resided for two years in Italy. Whether or not the Department will consider that the acquisition of Italian nationality in the manner indicated results in loss of American citizenship under the provisions of the first paragraph of Section 2 of the Act of March 2, 1907, depends upon whether the individual reacquiring Italian nationality under Italian law manifested an acceptance of such nationality either by a written or oral declaration or by some other overt act. The Department considers that Italian nationality conferred under the provisions of the law under discussion is voluntarily accepted when a naturalized American citizen of Italian origin (1) accepts employment by the Italian Government, (2) applies for and accepts an Italian passport or identity card describing him as an Italian national, (3) votes in the general elections in Italy, or (4) joins the Italian National Fascist Party. The first condition would seem not only to indicate the acceptance of Italian nationality under Article 9 (3) of Italian Law but would also result in the reacquisition of Italian nationality under the provisions of Article 9 (1) of the same law. However, in such a case the Department will consider that employment by the Italian Government after a residence in Italy for a period of two years involves a voluntary acceptance of Italian nationality under Article 9 (3) of the Italian Law. This distinction is made for the reason that the Department considers that an act evidencing acceptance of Italian nationality under the provisions of Article 9 (3) relates back to the date of acquisition of Italian nationality, that is, after the individual concerned had resided in Italy for a period of two years subsequent to July 1, 1912, the effective date of the Law of June 13, 1912. However, if a naturalized American citizen of Italian origin accepts employment by the Italian Government prior to the expiration of the two year period mentioned in Article 9 (3) of the Italian Law under discussion he will be considered as having accepted Italian nationality under Article 9 (1) of the same law immediately upon acceptance of employment by the Italian Government and, consequently, to have been expatriated under the provisions of the first paragraph of Section 2 of the Act of March 2, 1907.

As to the second condition, the Department believes that when a naturalized American citizen of Italian origin has applied for and accepted an Italian passport or identity card describing him as an Italian national, such fact should be considered as prima facie evidence of the acceptance of Italian nationality under the provisions of Article 9 (3) of the Italian Law. The Department is not unmindful
of the fact that in some instances the application for and acceptance of an Italian passport or identity card may be explained in such a way that the person concerned should not be held to have accepted Italian nationality voluntarily. In some cases it may be possible for the individual concerned to show that the Italian document describing him as an Italian national was obtained through duress or conditions indicating extreme necessity or through ignorance of the meaning and effect of his obtaining such a document describing him therein as an Italian national.

As to the third condition, the Department is of the opinion that voting in the general elections in Italy is not ordinarily done under duress. However, it has been advised in several instances by consular officers in Italy that compulsion was exercised in connection with such matter.

As to the fourth condition, the Department has been advised that upon becoming a member of the Italian National Fascist Party a person is required to take the following oath:

"In the name of God and of Italy, I swear to execute the commands of the Duce and to serve with all my strength and, if necessary, with my blood, the cause of the Fascist Revolution."

The voluntary taking of such an oath by a naturalized American citizen of Italian origin is, in the opinion of the Department, inconsistent with the retention of American citizenship and consistent only with the formal acquirement of Italian nationality and will ordinarily be considered as an acceptance of Italian nationality conferred upon him by Article 9 (3) of the Italian Law of June 13, 1912, after two years residence in Italy at any time subsequent to July 1, 1912, the effective date of the Italian Law.

While in all such cases the burden of proof should be regarded as resting upon the individual who alleges that he did not voluntarily accept Italian nationality conferred upon him by Article 9 (3) of the Italian Law, he should be given ample opportunity to explain his action, and the Consul, after a careful weighing of the evidence, should inform the Department whether it is his belief that such individual voluntarily held himself out as an Italian national. Each case must be decided upon its own apparent merits. With reference to the conditions outlined above which are considered as showing conclusive or prima facie evidence of acceptance of Italian nationality under the provisions of Article 9 (3) of the Italian Law, the Department desires to say that there may be other methods by which an American citizen of Italian origin may indicate his voluntary acceptance of Italian nationality conferred upon him by the provisions of the Italian Law under discussion. In all cases where an individual endeavors to show that his application for and acceptance of an Italian passport or identity card should not be considered as a volum-
tary acceptance of Italian nationality consideration should be given to the date when the individual returned to Italy; whether he has during the period of his residence in that country held himself out consistently as an American citizen; whether he has from time to time applied for American passports or to be registered as an American citizen in an American Consulate; and whether he has maintained a definite intention of returning to the United States to reside. With regard to the latter point consideration may be given to the questions, whether he has married since returning to Italy and begun to raise a family, or has returned to reside with a wife or child already established in Italy, and whether he holds property and pays taxes in Italy. In connection with the case of a person who returned to Italy subsequent to the enactment of the Law of June 13, 1912, it will ordinarily be considered that he had presumptive knowledge of the Italian Law and that his remaining in that country for a period of two years indicated a voluntary acceptance of Italian nationality when coupled with an overt act, such as the application for and acceptance of an Italian passport or identity card.

The Department desires to point out that if a naturalized American citizen of Italian origin applies for and accepts an Italian passport or identity card describing him as an Italian national, votes in the general elections in Italy, or joins the Italian National Fascist Party prior to the date when he has resided in Italy for a period of two years subsequent to the effective date of the Italian Law of June 13, 1912, he will nevertheless be considered as having accepted Italian nationality if he continues to reside in Italy until the two year period has elapsed, unless he can show that any such act on his part was performed through duress or conditions indicating extreme necessity or ignorance of the meaning and effect of his act.

In connection with any case in which a naturalized American citizen of Italian origin is considered to have reacquired Italian nationality under the provisions of Article 9 (3) of the Italian Law you should ascertain whether or not he had a wife and children residing with him. In the case of the wife, she will be considered as having lost her American citizenship provided her husband is deemed to have reacquired Italian nationality prior to September 22, 1922, since it is understood that under Article 11 of the Italian Law of June 13, 1912, a wife acquires Italian citizenship with her husband if she has a residence in common with him. If the husband is deemed to have reacquired Italian nationality subsequent to September 22, 1922, the wife will not be considered as having lost her American citizenship unless she performs some overt act indicative of her desire to accept Italian nationality involuntarily conferred upon her under Italian law. Under the provisions of Paragraph 1 of Article 12 of the same law
“minor non-emancipated children of those who acquire or reacquire citizenship, become citizens, except in cases when, residing abroad they retain the foreign citizenship, in conformity with the law of the state to which they belong.” Consequently, any such child having American nationality who acquires Italian citizenship under the provisions of the Italian Law just quoted through the acquisition or reacquisition of Italian nationality by a parent is deemed to have lost his American citizenship under the first paragraph of Section 2 of the Act of March 2, 1907. When a husband and father reacquires Italian nationality under the provisions of Article 9 (8) and the evidence shows that he has voluntarily accepted such nationality, a certificate of expatriation prepared in accordance with Note 3 to Section 144 of the Consular Regulations should be prepared and there should be included in such certificate a statement concerning the wife if she was an American citizen and lost such citizenship prior to September 22, 1922, by the acquisition of Italian nationality under the provisions of Article 11 of the Italian Law, or if she performed some overt act indicative of her desire to accept Italian nationality involuntarily conferred upon her under the section of Italian Law just mentioned, as well as a statement concerning such minor non-emancipated children as may have acquired Italian nationality under the provisions of Paragraph 1 of Article 12 of the Italian Law. In this connection the Department desires to point out that under the provisions of Article 5 of the Italian Civil Code promulgated on June 25, 1865, a child born in Italy of a father who was an Italian national and lost such nationality before the birth of the child is considered an Italian subject if he has his residence in Italy. This provision of the Civil Code was abolished by the Italian Law of June 13, 1912. However, with reference to children born in Italy of naturalized American citizens of Italian origin prior to the effective date of the Law of June 13, 1912, it would seem that they acquired at birth both American and Italian nationality and, consequently, already having Italian nationality, may not be considered as having lost their American citizenship by reason of the reacquisition of Italian nationality on the part of their fathers under Article 9 of the Italian Law of June 13, 1912.

Very truly yours,

For the Secretary of State:

WILBUR J. CARR

136/913

The Secretary of State to the Ambassador in Italy (Long)

No. 264

WASHINGTON, August 16, 1934.

Sir: With reference to the Department’s instruction No. 255 of July 30, 1934, discussing in detail the matter of the reacquisition of Italian nationality under the provisions of the Italian Nationality
Law of June 13, 1912, the Department is of the opinion that the second paragraph on page 8 of article 8 should be clarified by the addition of the following: "or that, prior to the lapse of the two year period, he had expressly repudiated such act." The Department believes that if the evidence in a particular case should show that a naturalized American citizen of Italian origin who had applied for and accepted an Italian passport or identity card describing him as an Italian national, voted in the general elections in Italy, or joined the Italian National Fascist Party, had in some way repudiated his action before the lapse of the two year period referred to in Article 9 (3) of the Italian Law of 1912, it could hardly be held that his prior action had the effect of indicating that he intended to accept Italian nationality.

In other words, an overt act accepting Italian nationality conferred under Article 9 (3) of the Italian Law must be performed after that law has operated upon the individual. Of course, if such a person should, after the lapse of the two year period, continue to hold himself out as an Italian national, such action, when coupled with his prior act, could properly be considered as indicating a voluntary acceptance of Italian nationality conferred upon him under the provision of the Italian Law under discussion. For example, if such a person should accept an Italian identity card describing him as an Italian citizen before the lapse of the two year period and should after the lapse thereof continue to use it or otherwise hold himself out as an Italian national, such action should ordinarily be regarded as an overt act confirming the naturalization acquired under Article 9 (3) of the Italian Law.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

PROPOSAL BY THE ITALIAN GOVERNMENT FOR EXEMPTION FROM INCOME TAXES ON A RECIPROCAL BASIS OF ITALIAN JOURNALISTS IN THE UNITED STATES AND AMERICAN JOURNALISTS IN ITALY

The Italian Chargé (Longhi) to the Secretary of State

The Italian Chargé d'Affaires a. i. presents his compliments to His Excellency the Secretary of State and has the honor to ask him to be so kind as to let him know what facilities are given to Italian newspapermen in the United States as regards to Federal and State taxes. This the Chargé d'Affaires requests, under instructions from his Government, to the end of ascertaining whether, on a reciprocity basis, it may be possible to exempt from the payment of income tax the representatives of the American press residing in Italy.

Paragraph beginning, "The Department desires to point out," p. 610.
In case the Italian journalists residing in this country are not at present exempted from Federal and States taxes, the Chargé d’Affaires has the honor to inform His Excellency the Secretary of State that the Italian Government would be disposed to exonerate from all income taxes the American journalists now in Italy, provided a similar decision were adopted in favor of their Italian colleagues residing in the United States.

WASHINGTON, August 16, 1934.

The Secretary of State to the Italian Ambassador (Rosso)

The Secretary of State presents his compliments to His Excellency the Royal Italian Ambassador and has the honor to refer again to the memorandum of the Chargé d’Affaires ad interim of Italy, dated August 16, 1934, in which inquiry is made with regard to the Federal and State taxation of Italian newspapermen in the United States. It is noted that the proposal is made that the Italian Government would be disposed to exempt from all income taxes American journalists now in Italy, provided a similar exemption were granted to Italian journalists residing in the United States.

The Secretary of State is not in a position to state what taxes are imposed by the several states of this country on Italian journalists. However, Italian journalists in the United States are liable to the Federal income tax. If such journalists in the United States are residents of the United States, they are liable to the tax with respect to their income from sources within and sources without the United States, while if they are nonresident aliens they are liable to the tax upon their income from sources within the United States only, including the compensation they receive for their services rendered within the United States.

There is no provision in the Revenue Act of 1934,\(^7\) the income tax law in effect at the present time, which would make it possible for the Executive branch of the Government to exempt Italian journalists in the United States from the payment of income taxes on the basis of reciprocity.

WASHINGTON, October 2, 1934.

\(^7\) 48 Stat. 680.