MOROCCO

REPRESENTATIONS FOR THE PROTECTION OF AMERICAN TREATY RIGHTS IN THE FRENCH AND SPANISH ZONES OF MOROCCO

Memorandum by the Assistant Chief of the Division of Western European Affairs (Culbertson)

WASHINGTON, February 28, 1934.

Mr. Migone came in today to inquire informally what the Department's attitude is towards recent statements made by Mr. Henri Ponsot, Resident General of France in Morocco. Ponsot has been advocating some sort of revision of the Act of Algeciras so as to permit Morocco to have greater economic freedom, particularly in customs matters.

I told Mr. Migone that we had been informed by our representative in Tangier of the nature of Mr. Ponsot's statements, but that the proposals which Ponsot had put forward in this way had not been brought to this Government's attention, officially or unofficially, by the French Government or by the Moroccan authorities. Until such proposals were brought to our attention officially this Government would of course express no views with regard to them. Mr. Migone asked whether in the event that the Government of the United States was officially approached in the matter the United States would consult with the other powers signatory to the Act of Algeciras. I said that I presumed that we would, since there had been many occasions in the past where the powers signatory to the Act of Algeciris had exchanged views with regard to Moroccan problems. I added that I of course did not know what would be done in this particular case, but that I presumed the usual procedure would be adopted. In answer to a further inquiry by Mr. Migone I stated that this Government, while recognizing the French Protectorate, of course looked upon Morocco as a sovereign country, and that it is our expectation that the American Government will be given equality of opportunity in Morocco similar to that accorded any other country including France.

It was clearly understood that Mr. Migone, while apparently acting under instructions from his Government, was making an entirely in-

² Mr. Bartolomeo Migone, First Secretary of the Italian Embassy.

formal inquiry and that the answers which I had given to his inquiries were equally informal and unofficial.  

P[aul] T. C[ulbertson]

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681.003/53

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 923  

TANGIER, March 8, 1934,  
[Received March 29.]

Sir: I have the honor to enclose herewith, in the French text and in English translation, a cutting from a Casablanca daily newspaper, La Presse Marocaine, of March 3, 1934, reporting a recent discussion by the French Senate Committee on Foreign Affairs, in Paris, of the question of an increase in the Moroccan customs tariffs.

On this occasion, the "rapporteur", M. Maurice Ordinaire, is understood to have stated that, while the Act of Algeciras instituted equality of tariffs for all foreign countries, it did not lay down a maximum for these tariffs, and he expressed the desire that the French Government should press negotiations with the treaty powers, looking to a satisfaction of the Moroccan desire to increase its existing customs tariffs.

This more discreet and rational approach to the problem—which is in line with the suggestions on the question set forth in my No. 897 of November 29, 1933,—may perhaps indicate a conclusion, on the part of the responsible French opinion, that the Moroccan treaties could justify no such revision of the Moroccan customs regime, as that tentatively put forward by M. Ponsot, the new Resident General of France in Morocco, and claiming for the French Protectorate Government the right to restrict the importation of foreign goods in Morocco, in quantities proportional to the purchases made, respectively by foreign countries, of Moroccan products.

At the same time, however, moderating they may be, the statements of M. Maurice Ordinaire to the French Senate Committee are themselves not entirely free from heretical insinuations.

In fact, the Act of Algeciras (like the anterior treaties with Morocco which that Act confirms) goes further than instituting "equality of tariffs for all foreign countries", as stated by the "rapporteur". The Act of Algeciras, it must be emphasized, lays down the principle of "economic liberty without any inequality" in Morocco. The powers might, therefore, under proper guarantees, acquiesce in a proposal

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*Not printed.*
to effect a uniform increase of the customs tariffs, for the purpose of meeting the needs of the Moroccan Treasury, but they could not consent in the institution of a protective tariff for Moroccan products, without sacrificing the principle of the Act of Algeciras, last referred to.

Moreover, as I have pointed out in various despatches in relation to this subject, the result of a protective tariff for Moroccan products would, in effect, tend but to the ultimate creation of a privileged position for certain French enterprises and interests in the Shereefian Empire.

The foregoing information may indicate the imminence of enquiries on the part of the French Government, as to the attitude of the Department in regard to the proposed modification of the Moroccan customs tariff. In this event, and in the light of such particulars regarding the nature of the French proposals, as the Department may be able to communicate to me, I would be glad to have an opportunity of reviewing the situation and of dealing with various special aspects of the question, for the assistance of the Department in the eventual negotiations, should the Department deem it useful for me to do so.

Respectfully yours,

MAXWELL BLAKE

631.003/55

The Ambassador in Spain (Bowers) to the Secretary of State

No. 339

Madrid, April 16, 1934.

[Received April 27.]

SIR: With reference to my despatch No. 328 of the 9th instant, which touched upon the Spanish desire to increase customs duties in the Spanish Zone of Morocco, I have the honor to report that the Counselor of the Embassy recently took occasion to sound out the Chief of the Commercial Treaty Section of the Ministry of Commerce on this subject. Sr. Fernández Shaw said that the economic interests of both Spain and France really required the raising of duties in Morocco, but that it was realized such action would be hardly in accord with the provisions of the Act of Algeciras. In order to raise the duties, therefore, it would appear to be necessary to call another conference of the signatories of the Act, including, of course the United States and Italy, and although such action might be taken in the future there is no intention of taking it at the present time.

Respectfully yours,

CLAUDE G. Bowers

*Not printed.
The Ambassador in France (Straus) to the Secretary of State

No. 880

Paris, May 9, 1934.
[Received May 19.]

Sir: I have the honor to acknowledge the receipt of the Department's instruction No. 348 of March 8 [April 6], 1934,7 with regard to the report contained in despatch No. 923 of March 8, 1934, from the American Diplomatic Agent at Tangier to the effect that during the course of a session of the Committee on Foreign Affairs of the French Senate, M. Ordinaire expressed the alleged necessity of raising the Moroccan tariff rates.

Sometime ago the Embassy made informal inquiries of a member of the Commercial Section at the Ministry for Foreign Affairs in this regard. The official concerned today advised the Embassy that he had discussed the matter with the official of the Ministry charged with Moroccan affairs. Neither officer knows of any movement on foot to increase the Moroccan tariff rates. It was stated that it was possible M. Ordinaire made the proposal cited in Mr. Blake's despatch but that the French Government was not now considering any such departure. It was added that should a step of this nature be envisaged, the French Government would of course officially communicate with all the treaty powers.

Since the proceedings of the sessions of the Parliamentary committees are not published, it would be difficult to obtain the exact text of the statement made by M. Ordinaire.

Respectfully yours,

Jesse Isidor Straus

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 948

Tangier, May 31, 1934.
[Received June 19.]

Sir: I have the honor to transmit herewith copy of the Spanish text and English translation of a Dahir, dated March 31, 1934,8 imposing an internal consumption tax on imported wheat and flour in the Spanish Zone of Morocco.

There is also enclosed herewith a copy of a Note7 which I have addressed to my Spanish Colleague in Tangier, for the purpose of placing on record the general position of the American Government in

7 Not printed.
the matter, and a protest against the violation of fundamental treaty principles involved in the application of the Dahir in question.

I have no doubt that the Department will desire the American Ambassador in Madrid to make similar representations to the Spanish Government. For this purpose, it is believed that my Note to the Chargé d’Affaires of Spain in Tangier, (Enclosure No. 3) contains sufficient elements upon which protests at Madrid may be based.

Aside from the illegal discrimination of the Dahir against imported products and the intolerable position which it creates for the wheat and flour trade, in view of the unknown rate of taxation which will be arbitrarily applied to any given consignment, the action of the Spanish authorities in the application of the measures has been incredibly harsh and bewildering.

The Dahir is dated March 31, 1934, and was promulgated in the issue of the Official Bulletin of the same date, but this publication did not make its appearance in the Spanish Zone until about the middle of April, the subscription copy of this Legation was not received until April 19.

In this interval the Customs authorities at the ports of the Spanish Zone, held up the clearance of flour shipments which had arrived prior to March 31, on the plea that they were awaiting instructions as to whether or not the new taxation should be retroactively applied to these consignments.

The flour was forcibly detained in the Customs House, on this account, for about two weeks, and was then released when the belated Official Bulletin, above referred to, fixed the new consumption tax on imported flour at 15 Pesetas per metric quintal (approximately 100 per cent of its c.i.f. value), but exempted from the taxation the shipments which had already reached ports in the Spanish Zone.

The Official Bulletin also provided exemption from the taxation, of shipments made, prior to March 31, 1934, from foreign ports, direct for Spanish Zone ports.

Nevertheless, such shipments, including some for American ressortissants, were also refused clearance, because the Spanish Zone Customs officials stated that they were awaiting the return to Tetuan of the Spanish High Commissioner, absent in Spain, for definite instructions from him as to the treatment to be applied to the shipments in question.

American protégées whose consignments have been held up in this way, have presented complaints for this arbitrary disturbance to their trade, and claim damages in regard to the deterioration of their goods arising from unduly protracted and improper detention of the shipments by the Customs authorities.
Concurrently with the enforcement of the Dahirs, the authorities in the various centers of the Spanish Zone, fixed maximum sale prices of flour at figures which are below the actual cost price of the commodity, and impose heavy fines on merchants who disregard the official prices, although transactions on such basis would involve serious loss.

My British, Italian, Belgian and Dutch colleagues have filed protests against the Dahirs, and, as above suggested, I trust the Department will also cause representations be made to the Spanish Government on the subject.

Respectfully yours,

MAXWELL BLAKE

681.003/62

_The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State_

No. 948

TANGIER, June 7, 1934.

[Received June 25.]

Sir: I have the honor to inform the Department that the American Consul at Casablanca has brought to my attention a Vizirial Decree dated July 31, 1933, modifying the tariff of Gate Taxes in the French Zone of Morocco on imported goods, and which has become the subject of serious concern to the Consular Corps at Casablanca.

An English translation of the Vizirial Decree in question is enclosed herewith.9

The Department will recall that the Gate Taxes were dealt with by Article 13 of the Madrid Convention of 1880,10 and that under the provisions of that Article, tariffs, and regulations for the collection of the Gate Taxes, were issued with the approval of the Diplomatic Corps in the years 1881 and in 1896. Article 13 of the Madrid Convention also stipulates that the taxes thus fixed should not be increased without a new agreement with the representatives of the Powers.

Originally these Gate Taxes were imposed only upon merchandise entering and leaving Moroccan towns by land. They were not imposed at the ports on goods imported by sea.

A Dahir of April 20, 1917, purported to extend the application of the tax in question to goods entering Morocco by sea, and empowered the Grand Vizier to promulgate decrees fixing the tariffs to be applied.

From 1917 to 1928 a number of such Vizirial Decrees were issued establishing or modifying the tariff of these Gate Taxes, but the rates

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9 Not printed.
10 _Foreign Relations_, 1880, p. 917.
were not excessive, and their innocuous effect upon international trading rights, apparently caused them to pass unperceived.

No notification of the promulgation of any legislation dealing with the Gate Taxes, has been made to this Legation by the Protectorate Government, nor has the latter made any request for the Department's assent to the enforcement of the modified Gate Taxes on American ressortissants.

With the considerable increases, in various categories of merchandise, of the rates edicted by the last Vizirial Decree on the subject, namely that dated July 31, 1933, the Consular representatives of the Powers at Casablanca, have become justifiably alarmed. These taxes have now been developed from mere internal "octroi" taxes, into veritable supplementary Customs taxes on imported merchandise.

The Belgian Government has protested against the discriminatory character of the Gate Tax tariff as now imposed upon cement.

Mr. Buhrman \(^n\) transmits a confidential copy of a Note addressed to the Resident General of France by the British Consul General at Rabat on the subject of the Gate Taxes in question, under date of April 28, 1934.

This Note states that the conditions in which the Gate Taxes may be applied to foreign ressortissants are laid down in the Convention of Madrid of 1880, and recalls that the Convention of Madrid expressly stipulates that the Gate Taxes, as determined with the approval of the Diplomatic Corps in Tangier in 1881 and in 1896, cannot be increased without the consent of the Powers signatory to the Madrid Convention. It points out, moreover, that the regulations referred to authorized the imposition of the Gate Taxes only upon goods transferred from one Moroccan town to another, or on native produce entering into the towns.

Such being the juridical position, the assent of the British Government, it is stated, is necessary, first in regard to the levy of Gate Taxes, in any form, upon imported merchandise, and secondly to any modification of the rate of the taxes fixed by the regulations accepted by the Diplomatic Corps.

The British Consul General then proceeds to make the statement that the British Government has in no manner abandoned its treaty rights in Morocco and cannot consent to any difference in taxation between imported and local products.

The British Government therefore finds itself obliged to raise the strongest objection to the Gate Tax tariffs recently promulgated, and the British Consul General is instructed to suggest to the Resident General of France the opportuneness of a discussion dealing with all

\(^n\) Parker W. Buhrman, Consul at Casablanca.
the derogations which have been made from the regulations of 1881 and 1896, with a view to reaching an agreement, satisfactory to the local administration, and without discrimination against British imports.

Our treaty position in the premises is identical with that indicated in the above outline of the British Note.

I enclose herewith copy of a communication dated June 5, 1934, which I have consequently addressed to the Resident General of France at Rabat, on the subject of the Gate Taxes in the French Zone, and I have no doubt that the Department will desire me to confirm this Note with a formal protest on its behalf.

The necessity of opposing this series of arbitrary measures on the part of the French Protectorate Government assumes the gravest importance at this juncture, when the French authorities are attempting by every irregular means to break down the régime of economic liberty in Morocco as laid down by the treaties. They realize the firm opposition which they are likely to encounter, on the part of the Powers, to a revision of the treaty Customs régime, and are therefore giving their constant attention to the discovery of devious devices, such as the present, which will enable them to circumvent the treaty safe guards to international trade in Morocco.

The Department's instruction in the matter will be awaited with great interest.

Respectfully yours,

MAXWELL BLAKE

681.003/67

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

No. 811

WASHINGTON, July 24, 1934.

Sir: The receipt is acknowledged of your despatches No. 943 of May 31, 1934, regarding the Dahir of March 31, 1934, imposing consumption taxes on imported wheat and flour; No. 948 of June 7, 1934, regarding legislation concerning "Gate Taxes" in the French Zone of Morocco, derogatory to the Treaties; and No. 952 of June 15, 1934, regarding French testimony to the value of the maintenance by Great Britain and by the United States of their extraterritorial jurisdiction in Morocco. Reference is also made to your No. 944 of June 1, 1934, regarding the modus vivendi between the American Le-

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12 Not printed.
13 No. 952 not printed.
gation at Tangier and the Spanish authorities at Tetuan. Further reference is also made to your No. 923 of March 8, 1934, relating to increase in Moroccan customs tariffs and to other despatches received from Tangier during recent months in which it has been averred that our treaty rights in both the French and Spanish zones of Morocco have been repeatedly violated.

The Department is desirous of obtaining a complete résumé regarding the violations in question for further consideration and possible submission to the Governments of France and Spain, and to this end you are requested to compile and submit to the Department at your earliest convenience a summary of these violations with data in each case, indicating the date of the decree, the effect of the decree, whether or not protests were filed by the American Agency as well as by the agencies of other countries adversely affected, the dates of the filing of such protests, and the substance of the replies thereto and action thereon by the authorities of the French and Spanish Protectorates. Any other information relating to these violations of American treaty rights which you deem pertinent should be included in the summary in digest form. The Department is cognizant of the fact that you have been diligent in supplying it with detailed information regarding the various decrees affecting American treaty rights in Morocco. As indicated heretofore it desires further assistance in the preparation of a digest or brief of this information.

With regard to the request in your No. 944 regarding the breaking down of the modus vivendi between the American Legation and the authorities of the Spanish zone, this matter is receiving the attention of the Department and you will be advised further in the premises.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

681.003/72a

The Secretary of State to the Ambassador in Great Britain
(Bingham)\textsuperscript{15}

No. 505

WASHINGTON, August 3, 1934.

Sir: Recent despatches received from the American Diplomatic Agency at Tangier and from the American Embassy at Madrid would seem to indicate that the French Government is giving serious consideration to the possible modification of the Customs Regime now in effect in the French Protectorate of Morocco. There are rumors that an effort may be made to either abrogate or revise the Act of

\textsuperscript{15} Similar instructions were sent to the Embassies in Belgium (No. 109) and Italy (No. 260) on August 9, 1934.
Algeciras under which the powers signatory and those not signatory to the Act enjoy “open door” commercial privileges in Morocco. It appears also that consideration is being given by the French to the question of the maintenance of extraterritorial jurisdiction in the French Protectorate by the United States and Great Britain.

The reports indicate that the initiative in these undertakings is being taken by M. Ponsot, the French Resident General in Morocco. Several months ago, shortly after assuming the duties of his office, M. Ponsot made a speech in which he expressed dissatisfaction with the Customs Regime in Morocco. More recently the French Resident General visited Madrid ostensibly for the purpose of “selling the idea” to the Spanish. News despatches emanating from Madrid, reported by the American Embassy, indicate that preliminary negotiations looking to the modification of the Customs Regime have been undertaken in London, Rome and Madrid. A news report in El Sol, Madrid, June 26, 1934, regarding the French Mission to London, states that the French viewpoint seems to be that Great Britain is in favor of holding an international conference, either in Madrid or Paris, in which all countries interested in the question of Morocco would be represented and in which the Act of Algeciras should be the subject of discussion. A British expert, it is stated further, will talk with M. Ponsot before actual decision for calling the conference is reached.

Your attention is directed to Section 2 of despatch No. 958 of July 12, 1934, from the Diplomatic Agent at Tangier, regarding an interview with the French Resident General, a copy of which was forwarded to you from Tangier. You will observe Mr. Blake’s statement that in his opinion it is probable that no definite approach will be made to other powers until some agreement has previously been reached with the British Foreign Office after which Belgium and Italy and subsequently the United States will be dealt with.

Despite the frank statements and the unusual activity of M. Ponsot, the French Resident General, regarding the French dissatisfaction with the situation in Morocco, official denial that any movement is under way to revise the Moroccan Customs Regime was made by a high French authority in Paris in May of this year following inquiry by the American Embassy upon instructions from the Department. Presumably, therefore, official confirmation and information relating to the French plans must be obtained from sources other than the French Government. You are requested, therefore, to make discreet inquiries with a view of determining whether the French authorities have taken up with the British Government the proposal looking toward modification of the Customs Regime through revision.

\textsuperscript{16} Not printed.
or abrogation of the Act of Algeciras. Any other information which you may be able to obtain on this subject, including a statement of the British attitude toward the French proposal, will be helpful to the Department in consideration of this question.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

681.008/70

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

No. 897

LONDON, August 17, 1934.

[Received August 24.]

Sir: I have the honor to refer to the Department's instruction No. 505 of August 3, 1934, directing the Embassy to make discreet inquiries with a view to determining whether the French Government has taken up with the British Government any proposal looking toward the modification of the customs régime in French Morocco, through a revision or abrogation of the Act of Algeciras. The Department also instructed the Embassy to send any other information it was able to obtain on the subject, including a statement of the British attitude toward such a proposal.

The matter was discussed with the appropriate official of the Foreign Office, whose remarks were substantially as follows:

Though the Foreign Office had been expecting the French to broach the subject for some time, in view of M. Ponsot's speeches, numerous articles in Moroccan newspapers and occasional informal references to the question by French officials in conversation with the British, it was not brought up officially until the recent Franco-British conversations in London which led to the trade agreement of June 27 last. (See the Embassy's despatch No. 807 of July 5.) ¹¹ The French delegation included an expert on Moroccan affairs, who opened the question by pointing out that French Morocco and Great Britain had a similar problem in Japanese competition, and that they should therefore work together. He then suggested that the British consent to the introduction of import quotas and an increase in the tariff in French Morocco. The British replied that they were willing to agree to these proposals in principle, provided the quotas and tariff increases were satisfactory to Great Britain, but the Foreign Office would of course have to await concrete proposals before reaching a definite decision.

¹¹ Not printed.
As asked whether the French had raised the question of the possible modification or abrogation of the Act of Algeciras in this relation, the Foreign Office official said that it had not been broached, as the French Government doubtless realized, despite Ponsot’s evident desire to modify the Act, that such steps would meet with British opposition. In any event, if and when such a suggestion were made, the Foreign Office official said that it would be vigorously opposed by the British Government.

During the above mentioned conversations, the French stated that they were going to discuss the matter with the other interested parties to the Act of Algeciras. In this relation the Foreign Office official said that the British were glad that the French Government intended to discuss the question with the other interested countries, and that they had so informed the French.

The official also told the Embassy that the British Ambassador in Paris had recently reported that in a talk at the Quai d’Orsay he was informed that the French were going to discuss the subject with the United States Government.

As regards Spain the official said that the Foreign Office assumed that the French had received assurances of Spanish support in return for a promise that France would support any similar proposals relating to Spanish Morocco.

During the course of this conversation with the Embassy, the Foreign Office official said that in his opinion the preamble of the Act of Algeciras, which mentions “economic liberty without any inequality” in Morocco, is imprecise and not satisfactory as a basis upon which to claim the right of prior approval of the French proposals mentioned above. These fears, he said, were personal and quite confidential, and of course had not been conveyed to the French. He added, however, that the Foreign Office felt that it was adequately protected in this respect by its treaty with the Sultan prior to the Act of Algeciras.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

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

No. 682

ROME, August 30, 1934.
[Received September 11.]

Sir: I have the honor to acknowledge the receipt of the Department’s instruction No. 280 of August 9th, regarding rumors which

See footnote 15, p. 844.
are being circulated concerning the possible modification of the Customs Régime in Morocco, and to submit herewith the following résumé of statements which have been made in reply to discreet inquiries on this matter in Rome:

It would appear that, insofar as the Italian Government is concerned, there are two distinct questions affecting Morocco to which it is now giving its consideration. In the first place it is said that the Spanish Government wishes to alter certain customs tariffs in the Spanish zone of Morocco and has approached the Italian Government in that regard. Although the Embassy is not aware of any definite statement to that effect, it would appear that the Italian Government does not view with favor these proposed changes and has or is about to notify the Spanish Government to that effect.

The other question which relates directly to the general question of the equality of trade rights for foreign powers in Morocco is said to have been raised by the French Government. It appears that, on the occasion of the visit to Paris in May of Alberto Asquini, Italian Undersecretary of State for Corporations, he was handed an informal Aide-Mémoire, which bore evidence that it had also been presented in London and which set forth the anxiety which the French Governments feels at the growth of Japanese trade in north and central Africa and the dangers resulting therefrom to the trade of other nations in that territory. This Aide-Mémoire, it is alleged, discusses in the first instance the trade situation as related to the district known as the “Bassin Conventionel du Congo”, which is affected by international agreements including those of St. Germain of 1919, and sounds the possibility of taking steps to defend that territory from the inroads of Japanese imports. This particular problem, in the view of the Italian Government, offers serious complications and has far-reaching ramifications and consequently is not regarded as susceptible of a speedy solution. As regards the special question of foreign trade in Morocco, it is said that the French document proposes that the provisions of the customs régime in Morocco be interpreted in such a way as to permit the establishment of quotas which would result in curtailing the inroads being made by Japanese competition in that territory. On this point, although it is impossible to state the actual course which the Italians will follow, there is an indication that in certain circles it is believed that, in order to permit the establishment of quotas, so large an interpretation of the pertinent provisions would have to be made that the result would be tantamount to a modification of the customs régime, and that the French proposal must be considered in that light. Incidentally, the contention has been made that, as the trade rights of Japan in Morocco are, it is understood, based on

a most-favored-nation clause in the treaty between that country and France, if France now wishes to limit Japan's rights in Morocco it might first apply itself to the alteration of the terms of that treaty. In connection with this entire question, however, it should be noted that the Italian views on the French proposal relating to trade in Morocco are largely a matter of conjecture and that there is no indication that a definite decision has yet been reached in Rome. In fact it is understood that the French Aide-Mémoire is now only in the process of study by the commercial experts here and that not only is there no present inclination on the part of Italy to hasten an expression of views on the basis of the French Aide-Mémoire but it is probable that the matter will remain in temporary abeyance until some occasion presents itself to remove it from the informal status, as evidenced by the document handed to Mr. Asquini, to more regular diplomatic channels.

The Embassy will not fail to continue its discreet inquiries on this subject and will communicate to the Department such corrections or amplifications of the informal statements outlined above as may be obtained.

Respectfully yours,

ALEXANDER KIRK

681.003/75

The Ambassador in Belgium (Morris) to the Secretary of State

No. 246

BRUSSELS, September 4, 1934.

[Received September 15.]

Sr: I have the honor to acknowledge the receipt of the Department's instruction No. 109, of August 9, 1934, requesting the Embassy to make discreet oral inquiries with a view of determining whether the French authorities have made any approach to the Belgian Government regarding the modification of the Customs Régime in Morocco, through revision or abrogation of the Act of Algeciras, or in the absence of any such approach, whether the Belgian Government has in its possession any official confirmation of the French negotiations.

Mr. Sussdorff took up the above matter orally with Viscount de Lantsheere, formerly First Secretary of the Belgian Embassy in Washington, who is now acting as Chef de Cabinet of Mr. Jaspar, Belgian Minister for Foreign Affairs, on September 3. Viscount de Lantsheere stated that the French Government had approached the Belgian Government informally—not officially—concerning a modification of the customs régime in Morocco. The French Government indicated that it would like to institute a number of quotas in Morocco.

20 See footnote 13, p. 844.
21 Louis Sussdorff, Jr., Counselor of Embassy.
and endeavored to argue that quotas would not constitute a violation of the "open door" principle. One of the reasons advanced by the French as an argument for quotas was Japanese competition. Mr. de Lantsheere declared that the Belgian Government did not like the French proposal and gave it a rather cold reception. In conclusion he said that, so far as he knew, there had been no mention of the holding of an international conference either in Madrid or in Paris in which all countries interested in the question of Morocco would be represented and in which the Act of Algeciras would be the subject of discussion. Mr. de Lantsheere did not know anything about the details of the way in which the French Government has approached other interested Governments in the above matter.

Respectfully yours,

DAVE H. MORRIS

681.005/70

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

No. 819

WASHINGTON, September 6, 1934.

Sir: There is enclosed herewith for your information copy of despatch No. 897 of August 17, 1934, received from the Embassy in London in response to the Department's instruction requesting that discreet inquiries be made with a view to determining whether the French Government has taken up with the British Government the matter of the proposed modification of the customs régime in French Morocco, through a revision or abrogation of the Act of Algeciras.

The Department would be pleased to receive your comments upon the statements attributed to the unofficial spokesman of the British Foreign Office. Perhaps it would not be amiss if you should sound out the representative of the British Government in Tangier, obtaining his views upon the subject, refraining from quoting directly the remarks of the representative of the British Foreign Office.

Very truly yours,

FRANCIS B. SAYRE

681.005/82

Memorandum by Mr. Hugh G. Grant of the Division of Western European Affairs to the Under Secretary of State (Phillips)

[WASHINGTON,] October 13, 1934.

A series of despatches received from Mr. Blake, Diplomatic Agent at Tangier, during recent months indicates that France, through her Resident General in Morocco, M. Ponsot, is laying plans for deter-

22 Ante, p. 848.
mined effort to consolidate her position in the Protectorate of Morocco. Mr. Blake is very definitely of the opinion that the French plan to make of Morocco a colonial possession, with all that this implies, i.e., complete commercial domination and monopoly of trade, as well as civil and military control, the latter having already been achieved.

To substantiate his thesis, Mr. Blake has, in a long series of despatches, some of which date back to 1921, cited numerous instances of violations by the French authorities of both the spirit and the letter of the Act of Algeciras and the treaties. From time to time he has filed protests with the French authorities of the Protectorate and in some cases these protests have been followed up by the Department by means of instructions to the Embassy in Paris. The protests for the most part have been ignored or else evasive replies have been made. The so-called “classic case” of the Dahir of June 6, 1929, which prohibited the importation into Morocco of foreign wheat and flour in contravention of specific treaty rights is a case in question. Protest lodged with the French Foreign Minister in Paris remains today unanswered, although an evasive reply, highly unsatisfactory, was made to the American Diplomatic Agent in Morocco, and the Dahir remains in effect today.

The persistent policy of the French Protectorate Government, according to Mr. Blake, is to break down international, economic, and commercial liberty in Morocco, to favor French trade, and particularly to promote the interests of certain French financial groups which seek and have to a large extent obtained exclusive control over the basic and vital industrial and commercial enterprises of the Protectorate.

The French argument, as set forth by M. Ponsot, is that France has made great sacrifices for the internal development of Morocco and that the unfavorable balance of trade in Morocco should be corrected in the interest of Morocco. It is alleged further that “dumping,” particularly by the Japanese, is a menace to Moroccan trade.

In reply to this thesis, it may be pointed out that the French are well compensated for the money they have expended in Morocco by the use of Moroccan troops to help her fight her battles in times of emergency, as for instance in the World War; that the alleged “dumping” cheap merchandise argument is a mere pretext of the French, who seek to obtain the power of monopoly of trade.

Apparently, the “new deal” program in the French Protectorate, mentioned by Ambassador Laboulaye, refers to the French effort to obtain full commercial domination of the Protectorate and at the same time a surrender of the capitulatory rights held by the United States and Great Britain. Certainly such a program would bring to final and complete conclusion the consolidation of French interests in Morocco. With reference to the proposed surrender of capitula-
tory rights, a despatch from Mr. Blake of July 12, 1934,\textsuperscript{24} indicates that this matter was broached by M. Ponsot in a conversation with the Diplomatic Agent. Mr. Blake informed M. Ponsot that he failed to perceive how the American courts were in any way inimical to the full realization of the legitimate aspirations of France in Morocco. It is pointed out further that the abrogation of such rights would involve the necessity of the conclusion of new substitute treaties to embody and confirm the rights under the original treaties, and any special legislation of course would require the advice and consent of the United States Senate. The further point was made that the question of capitulatory rights involved also our relations in the Spanish Zone of Morocco, as well as in the French Zone.

Summarizing, it would appear that the French are at least suggesting concessions of great magnitude from the United States in the French Protectorate and are offering nothing in return.

H[ugh] G. G[rant]

681.003/83

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] October 23, 1934.

During his call this afternoon the French Ambassador\textsuperscript{25} asked me whether I could give him any information regarding our attitude towards the abandonment of capitulatory rights in Morocco; he said that while he was in Paris M. Ponsot had called upon him and given him the distinct impression that Mr. Blake was inclined to favor the relinquishment of these rights. According to M. de Laboulaye, the French are especially interested because of the fact that not all American businesses and business men in Morocco are high class and that troubles arose through the actions and demands of some of the less desirables claiming American protection.

In reply I talked to the Ambassador along the lines of the accompanying memorandum of October 13 and gave as my opinion that M. Ponsot probably had misunderstood Mr. Blake because there was nothing that I had discovered in our records indicating that Mr. Blake was in favor of relinquishment of our rights at the present time; it seemed to me that the French protectorate was asking a great deal and that there was no particular quid pro quo coming to us, to which the Ambassador promptly replied that it would be to our interests to have Japanese imports into Morocco checked. I said

\textsuperscript{24} Not printed.
\textsuperscript{25} André de Laboulaye.
that up to date, at least, we did not appear to be particularly concerned
with the volume of Japanese imports into that country.
I told the Ambassador frankly that I had not fully studied the
situation, nor had I discussed it with officers particularly concerned
with it in the Department and that, therefore, what I was saying to
him was said purely informally and unofficially.

WILLIAM PHILLIPS

681.003/80 : Telegram
The Diplomatic Agent and Consul General at Tangier (Blake) to the
Secretary of State

TANGIER, November 5, 1934—6 p. m.
[Received November 5—2:22 p. m.]

11. Mr. Ponsot, French Resident General at Rabat, has requested me
to visit him within the next few days presumably in connection with
his communication to me enclosed in my number 975 of October 5th,
1934. Would appreciate telegraphic instructions requested in final
paragraph of that despatch.

Strongly advise against transferring discussions from Washington
to Rabat while conversations with other treaty powers are confined to
their Foreign Offices. If Department’s policy not definitely formu-
lated suggest I be instructed to observe noncommittal attitude, and
to inform Mr. Ponsot that all treaty matters must be dealt with in
Washington in view of the important principles involved.

Request permission to use travel allowance on per diem basis.

Blake

681.003/80 : Telegram
The Acting Secretary of State to the Diplomatic Agent and Consul
General at Tangier (Blake)

WASHINGTON, November 6, 1934—6 p. m.

9. Your 11, November 5, 6 p. m. You are authorized to accept M.
Ponsot’s request for interview at Rabat. Transportation and per diem
in accordance travel regulations authorized chargeable transportation
appropriation. It should be made clear to Ponsot, however, that the
conversations are entirely informal and in deference to his request.
The French Ambassador recently made informal oral inquiry about
our attitude toward a revision of the capitulatory and economic regime

26 Not printed.
now in force in Morocco. He was advised that the questions raised by
the French authorities have many angles involving our treaty rights
established with Morocco and in conjunction with other Powers signatory
to the Convention of Madrid and to the Act of Algeciras, and
that therefore this Government is not prepared to make any answer or
discuss the matter except informally and without commitment until
the whole question has been very carefully explored, with the view of
ascertaining whether the French are prepared to develop and offer
substantial and permanent guarantees protecting our economic posi-
tion in Morocco, and what *quid pro quo* they would offer us in return
for the surrender of our present position. You should take a similar
position with M. Ponsot. In connection with future guarantees of our
economic position in Morocco, please ascertain what M. Ponsot has to
say regarding the long series of violations of our treaty rights by the
protectorate authorities over a period of years subsequent to the
recognition of the protectorate by the institution of such measures as
the wheat dahir of 1929. Similarly, how does M. Ponsot reconcile the
proposed customs modification, involving the system of quotas and
licenses for different countries, as indicated in your 975, with the
principle of equal opportunity for all as guaranteed in the treaties?

As we see it, the French are asking us to give up the principle of the
Open Door in favor of a system of contingents and are furthermore
seeking to effect a close bilateral balancing of trade between Morocco
and the United States. Both of these principles are in direct contra-
diction to the theory on which Mr. Hull is basing his commercial pro-
gram. In conversations therefore it is suggested that you attempt to
elicit from Ponsot further information as to his eventual plans making
it clear that the regime he has suggested is not only not an improve-
ment on the present status, as he tries to make it appear, but an actual
repetition and without any guarantees for the future.

Please report fully by despatch and add a brief but accurate state-
ment and appraisal of outstanding, unsettled claims arising from vi-
olutions of our rights since we recognized the French protectorate (refer
to Department’s instruction 811 of July 24, reply to which is awaited).
Please also indicate whether list of claims in your despatch 959 of
July 19 is complete. We should also appreciate your evaluation of
the action which the Protectorate authorities may take irrespective of
our acquiescence in their request for revision. Finally, can you sug-
gest any measures of an economic nature which you feel it would be
in our interest to accept?

PHILLIPS

*Not printed.*
Memorandum by the Chief of the Division of Western European Affairs (Moffat)

[WASHINGTON,] November 9, 1934.

The Netherland Chargé d’Affaires called with reference to Morocco. He said that his Government had received a request from the French Government to consent to a new commercial régime in substitution of that provided for in the Act of Algeciras. We compared notes and found that it was virtually the same proposal that had been put forward here. He asked our attitude and I told him briefly that as we saw it the French were asking us to give up the principle of the Open Door in favor of a system of contingents and were furthermore seeking to effect a close bilateral balancing of trade between Morocco and the United States. Both of these principles were in direct contradiction to the theory on which Mr. Hull was basing his commercial program. In a word we felt that the régime which the French were suggesting was not only not an improvement on the present status, as they tried to make it appear, but an actual retrogression and without any guarantees for the future. I added that we could scarcely believe that this could represent a serious French position and had asked Mr. Blake to find out what was in the back of Ponsot’s mind.

The Chargé told me that our analysis was almost word for word that of his own Government; that as signatories of the Algeciras Conference, they would not accept this new régime and wished to inform us to this effect. They hoped too that we would not modify our position. As a last concession the Dutch would be prepared to agree to allow the Protectorate authorities to raise the tariff rates as a protective measure against cut-throat competition from abroad, provided it were done uniformly to all nations and without any discrimination.

PIERREFONT MOFFAT

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

No. 798

ROME, November 9, 1934. [Received November 22.]

Sir: With reference to my despatch No. 682 of August 30, 1934, concerning the possible modification of the Customs Régime in Morocco, I have the honor to inform the Department that in the course of a recent conversation with an official of the Italian Ministry of Foreign Affairs I was told that the Italian Government has now communicated officially to the French Government its views on the pro-
Proposal submitted in Paris to the Italian Undersecretary of State for Corporations as to the establishment of quotas in connection with imports into Morocco as mentioned in my above-mentioned despatch. These views follow the statement of the probable policy of Italy in regard to this matter as already outlined in that despatch, namely, that the Italian Government considered that the establishment of import quotas affecting trade with Morocco was contrary to the provisions of the Customs Régime and could not be regarded as justified under any interpretation, however liberal, of those provisions. The Italian Government, therefore, believes that if France wishes to take measures to combat Japanese “dumping” of goods in Morocco, some method will have to be found other than a so-called interpretation of the Act of Algeciras.

My informant added that both France and Spain had been adopting measures which were regarded by Italy as in restriction of trade in Morocco and that in each instance the Italian Government had registered a protest against these measures.

Respectfully yours,

ALEXANDER KIRK

681.003/81 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, November 11, 1934—6 p.m.
[Received November 11—5:25 p.m.]

13. Referring to Department’s telegram No. 9, November 6, 6 p.m., Mr. Ponson’s confidential agent on his way to Paris and London called yesterday to make arrangements for my visit to Mr. Ponson, and from preliminary conversations with him it is apparent that there is a desire to ease the situation if a formula can be found with regard to our own economic position in Morocco. Protectorate government in order to provide resources desires to change customs tariffs and Ponson contends Great Britain, Spain and and France are only powers entitled to enjoy an express tariff clause, under their treaties, and that United States or other powers under the Act of Algeciras only retains benefit of most favored nation clause which secures them the advantage of the tariff granted to these three powers at any time.

Ponson inquires whether this argument could be admitted by the American Government.

My view is that it is incompatible with article 123 of Act of Algeciras. Department’s instructions are requested to attitude I am to take in this connection.
Ponsot’s agent first stated that the Protectorate government intended to modify the customs régime on January 1st next but after some argument and in response to my direct inquiry as to whether the Protectorate authorities would attempt to put their program into effect without consultation with the other interested powers he admitted that they would prefer to receive American acquiescence prior to its actual enforcement.

However, in view of the obvious determination on the part of the French authorities to take some action of this kind, a proposal such as the following might deter precipitate action and lead to a basis for a satisfactory solution providing it could be made to conform with Mr. Hull’s policies and would not complicate situation vis-à-vis Japan. Taking into consideration the Department’s request for suggestions as to economic measures which it might be in our interest to accept, may I, with the Department’s approval, in my coming interview with Ponsot, now fixed for Saturday 17th instant, bring up for discussion this tentative proposal, informally and without commitment.

Mean average of principal imports of a number of specified articles during period 1928 to 1933 might be accepted as a basis for the fixation of quotas during a determinate period. Both fixation of period and of quota articles to be subject to unanimous consent of the signatories of the Act of Algeciras. This quota system, if accepted, to be operated under the effective control of the powers signatory of the Act of Algeciras. No changes or extension of the list of quota articles as initially approved would be made without a unanimous decision of these powers, and further, after the expiration of the quota period a reversion would be automatically made to the status quo ante unless there is unanimous consent of the powers for a continuance of the quota system as above defined. Reply urgently requested with instructions.

Bilateral agreements as to reciprocal trade balance to be rejected.

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681.003/87

The Ambassador in Spain (Bowers) to the Secretary of State

No. 559

MADRID, November 13, 1934.

[Received November 30.]

Sir: With reference to my despatch No. 421 of July 2, No. 339 of April 16, and other despatches on the commercial situation in Morocco, as well as to Mr. Blake’s despatch No. 943 of May 31st last, I have the honor to report that the Italian Chargé d’Affaires called on me today to inform me that his Government had protested against the recent

28 Not printed.
imposition of customs duties in the Spanish Zone of Morocco and to ask me that I acquaint the Department of the situation to the end that if it judge it advisable an American protest may also be made.

The Boletín Oficial de la Zona de Protectorado Español en Marruecos (a publication not received by this Embassy), of March 31, 1934, contained a Dahir imposing a consumption tax on wheat and flour. This Dahir—only a copy of which can be enclosed in time for this pouch—establishes an internal consumption tax on imported wheat and flour. Thus a nominally fiscal tax amounts to a protective duty.

On May 3 the Italian Government instructed their Consuls in Spanish Morocco to inform the Governor General, with reference to this Dahir, that Italy reserved her rights.

On July 5 in an extraordinary number of the Moroccan Official Bulletin other so-called consumption taxes, which in reality amounted to tariff duties, were imposed on soy beans, cotton seed, peanut, sesame, linseed, colza and rape oils and similar oils imported into the Spanish Zone of Morocco. A consumption tax was also imposed on rubber, saccharin, alcohol, sugar, gasoline, coffee, tea, wines and ammunition. These taxes constituted "a special importation tax on imported goods"—I will endeavor to secure and forward to the Department a copy of the Official Bulletin in question—.

At this point the Italian Consul at Tetuan was instructed to ask the point of view of his French and British colleagues. The French Consul replied that he considered the taxes legitimate on account of the present economic difficulties in the Zone and stated that they are identical to the measures taken in the French Zone. The British Consul, however, was of the opinion that the taxes violated the Act of Algeciras and suggested to his Government that a protest be made.

The Official Bulletin of August 10 contained a Dahir, a copy of which is enclosed, prohibiting the importation of slippers into the Spanish Zone. This measure was directed against Japan and was similar to a Decree issued in French Morocco, but the Italian and British Consuls in Tetuan protested against it as a violation of the "open door" provided for in the Algeciras Treaty.

Few of the above mentioned Decrees affected Italian trade with Morocco, but the Italian Government, after a close study of the theoretical side of the question, instructed the Embassy at Madrid to make a firm protest and to get in touch with the missions representing the other signatories of the Act of Algeciras in order that they might inform their Governments to the end that all signatories should make a protest about the same time. The Italian Chargé d'Affaires has already communicated the above to his Dutch, Belgian and British

* Enclosure not printed.
colleagues. He has been informed that the British have protested against the Dahirs prohibiting the importation of slippers and that they are considering a protest with regard to the “consumption taxes”.

The Italian Embassy here sent a formal Note to the Spanish Government on November 6th, stating that all the Dahirs mentioned were completely contrary to the spirit and the letter of the Treaty of Algeciras, reserving their rights, and asking the repeal of the taxes in question.

The Italian Chargé d’Affaires is of the opinion that Spain wants a revision of the commercial clauses of the Algeciras Treaty, but intends to bring this revision about by a gnawing policy rather than an open request for revision. He called attention to the fact that most of the Dahirs appeared in an extraordinary number of the Official Bulletin and asserted that this showed a desire to conceal them at least temporarily. He regards all the “consumption taxes” as a disguised form of protection. In conclusion, he stated his hope that if the United States Government decided to protest it would instruct this Embassy to do so by cable in order that the various protests should have an immediate cumulative value. Even so, he was not optimistic as to their effect, but believed that in any event the action should be taken.

I am sending a copy of this despatch to our Diplomatic Agent at Tangier with the suggestion that he should forward his comments thereon directly to the Department.

Respectfully yours,

Claude G. Bowers

681.003/51 : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

Washington, November 14, 1924—6 p.m.

11. Your 13, November 11, 6 p.m. Department desires to reaffirm position taken in telegram number 9 of November 6, 6 p.m., particularly emphasizing paragraph 2 to the effect that the French, as we see it, are asking us to give up the principle of the open door in favor of a system of contingents, and will seek to effect a close bilateral balancing of trade between Morocco and the United States.

With respect to Ponsot’s inquiry regarding our attitude as to the alleged express tariff clause enjoyed by Great Britain, Spain and France, this Government sees nothing to be gained at this stage by entering into a discussion of the various treaties and conventions which form the basis of our commercial rights in Morocco.

We have given careful consideration to your suggestion regarding quotas. Quota systems are inherently discriminatory and the insti-
tution of such a system in Morocco would in all probability constitute a violation of the principle of commercial equality in Morocco as guaranteed in the treaties. In lieu thereof we would rather see, in case some modification of the present regime becomes necessary, a reasonable increase in the customs rates for revenue purposes, provided the rates were uniform, void of discrimination and agreed to by the powers signatory to the Act of Algeciras.

For your confidential information the Netherland Chargé d’Affaires has advised the Department that his Government, as a signatory of the Algeciras Convention, would not accept the new regime proposed by the French, and indicated that they would agree only to a uniform raise in tariff rates as a last concession.

In your conversations it is suggested that you discreetly intimate to Ponsot that this meeting was arranged by him, and that you are desirous of receiving full information for your Government regarding the eventual plans of the French in Morocco.

HULL

681.003/70: Telegram

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

WASHINGTON, November 14, 1934—6 p.m.

407. Please refer to your 897 of August 17, regarding the possible modification of the customs regime in French Morocco, and make further discreet inquiries with the view of ascertaining the present official British attitude towards the proposed new regime in Morocco, as advanced by the French, involving radical changes in the customs system as well as the surrender of capitulations by the United States and Great Britain.

You may advise the British discreetly and unofficially that as we understand the French proposal they are asking us to give up the principle of the open door in favor of a system of contingents, and furthermore they are seeking to establish a system of close bilateral balancing of trade. Both proposals would seem to be in direct contradiction to the principle of commercial equality for all nations in Morocco as guaranteed in the treaties. Please cable your reply.

HULL

681.003/81: Telegram

The Acting Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, November 16, 1934—6 p.m.

12. Supplementing Department’s No. 11, November 14, 6 p.m., in connection with statement in third paragraph to the effect that we
would rather see, in case some modification of the present regime becomes necessary, a reasonable increase in the customs rates for revenue purposes, et cetera, it is suggested that you call Ponsot’s particular attention to the customs situation existing at Casablanca as reported in letter of June 4, 1934, addressed to you from Buhrman,¹¹ in which it is alleged that some American merchandise imported into Morocco is paying as much as 50 percent duty as a result of alleged arbitrary assessments by the Protectorate customs officials. It should be made clear to Ponsot that any consideration by this Government of an increase in the customs rates would be contingent upon cessation of such practices.

PHILLIPS

681.008/78: Telegram

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

LONDON, November 20, 1934—9 p.m.
[Received November 20—6:42 p.m.]

597. Reference Department’s telegram No. 407, November 14, 6 p.m., regarding possible modification of the customs union in French Morocco. The sense of that telegram was conveyed orally to the Foreign Office which informed the Embassy as follows:

1. The French had made no inquiries of the British since those reported in my despatch 897 of August 17th last.

2. The Foreign Office reiterated its belief that the British feel adequately protected under their treaty of 1856 with the Sultan which, though it does not mention quotas, is very specific on the raising of tariffs; but regard the protection afforded by the preamble of the Act of Algeciras as nebulous (see last paragraph of my despatch under reference). The Foreign Office added, as an example, that the Act would probably not be interpreted as a definite obligation on the part of France to maintain the open door should the case be referred to The Hague Court.

3. The British are still awaiting concrete proposals on quotas and increased tariffs, which they understand would be only on a small list of, and aimed primarily at curtailing Japanese trade in, certain commodities. The Foreign Office thought that this was a principal, immediate, actuating motive, but the list of articles would doubtless also include articles with a view to favoring French trade. Until the proposals are made, the Foreign Office thought it was impossible to

¹¹ Parker W. Buhrman, Consul at Casablanca.
¹² British and Foreign State Papers, vol. xlvi, p. 188.
form an opinion as to whether the French were endeavoring to go as far as closing the open door, though it realized they would of course like to do so if they could.

4. Should French proposals for quotas and increased tariffs prove satisfactory, the British would be prepared to agree to them on the explicit stipulation that British treaty rights were in no way altered. The Foreign Office pointed out that, just as the original 10 per cent tariff was raised to 12½ per cent by agreement, further alterations might be made without impairing treaty rights.

5. The Foreign Office believed that the French were going to do something and that it would be difficult to stop them altogether. It felt therefore that, provided the French demands were not excessive, it might even be advantageous to all interested powers to make some concessions in this relation, provided such concessions were coupled with a reassertion of the general principle of equal opportunity, as most of the treaties were very old and conditions had greatly changed since they were negotiated and, as stated above, in the case of the Act of Algeciras this principle was not clearly asserted. The Foreign Office assumed, of course, that all powers would seek a *quid pro quo* and the results would depend on their success in bargaining.

6. The Foreign Office had recently been approached by the Italians and the Dutch, who were informed in the foregoing sense. The Italians had been consulted by the French and the Foreign Office here thought they were not unfavorably disposed toward discussing the question. The Foreign Office believed the Dutch and Swedish Governments had not been consulted by the French but assumed the Belgians and Spanish had.

7. The Foreign Office said it was not aware that the French are seeking to establish a system of close bilateral balancing of trade, and until the French made specific proposals it would be impossible to form an opinion on this point.

8. The Foreign Office said the question of the renunciation of capitulations by the British had not been raised and it was not even considering the question in this connection.

9. The Foreign Office said it would be grateful if it might be kept informed of any conversations in this relation between the American and French Governments.

10. The Embassy obtained the impression that the French argument concerning curtailment of Japanese trade, mentioned in paragraph 3 above, had been largely accepted by the Foreign Office as genuine and with sympathy.

BINGHAM
The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

[Extracts]

No. 993

TANGIER, November 23, 1934.

[Received December 13.]

Sir: I have the honor to transmit to the Department herewith a report of my conversations with Mr. Ponsot, the Resident General of France in Morocco, on the subject of changes which the French Government is desirous of bringing to the régime as at present established in Morocco under the treaties with the Shereefian Empire.

As had been previously arranged, my interview with Mr. Ponsot was fixed for Saturday, November 17, at Rabat. . .

I then entered upon the subject matter proper of our interview and Mr. Ponsot listened, without interrupting, to my statement which was in substance as follows:—

My Government has authorized me to accept Your Excellency’s invitation for an interview at Rabat, in response to which I am happy to find myself with Your Excellency to-day.

I am instructed to make it clear to Your Excellency however that our conversations are entirely informal and take place at Your Excellency’s request.

Recently the French Ambassador made informal oral inquiries concerning the attitude of my Government towards a possible revision of the economic régime in Morocco and also touched upon other matters connected with our position in the Shereefian Empire under the treaties.

He was informed by the Department of State that in its opinion the questions presented by Mr. Ponsot on behalf of the Franco-Shereefian authorities have many angles touching our rights under the treaties established with Morocco, and also in association with other Powers signatory both to the Convention of Madrid and to the act of Algeciras.

In the circumstances therefore the Government of the United States is not prepared to make any answer, or even to discuss the matter, except informally, and certainly without commitments, until such time as the entire question raised has been very carefully explored for the purpose of ascertaining whether the Franco-Shereefian authorities are prepared to set forth and to offer substantial and permanent guarantees protecting our economic position in Morocco, and what is the precise nature of the quid pro quo which the Protectorate Government desires to offer for the surrender of our capitulatory rights. It would not
seem conceivable, within the terms of the Moroccan treaties, that a quid pro quo could consist in the offer to the United States of any advantages in Morocco where all Powers can claim equality of treatment under the treaties.

I would be pleased also to ascertain from Mr. Ponsot the nature of his observations regarding the long series of violations of our treaty rights by the Protectorate authorities extending over a very long period of years which has followed the recognition of the French Protectorate by the United States, such for instance as the wheat Dahir and numerous other Dahirs, a list of which can be presented to His Excellency at any time upon request.

Also I would desire to inquire how Mr. Ponsot can reconcile the proposed Customs modifications which involve a system of quotas and licenses, for different countries with the principle of equal opportunity for all as provided for by the Act of Algeciras.

From the point of view of my Government it would seem that the Franco-Sheerfan authorities are asking us in fact to give up the principle of the open door in favor of a system of contingents and are seeking at the same time to bring about a close bilateral balancing of trade between Morocco and the United States.

I may state for Your Excellency’s information that both these principles are diametrically opposed to the theories on which the Secretary of State is basing his commercial program.

The quota system is inherently discriminatory and the setting up of such a system in Morocco could not but inevitably constitute a violation of the principle of commercial liberty and equality as guaranteed in the treaties.

It seems very clear therefore that the régime which is now being suggested is in no way an improvement on the present state of affairs, but constitutes in fact an actual retrogression, and this without any guarantees for the future.

I believe that my Government might be prepared to envisage a reasonable increase in the Customs rates, for the purposes of revenue, on the understanding that the rates were to be uniform in character, void of discrimination, and that they were agreed to by the Powers signatory to the Act of Algeciras.

Reverting to Mr. Ponsot’s Note to me in which he raised the inquiry as to our attitude in reference to the alleged express tariff clause enjoyed by Great Britain, Spain and France in Morocco, my Government sees nothing to be gained by embarking upon a discussion of the various treaties and conventions of our commercial rights in Morocco, at this time.

I am therefore not authorized to discuss this question. Since however Mr. Coursier pressed me to indicate my own personal view of
the position, which has no doubt been made known to Your Excellency by him, I can but reiterate my opinion as expressed to him, in the following sense:—

The proposals put forward in the French Note enclosed in the communication addressed to me by Mr. Ponsot, from Paris, under date of August 6th, 1934, are entirely unacceptable as a basis of discussion.

It would seem difficult to give consideration to any proposition which presupposes the theory that the rights of the United States in Morocco under the treaties have been impaired in any degree, by subsequent developments, or as the result of any subsequent arrangements to which the United States was not a party or to which it has not formally adhered.

How could the American Government therefore accept the contention that the French, or the Protectorate Government, is in a position to deny the United States full enjoyment of any of its existing treaty rights in Morocco, or to subject the retention of some of these rights to the surrender of others? Such surrender can result only from voluntary action on the part of the United States, under conditions which it might deem to be acceptable.

It is undeniable that the Moroccan treaties define the economic, commercial and Customs régimes which govern the rights and interests in the Shereesian Empire of every cosignatory of the Act of Algeciras, including the United States and France, and no modification of those régimes can become operative as regards the United States, without its assent.

This review of the situation will, I believe, clearly set forth to Mr. Ponsot the general information which he is seeking through my intermediary. On my side in turn, as I have come to Rabat at the solicitation of Mr. Ponsot, I naturally am desirous of receiving the fullest information which he can give me for the use of my Government with respect to the eventual plans of his Moroccan administration.

In pursuance of supplementary instructions contained in the Department’s No. 12 of November 16th, 6 p. m., which was telephoned from Tangier to me at Rabat, I also made it clear to Mr. Ponsot in the course of my conversation with him, that any eventual assent that the Department might consider giving to an increase in Customs duties, will be contingent upon a cessation of the abusive practices of the Moroccan Customs Administration with regard to the assessment of duties on imported American goods. I also availed myself of the opportunity to reiterate and to re-emphasize these conditions to Mr. Ponsot in a Note which I addressed to him the following day from Tangier, calling upon him for redress in regard to similar fresh abuses that had recently occurred, and had just been reported to me by the American Consul in Casablanca, with whom during my sojourn in Rabat and Casablanca I held several interesting conferences.
Mr. Ponsot seemed deeply absorbed by the observations I had made, but expressed regret that he was unable to give an answer, off hand, to the various points which I had touched upon. He said, however, he would give them his careful consideration and would endeavor to supply me with all the information I had sought, as soon as it was possible for him to do so.

At this juncture I asked him if he would explain,—even though I might not have the power to carry my own convictions to the extent of his expectations—just what was in fact the nature of his program, which it seemed difficult for me to define out of all the conflicting information concerning it, which had so far been available to me. I added that I would like for him to indicate also what were the precise methods of approach he had adopted vis-à-vis the Powers in his endeavor to reach a solution of his problem.

Mr. Ponsot responded by stating substantially as follows:—

The Act of Algeciras confirmed all the previous treaties in so far as they were not in conflict with the provisions of the Act itself; in such case the terms of the latter prevailed.

There was nothing in the French, Spanish or British Treaties regarding the tariff regime which was contrary to the Act of Algeciras and consequently France was bound by the clauses of those Treaties. In 1904 however the “Entente Cordiale” between France and Great Britain, with respect to Morocco and Egypt, provided, inter alia, that there would be no changes in the customs regime in those countries for a period of 30 years.38

Now that this stipulated period has elapsed, France felt herself free to take up with Great Britain and the other Powers having tariff clauses in their treaties, the question of a general revision of the customs duties.

It was Mr. Ponsot’s contention that, if an agreement could be reached with those powers, none of the other signatories of the Act of Algeciras could object, so long as any tariff arrangements made between France, Great Britain and Spain in this connection were applied to them on a basis of equality.

Thus, in the negotiations which he had carried out, he felt it legitimate to approach the Powers separately since the interests of all were not identical.

When the proposition was presented to Italy, the Italians raised objections, and the French replied to the effect that regardless of the Italian point of view, the French maintained their own position, and if Italy had been consulted, it had been merely on the grounds of courtesy.

A similar reply, in Mr. Ponsot’s opinion, would be warranted to all other signatories of the Act of Algeciras, except Great Britain. He was omitting mention of Spain, he said, in this connection since Spain was a party in interests with France, and in pursuit of the same objectives.

I then remarked that, from what Mr. Ponsot had said, it might be inferred that the key to the whole Moroccan problem, in so far as he envisaged it with respect to customs clauses, lies in the hands of Great Britain, and he affirmed that such was his view.

I then asked him if it were true, as Mr. Coursier had informed me, that Great Britain had accepted the quota system for Morocco, and much to my astonishment, Mr. Ponsot replied that there had been no definite understanding reached on the subject as yet. He volunteered the information however that it was Great Britain herself that had originally suggested a Moroccan quota regime. He went on to explain that formerly the British were stoutly opposed to the quota system, but that domestic conditions in England had brought about the adoption of the system there and Mr. Ponsot had taken full advantage of these changed circumstances, in the present negotiations.

The reason, he said, why the British desired to see a quota system established in Morocco was because they wished to retrieve their cotton goods trade, now lost to Japan, and that contingents provided the only means by which their object could be attained; a mere all round increase in tariff rates obviously being ineffectual in the circumstances.

I then asked Mr. Ponsot if it was indeed the intention of the Protectorate Government to enforce a revised customs regime as from January 1, 1935, but I was assured by his reply that there was no intention to do this until the scheme had been worked out and approved in the proper quarters.

I then asked Mr. Ponsot if he could explain to me what *quid pro quo* he had to offer for the surrender of our capitulatory regime, and I inferred from what he said that there was no form of *quid pro quo* which could be given in Morocco because of the equality treatment clause in the treaties, but he made no suggestion of a *quid pro quo* in any other direction.

I had already been with Mr. Ponsot for some two hours, and as I gathered the impression that the subject matter of our interview could not be further pursued in useful directions, I arose to take my departure.

Respectfully yours, 

MAXWELL BLAKE
The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 997

TANGIER, December 7, 1934.
[Received December 26.]

Sir: I have the honor to communicate to the Department the following information, derived from absolutely reliable and trustworthy sources, regarding the Franco-British conversations relative to a revision of the economic régime in Morocco.

The French have now definitely approached the British Foreign Office in regard to a system of quotas, and that office consulted the Board of Trade. The latter (apparently under the pressure of the Manchester cotton goods interests) said they desired something to be done in this direction. The Foreign Office does not wish to see any impairment of the Moroccan treaties, but entertains the apprehension that in an eventual appeal on the matter to The Hague, some adjustment of the Moroccan economic régime, such as the French are claiming, might not be denied, on the grounds, among others, of deference to Shereefian Sovereignty.

It is indeed difficult to imagine by what process of logic the British Foreign Office appears to be led to these conclusions, but since such is the case, it seems extremely probable that it may acquiesce in some compromise agreement with the French, involving a theoretical safeguard of the Treaty provisions, but which in effect, will impair the full application in practice of the principle of economic liberty without any inequality in the Shereefian Empire.

Some such transactional arrangement may possibly be envisaged, and accepted by the British Foreign Office, as the limited quota system outlined in my Telegram No. 13 of November 11th, 6 p.m.

At all events it would not seem possible to overlook this eventuality, and our consequent confrontation with a “fait accompli.”

The Department will judge what action, if any, may be necessary in the circumstances.

Respectfully yours,

MAXWELL BLAKE

681.003/87: Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, December 7, 1934—4 p.m.

13. Department assumes that you have forwarded full report regarding conversation with Ponsot on November 17 and in meantime would appreciate receiving brief summary by cable. Despatch 559,
November 13, from Embassy at Madrid, copy of which was forwarded to you, indicates possible serious encroachments on trade in a number of commodities in form of consumption taxes which have been or are about to be instituted in the Spanish Zone. Please ascertain and indicate in your cable whether or not any formal protests have been filed with the Spanish authorities by the British, Italian or any other Governments and also indicate if you have included in the memorandum to be filed with the Embassy at Madrid reference to the application of the consumption taxes outlined in the above despatch. Please indicate also in your cable statement regarding possible effect upon American trade by these taxes on the commodities listed in the despatch referred to above.

In the light of your recent conversation with Ponsot please also indicate your views regarding the recommendation of Consul Hopper in despatch No. 17 of November 16 that direct representations be made to the French Government with respect to the discriminatory treatment by customs administration at Casablanca.

HULL

681.003/00 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, December 8, 1934—5 p.m.
[Received December 8—3:25 p.m.]

15. Department’s telegram No. 13, December 7, 4 p.m. Full report my conversation with Ponsot sent by pouch November 24, probably now in Department’s hands.

Consumption taxes Spanish Zone reported upon at length in my No. 995, November 30, sent in pouch December 1, copy mailed Madrid.

Formal protests filed in Tetuan and Madrid by Italy and Great Britain protests filed in Tetuan by Holland and Belgium.

Consumption and other taxes on flour and wheat exterminate possibility American trade. Other taxes discriminate between imported and domestic products and constitute potential danger of complete destruction of open market.

Project of budget French Zone for 1935 bases revenue on increased customs tariff and complete modification of clauses of Act of Alg觊iras regarding assessment of dutiable values. Department might deem time now opportune make direct representations to French Gov-

*George D. Hopper, Consul at Casablanca.
*Not printed.
erment on entire situation since my latest information indicates danger we may be confronted by Franco-British agreement on quotas and tariff revision as accomplished fact.

BLAKE

GS1.008/111

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1002 TANGIER, December 14, 1934. [Received December 31.]

Sir: In reference to instruction No. 811 of July 24, 1934, I have the honor to transmit herewith a recapitulatory digest of violations of the Moroccan treaties by the French Protectorate Government or authorities, which have been the object of representations by this Diplomatic Agency on behalf of the Government of the United States.

Our complaints against the Franco-Shereefian Authorities fall into two categories (1) claims arising from violence to elementary principles of justice, and (2) violation of our conventional rights under the Moroccan treaties.

The first class of claims, involving the invasion of property rights, or the confiscation of property of individual American ressortissants, have been the object of separate representations to the French Resident General, and a précis of each of these claims was transmitted to the Department under cover of my No. 959 of July 19, 1934.\(^2\)

As a result of my representations to Mr. Ponsot, (see my No. 958 of July 12, 1934, page 12\(^3\)), directions have been given to the Protectorate Government Bureaus concerned to resume consideration of the claims, and, under my authority and instructions, the American Consul at Casablanca is now taking up these matters with the Bureau chiefs at Rabat. His reports of his initial contacts suggest that there are prospects of eventual settlement. The Department will be promptly informed of whatever developments occur in this direction.

The present despatch is concerned with complaints of the second category, namely, violations of American conventional rights under the Moroccan treaties.

These complaints are recapitulated on the annexed schedules,\(^4\) which set forth the available data in each case, in accordance with the specific indications of the Department's instruction above mentioned.

The questions herein reviewed, fall under the following subdivisions:

\(^{2}\) Not printed.
\(^{3}\) None printed.
VIOLATIONS OF THE ACT OF ALGECIRAS

1. Regarding the granting of concessions. (See pages 1, 2 & 13 of annexed schedule).
2. Regarding the letting of contracts for public works and supplies. (See pages 2, 6 and 13 of annexed schedule).
3. Discriminatory legislation disregarding principle of economic equality. (See pages 5, 7 and 8 of annexed schedule).
5. Arbitrary assessment of dutiable value of imports in disregard of Articles 95 and 85 of Act of Algeciras. (See pages 10, 12 and 18 of annexed schedule).

VIOLATIONS OF SPIRIT OF ACT OF ALGECIRAS AND OF SPECIFIC PROVISIONS OF ANTErior TREATIES

6. Violation of liberty of private concerns in conduct of their business affairs. (See page 17 of annexed schedule).
7. Arbitrary restriction to trade and enterprise. (See pages 4, 11, 14, 16 and 19 of annexed schedule).
8. Innovations in taxation imposed on American ressortissants without previous consent of American Government. (See pages 3 and 5 of annexed schedule).

With the exception of item 4, under the heading “Violations of the Act of Algeciras,” all questions noted in the above list involve important principles, the failure to maintain which will inevitably and rapidly lead to the practical extinction of American rights to participate in the trade and economic activities of Morocco.

American rights and interests aggrieved by the action of the Protectorate Government, in the connections referred to, find no protection from the normal operations of American capitationary powers in Morocco. This is obvious in such matters as the violation of the provisions of the Act of Algeciras concerning granting of concessions and of the letting of contracts for public works, and the application of discriminatory rebates on railroad and dock tariffs, in favor of locally manufactured articles.

In regard to other matters, such as the prohibition to import wheat and other cereals, and the arbitrary assessment of excessive import duties, the Moroccan Customs Authorities have material possession of the goods of American ressortissants, and refuse to deliver these, unless compliance is made with the arbitrary and illegal conditions imposed.

Again, in the matter of automobile taxation, which discriminates against American cars, American nationals or protégés owning American cars might be exempted from the taxation under the capitulatory regime, but this protection could not extend to the much greater number of non-American owners or would-be purchasers of American
cars. These are the circumstances which make it so important to resist the discriminatory principles of the Moroccan automobile taxation, not for the protection of the few local American owners of American cars, but to safeguard the rights and opportunities in the Moroccan market, as a whole, of American automobile manufacturers.

On the other hand, however (and this point should be given the emphasis which its importance deserves), there are many instances in which extraterritorial jurisdiction affords the only safeguard for the maintenance of essential treaty rights. This becomes clear from the reservations with which the Department found it necessary to accompany its assent to Moroccan legislation, or to refuse entirely to allow American ressortissants to be subjected to certain Protecorate laws.

Some of these instances are recalled hereunder:

1. Law requiring commercial representatives to obtain from the local authorities special identity cards. (Dahir of May 7, 1920)
   Refusal to assent to this law, which would subject American commercial travelers to useless and vexatious control.

2. Obligatory pilotage service at Casablanca. (Dahir of March 20, 1920.)
   Reservation: Without prejudice to provisions of Article 89[197] of American-Moroccan Treaty of 1836 that no American vessel shall be detained in port under any pretext whatever. 50

3. Law governing activities of goods brokers and of marine brokers. (Dahir of April 15, 1924)
   Legislation aimed at confining these activities to French nominees.
   Reservations:
   1. Without prejudice to Article XV of American-Moroccan Treaty of 1836 allowing merchants to employ interpreters and such other persons as they shall think proper, in the conduct of their business.
   2. Lack of endorsement by six members of French Chamber of Commerce, and lack of knowledge of French, shall not invalidate eligibility of American ressortissants to exercise profession of broker.
   (N. B. French Resident General complained that these reservations rendered the law nugatory in regard to American ressortissants. Reservations maintained.)

4. Law on obligatory registration of traders. (Dahir of September 1, 1926)
   Refusal to assent to this inquisitorial regulation which, moreover, purported to place under French control dissemination of information regarding American firms operating in French Morocco.

5. "Patente Tax." (Dahir of December 13, 1929)
   Reservation: Excepting American ressortissants from payment of additional tenths for support of French and Native Chambers of Commerce, American ressortissants being excluded from membership of these bodies.

50 Malloy, Treaties, Conventions, etc., 1776-1909, vol. i, p. 1212.
6. Law involving disturbance in commercial activities by periodical requisition of motor vehicles and animals for military purposes. (Dahir of December 2 & 5, 1929)
   Refusal to assent to application of these regulations to American ressortissants.

7. Law prohibiting entrance of workmen into French Zone, or their engagement by local concerns without prior assent of Protectorate authorities and prior visa of the contracts of employment involved. (Dahir of October 20, 1931)
   Refusal to assent to the law.

8. Regulations governing privately owned radio sets in French Zone of Morocco. (Vizirial Decree of July 11, 1931)
   Refusal to allow seizure of private installations, on pretext of military measures or general interest of public security. Emergency conditions invoked for such measures to be previously submitted to consideration of American Government.

9. Law for repression of fraudulent activities on part of forwarding agents and persons engaged in customs clearance operations. (Dahir of September 15, 1932)
   Reservations:
   1. Inspection of documents and books of American concerns to be made only with prior assent and through intermediary of American Consul.
   2. Refusal to recognize powers of an ad hoc Commission to prohibit access to premises of Customs House.
   10. Law regulating operation of public passenger transportation by motor vehicle. (Dahir of February 6, 1933)
       Refusal to assent to the law because it gave to a “Transport Commission” arbitrary powers in regard to the granting or refusal of licenses for such enterprise, on considerations of desirability of further competition on lines involved.

This legislation was enacted with the object of giving a virtually exclusive concession for motor transportation in the French Zone, to a French concern in which French motor car and automobile equipment manufacturers, and former high functionaries of the Protectorate, are the principal shareholders.

The pernicious object of this monopoly concern is to control the Moroccan market for automobiles and equipment, and thus restrict the freedom of competition on the part of American interests.

Freedom maintained for American ressortissants to engage in these enterprises, subject to the observance by them of conditions securing safety of passengers, and adequate obligatory insurance to cover contingent responsibilities of the concern.

A further Dahir, with the same objectionable provisions, favoring the same interests, was subsequently issued in regard to motor transport of merchandise.

In view, no doubt, of the refusal of the Department to assent to the Dahir on motor vehicle passenger transport, the Protectorate Government has not applied for the Department’s assent to the Dahir on motor vehicle transportation for goods.

11. Law imposing abusive restrictions upon development and sale of real property in urban districts. (Dahir of June 14, 1933)
Refusal to apply the regulation to American ressortissants, and stating that "expropriation" measures concerning property of American ressortissants continued to be governed by the provisions in that regard of the Act of Algeciras.

It is obvious that but for the existence of our capitulatory privileges, the legitimate activities of American traders and concerns operating in Morocco, would find no protection against such samples of the arbitrary measures of the Protectorate legislation, as those above cited, to which the Department has refused to subscribe.

It is in view of such circumstances, my British colleagues inform me, that they consider the surrender of the capitulations by the British Government as a remote contingency, since British trade and interests in Morocco, without this safeguard, would inevitably suffer extinction under the cumulative force of attrition of ingenious legislative and procedural devices, in which the French administrative mind is so peculiarly fertile.

The situation, and complaints against the Administration, in the Spanish Zone of Morocco, will be treated in a separate despatch, which will be now taken in hand and will go forward without delay.

Respectfully yours,

Maxwell Blake

The Secretary of State to the Ambassador in Spain (Bowers)

WASHINGTON, December 15, 1934—2 p. m.

65. In re your despatch 559, November 13, and Tangier's 943, May 31, copy of which was forwarded to the Embassy, regarding imposition by the Spanish authorities in Morocco of new taxes on imported goods, you are requested to confer with the appropriate authorities of the Spanish Government, and make formal protest against the levying of consumption taxes which constitute "a special importation tax on imported goods" on wheat, flour and other commodities imported into the Spanish Zone of Morocco as listed in your 559, on the ground that this levy discriminates between imported and domestic products and constitutes a potential danger of complete destruction of the open market, which is a violation of the treaties and of the Act of Algeciras.

You are requested also to bring forcibly to the attention of the Spanish authorities the conditions inimical to the interests of the United States in the Spanish Zone, as reported by Blake in his 944, June 1, copy of which was forwarded to the Embassy, in which it

6 Despatch No. 1007, December 27, not printed.
7 Not printed.
is averred that there have been violations of the treaties in the Spanish Zone, disregard of commercial liberty and abusive treatment by the local Spanish authorities of the interests and persons of American protégés, threatening of trial and imprisonment of American ressortis-
sants, the placing of embargoes on their effects, and the closing of their establishments, which is in violation of American extraterritorial jurisdiction.

In the light of the breaking down of the modus vivendi between the United States and Spain in the Spanish Zone, as reported by Blake in his 909 of January 28,\(^{41}\) copy of which was forwarded to the Embassy, you are also requested to call upon the Spanish Government to define its position in regard to a correction of the present situation through settlement of the outstanding American claims and recognition of the Spanish Zone of Morocco by this Government, as agreed upon by the two governments in 1928.\(^{42}\)

In the light of the recent French proposal for a complete modification of the customs regime in Morocco, which confidentially we are advised on good authority are receiving the blessing of the Spanish Government, and which ostensibly would be made applicable to the Spanish as well as the French Zone, you are requested to discreetly inform the Spanish authorities that, as we see it, the proposed plan would substitute for the principle of the open door a system of contingents, that quota systems are inherently discriminatory and the institution of such a system in Morocco would constitute a violation of the principle of commercial equality in the whole of Morocco as guaranteed in the treaties.

Please cable brief summary of the Spanish attitude as revealed in your conversations with the authorities, submitting complete report by pouch.

HULL

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681.003/90: Telegram

The Secretary of State to the Ambassador in France (Straus)

WASHINGTON, December 17, 1934—6 p. m.

500. Statements made by Laboulaye in recent conversations with Phillips and despatches and telegrams from Blake at Tangier indicate France may be preparing to put into effect after January 1, 1935, complete new customs regime in Morocco which, as we see it, from the information at hand, would constitute violation of the principle of commercial liberty as guaranteed in the treaties, and a serious threat

\(^{41}\) Not printed.

to our trade with that country. You are requested to advise the Ministry for Foreign Affairs that this Government has some representations to make with respect to the French proposals and that these views are outlined in a despatch which is being sent by pouch tomorrow (Tuesday).

Hull

681.003/90

The Secretary of State to the Ambassador in France (Straus)

No. 669 [WASHINGTON,] December 18, 1934.

Sir: You are requested to confer with the Ministry for Foreign Affairs and state that this Government views with serious concern the threat to economic equality in Morocco as a result of certain administrative measures relating to customs already made effective by the Protectorate authorities and through the proposed establishment of a new customs regime which, as reported by the American Diplomatic Agent at Tangier, following a conference at Rabat with M. Ponsot, would involve a system of quotas as well as complete modification of clauses of the Act of Algeciras regarding assessment of dutiable values.

In regard to the administrative measures already in effect you may state that this Government has been apprised by its representatives in Morocco of an apparent persistent policy of the Protectorate Government, pursued during a considerable period, to break down through discriminatory dahirs and other measures international economic and commercial liberty in Morocco in favor of French trade, in violation of the Act of Algeciras and of the treaties. A long list of complaints based on treatment derogatory to American interests, many of which have been filed with the Protectorate authorities, could be cited. At the important port of Casablanca, for instance, it may be pointed out, a customs regime has been in force for some time under which arbitrary assessments of the duties on imports have been placed on value far in excess of the real value of the merchandise, increases running as high as 200 to 300 per cent.

With respect to the new proposals as enunciated by M. Ponsot, you may say to the French that this Government believes that quota systems are inherently discriminatory and that the establishment of such a system in Morocco would not only strike at the heart of the principle of commercial equality as guaranteed in the treaties and conventions regarding Morocco, but it would constitute the establishment of new trade barriers against nations at the very moment when the nations are seeking to formulate policies which are calculated to remove excessive
restrictions with the view of encouraging the fullest volume of mutually profitable trade.

You may in your discretion state further that, as we interpret the situation, if a modification of the customs regime should become necessary in the interest of Morocco, a possible solution would be a reasonable increase in customs duties, uniform, void of discrimination in their application and agreed to by all the powers signatory to the Act of Algeciras, which for twenty-eight years has been generally regarded as the basis of an economic regime, the cornerstone of which has been economic equality for all nations. Furthermore, you should call to the attention of the French that in the declarations, treaties and conventions relating to the establishment and administration of the French Protectorate, the principle of "commercial equality" is asserted and reiterated over and over again by the French Government. For example, in the Franco-British accord of 1904, it is asserted in Article 4 that the two governments being equally attached to the principle of commercial liberty declare they will not countenance any inequality either in imposition of customs duties or other taxes, and in the secret articles of the same date which, among other things, recognized the Spanish sphere of influence, it was stipulated that Article 4, cited above, regarding commercial liberty, should remain intact, even though force of circumstances compel France and Great Britain to modify their policy in respect to Morocco and Egypt. At the International Conference of Algeciras, which was called in 1906 for the purpose of defining the position of the powers in Morocco, the plenipotentiaries of twelve nations, including the United States, placed in the preamble to the Act of Algeciras the assertion of "economic liberty without any inequality".

In the Franco-German convention of 1911, which actually paved the way for the establishment of the French Protectorate in Morocco, Germany receiving concessions in the Congo, France declared she was firmly attached to the principle of commercial liberty, and would not countenance inequality either in the establishment of customs duties, imports and other taxes, and would use its good offices with the Moroccan Government in order to prevent differential treatment between the citizens of the different powers, and would especially oppose any step which might reduce the merchandise of a power to a state of inferiority. In the treaty between France and Spain of 1912, which formally recognized on the part of France the Spanish zone of influence in Morocco, Article I provides that the proposed reforms shall be in conformity with the Franco-British accord of 1904, and with the Franco-German agreement of 1911, both of which, as indicated heretofore,

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44 Ibid., vol. cvi, p. 1025.
recognized and asserted the principle of commercial liberty in the Shereefian Empire.

You should state that this Government finds it difficult to follow the argument advanced by M. Ponsot to the effect that the expiration of the Franco-British accord of 1904 would mark the extinction of commercial liberty for the nations in Morocco. The various declarations of France, enumerated in part above, asserting the principle of commercial liberty, refute this theory. (Furthermore, if M. Ponsot's thesis is deemed to be correct, then it might be argued that France's present preferred position in Morocco is extinguished, for it was through the Franco-British accord that French influence was established in that country.)

In this connection, for background purposes, you are advised that on October 5, 1934, M. Ponsot addressed a note to Ambassador Laboulaye, a copy of which, in translation, is enclosed, in which the French proposals regarding Morocco were outlined in brief as follows:

1. It is proposed to establish a new regime on January 1, 1935, the date of the expiration of the Franco-British accord of 1904.
2. Negotiations have been conducted with the British, contemplating tariff reciprocity through the establishment of quotas.
3. Under the new regime France would exchange commercial guarantees with the United States for the surrender of capitalistic rights by this country, and a system designed to bring about a balance of trade between the United States and Morocco would be provided.
4. France would guarantee to the United States (a) a regime of most favored nation; (b) a consideration of requests for minimum rather than maximum duties; (c) a quota based on certain years on automobiles and tires imported from the United States.

For your further information, both the Netherland and Italian Governments have indicated to this Government informally their opposition to the French proposals. The British position is not clear, although it would appear that they have reached a tentative agreement with France with respect to the establishment of a quota regime.

In conclusion, I feel that in order to make the position of this Government clear and a matter of official record, you should advise the French that this Government is firmly attached to the principle of the "open door" in Morocco and elsewhere, and that it cannot believe that the French Government seriously contemplates giving official sanction to measures already instituted by the Protectorate authorities.

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*Not attached to file copy of this instruction. The date October 5, 1934, is an error. The note referred to is an instruction from the French Government to the French Ambassador in Washington, a copy of which was transmitted by M. Henri Ponsot to Mr. Blake with a letter dated Paris, August 6, 1934, and was forwarded to the Department with dispatch No. 975, October 5, 1934. This correspondence is not printed.*
which are discriminatory and not in harmony with the treaties, or
that it contemplates establishing in Morocco an economic regime of
the character proposed.

Please cable brief summary of the reaction of the competent French
officials as revealed in your conversations and send complete report
by early pouch.

Very truly yours,

For the Secretary of State:

WILLIAM PHILLIPS

651.003/100 : Telegram

The Ambassador in France (Straus) to the Secretary of State

PARIS, December 18, 1934—3 p. m.
[Received December 18—1:55 p. m.]

943. Reference your 500, December 17, 6 p. m. Saw Leger 43 who
assures me that France has no desire to promulgate new customs
regulations in Morocco in violation of conventions and treaties. He
tells me that because of distressed industrial conditions in Morocco
some modification of present regime must be sought, that negotia-
tions are now in satisfactory progress with Great Britain and Spain
and that subsequently negotiations with us will be sought.

Leger expressed the opinion that the present government would
last a considerable time possibly until the 1936 elections.

SRAUS

651.003/102 : Telegram

The Ambassador in Spain (Bowers) to the Secretary of State

MADRID, December 20, 1934—4 p. m.
[Received December 20—1:05 p. m.]

90. Department’s telegram No. 65, December 15, 2 p. m. received
yesterday. Should “formal protest” first paragraph be both oral and
written? Action will be taken on this paragraph on the receipt of re-
ply to above question.

Should many complicated questions in other paragraphs be taken
up orally or in writing? In either case request that Blake be ordered
to Madrid either now or immediately after Christmas as I consider
his specialized and detailed knowledge necessary for negotiations.
Before replying please see my despatch 597 December 7. 47

Bowers

43 Alexis Leger, Assistant Political Director of the French Foreign Office.
47 Not printed.
The Secretary of State to the Ambassador in Spain (Bowers)

WASHINGTON, December 20, 1934—8 p.m.

66. Your 90, December 20, 4 p.m. Department desires that you hold conversations with the Spanish authorities, furnishing orally and in writing substance of first paragraph in Department's 65 of December 18, 2 p.m., and orally substance of other paragraphs.

With reference to paragraph 3, Department desires simple statement of present Spanish attitude regarding the recognition of the Spanish Zone of Morocco by this Government, in exchange for settlement of American claims which was a matter of negotiation in 1928.

Regarding paragraph 4, Department is particularly desirous that the Spanish be advised orally of the viewpoint of this Government expressed therein with respect to the proposed modification of the customs regime in Morocco.

Any formal negotiations relating to recognition of the Spanish Zone and settlement of claims should be deferred until further instructions from the Department, which will in any event be withheld until after receipt of your despatch 597, December 7.48

HULL

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

WASHINGTON, December 20, 1934—8 p.m.

435. Your 631, December 19, 6 p.m.48 Department cabled Paris Embassy December 17 requesting that French Ministry for Foreign Affairs be advised that as we see it the proposed new customs regime in Morocco involving quotas would constitute a violation of the principle of commercial liberty as guaranteed by treaties, and further, that this Government desires to make representations to the French which are set forth in detail in instruction forwarded to Paris Embassy this week, copy of which has been forwarded to you today.

You are requested to advise the British Foreign Office to this effect and upon receipt of copy of instruction referred to above furnish to the British orally the substance of our views of the situation as outlined therein. Following conversations cable brief summary of British reaction and send complete report by pouch.

HULL

48 Not printed.
MOROCCO

The Ambassador in France (Straus) to the Secretary of State

No. 1458

PARIS, December 20, 1934.
[Received January 2, 1935.]

SIR: Subsequent to my conversation with M. Leger, reported in my telegram No. 943 of December 18, 3 p. m., 1934, a member of the Embassy staff called on M. de la Baume, chief of the Commercial Section of the Ministry for Foreign Affairs, in order to make of record with the Ministry, through the leaving of an Aide-Mémoire, the fact that the Government of the United States will have representations to make concerning the contemplated institution of a new customs regime in Morocco.

M. de la Baume said that the French Government is in nowise desirous of riding roughshod over the rights of other countries and that it only wishes to institute certain protective measures in Morocco after friendly consultation with the other treaty powers. He intimated that the contemplated customs changes are desirable not only for the protection of Morocco but as well for the mutual advantage of all countries trading with Morocco on account of the menace of cheap Japanese goods. He asserted that the conversations which have been held between M. Ponsot and Mr. Maxwell Blake are evidence of the French desire not to take any step without prior understanding with the American Government.

The Foreign Office official most strongly begged that the American Government's observations be not conveyed in a formal note wherein an inflexible position is adopted which would render more difficult a friendly understanding. He asked that instead of sending a note in the first instance, when the Embassy receives its instructions from the Department, it inform the Foreign Office in order that an oral exchange of views may take place. He felt that by this means there would be an opportunity for the reaching of an understanding agreeable to all. He said that the British and others had followed this course and that, as a result, it will be possible shortly to sign agreements with Great Britain and the other treaty powers, consenting to a modification of the present customs regime in Morocco, to which change we are at present the only Government which has continued its opposition.

Respectfully yours,

Jesse Isidor Straus
The Chargé in Great Britain (Atherton) to the Secretary of State

London, December 21, 1934—7 p.m.
[Received December 21—3:30 p.m.]

633. In view of holiday closing tomorrow I have outlined today to British Foreign Office substance of the Department's 435 December 20, 8 p.m. They understand that upon receipt of a copy of Department's instruction to Paris, Embassy will furnish orally the substance of Department's views in greater detail.

The attitude of the Foreign Office officials concerned appears to be substantially as follows:

1. While it may be argued that there is some substance to the point of view of the United States, the legal advisers of the Foreign Office are of the opinion that it rests upon very flimsy and questionable grounds.

2. The other signatories to the international treaties concerning Morocco are free to negotiate with the French Government for similar quota arrangements. They might also carry the case to The Hague which the French according to the British Foreign Office would not desire and would therefore probably be willing to come to an agreement about quotas.

3. If the case were carried to The Hague and lost, the French Government would then be in a very strong position vis-à-vis the other signatory powers and could do pretty much as she pleased with quota arrangements in Morocco.

The Netherlands Minister who had also made representations to Foreign Office called at the Embassy this afternoon and indicated that the views of his Government are identical with those expressed by the Department.

Atherton

The Ambassador in Spain (Bowers) to the Secretary of State

Madrid, December 28, 1934—4 p.m.
[Received December 28—3:20 p.m.]

91. Department's telegram No. 66, December 20, 8 p.m. received December 25, noon. Earliest appointment I could secure with Minister for Foreign Affairs was for this morning but on arrival was informed by Señor Rocha that he was no longer Minister for Foreign Affairs and that the agrarian leader Martínez de Velasco has taken his place and will be in the Foreign Office on the 31st. He requested me to take up the Moroccan question with his successor. I, therefore, withheld the note drafted in accordance with first paragraph Department's telegram No. 65, December 15, 2 p.m. This note encloses copy
of Blake’s note to Spanish Chargé Tangier dated April 24 which formed enclosure to Blake’s despatch to the Department No. 943, May 31st. Note follows closely verbiage Department’s telegram and in addition contains protest against Dahir prohibiting importation of slippers. Does note as outlined above meet the Department’s approval?

I saw Spanish Minister to Tangier last night who said that present Spanish High Commissioner accepts notes from Blake sent through him and replies by same channel. Thus modus vivendi mentioned third paragraph Department’s December 15th cable apparently re-established but presume Department still wishes Spanish Government “to define its position.”

Johnson discussed situation informally this morning with Castano, chief Overseas and Moroccan Section, Foreign Office, who was formerly Consul General Tangier. Castano favored settlement of outstanding American claims in exchange for recognition Spanish Zone and will be willing to commence discussions to that end at once.\(^5\)

Believe that Blake should be requested visit Madrid immediately to participate such discussions and to accompany me to Foreign Office early next week when I make oral representations directed above mentioned cables. If he does not come will be unable to reply if asked to be specific with regard to conditions described second paragraph Department’s cable December 15th. Copy this and above mentioned cables mailed Blake.

BOWERS

681.003/102 : Telegram

The Secretary of State to the Ambassador in Spain (Bowers)

WASHINGTON, December 29, 1934—3 p. m.

68. Your 91, December 28, 4 p. m. Note as outlined regarding consumption taxes as well as protest against Dahir prohibiting importation of slippers approved for presentation to the new Ministry for Foreign Affairs.

In accordance with your request, Blake has been directed by cable to visit Madrid immediately to participate in the discussions with the Spanish authorities regarding the Moroccan situation, along the lines indicated in paragraphs 2, 3 and 4 of Department’s 65, December 15, 2 p. m.

Copy of instruction to Embassy, Paris,\(^5\) outlining in detail this Government’s views regarding the proposed new customs regime in Morocco is being forwarded to you from Paris, and may be used as a basis for your discussions with the Spanish authorities concerning this subject.

HULL

\(^5\) For previous correspondence, see Foreign Relations, 1931, vol. II, pp. 750 ff.

\(^5\) No. 669, December 18, p. 876.