TURKEY

AGREEMENT BETWEEN THE UNITED STATES AND TURKEY FOR THE SETTLEMENT OF CLAIMS, SIGNED OCTOBER 25, 1934

467.11/554a

The Secretary of State to the Chargé in Turkey (Shaw)

No. 93

WASHINGTON, April 4, 1933.

Sir: In view of the exchange of ratifications on February 15, 1933, of the Treaty of Establishment and Sojourn signed at Ankara on October 28, 1931, between the United States and Turkey, it becomes necessary to consider means of disposing of the claims of nationals of the respective countries against the other, as provided for in the exchanges of notes of December 24, 1933, and February 17, 1927, copies of which are enclosed for your convenient reference.

It is understood from recent reports from your mission that the Turkish Government may have overlooked the provisions of the above-mentioned exchanges of notes in accordance with which a claims committee, consisting of two representatives of each Government, is to meet at Istanbul six months after the exchange of ratifications of a commercial convention and a convention of establishment and residence. It is therefore desired that you seek an early occasion to invite the attention of the appropriate Turkish authorities to the provisions of these notes and to explain that, in accordance with the terms thereof, the United States Government is prepared to appoint its representatives on such a committee and that these representatives will be ready to meet with the Turkish representatives at Istanbul on August 15, 1933, i.e., six months after the exchange of ratifications of the Treaty of Establishment and Sojourn.

In bringing the foregoing to the attention of the Turkish authorities you may explain that, while the Government of the United States will be prepared to consider the possibility of a settlement of the claims question by some other means prior to the above date, it entertains no doubt that if such a settlement should prove impracticable the Turkish Government will carry out the provisions of the above-mentioned exchange of notes and appoint its representatives for the meeting on August 15, 1933.

---

You should explain that your Government has given careful consideration to the question of the claims of its nationals against the Turkish Government and it has come to the conclusion that the most practicable and least expensive means of settlement would be in the nature of a lump sum payment by the Turkish Government. Based upon its experience in settling other groups of claims by such means as claims commissions, the Department is convinced that the development and presentation of these claims to an international commission for adjudication would require the employment of a commission and a large staff of attorneys by both parties over a period of years. The Department feels that in the light of the many doubtful elements involved in these claims the expense that would be incurred by a consideration of each case individually would be out of proportion to the sums finally adjudicated.

The Department assumes that the Turkish Government is just as anxious as the Government of the United States to avoid a lengthy claims settlement of this kind. You may therefore state that in the interest of continued friendly relations between the two Governments and with a view to arriving at a settlement which would be fair to both parties, the American Government is prepared to accept in full payment of the claims of all of its nationals a sum representing a moderate percentage of the total claims.

In order that you may have a basis for discussing the payment of such a lump sum the following information is furnished regarding the claims that have been submitted to the Department up to the present time. A survey made several months ago of the claims then of record resulted in the rejection of a large group considered to be unsupportable and in the division of those thought to be supportable into the classifications, numbers and amounts which are shown on the attached list. It is considered desirable that you refrain for the present from revealing to the Turkish authorities the classifications into which these claims have been divided.

Because of the indefinite nature of the means provided for the settlement of the claims and because of the uncertainty of the date on which claims would be considered, claimants have had little incentive to incur the expenses usually involved in the development of their cases. It has therefore been impossible for the Department to arrive at a definite conclusion as to the number of claims which would be supportable in international law or as to the amount of damages properly to be claimed in those cases in which international responsibility may be established. Consequently, the information contained in the enclosed list does not purport to be entirely accurate.

*Not printed.*
The two categories of claims shown in the enclosed tabulation include all of those that had been submitted up to approximately one year ago. However, at the time of the recent exchange of ratifications of the Treaty of Establishment and Sojourn, a circular letter was addressed to all claimants of record advising them that a definite time limit had been fixed for the completion of claims and that they should immediately proceed to the collection of the necessary evidence to perfect their claims. These claimants were also requested to advise the Department in case they intended to submit no further evidence or in the event that they wished to have their claims withdrawn.

As a result of this circular letter, which apparently was given wide publicity by publication in foreign language newspapers and otherwise, notice has been filed with the Department of approximately 750 additional claims. Up to the present the Department has been unable to determine the amounts claimed in these additional cases or the classifications into which they should be divided. It is certain, however, that the amounts claimed run into several millions of dollars.

From the foregoing it will be obvious that the Department is unable to arrive at any definite estimate of the total amount of damages claimed in the approximately 1,880 cases thus far submitted. It is possible, however, to arrive at a rough estimate of this total. Of the first category of claims shown on the enclosed list, i.e., those in which the amount of claim is stated, $21,965,622 is in American currency. The remaining claims in this category in foreign currency, when converted into United States dollars at rates corresponding roughly to those existing at the time the claims arose, bring the total in American currency to approximately $24,150,000.

Of the second category of claims, i.e., those received up to a year ago, in which the amounts were not stated, it may be estimated that they would average in value approximately fifty per cent each of the value of the claims on which the amounts were stated, or say $12,075,000. These two totals would amount to $36,225,000. It is estimated roughly that the amounts claimed in the 750 claims recently received would bring the grand total to approximately $55,000,000, and it is this figure which might tentatively be used as a total calculation of the claims which may be brought against the Turkish Government. The Department would envisage the possibility of settling a lump sum settlement at somewhat less than 10 per cent of the above mentioned figure, or approximately at $5,000,000, and this sum may be used in any preliminary discussions with the Turkish Government.

In view of the known attitude of the Turkish Government toward the payment of claims of naturalized American citizens of Ottoman origin, it is assumed that early in your discussion the Turkish author-
ities will raise the question as to the number and amount of claims made by such nationals. From the table given in the enclosure hereto you will understand that the Department is unable to determine the amount of such claims. At the present time, moreover, it is unable to state the number of claims which have been submitted by American nationals of Ottoman origin. This latter information is now being ascertained, however, and it will be transmitted to you for your information as soon as it is available.

In the event that the Turkish Government raises the question of claims of American nationals of Ottoman origin and takes the position that it will not consider the settlement of such claims, it is desired that you endeavor to obtain a written statement of the Turkish Government setting forth fully the reasons for its attitude.

Until you have explored the situation somewhat and reported thereon the Department will find it difficult to come to a definite conclusion as to the future course of action which it might take in the event that the Turkish Government declines to come to some reasonable settlement of this claims question. It is apparent, however, that in the event that the Turkish Government should refuse to make a satisfactory settlement, the publication of this fact could not fail to create an unfortunate impression upon American public opinion.

In your conversations with the appropriate Turkish authorities it is desired that you make it entirely clear that your Government is prepared to consider a settlement of the claims question in a most reasonable and sympathetic spirit. The American Government fully appreciates the financial situation in Turkey and is prepared to take this situation into full consideration in arriving at a settlement. It is confident that if the Turkish Government will approach the question in the same spirit of conciliation and good will which the United States proposes to exercise it will be possible to work out a solution which will be mutually fair and acceptable to both parties.

To recapitulate, the Department envisages the following steps on your part at this time:

1. You should recall the provisions of the exchange of notes of December 24, 1923, and February 17, 1927, to the attention of the Turkish authorities.
2. You should propose a settlement of the outstanding claims through the payment of a lump sum by Turkey, such settlement to be arrived at prior to August 15, 1923. The tentative amount of such lump sum payment to be $5,000,000.
3. In the event of the Turkish Government’s failing to agree to the consideration of a lump sum payment, it would be necessary to point out that your Government will expect the Turkish representatives to meet with the American representatives of the claims committee on August 15, 1923, at Istanbul.
4. Should the Turkish Government raise the question of the claims of American nationals of Ottoman origin, and decline to give consideration to the settlement of such claims, you should endeavor to obtain a written statement setting forth the basis of the Turkish position in the matter, and communicate the substance to the Department by cable and the text by pouch.

5. If such a course appears desirable, you should explain the unfortunate impression which would be created in the United States by the failure of the Turkish Government to arrive at a satisfactory settlement, and point out the discriminatory nature of any such action.

6. Throughout your conversations you should stress the desire of your Government to approach this problem in a conciliatory and sympathetic spirit and its intention to take carefully into consideration the present financial situation of Turkey.

As a result of the report which you will make upon the progress of your negotiations the Department expects to be able to issue more detailed and specific instructions, but it will not be possible to do so until some idea is obtained of the reaction of the Turkish Government to the proposals made in the present instruction. You will, of course, consult freely with the Department, by telegraph if such a procedure appears desirable, and every effort will be made to assist you in your endeavors to arrive at an early solution of the only outstanding problem now involved in American-Turkish relations.

Very truly yours,

Cordell Hull

467.11/578 : Telegram

The Chargé in Turkey (Shaw) to the Secretary of State

ANKARA, MAY 3, 1933—6 P. M.
[Received May 3—2:08 P. M.]

10. Department's mail instruction 93, April 4. While I recognize importance of avoiding discussion on details I do not see how I can possibly avoid some kind of positive answer to question which will at once be asked me concerning nature of claims. Will not Department please telegraph brief descriptive statement which I can use or at least authorize me to state that many of the claims arise from confiscation and requisition? Will Department authorize me to state we would be willing to consider payment of lump sum in installments?

Shaw

467.11/573 : Telegram

The Secretary of State to the Chargé in Turkey (Shaw)

WASHINGTON, MAY 4, 1933—6 P. M.

18. Your 10, May 3, 6 P. M. If you are questioned as to nature of claims you may state that they consist largely of cases arising out of
the acts of the Turkish military and civil authorities during the years 1914–1922 and include such matters as requisitions and confiscations. The Department has contemplated the possibility of accepting a lump sum payment in installments. Inasmuch as this method of payment would be a concession on the part of this Government, you may wish to make use of the point for bargaining purposes. You are free, however, to state our willingness to consider installment payments whenever you consider it advantageous to do so.

Hull

467.11/580: Telegram

The Chargé in Turkey (Shaw) to the Secretary of State

Ankara, May 9, 1933—4 p.m.
[Received May 9—11:45 a.m.]

12. Department’s mail instruction 93, April 4. Interview with Sukru Kaya Bey Acting Minister of Foreign Affairs took place yesterday. He said that while there would be legal and political difficulties in any claims settlement which did not give Turkish Government opportunity to examine claims and thus satisfy itself of its obligation, directness and simplicity of lump sum procedure appealed to him personally and he would discuss matter with his colleagues. He showed no surprise upon learning of Turkey’s commitments to us regarding claims and stated that present Government had consistently taken position of recognizing and meeting its just obligations within limits of what was possible, given financial and economic situation of country. I gave no information concerning claims except number and total amount involved.

Shaw

467.11/581: Telegram

The Chargé in Turkey (Shaw) to the Secretary of State

Ankara, May 10, 1933—4 p.m.
[Received May 10—3:47 p.m.]

13. My 12, May 9, 4 p.m. At his request I had a second meeting with Shukru Kaya Bey yesterday after he had talked with Ismet Pasha. He again said that personally he was in favor of the lump sum settlement procedure but that it was impossible to dig into the idea without more information on claims. He asked for a list or catalogue of the claims which would show for each claim

(1) name and birthplace of claimant,

(2) amount,

*İsmet İnönü, Prime Minister of the Turkish Republic since 1923.
(3) nature and origin of claim,
(4) date of act or event giving rise to claim
(5) nature of proof.

I countered with statement contained in Department's 18, May 4, 6 p. m., but without making headway. He was slightly more impressed when I spoke of possibility of letting him have some classification of claims, with amounts set forth under each item, although he expressed view that classification should be combined with list of claims.

I do not believe progress can be made unless Turks are given additional data concerning claims. They are not asking for dossiers but for something between statement contained in Department's 18, which they find too general, and actual dossiers. If list is sent me please use open mail to Istanbul. Please instruct.

Shaw

467.11/390 : Telegram

The Chargé in Turkey (Shaw) to the Secretary of State

[Extract]

Ankara, May 22, 1933—3 p. m.
[Received May 22—2:20 p. m.]

17. Department's 4, May 20, 2 p. m.

1. My number 13, May 10, 4 p. m., has given Department an inaccurate impression.

2. Present situation is that Acting Minister of Foreign Affairs has been informed that we have a certain number of claims against Turkey, that these claims amount to a certain sum and that we are willing to settle for a certain percentage of this sum. He says that on such a completely and obviously one-sided basis he cannot discuss lump sum plan effectively with his colleagues and even if he could do so it would be impossible for him to defend before Assembly a settlement which would be nothing more nor less than an act of blind faith.

3. Minister therefore asks for a list or catalogue of claims not for purpose of discussing claims with me one by one and from point of view of law and fact but in order to inform himself regarding claims in general way and thus be able to arrive at some considered judgment concerning our lump sum proposal.

4. Our present problem is to furnish him minimum data on claims necessary to secure decision on our lump sum proposal without getting drawn into discussion of principles, individual claims and categories.

Shaw

¹ Not printed.
The Secretary of State to the Chargé in Turkey (Shaw)

[Extract]

WASHINGTON, May 27, 1933—noon.

5. Your 17, May 22, 3 p.m. Department could at best send only a partial list of claims, as they have not all been developed and evidence is being received daily. Even such a partial list could not be made available to you before July 1, and its preparation would necessitate suspension of urgent work of preparing claims for consideration by committee.

In view of the above situation and of the fact that, as the Department understands, the vacation season in Ankara will begin the middle of June and but little would likely be accomplished during that season looking to lump sum settlement, the Department considers it preferable to concentrate its efforts on the preparation of the claims and to postpone discussions of lump sum until the committee, of which it is expected that you will be a member, meets in August.8

HULL

467.11/632

The Turkish Ministry for Foreign Affairs to the American Embassy in Turkey9

[Translation]

The Ministry of Foreign Affairs agrees to submit to the Mixed Commission to be established under the provisions of the letters exchanged with the American representative under date of February 17, 1927, together with the claims of Turkish nationals, the claims to be made by American citizens the American nationality of whom is not contested and who have suffered injury in Turkey.

The said Mixed Commission can with respect to these claims recommend to the two Governments an equitable solution, such as has been envisaged between the Embassy of the United States of America and the Ministry of Foreign Affairs.

In using the term "non-contested American nationality" this Ministry intends to exclude from the categories of American claimants individuals who at the time of the injury for which they claim reparation were, according to Turkish law, Ottoman subjects.

8 First meeting of the Claims Committee was held on August 15, 1933, at Istanbul.
9 Transmitted to the Department by the Chargé in Turkey in his despatch No. 498, June 28, 1933; received July 12.
The Turkish Law of 7 Savval 1285 in fact says in its Article 5 (translation): “Individuals subjects of the Ottoman Empire who acquire a foreign nationality with authorization are considered foreigners and treated as such from the date of the changing of their nationality. But if one of these acquires a foreign nationality without being authorized to do so by the Imperial Government, his new nationality shall be considered as null and void and he, himself, recognized as in the past a subject of the Ottoman Empire, shall under all circumstances be subject to the same treatment as is applied to subjects of the Ottoman Empire. In all cases, the changing of nationality of a person of Ottoman nationality shall be conditioned upon the delivery of a document based upon an Imperial iradé.”

Furthermore, the first article of the same law provides that (translation): “Persons born of parents or of a father having at the time Ottoman nationality are considered Ottoman subjects.”

Therefore, a foreign nationality acquired without observing the provisions of the above-mentioned Turkish law by individuals who by virtue of these same provisions were to be considered at the time of origin of the injury as Ottoman subjects cannot be invoked against Turkey.

Their claim cannot therefore be heard by the Mixed Commission as an American claim as provided in the above-mentioned letters.

ANKARA, June 27, 1933.

467.11/726 : Telegram

The Ambassador in Turkey (Skinner) to the Acting Secretary of State

ISTANBUL, November 21, 1933—noon.

[Received 1:10 p.m.]

46. From Shaw. “Secretary General Ministry of Foreign Affairs tells me informally that at meetings to take place at Angora in a few days Turks will propose lump sum claims settlement of $500,000. In answer to my question he said that he thought there were only one or two small Turkish claims against the United States.”

SKINNER

467.11/726 : Telegram

The Acting Secretary of State to the Ambassador in Turkey (Skinner)

[Extract]

WASHINGTON, December 8, 1933—5 p.m.

63. Your 49, November 28, 4 p.m.\(^{10}\) For Shaw. Department is, of course, unable seriously to consider such an offer as suggested in

\(^{10}\) Not printed.
your No. 46 of November 21. Since Department's original tentative estimate of the claims and indication that settlement might be arranged for approximately $5,000,000, the number of non-Turk claims has increased to more than 500 and voluminous evidence which had been held by claimants awaiting indications of definite action and other evidence subsequently acquired by claimants has been filed, materially increasing the apparent value of the claims. Considerable percentage of the claims represent war requisitions which cannot, of course, be seriously reduced from standpoint of either amount or liability. Department will undertake to cable you, in a few days, total amount of non-Turk claims as shown by present record and to indicate minimum amount this Government would be willing to accept as lump sum settlement. In this connection it should be understood that, whereas this Government is predisposed to the most reasonable course of action possible in the matter of settlement, it is dealing with the rights of American nationals so that the question of compromising liability of Turkish Government involves, in this case, unlike the cases of European war debts, conflict between rights of individual American citizens and companies on one side and the economic convenience of Turkish Government on the other. Turkish Government should appreciate that, in such circumstances, there is not the latitude of possible action which obtains in matters of purely Governmental rights and obligations.

PHILLIPS

467.11/736

The Turkish Counter Proposal for a Lump Sum Settlement of American Claims Against Turkey

[Translation] *

The Turkish Delegation has carefully studied the list furnished by way of information by Mr. Shaw at the meeting of August 15, 1933.

This list of 96 claims, according to the American Delegates, comprises cases filed by native American citizens of the United States, or by persons naturalized as Americans, without ever having had Turkish nationality. Furthermore, these are claims supported by convincing proof and examined by the American Department of State.

A second list of 280 cases filed by claimants of the same category is to follow. These cases are at present being examined by the competent authorities of the Department of State, who are studying more

* Transmitted to the Department by the Ambassador in Turkey in his despatch No. 70, December 15, 1933; received December 29.

File translation revised by the editors.
closely the probative value of the evidence submitted by the interested parties.

Finally, a third list of 1504 petitions relates exclusively to the claims presented by naturalized Americans, formerly Turkish nationals.

The three above-mentioned lists comprise therefore 1880 cases representing, according to the claims of the interested parties, a grand total of 55 millions of dollars.

To cut short all discussion and to spare both parties the trouble of a detailed examination of individual claims which would be apt to take a considerable period of time, and having in mind the financial difficulties of Turkey, the American Delegation proposes to reach an understanding upon the basis of the payment by Turkey of a lump sum of five million dollars corresponding approximately to ten per cent of the total claimed by the interested parties.

The Turkish Delegation shares the view that it would be preferable to avoid the examination of individual cases and that the payment by Turkey of a lump sum in reasonable instalments could, in principle, constitute the basis of a satisfactory agreement.

While desiring to avoid the detailed study of each case, the Turkish Delegation thought it necessary to have an idea of the nature of the claims, as well as of the status of the claimants.

The American Delegation had affirmed that the 96 petitions in the first list all fulfilled two essential conditions, namely:

1. That they emanated from citizens of American origin, or from naturalized Americans who had never had Turkish nationality.
2. That they were supported by convincing proofs based upon documentary evidence duly verified.

A summary examination of this first list has nevertheless enabled the Turkish Delegation to show that these two conditions were not always fulfilled, which fact gives rise to certain observations of which the principal may thus be summarized:

1. Certain claimants are Turkish nationals. For example, there can be cited the case of Mr. Basil C. Coumoulis (No. 9 of the list “forced abandonment”). This man has already personally presented to the Mixed Commission for the Exchange of Populations a request to be recognized as a beneficiary under Declaration 9 annexed to the Lausanne Treaty of Peace of July 24, 1923, by claiming the status of a Turkish national.

2. A great number of the claimants have themselves declared that they do not possess, or possess only in part, any documentary evidence. The cases under Nos. 4, 6, 8, 9, 10, 15, 17, 18, 19, 20, 21, 24, 25 and 29 of the list “requisition and confiscation” furnish examples.

3. The claims are based upon one-sided estimates by the interested parties. These estimates are often far-fetched. For instance an ordinary mill and 400 tons of grain at Igdir, a small town situated

---

*Great Britain, Treaty Series No. 16 (1923).*
in a poor region, are valued at $422,000 (case No. 4, list "miscellaneous"), and a house situated at Igdir at $58,500!

4. Likewise a convincing example is furnished by the case of Mr. Cournoulis who in his petition addressed to the Mixed Commission asked for only about $2,600 for the same properties as those mentioned in the list, while his present claim is for $26,100. The claim submitted by the aforesaid through the American Government is therefore at least ten times too high.

Leaving out of consideration the questions of principle relating to the personal status of the claimants and the nature of the claims, as well as all other questions of principle which remain subject to reservation, a simple summary examination of the first list makes it possible to establish that the claims communicated to the Commission are based upon one-sided ideas of the interested parties, and that the sums indicated are so exaggerated that even taking the ten percent of the total amount one would still be far above reality.

It seems evident that if a careful examination were made of the claims, keeping in mind the questions of principle for which reservation has been made, the total of the claims would unquestionably be reduced to a very low figure.

In view of the preceding and the present financial difficulties of Turkey, the conclusion is arrived at that it is necessary to reduce the amount to be paid to more just proportions.

It being in the interest of both parties and of the claimants themselves to find a solution of this question of claims without entering into discussions of principle and the examinations of individual cases, which would probably delay for a long time the awaited solution, the Turkish Delegation is of the opinion that the payment by Turkey of a lump sum of $500,000 spread over ten annual installments would constitute a reasonable and acceptable solution for both parties.

467.11/749

Memorandum by the American Delegate to the Turkish-American Claims Commission (Shaw) of a Conversation With the Turkish Delegate (Sevki Bey) on December 30, 1933.\footnote{Transmitted to the Department by the Ambassador in Turkey in his despatch No. 87, January 8, 1934; received January 31.}

Sevki Bey having informed me that he was leaving for Istanbul tonight, I called on him this morning at the Ankara Palace Hotel. I had not previously brought the contents of the Department's telegram No. 63, December 8, 5 P. M., to the attention of the Turks on the theory that the Department intended "in a few days" to furnish me with the minimum amount they would accept as a lump sum settlement and I would then be in a much stronger position in talking with
the Turks. However, in view of a personal letter which I received yesterday from Mr. Murray and also on account of Sevki Bey's departure, I told him that the reaction of Washington to the Turkish counterproposal of a lump sum settlement of $500,000 was distinctly and emphatically negative. I said that the Department had stated that it would communicate to me shortly a minimum amount acceptable to it and that I hoped to be able to pass on this information to Sevki Bey at Istanbul before my departure on leave, about the middle of January. I then went on to say that the Turkish claims were not at all like the war debts, which could be reduced by governmental action without obviously prejudicing the rights of individual citizens. These claims were very clearly a matter of the rights of individual citizens, and, naturally, great pressure was brought to bear on the Department, both by the individuals concerned and by their friends, political and otherwise. Sevki Bey said he quite understood this, particularly as concerns the claims of naturalized citizens of Ottoman origin. I said I did not refer to this category at all, but to the category of claims of native-born American citizens and of American corporations. I said that this category—it was now estimated—amounted to some $15,000,000. I pointed out that according to information that I had just received from Washington one claim alone, which had been carefully examined by the legal advisers of the Department and the proof of which was thoroughly perfected, amounted to some $2,000,000. I said that this was the claim of MacAndrews and Forbes and came under the classification of requisitions. I said that each of the three assistants to the Legal Adviser in charge of claims had recently been requested to select, from among the many claims these gentlemen had examined, the seven strongest and most effectively proved claims. The total amount involved in the 21 claims so selected had been $7,000,000. Sevki Bey took note of the MacAndrews & Forbes claim. He said he would probably proceed in a few weeks' time to his post at Madrid and then return in the spring for the closing of the work of the Mixed Commission. That work will terminate under the recently concluded Convention by about September 1.

467.11/735 : Telegram

The Acting Secretary of State to the Ambassador in Turkey
(Skinner)

WASHINGTON, January 13, 1934—4 p. m.

8. Your 51, December 12, 4 p. m. The discussions with respect to a lump sum settlement appear to have demonstrated that the ideas of the two Governments concerning the true value of the claims are too

35 Not printed.
far apart to warrant the expenditure of further time in such negotiations. In view of this fact, and the fact that there are now recorded approximately 500 claims of nationals of non-Ottoman origin, which total $20,500,000, with estimated value of more than $10,000,000, the Department feels that the Claims Committee should proceed promptly to the consideration of the claims on their individual merits and, to that end, will undertake to send the dossiers in the claims of persons of non-Ottoman origin and a technical member of the Committee to be associated with Mr. Shaw or Mr. Gillespie,¹⁶ so that such deliberations may begin not later than February 15th next. Please endeavor to obtain definite commitment of the Turkish Government that its members will be instructed to join with the American members at that time and continue with them uninterruptedly to an expeditious consideration of all the claims.

It seems inevitable that, in line with practically unanimous past experiences, members of the Claims Committee will divide on some questions of fact and law and this Government therefore feels very strongly that an agreement should be concluded at present time which will provide for a definite and final evaluation of the claims without the necessity of later encumbering the diplomatic channels with discussions of the purely juridical points upon which the Claims Committee shall not have found themselves in unanimous agreement. Department desires therefore that you use your best endeavors to conclude promptly a claims protocol or convention in substantially the form indicated below. Confidently, Department feels such an agreement should be reached at once before controversial questions are emphasized by Committee’s discussions; also that the Embassy should take the position that the matter of negotiating this convention is not one within the jurisdiction of the Claims Committee but is of a purely diplomatic nature to be handled through diplomatic channels, although with consultation, on each side, with members of the Committee, of course, if deemed advisable. Department inclines to belief that efforts to obtain convention will be more likely to succeed on this basis but imposes no restrictions on the use of your discretion in this respect. Please act as expeditiously as practicable in the matter and keep Department informed by cable.

You may use your own discretion in matter of advising Foreign Office regarding nature and amount of above-mentioned claims, which do not include claims of naturalized Ottomans.

Form of proposed protocol or convention follows:

The United States of America and the Republic of Turkey desiring to settle and adjust amicably claims by the citizens of each country

¹⁶ Julian E. Gillespie, Commercial Attaché at Istanbul.
against the other, have decided to enter into an agreement with this objective, and to this end have nominated as their plenipotentiaries:
The President of the United States of America, the Honorable Robert P. Skinner, Ambassador of the United States; and
The President of the Republic of Turkey, blank;
Who, after having communicated to each other their respective full powers found to be in due and proper form, have agreed upon the following Articles:

**Article I.** The Claims Committee provided for in the notes which were exchanged by the contracting parties on December 24, 1923, and February 17, 1927, shall convene in Istanbul on February 15, 1934, and shall proceed at once and as expeditiously as possible to the consideration on their merits of the claims then notified to the Committee by the two Governments, respectively.

**Article II.** In all cases in which the Committee shall, by a majority of its four members, agree with respect to the validity or invalidity of any particular claim and, in case of validity, with respect to the amount of international liability therein, they shall prepare and sign a statement evidencing such agreement which statements shall thereafter be accepted by the two Governments as final and binding determinations concerning the respective claims.

**Article III.** In all cases in which it shall be found impossible for a majority of the members of the Committee to agree with respect to the solutions which should be given to particular cases as indicated in Article II, the members of the Committee shall, acting either jointly or separately in their discretion, prepare statements of their respective views concerning the claims in question which statements shall be filed with the dossiers in the respective cases and become permanent parts of such dossiers.

**Article IV.** For the purpose of determining definitely questions of liability and amounts of damage, if any, in cases concerning which the members of the Claims Committee may find themselves in disagreement, as described in Article III, it is hereby agreed that an umpire shall be chosen to decide all such questions whose written decisions thereon shall be accepted by the two Governments as final and binding determinations thereof.

**Article V.** The umpire shall if possible be chosen by mutual agreement of the two Governments. If, however, the two Governments shall not be able to arrive at such a mutual agreement within four months from the date on which either Government shall first propose to the other the name of a person to be agreed upon as such umpire, he shall be designated by the President of Switzerland, the President of the Permanent Court of International Justice and the President of the Permanent Administrative Council of the Permanent Court of Arbitration, acting jointly and upon the joint request of the two contracting Governments or upon the request of either of them.

**Article VI.** The remuneration of the umpire and his necessary expenses including cost of necessary assistants, shall be borne by the two Governments in equal moieties. Each Government shall individually bear all other expenses incurred by it.

**Article VII.** The two Governments shall undertake to agree upon a simple, expeditious and inexpensive procedure for obtaining the decisions of the umpire in undecided cases. They hereby agree however, that, in the event of their inability to agree upon such procedure
during the same period of time allowed for mutual agreement upon the umpire as described in Article V, they will abide by and comply with such forms of procedure as the umpire shall fix for that purpose.

In witness whereof the undersigned plenipotentiaries have hereto signed their names and affixed their seals this blank day of blank 1934.

Foregoing agreement may be concluded in form of protocol without formality of Senate approval unless under Turkish form of Government such formality is necessary. It is, of course, advisable, if possible, to avoid delays incident to such approvals.

PHILLIPS

467.11/747 : Telegram

The Ambassador in Turkey (Skinner) to the Secretary of State

ANKARA, January 23, 1934—6 p. m.  
[Received 9:26 p. m.]

1. Department’s 12, January 20, 2 p. m.17 Foreign Minister today expressed wish to submit counter-proposal for a protocol, final form to be through exchange of letters provided his legal advisers agree. He thinks all dossiers should be submitted as soon as possible whereupon, after segregation of cases upon which arbitration is necessary, judgments can be obtained expeditiously. He furthermore suggests that after all claims have been submitted for examination it is possible that a better lump sum offer can be made than the one previously submitted.

SKINNER

467.11/761

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 118  
ANKARA, February 4, 1934.  
[Received February 21.]

SIR: I have the honor to report that I discussed the claims protocol with the Acting Minister for Foreign Affairs yesterday evening, in the course of which I urged him very strongly either to accept our claims protocol text or to submit counter-proposals—which had been promised two weeks earlier by the Minister, who is now absent from the country. I can only say that the Acting Minister promised to go into the subject, but I shall continue to press for action until it is taken.

The Acting Minister again brought up the lump sum settlement previously discussed, remarking that in his opinion it would be much more satisfactory to the two Governments to dispose of all claims by a payment of this character. To this I agreed, stating, however, that

17 Not printed.
the Turkish offer of $500,000 was so far below the amount of the American claims that it had been impossible to give it serious consideration, and I suggested that another and higher offer be made, although I doubt whether this will be done unless we, on our side, indicate a figure which would be acceptable.

I am extremely fearful that the process of examining claims individually and then sending the doubtful ones to arbitration will consume an enormous amount of time before results are finally achieved and, in the meantime, the expenses incurred by both Governments will be very considerable. The Counselor of the Embassy, Mr. Shaw, is now in the United States and perhaps has developed these thoughts in his discussions of the matter with officers in the Department.

Respectfully yours, 

ROBERT P. SKINNER

467.11/751; Telegram

The Ambassador in Turkey (Skinner) to the Secretary of State

ANKARA, February 8, 1934—6 p.m.
[Received February 8—3:35 p.m.]


"Minister for Foreign Affairs begs the Ambassador to deliver to the Mixed Commission the complete list of claims in order that they may be examined in their ensemble. Such an examination would surely permit the two Governments to find an acceptable basis of solution. Turkish Government suggests that the Mixed Commission be invited to resume its labors in order to examine in a summary manner the total list of claims and to propose by common accord of the two parties a lump sum settlement. If within reasonable time the Commission cannot reach an agreement it would then be directed to pronounce definitely upon each of the cases which would be submitted by the two parties. As to claims wherein the Commission was unable to take unanimous decision they would be laid before the arbitrator whose powers and designation would be determined by an agreement which the two parties would then conclude to be submitted for ratification to their constitutional organs. In the latter eventuality the arbitrator would take up his task as soon as the Commission should have completed its labors. As the Ministry noted expressly in its aide-mémoire of June 26 [27], 1933, it remains always understood that the Commission will concern itself only with the cases of American citizens whose nationality is not contested and who have sustained damage in Turkey."

Please instruct.

SKINNER

*Not printed.
The Secretary of State to the Ambassador in Turkey (Skinner)

WASHINGTON, February 10, 1934—2 p. m.

19. Your No. 4, February 8. Please answer Foreign Office note, using substantially the following language:

I am advised by my Government that in conformity with the claims agreement a full list of American claims, including those of nationals of non-Ottoman origin as well as of Ottoman origin, will be presented to the Claims Committee on or before February 15th and that a member of the Claims Committee and his assistants will sail for Istanbul during the week of February 12th, and will be prepared to begin discussion of the claims on their merits. My Government notes the proposal of the Turkish Government that the Claims Committee shall undertake, by preliminary examination of the merits of the cases, to unite upon a recommendation to the two Governments of an amount which should be made the basis of a lump sum settlement of the claims and that, in the event that such an agreement by the Committee should prove impossible, the Claims Committee shall pass upon the merits of the individual cases, their findings to be considered as conclusive upon the two Governments in those cases in which they agree, those cases on which they are unable to agree to be referred to a sole arbitrator whose decisions shall be considered as final and binding upon the two Governments. My Government instructs me to advise you of its concurrence in this method of procedure.

My Government does not understand, however, that by reference to the questions of nationality of claimants and places of origin of claims it is the intention of the Turkish Government to restrict the competency of the Commission to consider the claims covered by the claims agreement as embodied in the notes of December 24, 1923, and February 17, 1927.

HULL

The Ambassador in Turkey (Skinner) to the Secretary of State

ANKARA, March 11, 1934—noon.

[Received March 11—10:40 a.m.]

13. Department's 19, February 10, 2 p.m. Note received from Minister for Foreign Affairs regarding claims as follows:

"My Department took care to stipulate in note of February 8 †⁰ that Commission, in first phase of procedure, would examine in its ensemble the total list of claims without thorough examination of nationality of claimants and by common accord would propose a lump sum. Only in event that Commission might fail to reach agreement on this point, it would be charged to pronounce definitely upon all cases submitted by the two Governments. My Government considers that in this second phase of the procedure the Commission would pronounce only

†⁰ See telegram No. 4, February 8, 6 p.m., from the Ambassador in Turkey, p. 910.
upon claims of American citizens whose nationality is not contested and who have suffered loss in Turkey."

As lump sum settlement can be agreed upon without raising nationality question, efforts should be made to agree upon a figure.

SKINNER

467.11/770 : Telegram

The Secretary of State to the Ambassador in Turkey (Skinner)

WASHINGTON, March 23, 1934—6 p. m.

5. Your No. 13, March 11, noon, and Nielsen’s letter of March 2, 1934. The two Governments are apparently agreed upon the so-called "first phase of procedure". However, with respect to the "second phase of procedure", this Government is not prepared to agree to such a change of the Claims Agreement as embodied in the notes of December 24, 1923, and February 17, 1927, as is implied by the Turkish statement that "the Committee would pronounce only upon claims of American citizens whose nationality is not contested and who have suffered loss in Turkey". In the first place, as suggested by Nielsen, there may be many questions of contested nationality not involving persons who were former Ottoman subjects, and, second, there is nothing in the above-mentioned agreement which limits the claims to be considered to those based upon losses sustained "in Turkey". The Department suggests that either of two lines of procedure might be followed:

(1) The American representatives could proceed with the discussions under the "first phase of procedure" until some question arises making it necessary for this Government to announce its position with respect to those claims not included in "claims of American citizens whose nationality is not contested and who have suffered loss in Turkey", or

(2) You could now address a note to the Foreign Office, and, referring to its note quoted in your No. 13 of March 11, noon, inquire (a) whether by the statement as to nationality the Turkish Government means to exclude only those cases of naturalized citizens of Ottoman origin, and (b) why it thinks consideration by the committee must be limited to losses suffered in Turkey, in view of the fact that the Claims Agreement makes no reference to such a geographical limitation upon the claims. The reply to these inquiries would probably suggest the next step to be taken regarding these questions.

The Department leaves to you and Nielsen decision as to which, if either, of these procedures should be followed, including the exact

---

20 Fred K. Nielsen was given his commission as American Commissioner on the Turkish-American Claims Commission with covering letter dated February 13, 1934 (467.11/755d).
21 Not printed.
phraseology of the note, if one is sent, or whether some other method is preferable, but desires to be advised of the decision reached.

General considerations: The terms of the Claims Agreement make it obvious that the two Governments intended that all claims matters should be referred to the Committee for the determining of solutions. The Department is very desirous that the functions and responsibilities of the Committee in these respects should not be curtailed.

As regards the ex-Ottoman claims, it would seem that if the Turkish Government considers that it has a valid defense on the ground of nationality, it should be willing to have the matter passed upon by the Committee, as was done by the Mixed Arbitral Tribunals which are understood to have passed upon claims of naturalized former Ottoman nationals. See Embassy’s despatch No. 526 of August 19, 1933. It is difficult to understand why the Turkish Government should be unwilling to place equal confidence in the present Committee. The position of the Turkish Government in reality amounts to an ex parte determination of a fundamental principle which by the Agreement is left to the Committee for consideration.

As regards the last paragraph of your No. 13 of March 11, noon, it will be obvious that any amount agreed upon as a lump sum settlement will be less or greater, depending upon whether claims of naturalized citizens of Ottoman origin are included in the calculations. If they are not so included, this should be definitely shown and the reasons stated, since otherwise difficulties will arise in connection with distribution.

The Department is relying upon you and Nielsen to safeguard this situation when the occasion arises.

The Department desires a definite statement from Nielsen as to the minimum clerical assistance needed, and a statement from you as to the extent to which such assistance may be supplied by the Embassy and the Consulate General, bearing in mind the desire to avoid the employment of outside personnel, if possible. Bills for an appropriation for expenses have been introduced in both Houses of Congress.

Hull

407.11/846

The Secretary of State to the American Commissioner on the Turkish-American Claims Commission (Nielsen)

Washington, July 13, 1934.

Sir: The Department is in receipt of your communications of May 25 and May 28, 1934, regarding the Turkish claims situation.

22 Not printed.
23 Neither printed.

790532—51—64
It is noted that in your communication of May 25 you call attention to the fact that the names of certain claimants were included in the list sent to the Turkish Government, whereas examination of the papers in the cases discloses that the cases are not properly to be taken up with the Turkish Government, for various reasons.

You will, of course, appreciate from your experience in these matters that in handling a large group of claims, such as the Turkish group, it is well-nigh impossible to have them developed by the claimants in accordance with the ordinary requirements of the Department, or with those of international law. You will also appreciate that when an agreement has been entered into to settle all outstanding claims, with a time limitation for the filing of notice of the claims and the supporting evidence, it is customary to file notices within the time prescribed, whether or not, at the time of filing, a good claim has been established, since failure to file such notice would bar the claimant, despite the fact that, within the time remaining for the perfecting of the claim, a good claim might be shown to exist. Hundreds of notices of claims were filed with the Mexican Claims Commissions, on which you sat for several years, which had not been developed as legal claims, and many of which, it seems, may never be so developed. It is expected that when the appropriate time comes these claims will be dismissed for lack of proof. Such a practice has its advantages and its disadvantages, with both of which you are familiar. The principal advantage is that, if the claim is dismissed by the Commission, it may be regarded as a closed incident; whereas, if it is not presented to the Commission, the claimant may feel that he has not had his day in court, may be dissatisfied with the action of the Department or the Agent, and endless correspondence may result.

The practice of including all claims, good and bad, thus cleaning the slate, so to speak, has resulted in a very low percentage of recoveries before Commissions and small percentages in lump sum settlements.

To eliminate in the first instance all so-called claims that have not been properly developed, and to apply to the select group the percentages established, as above indicated, would place upon this group of select cases a lower estimated value than would accrue if the past practice were followed. It is for this reason, and for the further reason, as explained above, namely, that claimants have until August 15, 1934, in which to present supporting evidence, that many claims in the list submitted to the Turkish Government may appear at the present time to have been improperly included.

These considerations, however, do not justify the inclusion of cases wherein it is obvious that the claimant was not a national at the time the claim arose, or cases where the claimants had withdrawn their applications. It is not believed that there are many such cases in the group to which you refer and those found should be eliminated by you.
Any such cases were included by error, resulting from haste in the preparation of the list, and the voluminous amount of correspondence with claimants that ensued following public announcement that Turkish claims were to be taken up by your committee. Several hundred of these claims were filed following that announcement, and, obviously, little opportunity was afforded the Department to develop the claims to a finished state prior to the filing date—February 15, 1934.

If your discussions with the Turkish representatives reach the point where claims that are obviously unsupported by evidence, and those in which it is apparent claimants are not entitled to consideration should be segregated from those that are entitled to consideration, it is not believed that you should have any difficulty in making such segregation. It may well be that, by preparing a list of claims which you think might properly be withdrawn, you would be able to use it to advantage in your deliberations.

The purpose of the Department's instruction of April 12, 1934, enclosing a list of "closed cases" and one of "presumably non-Ottoman" cases, lists prepared after the names of the claimants had, for the reasons stated above, been included in the list sent to the Turkish Government, was to enable you to agree with your Turkish colleagues, at such time as might seem appropriate to you, definitely to dismiss the first mentioned list of cases and to deal appropriately with such of those on the other list as might not, within the remaining time for the filing of evidence, be shown to be of non-Ottoman character. The Department has felt, as it has so often stated, that, by reason of your familiarity with the claims work, you would experience no difficulty in properly disposing of such cases.

In view of the apparent confusion that has resulted from the messages that have been exchanged with you during recent months, it seems desirable at this time to recapitulate the developments that have taken place and to indicate the Department's present understanding of the situation and its views as to possible future courses of action.

As the situation now stands, the Department understands that the Committee will proceed to an examination of claims with a view to arriving at a lump sum settlement. Although it is realized that such an examination will not be extensive, it is anticipated that the Committee will be able to agree upon the rejection of such claims as shall not have been adequately established when the period for the filing of evidence expires on August 15, next. Such rejection should definitely eliminate claims of that character from future consideration. If a lump sum settlement can be arrived at an agreement should be concluded, leaving this Government a free hand in the distribution, among

---

*Not printed.*
those claimants whose claims have not been rejected by the Committee, of the amount to be paid by the Turkish Government.

Finally, with respect to a lump sum settlement, it would seem pertinent to refer to the American and Turkish offers previously made. You will recall that in its instruction No. 93 of April 4, 1933, this Government suggested a lump sum settlement of $5,000,000. This sum was arrived at by taking approximately ten percent of the gross amount of all claims that had been submitted up to that time. Included among such claims were many which the Department fully realized could not be legally substantiated. It was considered quite proper, however, to lump all these claims together and to accept a very moderate percentage of the total as a final settlement. Had only the fully substantiated claims been taken into consideration, the Department would not, of course, have felt itself justified in accepting such a small fraction as ten percent of the total, since the fully substantiated claims, if brought before an impartial tribunal, might have been expected to produce a much larger percentage of recovery. In the original lump sum negotiations, moreover, it was the Department's understanding that both parties wished to avoid a lengthy, close and costly examination of each individual claim, which would have been the only method of arriving at an accurate estimate of the value of the claims involved. Under the circumstances, it was deemed proper to base the first offer of this Government upon the total amount of the claims which has been submitted to it.

However, the Turkish offer of $500,000 as a lump sum settlement led the Department to believe that the Turkish members of the Committee had misinterpreted the motives of this Government and it became apparent that it would be necessary to conduct a more intensive examination of the claims than had at first been considered essential. It is such an examination that is now about to take place.

As explained in the Department's No. 93 of April 4, 1933, this Government is anxious to arrive at a just and final settlement of the troublesome claims question as expeditiously as possible, while preserving to the maximum the rights of those American citizens who suffered losses in Turkey. In arriving at such a settlement, however, it is necessary to take into consideration the existing situation in Turkey. Accordingly, the Department will be glad to consider such suitable offer for a lump sum settlement as you may be able to obtain.

Turning now to the situation with which you will be faced in the event it proves impossible to arrive at a satisfactory lump sum settlement, the Department understands that steps will be taken to give finality to the proposed protocol by which the members of the Committee will proceed to consider on their merits the various individual claims before them, their findings to be conclusive upon the two
Governments in those cases in which they agree; those cases on which the members are unable to agree will then be submitted to a sole arbitrator whose decisions shall be considered as final and binding upon the two Governments.

In the event it becomes necessary to consider each individual claim along the lines indicated above it would be obviously advantageous to come to an agreement with respect to the appointment and functions of a sole arbitrator before actually proceeding to a consideration of the claims in this manner. It is possible, as indicated in the Embassy’s cable No. 4 of February 8, 1934, 6 p. m., that the Turkish Government will not consent to the negotiation of such an agreement before proceeding to a consideration of the individual claims, though there would appear to be no valid reason for such a position on its part. In the event of its refusal, however, you are authorized in your discretion to negotiate the proposed agreement after the Committee has passed on the individual claims.

The agreement itself should preferably take the form of the protocol or exchange of notes suggested in the Department’s telegram No. 8 of January 13, 1934, as modified by your suggestions contained in the Ambassador’s cable No. 22 of April 10, 6 p. m.,25 approved by the Department in its cables No. 53 of May 22, 6 p. m.,26 and No. 60 of June 7, 6 p. m.27 In this connection it is desired to make clear that although the Department has accepted the general outlines of the proposal contained in the undated Turkish note No. 55773/11, quoted in the Embassy’s cable No. 4 of February 8, 6 p. m., and transmitted with the Embassy’s despatch No. 167 of March 11, 1934,28 it cannot agree, and this is also understood to be your position, to exclude from consideration by the Committee or by the arbitrator all claims of American citizens whose nationality is contested. (See Department’s cable No. 19 of February 10, 2 p. m.). In view of the attitude of the Turkish authorities, as displayed on several occasions prior to and during the present negotiations, you are authorized, subject to the last preceding sentence, to make such concessions with respect to the scope of the claims to be considered as may be absolutely necessary.

The Department would wish to be furnished with the text of any proposed exchange of notes or protocol on this subject before signature.

To recapitulate, the Department now envisages the following possible courses of procedure:

(1) Consideration of claims, with a view to arriving at a lump sum settlement, those claims which in the judgment of the Committee are lacking in proof to be definitely and finally rejected after August 15.

---

25 Not printed.
26 Latter not printed.
(2) Failing an agreement on a lump sum settlement, the negotiation of an exchange of notes or protocol for the adjudication of each individual claim either by the Committee, or as a final resort by an arbitrator.

(3) In the event of the refusal of the Turkish Government to negotiate such a protocol or exchange of notes prior to the consideration of individual claims, the Department would reluctantly be willing to have the Committee first pass upon the individual claims and subsequently to negotiate the proposed protocol or exchange of notes.

The Department feels confident that the Ambassador and Mr. Shaw, through their contacts with members of the Turkish Government, may be able frequently to assist you in bringing your discussions to a desired conclusion.

Finally, it is desired to stress the fact that the President and the Department have full confidence in your ability to arrange a satisfactory settlement of the only outstanding problem in American-Turkish relations. In your efforts to bring about such a settlement you may count upon the full support of this Government.

Very truly yours,

CORDELL HULL

467.11/886

The American Commissioner on the Turkish-American Claims Commission (Nielsen) to the Secretary of State.

[Extracts]

ISTANBUL, August 17, 1934.

[Received August 28.]

Sir: I am enclosing, as of possible interest and future use, a record of a cursory survey made of all cases filed here, with the exception of those deposited by Mr. Max Rhoade on August 14, 1934. I also enclose a record of so-called déclarations verbales made at a meeting on August 14, 1934. That record shows some analysis of figures contained in the first-mentioned enclosure.

I also enclose some so-called déclarations verbales of August 16, 1934, dealing with the subject of percentages of amounts claimed, as that method may be used in connection with a lump sum settlement. It may be observed that the above referred to subjects were discussed orally at considerable length, but only meagre records were made of the discussions.

Respectfully yours,

FRED K. NIELSEN

*Not printed*
Is it not possible for the Turkish delegation, at this stage, nearly five months after our first meeting, to make an offer, that even though manifestly inadequate fully to meet all losses of American claimants, would be such that there would be a possibility that the Government of the United States could accept it?

It seems to me that, in the light of the general survey we have made of cases, it would be out of the question to say that the United States in putting forward what might be called a compromise offer of $5,000,000 asked for an excessive sum.

The examination that we have just completed has, of course, not been made in a strictly judicial manner. The declared purpose of the two Governments is to avoid the time and expense necessary for that kind of an examination with respect to each case. I hope that, after we furnished to the Turkish delegation all information regarding cases which they requested, we have also evidenced a sincere purpose to contribute to the best of our ability toward reaching some valuable conclusions with regard to law and facts that might be the basis of the diplomatic settlement undertaken by the two Governments.

I have noticed brief newspaper accounts of steps taken to settle a great number of outstanding claims between Mexico and the United States. In satisfaction of a large number of claims preferred by the United States, with respect to occurrences that took place between the years 1910 and 1920, it appears that the Government of Mexico has obligated itself to pay in connection with a lump sum settlement the sum of $800,000 annually. The total sum has not yet been computed. Another agreement which was part of a general plan to settle all outstanding claims between the two Governments covers all claims arising since the year 1868. Arrangements for the final disposition of those cases are being perfected.

The results of the cursory examination we have just completed may be summarized as follows:

1. “Serious cases”, approximately $12,099,994.18.

This classification covers cases, which, in the light of applicable rules and principles of international law and in the light of evidence produced by claimants, appear prima facie to involve responsibility on Turkey. They might be said to be cases that would require careful, serious consideration by a tribunal entrusted with the judicial determination of responsibility.

2. “Prima facie but unconvincing cases”, $1,419,614.60.

This classification includes cases which even a casual examination revealed to be supported by unsatisfactory proofs, but which it was
not deemed to be proper to classify, in the light of such an examination, as obviously without legal foundation.

3. Cases on which it was thought that local Turkish law with respect to abandoned property might have a bearing, $1,366,242.32.

Consideration of them was suspended to permit the American delegation to examine the law with a view to reaching a conclusion whether it might be considered that possibly these claims have a legal basis on the general theory that claimants are entitled to the benefits of important local law with respect to compensation for property appropriated by Turkish authorities.

4. "Insignificant cases", approximately $49,347.78.

These cases, small in number, which were not rejected, were passed over in view of the fact that they would have little or no bearing on a lump sum settlement.

5. Cases held in abeyance to permit the Turkish delegation to make certain investigations, $905,953.47.

6. "Non-serious cases", approximately $1,665,026.36.

This classification includes cases which in the unanimous opinion of the Committee were without basis in law.

7. A large number of cases (approximately 600) which the American delegation after a cursory examination considered to be obviously without legal foundation.

A list was furnished to the Turkish delegation.

8. A small number of cases involving questions of dual nationality, Turkish and American.

We examined these cases in which the Department of State evidently considered that the claimants might have shown that they were not of Ottoman origin, and we found that in practically all cases satisfactory showing to that effect had not been made. Some months ago His Excellency, Sevki Bey, requested me to furnish memoranda giving abstracts of claims according to a classification which he said he understood had been made by the Department of State with respect to claims of American citizens not of Ottoman origin, such memoranda being desired by him in addition to memoranda of such claims furnished by the Department in the month of August, 1933.

The Turkish Government has been notified that there are approximately 1900 claims of American citizens of Ottoman origin. The Turkish Foreign Office has through diplomatic channels informed the Government of the United States that the Turkish Government intended to exclude from the categories of American claimants persons who at the time of the injury for which they claim reparation were according to Turkish law Ottoman subjects. It was agreed in the Committee that, in connection with the negotiations for a lump sum settlement, the legal issues involved in cases of this nature would not be discussed.
Finally, I venture to call attention, as I perhaps have already done to some extent, to the results of the labors of the Commission set up by the Allied Powers to determine judicially claims against Turkey of nationals of France, Great Britain, Italy, Rumania and Japan. The awards were as follows:

<table>
<thead>
<tr>
<th>Ressortissants</th>
<th>Lt (Or)</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Français</td>
<td>3,727,325.00</td>
<td>16,385,320.70</td>
</tr>
<tr>
<td>Britanniques</td>
<td>3,521,861.80</td>
<td>15,482,104.47</td>
</tr>
<tr>
<td>Italiens</td>
<td>3,103,223.20</td>
<td>13,641,769.19</td>
</tr>
<tr>
<td>Roumains</td>
<td>84,214.00</td>
<td>370,204.74</td>
</tr>
<tr>
<td>Japonais</td>
<td>9,561.00</td>
<td>42,030.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,446,185.00</strong></td>
<td><strong>45,921,429.26</strong></td>
</tr>
</tbody>
</table>

I have taken the figures from page 16 of the Commission's official report. I do not mean to suggest that all the principles applied by this eminent tribunal must govern our Committee. I merely call attention to these awards as indicating the extent of certain foreign properties and to suggest that at the outbreak of the Great War American property interests in Ottoman dominions which suffered during the course of that war, as other foreign interests did, were extensive, and that comparisons are of interest in connection with the general survey we have been making.

I sincerely trust that the Committee may not fail to effect a friendly, satisfactory adjustment of the only outstanding problem between our respective Governments; that there may be little further delay in the proceedings of the Committee; and that, after the considerable delays which have already occurred, there may be no need of long-drawn, expensive proceedings of arbitration.

[Enclosure 2]

Déclarations Verbales by Mr. Nielsen on August 16, 1934

Reference has been made to percentages of amounts claimed as revealed by awards of tribunals. Let me comment briefly on that subject. Valid and invalid claims are submitted to tribunals in large numbers. It is a general practice to include all kinds of claims when there is a cleaning of the slate, so to speak. And that practice has resulted in relatively low percentages of recoveries before Commissions, and also in similar percentages when lump sum settlements have been made.

Of course, excessive amounts are often claimed both in private and in international litigation. In cases in which that occurs we find comparatively lower percentages of recoveries. But we should not lose sight of another fact, namely, that when comparisons have been made as to the totalities of the amounts claimed and the totalities of
awards made, account has been taken, as I have indicated, of all claims presented, valid and invalid, in relation to the much smaller number of cases in which awards have been made.

Now, if we take all of the cases which were presented to this Committee, which I think totals approximately 2,500, the percentage of awards on the basis of the offer of settlement made by the United States is not large. And this is true even if we exclude the cases of persons who are said to have a dual nationality, Turkish and American, and the so-called “non-serious cases”, classified by the Committee, and the large number which the American delegation informed the Turkish delegation we considered to be without legal foundation. However, when we exclude 1,900 cases of a certain class that were presented to the Committee but not considered, and exclude further the so-called “non-serious cases”, and about 600 other cases, we must assuredly, if we are taking account in a worth-while manner of average percentages of recoveries, see the justice of using a higher percentage for this greatly condensed list than would be used if account should be taken of the entire list presented to the Committee.

If account is taken of the list which remains after we deduct 1,900 cases, and approximately 600 cases which the Committee excluded (subject of course to the possibility of the presentation of documents prior to August 15th), the figure on which a percentage should be computed is $15,841,150. The low percentage of 15% on claims totaling $15,841,150, which is the total of a list on which it could not be positively said that a single case is worthless, would be close to the sum of only $2,500,000. This is a low percentage when account is taken of the great number deducted from the total number presented to the Committee. And we know of course that in arbitrations generally, and in instances of lump sum settlements, there are many unfounded cases.

It is important that, in figuring percentages on the total of claims, we should bear in mind that, in estimating the total, we have not taken account of the well-established rule of international law that, in cases of destruction or seizure of property, the amounts of indemnity must include not only the value of the property but also the value of its use, that is, interest. The small sum put forward by the Turkish delegation would evidently cover not even a small fraction of the interest on just awards to compensate for seized or destroyed or damaged property and would cover nothing for the value of any such property.

In the settlement between Germany and the United States of claims growing out of the Great War, the Commission entrusted with that settlement allowed interest at 5% on all awards; not alone on those relating to property losses, from the dates of the origins of the claims up to the dates of payment.
Reference was made the other day to percentages of amounts claimed which have been awarded by international tribunals. I have available only some records in a single arbitration. Percentages may be computed on a total of all claims presented, including those dismissed, or only on the total of amounts claimed in cases allowed. In connection with our computations it is well to bear in mind, as I have previously observed, that, while we have not concluded that all cases other than those classified as non-serious were valid, we have greatly condensed our list by throwing out a great number. Let me indicate, as of possible interest, the two kinds of computations with respect to a volume of opinions I have here. It was published in 1927 with respect to the first effective session held by the Commission created by a Convention concluded between the United States and Mexico on September 8, 1923. At that session 56 cases were decided. A great majority of them were allowed. Most of them involved what might be said to be comparatively small amounts, growing out of so-called personal injury cases. One case involved large property interests. In all cases presented, including those allowed and those disallowed, claims were made for a total sum of $3,942,746. Awards were made in a total sum of $2,261,268. The percentage allowed was 57.4 of the total sum claimed. The total sum claimed in the cases allowed was $3,302,095. The total sum allowed in these cases was $2,261,268. That sum was 68.5% of the total sum claimed. It may be further mentioned that in addition interest was allowed in cases involving property interests.

Of course, there have been much lower percentages of recovery. Naturally recoveries will depend largely on the nature of the claims, and that will be influenced by conditions under which claims arise. In abnormal times, particularly in a period of war when, as evidence before us reveals, much property is requisitioned, or otherwise seized, or destroyed as a result of arbitrary acts, considerable losses will occur and responsibility will readily be fixed.

The American Commissioner on the Turkish-American Claims Commission (Nielsen) to the Secretary of State

Istanbul, August 28, 1934.
[Received September 22.]

Sir: With reference to the Department's telegram of June 16, 3 p. m., and my reply of June 18, 4 p. m., regarding the so-called Smyrna fire cases, I may briefly observe that, as the Department

* * *

doubtless understands, I telegraphed to the Department with respect to these cases on June 11th, 22 because I became aware of the absence of evidence in the records and because the Turkish delegation has taken a very positive attitude with respect to non-liability of the Turkish Government.

Cases before an international tribunal are of course tried on the records in each case. It may be possible at times to combine cases. In our cursory examination of cases here, we have sometimes examined separate records together. It is possible that such action could have been usefully taken by the Committee with respect to most of the Smyrna fire cases, or that such a procedure could be employed later before an arbitrator, if a single case had been prepared with convincing evidence showing negligence on the part of the Turkish authorities in the matter of preventing destruction of property. I have noted from correspondence that claimants have been informed that they did not need to produce evidence on that point. A memorandum prepared by Mr. Anderson was explained to be one written not for the purpose of proving international liability but to furnish general information regarding cases. The Turkish delegation has insisted at all times when these cases have been mentioned that there is no liability, but I have contrived so far to keep them nominally in our calculations without revealing facts called attention to in my telegram of June 11, 4 p.m.

The Department is correct in its understanding expressed in the last paragraph of its telegram of June 16, 3 p.m., to the effect that it was not necessary to establish liability under international law in the cases that came before the Allied Commission which adjudicated claims against Turkey. The Allied Powers, having taken possession of Turkish gold and securities and ships, applied proceeds in their possession to the satisfaction of claims. The general principle of the convention made by the Powers in relation to claims was the same as that incorporated in peace treaties concluded in Paris in 1919; the defeated foe was to pay for all losses. American claims must of course be determined in the light of international law. As the Department may have observed, I have, however, made use of the facts with regard to the settlement of all the claims of nationals of the Allied Powers to indicate in a measure the extent to which the acts of Turkish authorities occasioned losses during a period of war, and to emphasize the fact that only the war claims of nationals of a Power which was not at war with Turkey remain unsettled. And I have not conceded that there can be no liability in the cases growing out of the fire.

Very respectfully,

Fred K. Nielsen

22 Not printed.
The American Commissioner on the Turkish-American Claims Commission (Nielsen) to the Secretary of State

ISTANBUL, September 5, 1934.  
[Received September 22.]

Sir: At a session of the Committee yesterday lasting four hours there were developments which prompt me to furnish the Department a little information as soon as possible. I will merely roughly sketch some of the occurrences, in order that I may mail this communication in the pouch which closes today.

After we had made a summary examination of all the cases filed, I apprehended that that procedure and future activities meant nothing but useful delay to the Turks. I therefore carefully made a statement suggesting that perhaps at that stage the Turkish delegation might be in a position to make a better offer than that which the United States had rejected. Essat Bey promptly replied that the Turkish delegation had no instructions except to insist on the sum of $500,000 previously offered. Since that time there has been some oral discussion, and we have furnished analyses of cases with figures and suggestions as to a computation of a reasonable lump sum settlement on the basis of percentages on such figures. Neither the figures nor any arguments which I have used have been attacked, except by meaningless generalities.

At a meeting a few days ago, I furnished Essat Bey a carefully prepared statement, and the meeting adjourned with a declaration by him that he would give the statement consideration. When we met yesterday, he sat silent and immobile as usual and said nothing. Finally he inquired, as he customarily does, if I had anything to say. I observed that, when we adjourned our last meeting he had stated that he would take under consideration my statement; I had assumed that he intended to comment on it at our present meeting. He replied that he had nothing to say; that the statement had been referred to the Foreign Office. Considering that the time had come to take an attitude somewhat more aggressive than I had previously assumed, I made some observations in the sense of the following:

His explanation raised in my mind an interesting question as to the interpretation of the Agreements under which we were functioning. I construed those Agreements to impose certain duties on the Commissioners. I called attention to provisions of the second paragraph of the Agreement of December 24, 1923; to the Turkish Government’s proposal of February 8, 1934, initiating a resumption of the meetings of the Committee to examine cases in a summary manner “and to propose by common accord to the two parties a lump sum
settlement”; and to the third paragraph of the Turkish Government’s note number 55772/11 of March . . . , 1934, reiterating its proposal of February 8th. I stated that I considered that under these agreements certain duties were entrusted to the Committee to settle claims or at least, as urged by the Turkish Government in its note of February 8th, to agree on a lump sum which could be recommended to the two Governments. When we had finished the summary survey, and I asked the Turkish delegation whether it might not be in a position to make a proposal for an expeditious, amiable settlement, Essat Bey merely stated that he had no instructions other than to insist on a $500,000 settlement. It therefore seemed that all the work which had been done up to date had been useless. I briefly indicated what the American delegation had done with a view to contributing to an amiable adjustment, and I pointed out that, since Essat Bey explained that he could do nothing but insist on a lump sum settlement as directed by the Foreign Office and could only transmit my proposals to the Foreign Office, it would seem that perhaps we might as well have remained in Washington, since the Turkish Government, being without any information concerning the cases, could of course uncompromisingly insist on its small offer by direct communication to Washington as well as by the use of the Turkish delegation as a means of communication. I further observed that, in view of the attitude taken by the Turkish delegation, I naturally had in mind the second stage of the work which, according to the Turkish Government’s proposal of February 8th, should be taken up if no lump sum settlement should be reached. The examination of cases individually would certainly require action by Turkish Commissioners.

Essat Bey . . . employs the old expedient used at international conferences of stating, rather than committing himself to anything, that the matter must be referred to his Government. But perhaps he overplayed it a little, as he seemed to realize when I pointed out that in my opinion the Committee has certain duties to endeavor to reach an agreement as to a lump sum to be recommended to the two Governments. He hedged and explained that he also considered the Committee had certain functions and, although he had said that he could only act under instructions, he had formed some judgment. He said that figures presented by the claimants were exaggerated and my suggestion—I had ventured a possible compromise less than that insisted on by the Department—was also exaggerated. I observed that, generally speaking, it was admitted that the figures presented by claimants were undoubtedly for the most part exaggerated. I had stated at our first meeting that I had no doubt on that point. The American delegation had taken account of that fact, and in its esti-

* Not printed.
mates had deflated amounts approximately 80%. I could not agree that the sum of $2,500,000 which I had stated that I would send to Washington was exaggerated. I observed that it seemed to me that, if Essat Bey considered it to be so, it would be desirable that he should indicate the reason for his views and attack the figures which I had produced and the reasons given to support them.

Toward the close of the meeting, Essat Bey harped [harked?] back to the three largest claims which had previously been mentioned and said that it would be useful to examine them further. This undoubtedly was merely for purposes of further delay. A similar suggestion had previously been made. However, I stated that, if the Turkish delegation desired to give particular attention to these cases, the American delegation was willing to cooperate with the Turkish delegation for that purpose and to exchange views with respect to the amounts of those claims. Even though conclusions with respect to all cases could of course not be made in the light of an examination of two or three cases, such an examination might have a useful bearing in considering the propriety of the offer made by the Turkish delegation. This would certainly be so, if it should be shown, for example, that the Turkish offer would not even cover just compensation in one or any of these cases, or shown that, if that amount should be spread over all just claims, nothing that could properly be called compensation would be afforded—not to speak of the cost of distribution.

Very little objection had been made to the cases when they were summarily examined, and I therefore hoped, I observed, that, when they were again challenged, some concrete objections would be made to them by the Turkish delegation in connection with this new examination; we could then make an answer. Essat Bey promptly stated that he could make no examination; that he had not examined any cases; that he was extremely occupied with his assignment on the Mixed Commission for the Exchange of Populations. I further pressed the idea that it would be desirable to have some cooperation from the Turkish delegation which attacked our arguments and figures but did not furnish any concrete objections based on any investigation of cases.

I have merely sketched enough of what took place to indicate, as other things sent to the Department must do, the situation here, and to indicate the Turkish Government’s attitude in the matter of carrying out its own proposal with respect to an agreement concerning a lump sum settlement to be recommended to the two Governments. Since we arrived here, the Turkish Government has done nothing to carry out that agreement. As the Department is aware, its principal Commissioner 34 was sent to Sofia, and the Commissioner here in Istan-

---

34 Sevki Bey.
bul is engaged on another Commission and has emphatically volunteered the information that he has not examined a single case. Not only has the Turkish Government therefore done nothing to carry out the agreement, but it is accurate, I think, to say that it has exerted itself considerably through its functionaries to block the execution of the agreement. It is this situation which I feel should be concretely brought to the Department’s attention.

Although Essat Bey has now admitted he is charged with the duty of attempting to agree with us on a lump sum settlement, he used only the most equivocal language when he intimated that a sum of $700,000 might be offered. I presume that an offer of $1,000,000 could be obtained, but I stated on one occasion that I would not send any such offer to Washington. It is the opinion of those of us who have examined the cases that $1,500,000 would pay a respectable percentage on claims. I have not the time at this moment to furnish detailed information in support of that view.

Essat Bey has frequently referred to the subject of the capacity of Turkey, or, as he sometimes says, “the debtor”, to pay. I have noted that, since my Government has taken account of that question, naturally I must do so also. I added yesterday, however, that some proper consideration must also be given to the rights of the creditor.

I think that I have substantially exhausted my stock of expedients to press for action. I was of the opinion, as I previously informed the Department, that it would have been advisable shortly after negotiations for an arbitration of cases concerning which the Commissioners could not agree had been initiated, to press for that arrangement. The Department has now authorized negotiations to that end, but at this date, I am not sure that anything could be gained by renewing negotiations. If the Turkish Government should treat those negotiations, or an agreement that might result from them, in the same manner in which they have acted with respect to the existing arrangements, new arrangements would of course be of little or no value. Furthermore, as the Department is aware, the Embassy opposed the plan to press for a definite agreement with respect to arbitration which I suggested to the Department in April; and while authority for negotiating it has in terms been given to me, it would of course be necessary that the Embassy should have definite instructions, and that action if taken along those lines should be effectively pressed.

Negotiations in the Committee have always been cordial, and Essat Bey has expressed the opinion, with some sincerity, perhaps, that he relied on my judgment and my fairness. If the Department desires action of a more vigorous nature, I am willing to do whatever I can do with the assurance that I will receive the Department’s support. 

---

Essat Bey.
have deemed it to be advisable that the Department should have definite
information respecting the Turkish Government’s failure to do its part
to give effect to existing agreements.

Very respectfully,  

FRED K. NIELSEN

467.11/898: Telegram

The American Commissioner on the Turkish-American Claims
Commission (Nielsen) to the Secretary of State

ISTANBUL, September 20, 1934—9 a.m.
[Received September 21—10:20 a.m.]

Three days ago I made somewhat strong statement and closed by
asking Turkish delegation if it intended to stand uncompromisingly
on original offer of $500,000 and stating that in that event American
delegation was prepared to proceed next stages of work pertaining to
individual examination of the cases and possible arbitration. Yester-
day Sevki Bey appeared for first time since first meeting. After long
sparring he finally reached $1,200,000 payable 12 annual installments
and asked me to join in recommendation of that sum which I assume
Turkish Foreign Office under which delegation has acted would accept.
I considered it advisable at the time to decline to join in recommenda-
tion but offered submit figure to Department.

My despatch of September 5 if received will reveal difficulty of past
and possible future proceedings. Because of conditions here adjust-
ment through individual consideration of the cases appears to be hope-
less and conclusion arbitration protocol now impracticable without
great delay. I have in mind also inconsiderable expenses to date here
and large sums spent in the past on a single or a few cases submitted
to arbitration in comparison with awards when any given.

We tried hard for more but believe that the sum offered would
afford reasonable percentage on all claims in which a competent tri-
bunal would render awards. Obviously at present we can only esti-
mate amounts. Suggest Department not take too seriously amounts
claimed which in the vast majority of the cases including three largest
are badly exaggerated. In the list transmitted with my despatch
August 17 not much weight should be given to cases other than those
labelled “serious”. Those designated “not deemed serious” were dis-
carded. Those in other classifications were used by me largely for
legitimate bargaining. See also my despatch of August 28 concerning
the status Smyrna fire cases. Department knows something of sor-
did character evidence in some cases and extreme weakness in others
and the fact that cases are not prepared for arbitration. Future pro-
ceedings with many cases of various kinds would be embarrassing.

36 Not printed.

790532—51—65
We feel we have left undone little of which use could properly be made in cordial and peaceful negotiations by way of legal arguments, figures or proper expedients. Obviously account must be taken of the sorry financial situation here. Shaw, to whom I mentioned results yesterday, urgently recommended acceptance. I have tried to indicate practical considerations respecting character cases, lack of disposition and personnel on the part of Turks to settle cases and financial stringency here.

Sevki Bey lingers here a few days for the purpose of effecting settlement. Please telegraph earliest possible reply.

NIELSEN

467.11/884 : Telegram

The Secretary of State to the Consul at Istanbul (Elting)

WASHINGTON, September 20, 1934—5 p. m.

For Nielsen. Your despatch August 17. Department understands that examination of claims by committee has been completed and that the lists of the several categories have been prepared and are in the hands of the Turkish delegation, but that further discussions are being delayed to permit that delegation to make certain investigations regarding a small group, presumably naturalized citizens of Greek origin.

Department is pleased with the progress made in the preparation and discussion of these several categories but shares your feeling that too much time is being lost in arriving at discussion of definite figures for lump sum settlement.

Department wonders whether you may not be in a position to arrive in your own mind at a reasonable evaluation of the possibly good claims, and whether you consider that, as a means of bringing the discussions to a head, it might not be desirable to make a revised offer on the basis of the survey which has been made.

Department would be glad to have a telegraphic expression of your views and a statement of the amount which might be regarded as a reasonably fair settlement to be covered by payments over a period of say 5 years, if necessary.

HULL

467.11/900 : Telegram

The American Commissioner on the Turkish-American Claims Commission (Nielsen) to the Secretary of State

ISTANBUL, September 21, 1934—6 p. m.

[Received September 21—2:45 p. m.]

Your September 20, 5 p. m. In telegram of yesterday I endeavored briefly to indicate existing situation. Probably reference to terms of
payment of 5 years is only point in Department's telegram which now requires comment. In objecting to Sevki's offer I took exception not only to amount but to term of 12 years. I have not been misled by opposition constantly employed to raise obstacles and I am disposed to take seriously pleas made with regard to financial situation of Turkey. Sevki offered to show me records of Ministry of Finance to prove they decided positively they could not pay more than $100,000 a year. I replied that he and I accepted each other's word without written proof. Information from the Embassy confirms my view concerning financial conditions. If Department willing to accept the offer made it might authorize me in my discretion to play for slight modifications such as interest on deferred payments and a shorter term of payment and at the same time allow me to yield on points I might raise if Turks should not make concessions. In reaching a conclusion Department will understand that my representations of August 14 and 16 "played up large figures originally used and my own somewhat freely but legitimately considering nature of opposition. We have all agreed that only a relatively small number of cases would stand before a court.

NIELSEN

467.11/900: Telegram

The Secretary of State to the Consul at Istanbul (Elting)

WASHINGTON, September 22, 1934—2 p.m.

For Nielsen. Your September 20, 9 a.m., and September 21, 6 p.m.
(1) The present value of the Turkish offer of $1,200,000 payable in 12 annual installments is $995,400, calculated at 3 percent interest. Department considers that an amount should be obtained which would give a present value of $1,200,000. This might be done by increasing the amount to approximately $1,500,000, or by adding interest, which would bring total payments up to approximately this figure. For your information, 2½ percent is lowest present interest rate on short term borrowings of our government.

If a little delay can be safely had for that purpose, endeavor obtain settlement along these lines.

(2) If offer must be accepted or rejected immediately, you are authorized to accept.

(3) To the extent that may be possible, the agreement should show categories or specific cases that were eliminated from consideration in arriving at lump sum, since otherwise all original claimants will seek to participate in distribution.

HULL

* The Commissioner's déclarations verbales received by the Department as enclosures to the Commissioner's despatch of August 17, p. 918.
The Consul at Istanbul (Elting) to the Secretary of State

ISTANBUL, September 28, 1934—5 p.m.
[Received October 1—8:25 a.m.]

From Nielsen. Your September 25, 11 a.m. I regret that Department misunderstood reference in my telegram September 24 to the Department’s use of the term “present value” and telegraphed detailed explanation. Since Sevki was leaving on September 25 I conferred with him Monday the 24th and laid before him Department’s argument respecting present value. With considerable feeling he replied that he considered irrelevant use of a term pertinent to an interest bearing term obligation which Turkey had not offered to incur; that Turkey could not pay more nor pay in fewer installments; that the Department by the use of such a term belittled the offer made and made it appear to be less than it was. I stated that Department had no such purpose; that it might be simply said as I already had done that Turkey might properly increase its offer a little by the payment of a moderate rate of interest on deferred payments, the Government having the use of the money and the claimants being deprived of it. I expressed the hope that since the United States might in a spirit of compromise accept the principal sum of $1,200,000 Turkey might readily agree to a moderate rate of interest on deferred payments. Subsequently Sevki stated that Turkey could afford no more; that he would however agree to increase recommendation to $1,800,000 with a term payment of 18 years. He handsomely explained that the concession was made as a personal one to me. I accepted the offer.

It is agreed that formal document of recommendations will be signed when he returns in about a week. Connelly, Maktos and I consider the sum should reasonably pay honest claims with legal foundation. It has been difficult to obtain it. Long term payments appear a necessity in view of conditions of poverty here. Some examination of largest claims prompts our judgment respecting probable appropriateness of sum mentioned. . . .

Turkish delegates take view that function of commission in dealing with lump sum is solely to make recommendation to the Governments although if I should be here I could of course act on final contract. I did not oppose this view since the Department in the past has

---

* Not printed.
* John W. Connelly and John Maktos, legal assistants to the Commissioner and Plenipotentiary (Nielsen). Connelly was also designated as Commissioner.
reserved judgment on lump sum and the portion of the Turkish note of February 8 dealing with lump sum specifically speaks of recommendation. Considering draft of report and recommendations handed me by Sevki to be unsatisfactory though not seriously objectionable with some modifications, I have submitted counter draft to Essat. I think that portion of my draft covering vital points could if accepted be used as a basis for the contract of final settlement which I assume might be concluded after my departure by an authorized person in the Embassy if formulation of contract is considerably delayed.

International agreements relating to payment of money must here, as with us, have legislative approval. Turkish delegates having made recommendation we do not apprehend other authorities will block final action. This delayed message is sent partly by mail. [Nielsen.]

ELTING

407.11/812 : Telegram

The Secretary of State to the Consul at Istanbul (Elting)

WASHINGTON, October 1, 1934—6 p. m.

For Nielsen. Your September 28, 5 p. m. Department pleased that you have been able to have amount of Turkish offer increased to $1,300,000, which you have accepted.

In view of importance attached to conclusion of definite agreement, it is hoped that with cooperation of Ambassador you may be able have it reduced to final form before your departure.

Suggest you take up matter immediately with the Ambassador.

HULL

Executive Agreement Series No. 73

Claims Agreement Between the United States of America and Turkey, Signed at Ankara, October 25, 1934 40

The Government of the United States of America and the Government of the Republic of Turkey, being desirous of effecting an amiable, expeditious and economical adjustment of the claims embraced by the Agreement concluded by them through an exchange of notes dated December 24, 1923, and confirmed by an Agreement through an exchange of notes dated February 17, 1927, have resolved to conclude the present Agreement for that purpose, and have appointed as their plenipotentiaries:

* In English and Turkish; the Turkish text was signed by Tevfik Rüştü Bey.
THE PRESIDENT
OF THE UNITED STATES OF AMERICA

Fred Kenelm Nielsen,

and

THE PRESIDENT
OF THE REPUBLIC OF TURKEY

Dr. Tevfik Rüstü Bey, Deputy of Izmir, Minister of Foreign Affairs of the Republic of Turkey,

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The Government of the Republic of Turkey will pay to the Government of the United States of America the sum of $1,300,000 (one million three hundred thousand dollars) of the United States of America, without interest, in full settlement of claims of American citizens which are embraced by the Agreement of December 24, 1923. Payment of this sum will be made in thirteen annual installments of $100,000 (one hundred thousand dollars). Payment of the first installment will be made on June 1, 1936, following the ratification of the present Agreement by the Grand National Assembly of Turkey.

ARTICLE II

The two Governments agree that, by the payment of the aforesaid sum, the Government of the Republic of Turkey will be released from liability with respect to all of the above-mentioned claims formulated against it and further agree that every claim embraced by the Agreement of December 24, 1923, shall be considered and treated as finally settled.

ARTICLE III

The present Agreement shall be effective from the date of its signature, subject to the ratification of the Agreement by the Grand National Assembly of Turkey.

Done at Ankara in duplicate in the English and Turkish languages, which have the same value, this twenty-fifth day of October, nineteen hundred and thirty-four.

[seal] Fred Kenelm Nielsen
467.11/971: Telegram

The Ambassador in Turkey (Skinner) to the Secretary of State

Istanbul, December 24, 1934—1 p.m.
[Received December 24—11:30 a.m.]

82. Claims agreement ratified yesterday by Grand National Assembly.

Skinner

RATIFICATION OF EXTRADITION TREATY BETWEEN THE UNITED STATES AND TURKEY, SIGNED AT LAUSANNE ON AUGUST 6, 1923

211.67/23

The Secretary of State to the Chargé in Turkey (Patterson)


Sir: Reference is made to the conversations of the Ambassador with the Chief of the Treaty Division and the Chief of the Division of Near Eastern Affairs on June 3, 1930, regarding the treaty of extradition signed on behalf of the United States and Turkey at Lausanne on August 6, 1923.

This treaty was transmitted to the Senate by the President on May 3, 1924, for advice and consent to ratification, and is still pending before the Committee on Foreign Relations of that body. The Department is disposed to suggest to the Chairman of the Committee on Foreign Relations that this treaty be considered with a view to approval by the Senate.

In view of the fact that nearly seven years have elapsed since the signing of the treaty, it is desired that the Ambassador, unless he perceives objection, shall inquire of the Turkish authorities whether their Government would be inclined to ratify the treaty in the event that this Government also would take such action.

I am [etc.]

For the Secretary of State:

J. P. Cotton

211.67/25

The Chief of the Division of Near Eastern Affairs (Murray) to the Chief of the Treaty Division (Barnes)

[Washington,] December 5, 1930.

Dear Mr. Barnes: In accordance with the request contained in your memorandum of November 25, 1930, I am quoting, below, for your

---

*For previous correspondence relating to the treaty, see Foreign Relations, 1923, vol. II, pp. 1040 ff.
*Joseph C. Grew, Ambassador to Turkey, then in the United States.
*C. M. Barnes.
*Wallace Murray.
*Not found in Department files.
confidential information, an excerpt from Mr. Grew’s diary of November 10, 1930, telling of his discussions at the Foreign Office concerning the question of an extradition treaty with Turkey:

“At four I went with Shaw to the Foreign Office to discuss with Numan Bey the question of an extradition treaty. Essat Bey an expert from the legal department were present. Began by saying that I had been embarrassed by an announcement in the press that we were about to commence negotiations for such a treaty, because if this announcement should be cabled to the United States it would surprise the Department of State which had given me no mandate or instructions to negotiate such a treaty. As I had clearly pointed out to the Minister, my Government had merely inquired if the Turkish Government would care to obtain the ratification of our old Extradition Treaty of Lausanne. The Minister had said that certain modifications in the text would now be necessary as Turkish policy with regard to extradition treaties had in the meantime altered, and I had replied that if the Ministry would inform me of the proposed modifications I would communicate them to Washington in order to ascertain whether my Government desired to institute negotiations on that basis. That was exactly the situation and it could therefore not be said that we were now beginning negotiations. Numan Bey replied that he fully understood my position and was in accord.

“With respect to articles one and two of our Extradition Treaty of 1923 Numan Bey pointed out that in their recent Extradition Trea- ries there was no article enumerating the various crimes and misdemeanors for which extradition might take place. The criterion used was the degree of punishment and not the offence. To this principle exceptions are made in favor of offences pertaining to the press, of a military character and of a fiscal character. The Turks, likewise having in mind the commitments of their Arbitration Treaties, insist upon determining the nationality of the person whose extradition is desired and also what exactly constitutes a political offence. In general, with respect to articles 3, 4, 5, 6, 7, 8 and 9 of our Extradition Treaty of 1923 they are in agreement. With respect to article 10 they feel that all the expenses in connection with an arrest, detention and transportation up to the frontier should be borne by the party of whom the extradition is requested. All of the extradition treaties recently negotiated by Turkey, notably with Germany, Italy, Czechoslovakia and Bulgaria are said to contain these provisions. Numan Bey said that although these various treaties had not yet been ratified and were therefore not in effect, he would send me the texts of all of them and that my Government could then take its choice of any of the texts as a basis for negotiation. Shaw took notes of the changes proposed which we shall forward to the Department by mail together with the texts of the various other treaties mentioned.”

WALLACE MURRAY

("G. Howland Shaw, Counselor of Embassy.
4 Secretary General of the Turkish Ministry for Foreign Affairs.
5 Turkish Minister of Public Instruction."
The Counselor of Embassy in Turkey (Shaw) to the Chief of the Division of Near Eastern Affairs (Murray)

ANKARA, April 17, 1933.

DEAR WALLACE: I duly received your letter of March 29 concerning the possibility of concluding an extradition treaty with Turkey. Yesterday, I had a talk with Numan Bey upon this subject, with the following results:

(1) Since the conversation with Mr. Grew some two and a half years ago the Turks have concluded an extradition treaty with Switzerland and in this treaty there is an article enumerating in detail the crimes for which extradition may be requested and containing at the end a blanket provision for the extradition of all persons convicted of a crime involving an imprisonment of one year or more. Numan Bey said that they would be quite willing to conclude a treaty with us containing a similar article. When I inquired whether it would be possible to enumerate the crimes and stop there without adding the blanket provision, he said that that might be difficult under their laws but that the possibility was not altogether excluded.

(2) Regarding the matter of whether the demanding or the surrendering Government shall pay the costs of the extradition proceedings he said he was quite willing to study our thesis on this point and that personally he was rather inclined to think it might be accepted.

(3) He defines a crime against the press laws as any crime punishable exclusively under a law on the press. If a journalist, for instance, writes an article so subversive of the Government’s authority that he is imprisoned for two years under the existing press law that would be an example of what the Turkish Government understands by “crimes against the press laws”. As examples of crimes against the fiscal laws, he cited evasions of taxation and smuggling.

From the foregoing, you will see that the possibility of concluding a mutually satisfactory extradition treaty is quite the reverse of excluded. At the conclusion of our interview, I was sorely tempted to put forward the Department’s proposals of two and a half years ago in favor of the extradition treaty signed at Lausanne. I did not do so, however, as I was not sure that the Lausanne extradition treaty is as acceptable to the Department today as it was in 1930. I had particularly in mind the rather more elaborate crimes enumeration article of our recent extradition treaty with Greece and particularly item 26 of that article, which provides for the extradition of persons who commit crimes or offenses against the laws for the suppression of traffic in narcotics.

* Not printed.
It seems to me that after you have consulted with the Office of the Legal Adviser, there are two things that can be done: either we can put forward again the Lausanne extradition treaty or you can send me a new text, to be presented to the Ministry of Foreign Affairs for their study and consideration. Whatever is decided in this matter, I hope that I shall be informed as soon as possible. The "dead" season at Ankara will begin about the middle of June, and I should like to allow ample time to present the matter to the Foreign Office as effectively as possible.

Yours sincerely,

G. Howland Shaw

211.67/33 : Telegram

The Secretary of State to the Chargé in Turkey (Shaw)

WASHINGTON, May 6, 1933—1 p. m.

2. Your letter to Murray, April 17. You may again put forward Lausanne extradition treaty pointing out that enumeration of crimes would obviate necessity of mentioning as exceptions crimes against press or fiscal laws and you may state that all treaties of United States provide that demanding Government shall pay costs and that under laws of United States it could not agree to reversed provision.

Hull

211.67/34 : Telegram

The Chargé in Turkey (Shaw) to the Secretary of State

ANKARA, June 12, 1933—3 p. m.
[Received June 12—3 p. m.]

24. Department's 2, May 6, 1 p. m. Ministry of Foreign Affairs favors ratification of Lausanne Extradition Treaty and will submit to Assembly next November.

Shaw

211.67/38a

The Acting Secretary of State to the Chairman of the Senate Committee on Foreign Relations (Pittman)

WASHINGTON, January 19, 1934.

My Dear Senator Pittman: Among the treaties which are in the Senate are a treaty of extradition with Turkey, signed August 6, 1923 (Executive AA, 68th Congress, 1st Session), and an extradition treaty
with Albania, signed March 1, 1933.\(^{52}\) (Executive A, 73d Congress, 1st Session).

In a recent telegram to the Department the American Ambassador at Istanbul states that the extradition treaty with Turkey is now before the Justice Committee of the National Assembly and will be passed when the assembly reconvenes next March. Both the extradition treaty with Turkey and the extradition treaty with Albania are in the standard form of extradition treaties to which the United States is a party.

In view of the importance to the United States of strengthening its position with reference to extradition in the Near East, the Department would be appreciative of any consideration which the Senate could give to these two treaties with a view to advising and consenting to their ratification at an early date.

Sincerely yours,

William Phillips

211.67/40a : Telegram

The Secretary of State to the Ambassador in Turkey (Skinner)

WASHINGTON, February 9, 1934—3 p. m.

18. Senate on February 5 consented ratification treaty of extradition between United States and Turkey, signed at Lausanne, Switzerland, August 6, 1923. Inform Turkish Government. Cable status of treaty in Turkey.

Hull

211.67/41 : Telegram

The Ambassador in Turkey (Skinner) to the Secretary of State

ANKARA, February 13, 1934—5 p. m.
[Received February 13—2:25 p. m.]

7. Department's No. 18, February 9, 3 p. m. Extradition Treaty presented National Assembly November 25 and will be ratified during next session beginning March 1st.\(^{53}\)

Skinner

\(^{52}\) Foreign Relations, 1933, vol. II, p. 133.

\(^{53}\) Ratified by the President of the United States, February 21, 1934; ratified by Turkey, May 8, 1934; ratifications exchanged at Ankara, June 18, 1934; proclaimed by the President of the United States, August 18, 1934. Department of State Treaty Series No. 872.
PROPOSALS FOR IMPROVING UNSATISFACTORY TRADE RELATIONS WITH TURKEY

611.6731/156

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 177

ANKARA, March 19, 1934.

[Received April 19.]

SIR: I have the honor to report that I am having informal discussions with the authorities here in regard to the unsatisfactory state of Turco-American commercial relations. The general facts are that while we continue to purchase Turkish goods, especially tobacco, more or less as we have in the past, Turkish importations from the United States show a constant and alarming decrease.

Accepting as accurate, as no doubt they are, the figures issued by the Central Bank of Turkey, the account as between the United States and Germany, in respect of their trade in this country runs as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Importations from the United States</th>
<th>Importations from Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>17,150,000 L.tq.</td>
<td>39,172,000 L.tq.</td>
</tr>
<tr>
<td>1930</td>
<td>6,094,000 &quot;</td>
<td>27,380,000 &quot;</td>
</tr>
<tr>
<td>1931</td>
<td>4,118,000 &quot;</td>
<td>27,049,000 &quot;</td>
</tr>
<tr>
<td>1932</td>
<td>2,267,000 &quot;</td>
<td>19,983,000 &quot;</td>
</tr>
<tr>
<td>1933 (10 months)</td>
<td>1,983,000 &quot;</td>
<td>15,563,000 &quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Exportations to the United States</th>
<th>Exportations to Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>15,388,000 L.tq.</td>
<td>20,582,000 L.tq.</td>
</tr>
<tr>
<td>1930</td>
<td>17,806,000 &quot;</td>
<td>19,838,000 &quot;</td>
</tr>
<tr>
<td>1931</td>
<td>12,678,000 &quot;</td>
<td>13,649,000 &quot;</td>
</tr>
<tr>
<td>1932</td>
<td>12,093,000 &quot;</td>
<td>13,722,000 &quot;</td>
</tr>
<tr>
<td>1933 (10 months)</td>
<td>6,533,000 &quot;</td>
<td>12,476,000 &quot;</td>
</tr>
</tbody>
</table>

Putting matters another way and bringing all the principal commercial countries into the tale, the story reads:

A Table

Showing Turkish Importations (000 omitted) from and Exportations to Principal Countries of the World

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports from 1932</th>
<th>Exports to 1932</th>
<th>10 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1932</td>
<td>1933</td>
<td>1932</td>
</tr>
<tr>
<td>Germany</td>
<td>19,963</td>
<td>15,563</td>
<td>13,722</td>
</tr>
<tr>
<td>Italy</td>
<td>11,074</td>
<td>7,285</td>
<td>16,359</td>
</tr>
<tr>
<td>England</td>
<td>10,640</td>
<td>8,005</td>
<td>9,975</td>
</tr>
<tr>
<td>France</td>
<td>7,190</td>
<td>3,792</td>
<td>7,820</td>
</tr>
<tr>
<td>Belgium</td>
<td>6,175</td>
<td>4,220</td>
<td>3,459</td>
</tr>
<tr>
<td>Russia</td>
<td>5,942</td>
<td>3,945</td>
<td>5,437</td>
</tr>
<tr>
<td>Japan</td>
<td>3,769</td>
<td>2,561</td>
<td>275</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>2,267</td>
<td>1,983</td>
<td>12,083</td>
</tr>
</tbody>
</table>

In 10 months, 1933, Turkey imported from above countries which are in deficit ................. T. L. 30,149,000
and from above countries which are not .................. T. L. 16,055,000
It will be immediately apparent from the foregoing that although Turkey enjoys a substantial trade balance in the United States, consciously or unconsciously, she has reserved her trading favors for several European countries, notably Germany, where exactly the contrary state of affairs prevails, and I fear that on our side we have allowed matters to drift, although in possession of the soundest of all arguments for demanding better treatment. Our Turkish friends allege, but rather weakly, that it is not their fault if not more American goods are sold in this market, that our contracting firms show no great interest in their important undertakings here, and that their sincere disposition is to encourage a better commercial balance than we have had for a number of years.

In reply to this general statement, I have suggested that under normal trading conditions undoubtedly it is the business of American exporters to sell their own goods in Turkey, and if they cannot compete with exporters in other countries they must then take the consequences; but, since about 1930, Turkey has multiplied her confusing system of quotas, contingents and what-nots, and having applied these arbitrary practices to trade it was absolutely within her power to create such conditions as would enable our goods to come into the market as was formerly the case, whereas the statistics showed very clearly that we were furnishing a commercial balance out of which to pay for goods imported from other countries where Turkish trade was in deficit.

Furthermore, I discussed at length the Government’s industrial plan, which ties up with an industrial program being worked out by two of the Turkish banks under Government influence. It seems to be the intention, or has been up to today, to spend all the money for the construction of industrial plants of one sort or another in European countries, more particularly Germany and Russia. I took upon myself to state that as our manufacturers were highly qualified to furnish practically everything required in Turkey for the carrying out of these large undertakings, we definitely expected the Government, through the agencies which it controls, to turn in our direction and make a genuine effort to restore something like equilibrium to our trade relations. I mentioned, casually, that the Government itself was planning the construction of various war vessels and that we had not been invited even to bid. I pointed out that on March 19 I received a note from the Foreign Office, enclosing a considerable amount of information in the Turkish language, in regard to the construction of a naval base at Gölcük, Izmit, for which bids would have to be deposited by April 15, 1934, a date so near at hand as to make it physically impossible for any American concern to participate. Nevertheless, this contract contemplates the construction of an arsenal large enough to accommodate battleships of 15,000 tons, with all that that implies.
I am inclined to think that my several conversations on these matters have seriously shaken our friends here, and I am even hopeful that they may revise their plans to such a point as to give our manufacturers an opportunity to make tenders, but I may be unduly optimistic because at the same time I hear whispers of secret contracts already passed. Certainly, it is true that there are numbers of German commercial representatives at Ankara at this moment as active as flies about a honey pot and very properly engaged in making any commercial arrangements which may be feasible.

In connection with these matters, my Turkish informants have several times spoken of the credits which they can obtain, or have obtained, in Germany, Italy and Russia, and the hint is thrown out that we are incapable of providing the same terms. I inquire whether it is not possible, through the instrumentality of our new Government export trade bank to be of assistance in extending trade in Turkey. As Turkey has extensive credits in dollars, it would seem to me not impossible to formulate an arrangement that would provide the necessary long term credits which could be liquidated out of balances in the United States. I am quite certain of this, that Turkey would dislike it extremely if we should take advantage of our strong position by insisting upon clearing house settlements along the lines of those already set up in many continental countries.

In conclusion, I think it would do no harm, and probably much good, if the Department instructed me formally with regard to the status of trade in Turkey and directed me to bring the facts to the attention of the Government, asking at the same time that prompt and effective measures be taken to place us on a parity, as respects our actual sales in Turkey, with the other countries which I have mentioned in this despatch.

Respectfully yours,

Robert P. Skinner

611.6731/158

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 225

Istanbul, April 28, 1934.

[Received May 16.]

Sir: I have the honor to inquire whether, having regard to the fact that Turkey enjoys a favorable trade balance in the United States it might not serve our trading interests if we proposed to the Turkish Government the negotiation of a commercial treaty limited to the engagement that Turkish goods would be allowed to enter the United States for say two or three years without restriction as to quantity or
category, subject only to the payment of ordinary tariff duties and such hygienic regulations as might prevail, Turkey to guarantee to us identical privileges in this country.

As Turkey is always fearful lest we impose quota restrictions or insist upon a "clearing house" agreement, there would seem to be the possibility that a proposal of the sort suggested would prove acceptable.

If the arrangement with Turkey worked well, we could propose similar terms to other quota-burdened countries enjoying favorable trade balances in the United States. Finally, after having made a start on this plan in countries having favorable trade balances in the United States, we might possibly make the same offer to countries where the trade balance was in our favor.

There is no doubt that there is general dissatisfaction throughout the world with confusing systems of "contingents", "quotas", "clearing houses", and the like which choke up channels of trade and made [make] the return to old-fashioned methods of international trading most difficult. Possibly a definite move in the direction of return to the freer methods of other times might have contagious effect. At all events, treaties such as I have outlined could do no possible harm, and if proposed, at least would cause general discussion.

At the present time we are the only important country in the world where foreign trade is untrammeled except for tariffs and hygienic measures, and any positive step which we might take for the purpose of extending the system would arouse widespread interest and, as I hope, a good deal of support. At all events we cannot go on indefinitely, hedged in with limitations in foreign countries everywhere (even where we sell less than we buy) while our own gates swing inward for any quantity of foreign goods that people are disposed to send to us.

Respectfully yours,

ROBERT P. SKINNER

---

611.6731/163

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 237

ISTANBUL, MAY 9, 1934.

[Received June 28.]

SIR: It may interest the Department to glance through the exchange of memoranda between the Counselor of the Embassy, who is at the moment in Ankara, and myself, in regard to Turco-American commercial relations.

Respectfully yours,

ROBERT P. SKINNER
The Counselor of Embassy in Turkey (Shaw) to the Ambassador in Turkey (Skinner)

No. 217  Memorandum for the Ambassador

I should be grateful for your comment and advice upon several questions suggested by a study of your memorandum No. 133.\textsuperscript{54} The questions, in some form or other, are likely to be raised one of these days by the Turks, and I am sure you will agree that it is better to be fortified with suitable replies beforehand rather than afterwards. The questions I have in mind are the following:

1. If Turkey were to place our trade in this country on exactly the same footing as Turkish trade is placed in the United States, would this not inevitably lead to a complete abandonment of the present Turkish policy of a "directed economy" either through an increase in American exports to Turkey or, more probably, through other countries insisting upon receiving the same privileged status conceded to us?

2. What chance have we of inducing Turkey to make any such radical change of policy, and if the chance is negligible are we strengthening our position by formulating such a demand?

3. An insistence on our part that Turkey should organize her import restrictions so as to throw purchases into our market would seem to be an insistence that we shall receive treatment better than that accorded other countries. Our commercial treaty with Turkey\textsuperscript{55} provides for most favored nation treatment or equality of treatment. How is this discrepancy to be reconciled?

4. Has the principle of balance of trade or of payments any juridical standing as between the United States and Turkey? Has it received the Department's approval in general or with specific reference to Turkey?

5. If the answers to the two questions under No. 4 are in the negative, how far are we justified in urging the principle in question upon the Turkish Government?

6. A new Turkish Ambassador will reach Washington some time next month. He will certainly discuss the matter of American-Turkish trade with the Department. If, in this field, we are urging upon the Turks a principle which the Department has not specifically approved is there not a serious risk that the Department may say something to the Turkish Ambassador which will tend to stultify our representations here?

\textsuperscript{54} Not found in Department files.

\textsuperscript{55} Signed at Ankara, October 1, 1929, Foreign Relations, 1929, vol. iii, p. 838.
7. The present attitude of American banks in the matter of extending credits being well known and the scope of the activities of the newly created Export and Import Bank being unknown, how far shall we go in insisting that Turkey shall afford an opportunity to American concerns to present bids for public utility and military purchases?

8. Having in mind (a) the factors in the situation not under the control of the Turks, (b) the limited purchasing power of the Turks, and (c) the difficulties and risks incidental to the doing of business in Turkey by foreigners, what chance is there that the United States Government will place restrictions on Turkish exports to the United States in order to force Turkey to favor American exports to Turkey?

9. If we do not encourage American concerns to seek business in Turkey they will probably not come, but, on the other hand, if we do encourage them and they encounter serious difficulties, such as the Curtiss Wright people are now encountering, what kind and degree of responsibility have we incurred?

ANKARA, May 8, 1934.

G. H[OWLAND] S[HAW]

[Enclosure 2]

The Ambassador in Turkey (Skinner) to the Counselor of Embassy in Turkey (Shaw)

No. 143 MEMORANDUM FOR THE COUNSELOR

Your No. 217 of May 8, 1934, about trade matters:

1. Undoubtedly if Turkey placed our trade on the same footing as Turkish trade in the United States it would lead to demands for similar treatment from other countries. Whether they would get it or not would be for the Turks to decide. One answer to such demands might be that Turkey would be delighted to grant such treatment to any country buying the same proportion of Turkish goods compared with its Turkish trade, as in the case of the United States. I believe that Turkey did at one time grant unrestricted privileges to Spain, and I did not hear that she extended the same treatment to us or anybody else, but she was herself considerably disturbed when the Spaniards of their own accord cancelled the arrangement. Of course, you noted that in my note to you I mentioned that it was not for us to indicate in definite terms how our friends here should proceed to

*The Ambassador in Turkey reported in despatch No. 198, April 6, 1934, that the Curtiss-Wright Corporation had encountered difficulties in obtaining the assistance of American banks in financing the sale in Turkey of airplanes and airplane parts (867,796 Curtiss/22).
square the account. Rather, it is up to them working on the good neighbor theory, to devise ways and means of building up our trade.

2. I should say as a practical matter, Turkey would be disinclined to make such a radical change as suggested, although I believe it would be justified if she did so. We are not formulating any "demands" of any kind. It is my idea to mention the pertinent facts at convenient opportunities, to keep on repeating them, and to build up an atmosphere favorable to our interests. Some few results in this sense have been achieved. For the moment our concrete demands consist in asking for each and every tariff favor granted to any other country.

3. It is Turkey herself who has been throwing purchases in other markets which might well have been placed in the United States. We must not forget that the Turkish Government, directly, is buying goods and making contracts. When Turkey has had occasion to order military units for her Navy, did she ever even inquire whether our builders were in a position to make tenders? When Turkey purchased a textile outfit in Russia, did she make any inquiries in the United States? When she made various commercial treaties with other countries, did she immediately and deliberately extend all her liberalities to the United States, or did we not have to ask for them, and was there not long delay before we could get our list into formal shape? Was it not the fact that the celebrated list obtained by my predecessor was very far short of the lists granted to other countries? I do not write in the spirit of complaint, but I refer to known facts. My impression is that our Turkish friends simply have not been thinking much about American trade and until lately have not comprehended what a valuable customer we were.

4. The principle of the balance of trade, ever since we have been speaking of it, has no juridical standing as between the United States and Turkey. Neither the Department of State nor myself has suggested any legal measures leading to what you have in mind. All our conversations or correspondence in which it has been pointed out that we buy more than we sell has been for the purpose of directing attention to the fact as one which would encourage reasonable minded persons appreciative of a good customer to trade whenever possible with that customer rather than go to another who was much less valuable.

5. Already answered. We do not ourselves believe that trade should be choked with restrictions, but if some other country chooses on its own account to impose restrictions, and with deliberation frames them so as to favor this country or that, then it would seem intelligent for such a country to apply those restrictions in favor of her known best clients.
6. We must certainly avoid carefully the urging of a principle upon the Turks which we do not practice ourselves, and which the Department has not specifically approved. We are not laying down conditions for treaty negotiations. Our present attitude is simply that we are greatly interested in Turco-American trade and do not particularly fancy the somewhat lethargic attitude of our Turkish friends towards the United States as a furnisher, which has prevailed in the past. Since we know that Turkey has gone in for "étatism" we also know that the Government itself can do a great deal which in ordinary circumstances Governments leave to private traders to do for themselves.

7. I think we can go quite a long way in urging that Turkey shall at least afford an opportunity to American concerns to present bids for public utility purchases, and the like. If our people fail to take advantage of these opportunities, that is their affair. However, as we know that the Administration is strengthening and developing arrangements for financing foreign trade, we can reasonably expect that American firms will be in a good position in the near future to obtain such credits as will place them on an equality with foreign concerns.

8. I do not like the word "force" in connection with discussions of our trading arrangements. Turkey and the United States are mutually concerned in the development of their export and import trade, and we must approach the various aspects of this subject from the standpoint of enlightened interest. Surely the United States has given a splendid example to the world during these recent years in abstaining from applying restrictions right and left despite great provocation. Indications all are that it is now necessary to protect our commerce by means of commercial treaties. The subject is at present before Congress and just what powers are to be granted the Administration we cannot surmise. It is fair to assume, however, that when we begin to negotiate these commercial treaties under new legislation, we shall be guided by those thoughts which I have endeavored, no doubt imperfectly, to convey in the course of this correspondence.

9. Every commercial operation is a hazard. We must encourage American concerns to seek business in Turkey because there is a certain amount of business available. If we do encourage them and they come, and if thereupon they meet with difficulties, they will have to master them with such courage and resourcefulness as they have to fall back upon. Our own degree of responsibility, having done the best we could, would be of very attenuated description.

Istanbul, May 9, 1934.
The Chief of the Division of Near Eastern Affairs (Murray) to the Ambassador in Turkey (Skinner)

WASHINGTON, June 7, 1934.

My Dear Mr. Skinner: Your despatch No. 177 of March 19, 1934, in regard to your informal discussions with the Turkish authorities on the subject of Turkish-American commercial relations, and other recent despatches on the same and parallel topics, have been carefully considered in the Department. To send you an instruction of the nature requested in the last paragraph of your despatch No. 177 would however involve a major decision in American commercial policy which has not yet been reached. The details and manner of execution of the American commercial policy of the near future is very much under discussion in Washington just now: a good deal depends of course upon the tariff legislation now before Congress, and in any event it would be undesirable to prejudice or anticipate the formulation of this policy by precipitate action bearing on our relations with a country, such as Turkey, which actually plays only a minor part in our commerce as a whole.

Since the Turks themselves lay so much emphasis upon their trade balance with individual countries, there is of course no harm in your referring to the state of Turco-American trade on appropriate occasions. You should however avoid making any definite assertion or intimation that unless the Turkish Government sees to it that our trade with Turkey approaches more nearly to a balance, we will take restrictive action to that end. It is certainly not possible, in the present state of affairs generally, to say that action of such a nature will not form part of our policy. The decision has, however, not yet been reached, and there are very serious disadvantages, in theory and in execution, to the adoption of any line of restrictive action having as primary object the closer balancing of our commercial exchanges with individual countries. There is still much vitality left to the idea that our efforts should be directed rather to the restoration and increase in the total volume of world trade, than to fighting over the division of the little trade that there is at present.

Incidentally, you may be interested in reviewing your predecessor’s despatches, in which General Sherrill advocated much the same ideas as those you are now advancing, and in response to which the Department sent its instruction, No. 27 of August 30, 1932 which expressed some, though not all, of the objections to the adoption of those ideas.

As you may gather, the details of our commercial policy are very much in a state of formulative flux just now, as indeed is the case with

*Not printed.*
most of our economic policies. All of the general ideas involved in the various suggestions made in your recent despatches have been advanced on more than one occasion and in more than one quarter, but the essential problem is the fitting of all useful and appropriate ideas and policies into a coherent and consistent body of detailed policy, with due attention to the exigencies of procedure and execution. Your fully appreciated endeavors to be of help in this connection would be most helpful if you would elaborate your ideas more concretely, by suggesting actual drafts of the treaty or other stipulations you would suggest our offering to or asking from the Turks, including specification of commodities and quantities whenever pertinent, and by outlining exactly what sort of machinery you would recommend setting up for the execution and enforcement of stipulations agreed upon. Your detailed recommendations should be interesting in view of the opportunities you have had to observe the actual operation abroad of the sort of policies you have in mind.

Your specific complaint that American firms have not had an opportunity to bid on various armament projects for the Turkish Government would, I am afraid, not arouse great sympathy in the Department in view of this Government’s policy with respect to the seeking of armament contracts. This policy, I feel sure, could not be ignored by the Department simply because of an unfavorable trade balance between Turkey and the United States, and I do not think that representations to the Turks on this particular subject would be looked upon with favor here.

Sincerely yours,

WALLACE MURRAY

P. S. I think you will be interested in the enclosed comments drafted in Mr. Sayre’s office and addressed to him in connection with my present letter when it was sent to Mr. Sayre for initialing.

W. M.

867.50 Five Year Plan/18

The Ambassador in Turkey (Skinner) to the Secretary of State

ISTANBUL, June 28, 1934.

DEAR MR. SECRETARY: I deem it my duty to bring to your personal attention the present situation in Turkey where there is now an opportunity for responsible American contracting firms to participate in the industrialization of the country, an opportunity which can be made use of practically only in the event that our own Government, through its new financial organs, is prepared to lend its assistance.

---

28 See pp. 960 ff.
29 Not printed.
30 Francis B. Sayre, Assistant Secretary of State.
German, Swiss, and other firms are actively bidding for Turkish business. They are prepared to give from three to ten years' credit to the Government, and unless their American competitors can meet these terms they cannot hope to succeed. I am aware of the distrust with which foreign credit operations are now regarded in the United States, but is there not danger that our unhappy experiences in the recent past, largely due to our own heedlessness, may lead us into such extreme conservatism as to exclude us from promising fields of enterprise? That Turkey is such a field there can be no doubt. The amount of ordinary goods which we can sell to Turkey is limited, owing to the low purchasing power of the people, but the productive enterprises which have been planned by the Government offer a market for considerable amounts of capital goods, the use of which, in turn, will provide a permanent market for replacements and the like. As to the credit of Turkey, it can be said that if the record of the Sultanate was bad, the record of the Republic is good. I am not aware that in the ten years of the Government of Mustapha Kemal a single case of failure has been reported.

The contracts about to be let constitute direct charges upon the Government, as in existing circumstances only the Government is capable of carrying out the important works included in the program. Within proper limits I feel that our Government would be justified in adopting a policy of granting credits to enable American firms to secure Turkish business, and thus to share in the upbuilding of the transportation system and the creation of the various manufacturing plants, for which plans have been prepared.

Mr. Goldthwaite Dorr,⁴ who has just completed an economic survey of Turkey for the Government, and who is therefore better qualified, perhaps, than anyone else to discuss this matter in detail, has now returned to the United States, and I understand that he intends to place himself at the disposition of yourself and Mr. Peek ⁵ in order to acquaint you with the situation. I bespeak for him a careful hearing.

I know that you are personally greatly interested in the reestablishment of our foreign trade, and it is because of this interest, and because I feel that here is an opportunity to accomplish something tangible, that I venture somewhat urgently, without now insisting upon details, to bring the facts to your attention. We need to know and to know very soon, whether our new financial machinery will work in cases of this kind, and to what extent our business houses may obtain its support. At the present time, in so far as I have knowledge

⁴ Associated with Dr. Edwin W. Kemmerer in completing a general economic survey of Turkey, which Gen. Walker D. Hines had begun but left unfinished on his death.
⁵ George N. Peek, Special Adviser to the President on Foreign Trade.
of the matter, the following concerns are giving some attention to the Turkish situation: The Foundation Company of New York, Ulen and Company, the J. G. White Engineering Corporation, and Colonel Frederick Pope of the American Cyanide & Chemical Corporation. Doubtless there are others of whom I have no knowledge.

I may add that I have direct information from members of the Turkish Government that they are not only willing, but especially desirous that American firms shall participate in the new Turkish business. They are prepared to listen to any reasonable proposition from the United States, but naturally feel that in the matter of financing we should be no less liberal than other countries. I have been so active in persuading them to turn to the United States that if we should finally fail to submit tenders of reasonably satisfactory nature, I fear that we should not only lose the business involved, but lose something of our prestige as well.

Sincerely yours, 

ROBERT P. SKINNER

611.6731/168

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 326

ISTANBUL, July 14, 1934.

[Received August 14.]

Sir: I have read with interest a letter dated June 7, 1934, from the Division of Near Eastern Affairs, inviting me to try my hand at drafting a treaty which, presumably, would strengthen our commercial position in Turkey. My conviction is that we do not so much need a new treaty as faithful observance of the one we already possess. In my view we are entitled, as a matter of equity and of treaty right, to each and every favor the Turks have granted to other countries, and it was with that conviction in mind that I wrote my despatch No. 177 dated March 19, 1934. Happily, since that time, by means of constant pressure, by pointing out that we were buying infinitely more from Turkey than Turkey bought from us, we have obtained what seems to be an agreement that we shall have everything we desire that is given to other Governments in special treaties. Our practical difficulty is to know from one day to another what the Turks are giving to other Governments, in order to claim as much for ourselves.

It is true that our trade with Turkey is small, but it is more important than our own statistics indicate because certain of our manufactures (automobiles especially) are imported into Turkey not directly but from European distributing centers. As far back as 1929 our exports to Turkey reached a total of 17,150,000 Lir., but by 1933 (ten months), the total had dropped to 1,983,000 Lir.; that is to say, almost to the point of disappearance. Yet in the interval German
trade, to mention but one country, declined hardly more than 50 per cent, and an examination of all of the figures shows that our losses have been disproportionate and out of balance with what was taking place elsewhere. Obviously the decline in American imports can be attributed in part only to the general decline in business and the reasons for this decline must be sought in Turkish commercial policy, as revealed in innumerable commercial treaties setting up clearing arrangements and quotas in favor of this country and that.

Although under our treaty we are entitled undoubtedly, as I have said, to every privilege granted to any other country, we seem to have acquiesced in the Turkish theory that Article II merely requires that the Government give us “treatment equally favorable” in a broad way; we acquiesced, although according to the words of the treaty we were to enjoy “any advantage of whatsoever kind . . .” without request and without compensation.” Undoubtedly my predecessor urged that our rights should be respected, but apparently the legal aspects of the matter were not stressed. The relatively enormous Turkish balance in the United States places us in the strongest possible position to demand and receive everything granted to anybody else but in fact we have obtained equality of treatment by bits, with the greatest difficulty, and in the meantime our imports into this country have declined more heavily than those of any other important country.

Whether a new or amended treaty would help us in Turkey is open to doubt. What we want is complete enforcement of the existing treaty. As one of Turkey’s best customers we are entitled to no less. It was from that point of view that I wrote to the Department on March 10th last. If, however, as my Japanese colleague insists, “most favored nations” treaties are dead, if we ourselves, living as we do in a world of restrictions and quotas, are compelled at last to embark upon something of the same nature, then perhaps a treaty with Turkey might be worth considering. But just now, with Turkey yielding hesitatingly, but still yielding, to our requests, it is not clear that we need a different treaty from the one in operation.

I am disposed to assume that we would be glad to escape if possible from the vicious circle of trade restrictions and continue on our way of controlling imports by means of tariffs. If that is the case, there is then a possibility, though a remote one, that Turkey might welcome an opportunity to join with us in some sort of a treaty declaratory of the conviction of the two nations that quotas and clearing agreements should be abandoned, and of their intention to do so as between each other. Possibly such a treaty might have wholesome effect upon the

---

63 Omission indicated in the original despatch.
world at large. For purposes of discussion, merely, I submit an article covering the above suggestion:

The United States of America and Turkey declare their conviction that aside from the imposition of tariff or excise duties and necessary hygienic measures, it is undesirable that restrictions should be imposed upon exports and imports, and they mutually renounce recourse to quotas or contingents both as to quantities and values, or to clearing agreements which would prevent the one country from employing as it might see fit its commercial balance in the other country.

Even the refusal of such a treaty would have its value in establishing clearly the conditions under which Turkey expects to conduct her foreign trade.

Respectfully yours, 

ROBERT P. SKINNER

867.50 Five Year Plan/15

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

[WASHINGTON, July 27, 1934.

In connection with Turkey's present ambitious industrialization and armament program in the light of her present budgetary situation, a visit which I received yesterday from Ahmet Emin Bey, who has just arrived from Turkey, is of interest.

Emin Bey, who was accompanied by Mr. Melvin Hall, recently employed by Mr. Peek's organization as a specialist in Near Eastern and Far Eastern trade matters, represents certain American concerns in Turkey—among others, the Curtiss-Wright Company. He stated that he had come to this country unofficially to "study the credit situation". Upon his return he expects to report to Ismet Pasha, the Turkish Prime Minister, and Celal Bey, the Minister of National Economy. In this connection he informed me that Celal Bey or Ismet Pasha, or both, contemplate visiting this country in the near future. He seemed aware of the fact that this Government would not be disposed to accord any official invitation to either of the above Turkish Cabinet Ministers. He thought, however, that they might come on an invitation from the American Friends of Turkey or some similar organization.

I told Emin Bey that we had been studying the Turkish budgetary situation; that we had noted the considerable increase in proposed budgetary expenditures for the fiscal year 1934-35 and particularly the so-called "secret" budget for war supplies and aviation totalling some 78,000,000 Turkish pounds in addition to the sum of 66,000,000 Turkish pounds provided for in the regular budget. In reply to my
inquiry as to the reason for this enormous outlay for armaments, Emin Bey stated quite frankly that his Government had grave fears of Italian territorial ambitions in Adalia. The Turkish Government felt that, despite Mussolini’s reassurances, the only means of blocking Italian designs on this rich portion of Anatolia was to strengthen Turkey’s military preparedness to a point where Italy would not dare to attack her. He pointed out in this connection the disastrous war between Italy and Turkey in 1911, when Turkey’s province of Tripoli in Africa was seized. He stated, also, that in view of the Manchurian incident, Turkey had no confidence in the ability of the League to protect any of its members against forceful invasion. In reply I stated that I thought it was a pity, after Turkey had taken the lead in the Near East in the negotiation of non-aggression conciliation agreements and in a policy of appeasement and friendly understanding with her neighbors, that she should not [sic] consider it necessary to add to the burdens of her already heavily over-taxed people by her present ambitious armament program. I pointed out also that the heavy cost of this armament program would naturally raise some misgivings as to Turkey’s ability to meet the obligations which she wishes to incur in carrying out simultaneously her ambitious five-year industrial program. In view of the tax burden now being borne by the Turkish people and the low standard of living of the country it seemed to me that even with the best will in the world Turkey would find herself eventually unable to meet the large scale obligations which she is now seeking to incur.

WALLACE MURRAY

867.50 Five Year Plan/14

The Secretary of State to the Ambassador in Turkey (Skinner)

WASHINGTON, August 2, 1934.

MY DEAR MR. AMBASSADOR: I want to express my thanks for your letter of June 28, 1934 regarding opportunities for American contracting firms to participate in the industrialization of Turkey. Needless to say, I am greatly interested in your views which have stimulated our thoughts. Some of these thoughts I am setting down in this letter.

First of all, some of us wonder whether the proposed industrialization of Turkey does not consist to a large extent in war preparedness. The nature of the industries which the Turks are fostering would certainly lead one to that conclusion, and some of the statements regarding the five year plan made in Celal Bey’s memorandum addressed to Ismet Pasha, a copy of which Mr. Gillespie *64 recently sent in,65 would

*4 Julian E. Gillespie, Commercial Attaché at Istanbul.
*6 Not found in Department files.
only confirm that belief. As soon as a question of military supplies is raised we are, of course, squarely up against the Government policy of not encouraging the export trade in arms and munitions of war. (In this connection please refer to the Department's circular instruction of December 7, 1932,"a regarding the export of such products.) One might say that to assist in the construction of a chemical factory in Turkey is far different from supplying machine guns, rifles and ammunition, but when one knows that the chemical factory is intended to a large extent, if not primarily, for the manufacture of war materials one cannot help querying whether it is in accord with our arms policy to extend the support of our Government to such construction.

Leaving this question aside—and I admit that it is a debatable one—it seems to us that there immediately arises the more troublesome question of credit and finance. I understand from your letter and from previous communications that there is scarcely any hope of American contractors or manufacturers obtaining business in Turkey unless it is on an extended credit basis. In order to extend such credit I quite agree with the Embassy's view that the interested American firms would probably have to seek government support through some of the newly organized foreign trade organizations such as the Export-Import Bank. In this connection several questions arise. As you point out in your letter, several responsible American concerns seem to be informed of the existing opportunities in Turkey. If after investigation they consider that it would be advantageous for them to develop these opportunities, will they not themselves approach the governmental agencies in Washington which are in a position to assist? The points I am trying to bring out are these: Must we not leave the initiative in such matters to the individual American companies? Is it proper for us to urge such companies to participate in the various Turkish enterprises? Would not such urging on our part place a certain responsibility upon the Government in the event that affairs do not work out as we hope?

Returning to the question of finance, (and if governmental organizations are to extend credit to American concerns in order to enable the latter to obtain business in Turkey, the question of Turkish credit is of the utmost importance) I wonder how sound such credit will be two, three or five years from now. As you point out in your letter, the Turkish Republic has a reasonably good record so far as its credit goes. At the same time one is reminded that after making an agreement with respect to the old Ottoman Public Debt payments in 1928 "b (an agreement incidentally in which total payments were considerably

"a Not printed.
scaled down) the Turkish Government failed to carry out its obligations in 1930 and insisted upon, and obtained, further concessions from the bondholders. One is also impressed with the statements made with respect to Turkish credit by Messrs. Gillespie and Allen and by Colonel Crane, as set forth on pages two, three and four of the report of the meeting of the American commissioned officers at Istanbul enclosed with your despatch No. 276 of June 8, 1934. These statements would appear to indicate that foreign contractors and suppliers have already had a certain amount of difficulty in inducing the Turkish Government to meet its obligations. One wonders whether these troubles will not increase within the next few years when the Government will be forced to meet the heavy expenses involved in its military preparedness campaign and in the five year industrialization plan. We know, of course, that Turkey is a relatively poor country and we naturally wonder where the funds are coming from to meet these proposed expenditures. We are inclined to agree, in this connection, with the view set forth in your despatch No. 286 of June 15, 1934, that the Turkish Government is fast reaching the point where increased taxation will bring forth only meager returns. After all, there is a decided limit to the ability to meet taxes of a people whose average annual income probably does not exceed $100.

These are some of the thoughts that would occur to us in connection with any proposals to extend Government credit to American contractors and manufacturers to obtain business in Turkey. Any further information you can send us will therefore be helpful to us in arriving at conclusions. We are most anxious to be of assistance to you in your efforts to further American commerce and I can assure you that we shall give the most attentive consideration to any further data you may be able to send us covering the points raised in this letter.

Sincerely yours,

CORDELL HULL

667.116/86

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 398

[ISTANBUL,] October 16, 1934.

[Received November 3.]

Sir: I have the honor to report that various evidences have reached me of a definite intention on the part of the Minister of Finance to

---

69 Charles E. Allen, Consul at Istanbul.
70 Col. John A. Crane, Military Attaché at Sofia and Istanbul.
71 Not printed.
direct Turkish purchases to countries having clearing agreements with Turkey to the exclusion of the United States which has no such agreement, but in which Turkey enjoys an important favorable trade balance. In other words, the Minister of Finance finds it convenient to utilize American balances for the purpose of paying for goods purchased in various other countries. I enclose a copy of an official decree 72 published in the Official Journal of October 1, 1934, in which it is specifically laid down that certain purchases intended in several instances for public departments are to be imported only from countries having clearing agreements with Turkey. In another instance, much more important in terms of dollars, the Government deliberately rejected certain tenders of the Curtiss-Wright Company and signed a contract for the same equipment with the Hispano-Suiza organization in France although the French offer was substantially higher in price, and although the Curtiss-Wright representatives had abundant reason to suppose that the order would be placed in the United States. As this Curtiss-Wright business has to do with war supplies, naturally nothing has been said about the discrimination practiced, but the instance is nonetheless interesting as revealing the tendency of the Government.

As the decree published in the Official Journal and enclosed herewith relates to ordinary merchandise, I have brought the attention of the Minister of Foreign Affairs to the matter and have set forth our confident expectation that our goods would be treated no less favorably than the goods from countries which have clearing arrangements with Turkey, and the fact that we have no such clearing arrangement but, on the other hand, do provide a favorable trade balance, abundantly entitles us to this consideration. I have furthermore remarked that the discrimination now being practiced was contrary to the spirit of commercial arrangements between the United States and this country. I shall report promptly the result of my comments to the Minister who, no doubt, will discuss the matter at once with his colleague the Minister of Finance.

Probably the last thing in the world which Turkey really desires is a clearing arrangement with the United States which would limit in any way the free use of the Turkish trade balance in our country, and I take it that it is not our desire to imitate continental practice in regard to these agreements if it can be avoided. However, as we are in danger of being victimized from the mere fact that we are more important as buyers than we are as sellers, the mere existence of some general rule in the United States applicable to countries which are inclined to discriminate against us might have the happy effect of keeping them in order. I am disposed to hope that in discriminating

---

72 Not reprinted.
against the United States the Turkish Government is less animated by a definite desire to discriminate against us than by the thought that the activities complained of will pass unperceived.

Respectfully yours,

ROBERT P. SKINNER

867.50 Five Year Plan/20

The Ambassador in Turkey (Skinner) to the Secretary of State

ISTANBUL, October 18, 1934.
[Received November 5.]

DEAR MR. SECRETARY: I very much appreciate the pains which you took on August 2nd last to write to me so fully in regard to contract opportunities in Turkey, about which I sent you a letter on June 28, 1934. It is, of course, certain that the American Government will not lend its credit for the execution of what I may call war contracts in Turkey, or in any other country, nor is it very likely to give a favorable ear to ordinary construction contracts, except as the latter possess real merit. I think, therefore, that we are entirely in agreement on the outstanding principles.

The next question is whether our Export Bank is definitely prepared to grant extended credits, and if so, what the proportion of these credits to the whole amount of American purchases involved will be. I can only report what I have heard from contractors themselves. According to information supplied to me by Mr. John W. Doty, President of the Foundation Company of New York, it has not yet been possible for him to get a clear line on the amount of support that contractors can expect to receive, and without this knowledge it is not easy for contracting firms to make binding proposals in foreign countries.

It is running in the minds of our Export Bank people that they should grant only short-term credits, and then for only seventy-five per cent of the amount of the imports, but Mr. Doty told me in Paris a few days ago that the British Government, since the latter part of July, is permitting credits to be extended for a period of seven years and to an amount of one and one-half times the value of the imports. The reason for granting up to one and one-half times the value of imports is, so Mr. Doty explains that after figures have been established for prime movers, and the like, and for construction work, there always arises the necessity of importing miscellaneous devices, the value, nature, and quantity of which cannot be foreseen, and for this reason the official credit is granted not only for the main shipments of machinery but also for what Mr. Doty calls "slack".

It may interest you to know that the Foundation Company of New York is now endeavoring to obtain a contract in Latvia for hydraulic
works, and expects to succeed. However, as there seems to be no present prospect that the United States Government will grant extended credits for the machinery, unless for say seventy-five per cent of the value, his concern is expecting to write this contract through their British branch and to obtain a British Government credit in return for which it will then be necessary to purchase all machinery and equipment in Great Britain.

Please do not think for a moment that I am encouraging loosely thought out contracts in foreign countries where, for the sake of a little immediate benefit, we might lose the whole principal amount. The greatest care must be exercised in granting these credits under any circumstances. This said, there is a fair amount of foreign business of legitimate character that can be obtained, and I am sure that it is your definite desire that we shall obtain as much of such business as we can for our responsible firms.

Sincerely yours,

ROBERT P. SKINNER

667.116/88

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 412

ANKARA, October 31, 1934.
[Received December 1.]

SIR: I have the honor to refer to my No. 398 of October 16, 1934, enclosing a copy of a publication in the Official Journal in regard to contracts limited to countries having clearing agreements with Turkey, the effect of which was to exclude tenders from the United States. I have taken this matter up, since coming here, with the Minister for Foreign Affairs; with the Prime Minister, Ismet Pasha; and with Celal Bey, the Minister of National Economy. Each one assured me that there was no intention of discriminating against the United States, and that steps would be taken to correct the difficulty pointed out in my earlier despatch on this subject. I have been given every possible oral assurance that the United States would have the benefit of every advantage in the matter of Government contracts now or hereafter accorded to countries having clearing agreements with Turkey. Any further developments will be reported as they occur.

Respectfully yours,

ROBERT P. SKINNER

611.6731/174

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 434

ISTANBUL, November 14, 1934.
[Received December 1.]

SIR: I am not sure the matter calls for any special comment but it is a fact that on Page 79 of the American Year Book for 1933, just
received from the Department, I find the following statement with regard to Turkey:

"Arrangements were made to admit American goods to a value equivalent to that of Turkish goods exported to America."

I am not aware of any such formal arrangement and it is certainly not a fact that American goods are shipped to Turkey to balance the value of Turkish goods exported to the United States. The only formal undertaking of this nature of which I possess knowledge is the definite agreement of the Turkish Government to extend to American goods all the advantages enjoyed in this market by the goods of any other country.

Respectfully yours,

Robert P. Skinner

APPLICATION WITH RESPECT TO TURKEY OF POLICY OF THE UNITED STATES NOT TO ENCOURAGE AMERICAN FIRMS IN THE SALE ABROAD OF ARMS AND MUNITIONS OF WAR

867.24/33

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 247


[Received July 3.]

Sir: I regret to report that Turkey is arming actively and heavily, having reached the conviction that she must no longer delay in taking such defensive measures as lie within her power. I find no one in a responsible position who doubts the pacific intentions of Turkey herself, or questions the sincerity of her conviction that there is danger ahead, but whether she is warranted in that feeling is another matter. Practically, her anxiety is with respect to Italy and it is her firm belief that the Italians have covetous feelings with respect to Asia Minor and especially the Antalya district. A meeting of the Cabinet was held on May 15th over which the Gazi presided in person—that circumstance being an indication of the seriousness with which the Government views present conditions. Fevzi Pasha, Chief Military Commander, also attended the meeting which lasted far into the night. It is supposed that the purpose of this council meeting was to speed up arrangements made under the head of national defense which, normally, were to have been spread over a number of years. In order that this might be accomplished it was decided that every Ministry should reduce its requirements to a strict minimum and that such budgetary savings as might be made should be applied to national defense, it being calculated that in the special defense budget there should be found somehow 42,500,000 Turkish pounds for the army and navy, and from 20 to 25,000,000 Turkish pounds for aviation.
It was furthermore decided, in principle, that to secure the total amount necessary, there should be imposed additional excise taxes of one piastre per kilogram for flour, and that tobacco, cigarettes, alcoholic beverages, tea, coffee, sugar and cocoa should be subjected to an additional tax. Foreigners will be subjected to a sojourn tax. The bill will be presented very shortly to the Grand National Assembly, and when the more precise facts become available, will be reported upon.

I am informed most reliably that the Turkish Government is now in the market for trucks, aeroplanes, searchlights, radio and signal corps equipment, munitions, and five submarines. She is also understood to be negotiating with a Swedish firm for eight-inch guns. The Krupp Works have a branch or controlled establishment in Sweden and it is supposed that the order will be obtained by that establishment. It has been given out, privately, that tenders from the United States will be welcome.

Following the meeting of the Cabinet to which reference has been made, there was a meeting of the People’s Party, at which the Turkish Ambassador in Italy, called over for the purpose of consultation, was present. A few days later my Italian colleague had a long discussion by appointment with Ismet Pasha, the Prime Minister. What took place I cannot surmise.

What indications are there that the danger is felt to be real in this country, and that Italy is looked upon as the greatest present menace?

We have in the first place the well known Italian interest in Asia Minor, the number of Italian schools in Turkey, and the obvious effort to keep alive the Italian spirit among a good many thousands of individuals of Italian origin, practically all of them born in Turkey, and according to our American views, natural-born Turks.

We have Mr. Mussolini’s speech of March 18, 1934, in which he spoke of the “spiritual and material expansion” of Italy in Africa and Asia. Subsequently he gave an interview to a London newspaper along similar lines and there have been other references possibly less explicit. Mr. Mussolini’s diplomatic explanation about expansion in Asia to the effect that he had not looked upon Turkey as an Asiatic Power did not allay Turkey’s sensitiveness—far from it.

We have Mustapha Kemal’s sudden journey to Izmir immediately after the Mussolini speech, and more recently a special visit to Istanbul.

We have the visit of General Condylis from Athens and of the talk about closing and defending the Straits in certain circumstances. Also the talk with him about the purchase of the five submarines.

We have the talk about the Balkan Four Power Pact, with its implications, and the strong language of Mr. Venizeles that Greece, in no circumstances must be led into a position of making war upon Italy.
We have the belief which prevails widely in Turkey that a general war is inevitable, perhaps not right away but looming straight ahead, and that while Turkey will keep out of it if she can, she is unable to foretell what the combination will be and she must be prepared for anything. She is certain that in the event of a European war there will be another territorial settlement when the old fashioned balance-of-power considerations will come into play, and thereupon Italy will ask for the right to expand in Asia, and only Turkish preparedness would then prevent her from doing so in Asia Minor.

The foregoing considerations are vague, but they suffice to explain, if not to justify, present Turkish nervousness and the determination of the Government to increase and modernize her equipment all along the line.

Respectfully yours,

ROBERT P. SKINNER

767.00/54

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 270

ISTANBUL, June 1, 1934.
[Received July 3.]

SIR: In previous despatches I have pointed out the anxiety existing in Turkey consequent upon recent public declarations made by the Italian Premier, and I have also reported upon official decisions at Ankara to strengthen the army and navy by exceptional measures. Hints are thrown out, too, that the Turks desire to enjoy greater liberty with respect to the Dardanelles and to be permitted to create a system of land defenses inasmuch as mines cannot be laid in the narrow waters without preventing the passage of merchant vessels.

It was evidently with a desire to get a statement before the public that a “debate” was staged in the Grand National Assembly at the session of May 30, 1934, when Sirri Bey, during the discussion of the budget of the Ministry of Foreign Affairs, addressing himself to the Acting Minister for Foreign Affairs, Şükrü Kaya Bey, said:

“The political situation compels us to ask for a precise and clear declaration from the Government upon foreign policy. Our friendship with the Soviets is approved by all Turkish citizens; the maintenance of good relations with France is a principle among the Turks; the union with Greece is happily devised to correct the errors of history. My heart revolts at the thought of considering as foreigners, as respects international policy—such countries as Persia, Irak and Syria. Afghanistan is a brother (sic) who is dear to us, and at all times has participated in our sorrows and our joys.

“One point remains to be cleared up in the matter of exterior politics: The situation in the Mediterranean. Every time we think of this a sentiment of anxiety is born in our hearts. It is far from my thought that this portion of our land is exposed to any particular
menace. The Turkish army, always ready to fight and die, has it under guard. This army which is under the command of the greatest Captain in history guarantees our security on that side. Nevertheless this confidence should not cause us to conclude that that portion of our territory might not be subject to an attack from outside. There is nothing to tell us that some day someone might not venture a trial at arms thereabouts. I know that as regards the Mediterranean a safety valve is absent. History teaches us in what fashion the annexations on the shores of the Mediterranean have been brought about since a century. In so saying I allude to Algeria, Tunis, the Seven Isles, Egypt, Morocco, and Tripoli. All these annexations were made for the sole purpose of guaranteeing a political equilibrium!

"The most recent event in the matter of occupations of this nature is that of the landing of the Italians at Corfu. The Greeks were certainly unable to deal with a Power incomparably superior. They addressed themselves to the League of Nations. I need not dwell at length on this subject; you know all of the details.

"I do not pretend to suspect that any particular portion of our country is threatened. Nevertheless, at a moment when political groups are forming among the states I wish to underline the necessity of sharpening our political arm which is one of our most efficacious means of defense."

Following upon the above statements, which reflect the general suspicion respecting Italian ambitions, the acting Minister for Foreign Affairs, Şükrü Kaya Bey, replied:

"The foreign policy pursued by the Government is founded on peace and friendship. The treaties, the ententes, and the other documents of international acts we have concluded up to this time are a living witness of this. The characteristic of our policy vis-à-vis our neighbors consists in assuring friendship and common security. The Balkan Pact is the most recent example of this fact. The relations which I mention with other states, notably with Russia, are developing favorably. Turco-Soviet friendship is beyond attack, this friendship being the fruit of moments of difficulty and close mutual acquaintance. In the pursuit of its policy Turkey relies in the first place beyond anything else upon the force of character and patriotism of its people, and the strength of its army. Beyond this our Anatolia possesses two great allies who have always been our devoted friends. One is the Mediterranean and the other the Black Sea. Upon them we found two systems: One of these systems consists in signing with the riverain states documents intended to guarantee this security, and the other is to prepare in the interior our defense against any eventuality far or near.

"The general situation of Europe is undoubtedly very complicated on account of the problem of disarmament, the question of the Saar, and other matters. Turkey will never be a trouble-maker in a moment so confused. She will always work for peace. But if, in spite of this firm decision, and for reasons independent of her a fact should arise outside of the country, she will execute the obligations of friendship and neutrality which she has concluded with the Powers. It remains
understood that Turkey intends particularly to look to the defense of her proper frontiers. This explains our budget for the current year. Friendships are of great importance, but the friendship the most important for the country is before all to be strong in the interior.

"Our policy is to insure in the interior a common ideal and to reinforce our power in such fashion that nobody will be able to look upon Turkey with a hostile eye. If, in spite of this, anyone should seek to attack Turkey, this attack will break itself against the hard and sharp rocks of our frontiers. (Loud applause). You may be sure that we shall concern ourselves with making of Turkey a soil which defies all covetousness, and we shall succeed."

Thereupon Parliament proceeded to vote finally the budgets for the different Departments, which total 184,075,634 Turkish pounds, in which the following military items appear:

<table>
<thead>
<tr>
<th>National defense</th>
<th>40,964,881</th>
</tr>
</thead>
<tbody>
<tr>
<td>National defense—air</td>
<td>4,583,774</td>
</tr>
<tr>
<td>National defense—navy</td>
<td>3,808,818</td>
</tr>
<tr>
<td>Military manufactures</td>
<td>3,920,643</td>
</tr>
<tr>
<td>Topography</td>
<td>603,505</td>
</tr>
<tr>
<td>General police</td>
<td>4,107,499</td>
</tr>
<tr>
<td>Gendarmerie</td>
<td>8,679,379</td>
</tr>
</tbody>
</table>

66,668,499

If to this we add 44,886,736 Turkish pounds, appropriated for the public debt, it will be seen that there remains 72,370,399 pounds for all the ordinary expenses of the Government. The task of the Minister of Finance will be one of great difficulty.

Respectfully yours,

ROBERT P. SKINNER

867.24/41

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 282

ISTANBUL, June 13, 1934.

[Received July 17.]

Sir: I have the honor to report that information reaches me to the effect that the General Staff of the Army is creating a motorized army corps in Thrace and will purchase for this corps in the immediate future the following:

230 trucks
100 motorcycles
60 6-ton tractors
40 tractors for anti-aircraft guns

It is understood that for the above equipment the necessary money has been appropriated. In addition to the items named, it is the intention of the authorities to acquire for the army up to a total of 1500 trucks, 14 searchlights, and machine guns, for a total of
3,000,000 Turkish pounds. Tests will be carried out shortly with the Colt infantry machine gun. Large quantities of ammunition will likewise be purchased.

Except as to the equipment of the motorized army corps in Thrace, most of the equipment herein mentioned is to be purchased on a four-year credit basis. While there has been some discussion about ordering trucks and tractors in Russia, the transportation division of the General Staff is against the idea on the theory that the purchases of such material in Russia would be experimental.

In previous despatches mention has been made of an army expansion program, but the foregoing seems to be the most definite information thus far available with regard to the various things which are to be purchased almost immediately. The Department may be able to bring these facts discreetly to the attention of our manufacturers. I should think it safe to say that any orders for army account would be cared for financially in strict accordance with the contracts without any reasonable doubt.

I am informed also that Ahmet Emin Bey expects to leave for America in the near future, there to remain about one month. Doubtless he will make himself known in government circles in Washington on his arrival. He has offered the opinion that if orders for war material are to be obtained by American manufacturers, it will be necessary for the representatives of American concerns to come to Ankara and get into direct touch with the competent authorities.

Respectfully yours,

ROBERT P. SKINNER

867.113 Jones & Lamson Machine Co./S

The President of the Jones & Lamson Machine Co. (Ralph E. Flanders) to the Secretary of State

WASHINGTON, September 26, 1934.
[Received September 27.]

DEAR MR. SECRETARY: The Jones and Lamson Machine Company of Springfield, Vermont, of which I am president, has been associated with a group of machine tool builders in an endeavor to obtain from the Turkish government orders for machinery and equipment which that government will place somewhere within the next few weeks.

To make it possible for us to accept these orders we will have to be financed for a certain percentage of the total amount in value, which approximates $1,000,000. The financing is of a type for which ordinary banking facilities are not available, but which come definitely within the scope of Export-Import Bank No. 2. The conditions surrounding this business seem to be satisfactory on the whole to the
management of that bank, with one exception. The machinery we propose to supply is to be used in this instance for the repair and maintenance of artillery and small arms for the Turkish government. In view of prevailing interest in matters of this sort, and as an item of established policy, the Export-Import Bank is unwilling to give any assurances of financial assistance without a favorable ruling from the State Department, on this proposed transaction, from the standpoint of governmental policy, as relates to the armament trade. This letter is a request for such a ruling.

We would urge that a favorable ruling be given on the following grounds:

A. The project was not instigated or fostered by ourselves or by fellow nationals, but was developed in its entirety by the Turkish government before we were informed as to the existence, let alone the scope, of the program undertaken. We therefore cannot be accused on any grounds of having fomented or encouraged an increase in armament.

B. Proposals from English, German and French manufacturers have been in the hands of the Turkish government for some time past, covering the complete project. Our American proposals are somewhat late in the field, and the opening of bids has been delayed out of courtesy to permit us to enter into this competition. It is therefore evident that our success or failure in obtaining this business is incidental so far as concerns carrying out the project; other nationals are prepared to do so and will do so; our action will not increase or diminish armament activity.

C. Price competition will be so keen on this project that profits will be absent or inconsiderable. Its useful effect for ourselves and the country lies in expanding the abnormally small volume of employment in a depressed industry, that of building machine tools. Therefore, we urge your favorable action from the standpoint of recovery.

D. The machinery we propose to furnish is not itself armament or ordnance, but is one remove therefrom, being employed in the repair and maintenance of war material. Only a fraction of the machines ordered, (not over 2% in value) are specialized machines for armament manufacture. The balance consists of standard machinery used generally for the manufacture of a wide range of peace time products, such as motor cars, electric refrigerators and the like. There is nowhere near so direct a connection with armament as exists for instance, in recent large shipments of cotton, constituting the primary and principal basic material for the manufacture of war explosives. The proposed transaction therefore seems to be outside accepted categories of war material as defined on a peace-time basis.
E. Our own country is dependent on a variety of imported materials for the construction of armament for our national defense. It would seem therefore, that we cannot consistently put prohibitions in the way of other nations which, on their own account and without our solicitation, seek for themselves, protection of a comparable sort.

In view of the above considerations, we urge a favorable ruling in this matter.

Yours respectfully,

Ralph E. Flanders

867.113 Jones & Lamson Machine Co./4

The Secretary of State to the Special Adviser to the President on Foreign Trade (Peek)

WASHINGTON, October 1, 1934.

My Dear Mr. Peek: I enclose a copy of a letter dated September 26, 1934, from Mr. Ralph E. Flanders, President of the Jones and Lamson Machine Company, Springfield, Vermont, regarding the financing of an order for machine tools which the company hopes to obtain from the Turkish Government. As will be noted from Mr. Flanders' letter, the machinery which his company hopes to supply to the Turkish Government is to be used for the repair and maintenance of artillery and small arms.

As you know, it is contrary to the well established policy of this Government to encourage the exportation of arms and munitions of war. This Department is of the opinion, moreover, that the granting of credits or other forms of financing by any agency of the Government for the exportation of arms and munitions of war would be tantamount to encouraging such exportation and hence contrary to the policy in question.

Since the machinery which the Jones and Lamson Machine Company proposes to supply to the Turkish Government is to be used for the repair and maintenance of artillery and small arms, it would appear to come clearly within the category of "arms and munitions of war". Accordingly, this Department, while expressing no opinion with respect to any credit risk which might be involved, is of the view that it would be contrary to the policy of the United States for any public agency to finance or otherwise to encourage the exportation of the machinery which the Jones and Lamson Machine Company proposes to make to Turkey.

Mr. Flanders is being informed that his letter has been referred to your organization and that you will doubtless communicate with him in due course.

Sincerely yours,

Cordell Hull

"Supra."
The Special Adviser to the President on Foreign Trade (Peek) to the Secretary of State

WASHINGTON, October 9, 1934.

Dear Mr. Hull: I beg to acknowledge receipt of your letter of October 1, enclosing a copy of Mr. Flanders' letter of September 26 regarding the financing of an order for machine tools which his company, the Jones & Lamson Machine Company, of Springfield, Vermont, hopes to obtain from the Turkish Government. While the case appears to be of the border line variety, I quite agree that the financing of the proposed transaction by an agency of this Government would be open to serious misconstruction as well as being in conflict with the declared policy of this Government. Accordingly the Export-Import Banks will refrain from participating in any financing which may be involved in the proposed transaction.

I am mailing Mr. Flanders a copy of your letter of October 1 and of my letter of this date for his information.

Very sincerely,

GEORGE N. PECK

The Secretary of State to the American Institute of Steel Construction, Inc.

WASHINGTON, October 24, 1934.

Sirs: The receipt is acknowledged of your letter of October 16, 1934, enclosing a letter addressed to you, dated September 17, 1934, from Mr. B. Balci of Istanbul, in which he states that he is a dealer in war and steel construction material and expresses his desire to contact with the leading manufacturers of such material in the United States.

As it is not the policy of this Government to encourage export trade in arms and munitions of war, the use of official channels is not permitted for the communication of inquiries or offers between prospective purchasers and American exporters of such commodities.

The American Consulate General at Istanbul is prepared to furnish any reputable Turkish firm with the names of American manufacturers of steel construction material.

The enclosure to your letter is, therefore, returned to you herewith.

Very truly yours,

For the Secretary of State:

PAUL H. ALLING,
Acting Chief, Division of Near Eastern Affairs

*Not printed.*
The Ambassador in Turkey (Skinner) to the Secretary of State

No. 419

ISTANBUL, November 5, 1934.

[Received December 1.]

Sir: I refer to the Department’s Instruction No. 131, dated October 4, 1934, relative to the possible sale to the Turkish Government of machinery for the manufacture of munitions by the Jones and Lamson Machine Company of Springfield, Vermont. It is noted that the Department deems that it would be contrary to the policy of the United States to finance or otherwise encourage the exportation of the machinery in question. Whether or not the Jones and Lamson Machinery Company can get financial assistance from our commercial banks, which would enable them to obtain this contract, appears to be doubtful.

At the present time the Turkish Government is interested in the purchase of a large number of caterpillar tractors for the army, and there is a prospect that this order can be obtained for the United States if facilities can be obtained from the Export-Import Bank, and if the Department entertains no objection to the transaction. It seems probable, having regard to the decision in the Jones and Lamson Machine Company case that the same view would be taken of the sale of tractors.

It is to be pointed out, as to both contemplated purchases, that there is no question of what is popularly denominated "high-power salesmanship" of the type recently much discussed in the press. On the contrary, the Turkish Government itself has turned to the United States and manifested a preference for American supplies. If we are unwilling to approve these contracts, they will go to European countries whose representatives are in Ankara doing their utmost to prevent purchases in the United States. I gather from what I have heard that from the purely credit point of view the Export-Import Bank officials are disposed to give the required assistance.

As the principles involved in this question are likely to come up in many future instances, both in Turkey and elsewhere, I offer the suggestion that we define our policy with precision. War supplies such as guns, explosives, bombs, cartridges, and the like, are certainly within the purview of the Department's policy which, it may be hoped, will become an internationally accepted policy. But there is an almost unlimited line of articles in common use which may or may not be used for war purposes. Thus, for example, machine tools needed in Turkey for the army can be used for peacetime purposes, and it may be assumed that they will be so used occasionally. Similarly, cater-

---

56 Not printed.
pillar tractors, if purchased in the first instance for the army, can be used in a variety of ways, all of them quite innocent.

It is to be hoped that we can so formulate and apply our policy as to prevent the loss to our manufacturers and working classes of orders for goods in every-day use, where self-denial would only redound to the advantage of European manufacturers.

Respectfully yours,

ROBERT P. SKINNER

867.113 Jones and Lamson Machine Co./13
The Acting Secretary of State to the Ambassador in Turkey (Skinner)

No. 147 Washington, December 13, 1934.

Sir: I refer to your despatch No. 419 of November 5, 1934, in regard to the exportation of arms and munitions of war from the United States. I have noted your suggestion as to the advisability of greater precision in regard to the meaning of the phrase arms and munitions.

In reply, I have to inform you that there is no universally accepted definition of these terms, nor has this Government found it possible to be entirely consistent concerning the articles which should be considered as being included under that general description. I enclose a copy of a Press Release of May 28, 1934, which contains a list of those articles which are recognized by the Department as arms and munitions of war in administering the restrictions upon the export of arms and munitions to China, in pursuance of the President's Proclamation of March 4, 1922. The same articles are recognized as arms and munitions in administering the restrictions upon the export thereof to Honduras and Nicaragua. The list of arms and munitions recognized as such in administering the restrictions upon their export to Cuba is, however, much more extensive as this list has been made to conform to the Cuban regulations governing imports.

The categories listed in the Arms Traffic Convention of 1925—which has not as yet been ratified by this Government—give perhaps the most nearly universally accepted list of what are generally recognized as constituting arms and munitions of war. I enclose a copy of that portion of the Convention which embodies these categories.

I enclose also a copy of the Draft Articles for the Regulation and Control of the Manufacture of and Trade in Arms and the Establishment of a Permanent Disarmament Commission. These Articles

---

*No record of such a press release of this date has been found in the printed Press Releases or files of the Department. For similar release of June 2, 1930, see Department of State, Press Releases, June 7, 1930, p. 273.


*Not attached to file copy.
were presented by the American Delegation on November 20, 1934, to the Bureau of the General Disarmament Conference. I invite your particular attention to Chapter I which contains a list of such arms and munitions as this Government believes should be recognized as such by international agreement. In connection with the drafting of this Chapter, the Delegation was instructed that the arms listed in the Convention should be limited to well recognized implements of war, and that an effort should be made to exclude, so far as possible, from the provisions of the Convention articles of peaceful commerce which only incidentally and exceptionally can be considered as arms or munitions. It was further instructed that in drawing up the categories of arms, the purpose of those articles of the Convention dealing with the regulation of the trade in and manufacture of arms should be kept constantly in mind, and that the inclusion of any provisions which are not definitely adapted to the attainment of the ends in view and which might constitute an unwarranted interference with international trade unrelated to war or preparation for war should be avoided.

It is hoped that through the negotiation of a treaty for the supervision and control of the manufacture of and international trade in arms, or through the enactment of legislation dealing with that matter, a definition of the phrase arms and munitions of war may be formulated which will determine for all practical purposes what articles are to be considered as comprised therein. In the absence of any such recognized definition, I regret that I am unable to give a more precise answer to the question raised in your despatch under reference.

Very truly yours,

William Phillips

REPORTS OF TURKEY'S DESIRE TO SECURE REVISION OF THE REGIME OF THE STRAITS; CONSIDERATION OF POSSIBLE AGREEMENT WITH TURKEY REGARDING AMERICAN NAVIGATION RIGHTS

767.68119/862

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 279

Istanbul, June 12, 1934.

[Received July 17.]

Sir: A good deal has been said of late about Turkey’s intention to seek some modification of the Straits regime at Geneva during the recent attendance of the Foreign Minister, Tevfik Rüstü Bey, at the session of the League of Nations, but the Minister has now returned to Turkey and no formal steps of any kind appear to have been taken with

* See Department of State, Press Releases, December 22, 1934, pp. 391-404.
regard to the Dardanelles. On the contrary, as he passed through Bulgaria he took occasion to say that Turkey had not raised the issue "because she was in a position to defend the Straits." Again: "Even if some restrictions exist, we are capable of defending the passage. Moreover, we need the permission of nobody to do it."

Technically, the Foreign Minister was right. The Straits Convention, Article 4, declares that the shores of the Dardanelles and the Bosphorus shall be demilitarized, and that within the demilitarized zones no fortifications shall be set up, but Turkey retains the right to send her armed forces through the demilitarized zones and the Turkish fleet has the right to anchor in territorial waters. In fact, in these days of long distance guns and other weapons, the treaty provisions place small restraint upon Turkey in this matter. It is safe to say that the people of this country are far less concerned over the demilitarization of the Straits area than they are over the continued existence of the Straits Commission, which is a thorn in the flesh that they would gladly have removed.

In a brief historical review the Deputy, Ahmet Sükrü, in his La Turquie, traces the main facts up to today. Until Russia reached the Black Sea, that body of water was practically an Ottoman lake, the entrance to which was opened and closed by the Sultans according to their pleasure. The Sultans set up a rule that the Straits should be closed to war vessels and obtained acceptance of this rule by all of the States with which the Porte carried on relations. Thus matters continued until 1833 when the Sultan Mahmud signed a treaty which guaranteed the opening of the Straits in favor of the Russians in order that he might have the aid of Tsar Nicholas against Mehmet Ali of Egypt. The British Government, disturbed by this treaty, brought about an international engagement eight years later under which the Straits were closed to ships of war. In this way the opening or closing of the Straits ceased to be a purely Turkish matter and in 1841 became international. Then came the demilitarization of the Black Sea in 1856, followed in 1871 by the abrogation of the clauses concerning the demilitarization of that Sea. Furthermore the Sultanate obtained the right to open the Straits whenever it desired "to ships of war of friendly States." This regime continued until the beginning of the Great War in 1914.

Respectfully yours,

ROBERT P. SKINNER

---

"Ibid., vol. xxix, p. 703.  
84 Ibid., vol. xlix, p. 22.  
85 Ibid., vol. lxi, p. 7.
The Secretary of State to the Ambassador in Great Britain  
(Bingham)\textsuperscript{87} 

No. 454  
WASHINGTON, June 29, 1934. 

Sir: I enclose a copy of a recent press article \textsuperscript{88} regarding the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles. Articles of a similar character have appeared in the press in recent weeks but the Department has been unable to ascertain whether they actually represent the viewpoint of the Turkish Government. 

I shall be appreciative if you will make discreet inquiries with a view to determining what, if any, action, formal or informal, the Turkish authorities may have taken vis-à-vis the British Government looking toward a revision of the Straits Convention, as well as any information you may be able to obtain regarding the attitude of the British Government in this matter. 

Very truly yours, 

For the Secretary of State: 
WILLIAM PHILLIPS

---

The Secretary of State to the Ambassador in Turkey (Skinner) 

No. 87  
WASHINGTON, June 29, 1934. 

Sir: I enclose a copy of a recent press article regarding the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles. Articles of a similar character have appeared in the press in recent weeks but the Department has been unable to ascertain whether they actually represent the viewpoint of the Turkish Government. 

I shall be appreciative if you will make discreet inquiries with a view to determining whether the Turkish authorities have taken or propose to take any action looking toward a revision of the Straits Convention. Any other information you may be able to obtain on this general subject will be helpful to the Department in its consideration of the matter.

\textsuperscript{87} The same, mutatis mutandis, on June 29, to the Ambassadors in France (No. 469), Japan (No. 542), and Italy (No. 242), and to the Consul at Geneva. 
\textsuperscript{88} New York Times, June 17, 1934.
In connection with this general question I invite your attention to the Department's instruction No. 364 of July 28, 1931, requesting an expression of the Embassy's views on the suggestions made by the Navy Department in a letter of July 13, 1931, a copy of which was enclosed. I should be glad to have an expression of your views as to the desirability of proposing to the Turkish Government at this time the negotiation of an agreement covering the rights of the United States in the navigation of the Straits. Such an agreement might appropriately provide substantially as follows:

"The commercial vessels and aircraft and war vessels and aircraft of the United States of America shall enjoy complete liberty of navigation and passage in the Straits of the Dardanelles, the Sea of Marmora, and the Bosphorus, on a basis of equality with similar vessels and aircraft of the most favored nation."

For your further information I should add that it would appear to be desirable to conclude an agreement covering the rights of American vessels and aircraft in the Straits prior to the conclusion of a consular convention with Turkey, for upon the entrance into force of the latter instrument the United States would no longer be able to invoke the provisions of paragraph numbered three of the exchange of notes of February 17, 1927.

Very truly yours,

For the Secretary of State:

WILLIAM PHILLIPS

767.88119/350

The Chargé in France (Marriner) to the Secretary of State

No. 1037

PARIS, July 10, 1934.
[Received July 24.]

Sir: The receipt is respectfully acknowledged of the Department's Instruction No. 469, June 29, 1934, enclosing a press article regarding the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles, and directing that discreet inquiries be made with regard to what action, if any, the Turkish authorities may have taken with the French Government, and as to the attitude of the latter Government in the premises.

---

\(^{30}\) Not printed.


\(^{32}\) See footnote 87, p. 973.
Mr. Tuck, First Secretary of Embassy, called today upon M. de Saint-Quentin, Chief of the Division of Asia and Africa at the Quai d'Orsay, and there is transmitted herewith a memorandum of the interview.

It will be seen that M. de Saint-Quentin gave emphatic assurance that his Government was opposed to any revision of the Straits Convention and had so informed the Turkish Minister for Foreign Affairs on the occasion of the latter's visit to Paris and, previously and subsequently thereto, on several occasions, in Geneva. It may therefore be assumed that Tewfik Rushdi Bey had, at various times, unsuccessfully approached the French Government in an endeavor to win its support in favor of the revision of the Straits Convention.

Respectfully yours,

THEODORE MARRINER

767.68110/857

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

No. 607

ROME, July 12, 1934.
[Received July 24.]

Sir: With reference to the Department's instruction No. 242 of June 29, 1934, concerning the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles, I have the honor to inform the Department that as a result of discreet inquiries made with regard to this subject the following information was obtained:

An official of the Foreign Office stated that it is believed that the Turkish Government has accumulated stores of war material immediately outside the unfortified zones which would be moved promptly into those zones in the event of war, but he made no reference to any actual fortifications. The official stated that he was not aware that the Turkish Government had taken any action up to the present, formal or informal, vis-à-vis the Italian Government, looking toward a revision of the Straits Convention, but he added that it was felt such action might be taken at any time. While the official made no statement as to the attitude of the Italian Government in the matter, he ventured to say that it would appear that should the Turkish Government make such a demand, it would be merely asking

---

*Not printed.
**Turkish Minister for Foreign Affairs.
***See footnote 87, p. 973.
for the approval of a situation which might be regarded as already practically existing.

Respectfully yours,

Breckinridge Long

767.68112/859

The Consul at Geneva (Gilbert) to the Secretary of State

No. 956 Political

Geneva, July 12, 1934.

[Received July 24.]

Sir: I have the honor to refer to the Department’s instruction dated June 29, 1934, enclosing a copy of an article appearing in the New York Times of June 17, 1934, respecting the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the régime of the Straits and instructing me to obtain information regarding any developments which may have taken place in Geneva concerning this matter. This question does not appear to have come directly before the League of Nations in any manner. It has, however, been raised in the General Disarmament Conference and I submit the following developments which, according to my information, took place in the Conference in this connection.

On March 16, 1933 the United Kingdom Delegation to the Disarmament Conference presented a Draft Convention, Article 96 of which reads as follows:

"The present Convention, together with the further Conventions to be concluded in accordance with Article 95 and Article 32, will replace, as between the respective Parties to the Treaties of Versailles, St. Germain, Trianon and Neuilly, those provisions of Part V (Military, Naval and Air Clauses) of each of the Treaties of Versailles, St. Germain and Trianon, and of Part IV (Military, Naval and Air Clauses) of the Treaty of Neuilly, which at present limit the arms and armed forces of Germany, Austria, Hungary and Bulgaria respectively."

On March 24, 1933, during the general discussion on the Draft Convention, Cemal Hüsnü Bey, representative of Turkey, commented

---

8a See footnote 87, p. 973.
8b For correspondence concerning the General Disarmament Conference, see Foreign Relations, 1933, vol. i, pp. 1 ff.
1 Ibid., p. 3149.
2 Ibid., p. 3539.
in part as follows concerning Article 96 of the Draft (Minutes of the General Commission, Volume II, page 306):

"While the military, air and naval clauses inserted in certain treaties were being replaced, for reasons which he would not criticize or analyze here, by the general provisions of the Disarmament Convention, it was to be observed that similar clauses found in the Treaty of Lausanne had not been mentioned. The Treaty of Lausanne contained military provisions relating to the Straits and certain parts of the European continental territory of Turkey, and those provisions must naturally undergo the same fate. . . . That which Cemal Hüsnü Bey requested should be suppressed was precisely intended to ensure that freedom of the Straits and Turkey’s obligation to keep them open. Articles 3 to 9 of the Straits Convention, annexed to the Treaty of Lausanne, constituted a hindrance to that liberty and to the exercise of the obligation assumed by Turkey; those articles had now fallen into disuse, not only in anticipation of an effective disarmament Convention, but because they had lost all real and practical meaning.”

In the meeting of the General Commission on March 27, 1933, Sir John Simon, summing up the general discussion concerning the British Draft Convention, answered the comments of the Turkish Delegation with regard to Article 96 of the Draft Convention as follows (Minutes of the General Commission, Volume II, page 400):

"The Turkish delegate had also noted that, while the draft Convention was destined to replace certain clauses in the peace treaties of Versailles, St. Germain, Trianon and Neuilly, there was no indication that it would replace clauses in the Treaty of Lausanne. That comment proceeded from a misapprehension as to the application of the final article (Article 96) of the United Kingdom draft Convention. The clauses of the peace treaties in question were defined in Article 96 as “those provisions . . . which at present limit the arms and armed forces of Germany, Austria, Hungary and Bulgaria respectively”. But, as the Turkish delegation was aware, the Treaty of Lausanne contained no clauses of a corresponding character. The arms and armed forces of Turkey were not restricted by treaty, and since Article 96 of the draft effected a substitution only in respect of the limit of arms and armed forces, no corresponding provision was needed in the case of Turkey.”

In the meeting of the General Commission of June 1, 1933, the Turkish Delegation presented an amendment to Article 96 of the United Kingdom draft Convention which reads as follows (Minutes of the General Commission, Volume II, page 585):

"The present Convention, together with the further Conventions to be concluded in accordance with Article 95 and Article 32, will replace, as between the respective parties to the Treaties of Versailles, St. Germain, Trianon, Neuilly and Lausanne, those provisions of Part V

---

(military, naval and air clauses) of each of the Treaties of Versailles, St. Germain, and Trianon, and of Part IV (military, naval and air clauses) of the Treaty of Neuilly, which at present limit the arms and armed forces of Germany, Austria, Hungary and Bulgaria respectively, and also the Convention in regard to the frontier of Thrace, in the Treaty of Lausanne."

Commenting on the amendment presented by the Turkish Delegation, Cemal Hüsnü Bey spoke as follows (Minutes of the General Commission, Volume II, page 585):

"The second amendment handed in by the Turkish delegation related to Article 96. It had been glad to find that this article provided for equality of rights, of which it was a strong supporter. Unfortunately, the treaties mentioned were not the only treaties that contained military clauses. Such clauses were also to be found in the Treaty of Lausanne. The question of the guarantee as to the Straits had been held over for the second reading, but there was another question, that of the military clauses relating to the frontiers of Thrace. The Turkish delegation considered that, if the General Commission decided to eliminate the military clauses in the various peace treaties, it should treat the military clauses in the Lausanne Treaty in the same way. That was only just."

It will be observed from the last speech above quoted of the Turkish representative that the question of the revision of the pertinent articles of the Treaty of Lausanne relating to the fortification of the Straits is being "held over" until the second reading of the draft Convention.

The question was again raised during the meetings of the Disarmament Conference which have recently closed in the sense that it was the subject of unofficial conversations which took place respecting the more general European political situation which were in progress at that time. The nature of this matter is presented in Confidential Letter No. 32 issued by the European Information Center, Paris, dated June 21, 1934, page 251, and I can only confirm that the presentation in that document is also substantially my own understanding of it.

Respecting the status of the British draft convention to which I have referred above, I feel that the authorities of the Department dealing with the Disarmament Conference are fully cognizant with that detail and that thus I need not discuss it further.

*Not printed. The passage referred to reads: "In this connection, it is currently repeated in London that the Soviets met with a signal defeat behind the scenes at the recent Geneva meeting with regard to the fortification of the Straits. They attempted to use the Turks to force the English into the corner of having to choose between the militarization of the Straits and the closing of them in time of war and English participation in a Mediterranean Locarno. The British, to meet this attack, explained the situation to Tewfik Ruhêl Bey at Geneva and brought pressure at Ankara with the result that the Turks decided not to press this issue and left the Soviets high and dry." (111.20C/267)
As I have already stated, the question has not apparently in any manner come directly before the League. I am so informed by competent officials of the Political Section of the League Secretariat who also tell me that while aware of the unofficial discussions to which I have referred, which recently took place in Geneva, they are under the impression that the Turkish Government has no present intention of pressing this question.

Respectfully yours,

PRENTISS B. GILBERT

787.68139/858

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

No. 824

LONDON, July 13, 1934.

[Received July 24.]

Sir: I have the honor to refer to the Department’s instruction No. 454 of June 29, 1934, enclosing a copy of a press article dated June 17 regarding the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles. The Embassy was directed to endeavor to ascertain what, if any, action, formal or informal, the Turkish authorities may have taken vis-à-vis the British Government looking toward a revision of the Straits Convention, as well as any information it might be able to obtain regarding the attitude of the British Government in this matter.

The Department will recall that on June 11 Sir John Simon[^5] made a statement[^6] in the House of Commons in response to a question on this subject. A copy of that statement was transmitted to the Department under date of June 19, and doubtless crossed the instruction under reference. A further copy from Hansard is enclosed herewith for convenient reference.

A member of the Embassy staff took the matter up with the appropriate official of the Foreign Office, who, as it happens, drafted Sir John Simon’s above-mentioned statement. He said that aside from the steps[^7] taken over a year ago by the Turkish Delegate before the General Commission of the Disarmament Conference at Geneva, he was not aware that the Turkish Government had taken any action of a formal character with respect to this question, but since that time the Turks had on various occasions alluded to the subject in conversations with British officials, as indicated in the statement in Parliament. When Sir John Simon was in Geneva the end of May he men-

[^5]: British Secretary of State for Foreign Affairs.
tioned the question to the Turkish Foreign Minister, who assured him that in the present circumstances the Turkish Government did not desire to pursue the matter.

After reading the press clipping of June 17 enclosed in the Department's instruction under reference, the Foreign Office official said that the Turkish Foreign Minister remained in Geneva some time after his conversation with Sir John Simon, and that in any event the article was evidently based on information obtained in Turkey prior to that conversation, as since that time the Foreign Office and the Turkish Government have considered the matter dropped. He said that the line taken with the Turkish Government was that Turkey had earned an excellent reputation for abiding by her treaties, and it would be most unfortunate should she take any action which would alter this. The plea of the Turks that they had as much right as Germany to a revision of the treaties was countered with the argument that there was no analogy since in the case of Germany the Treaty was imposed, while in the case of Turkey the treaties and conventions were negotiated by the Allies in conference with Turkey.

The official said that the Turkish arguments before the General Commission of the Disarmament Conference at Geneva in 1933 were based on the MacDonald Plan to eliminate heavy mobile artillery, the Turks insisting that in such a case they would be left at a great disadvantage in protecting the Straits, but since the MacDonald Plan had failed this point was purely academic.

As to the attitude of the British Government in the matter, the official said he was glad the Turkish Foreign Minister had agreed to drop the question and that the Foreign Office felt that the less said about it the better.

Respectfully yours,

For the Ambassador:

RAY ATHERTON
Counselor of Embassy

767.68116/863

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 334

ISTANBUL, July 20, 1934.

[Received August 28.]

Sir: I have the honor to acknowledge the receipt of the Department's instruction No. 87, dated June 29, 1934, in regard to the alleged intention of the Turkish Government to endeavor to obtain a revision of the Convention relating to the régime of the Straits, signed at Lausanne on July 24th, 1923. The Department by now has received

*Conference Documents, vol. ii, pp. 479-480; for correspondence, see Foreign Relations, 1933, vol. i, pp. 1 ff.*
my No. 279 of June 17 [12], 1934, indicating that the Turkish Government has no present intention of raising the issue officially. It has been brought to my attention in this connection that even if authority were obtained for the construction of permanent fortifications in the Dardanelles the enormous cost of such defensive works probably would prevent their realization without long delay. In the meantime, the activity of the Turkish Government in improving the highway to Gallipoli, and one which leads to Chanak, and the reorganization of the military forces in the Straits Area, show that the Government is keenly interested in all that relates to the Straits and is preparing itself by every means within its power to defend them in case of attack. I shall acquaint the Department from time to time with any definite facts that I am able to obtain on this subject.

I now advert to the Department’s instruction No. 364 of July 28, 1931, as to the desirability of proposing to the Turkish Government the negotiation of an agreement covering the rights of the United States in the navigation of the Straits. There is no doubt that at present we enjoy complete liberty of navigation and passage in the Straits of the Dardanelles, the Sea of Marmara, and the Bosphorus, and are practically guaranteed this liberty by the Straits Convention, notwithstanding that we are not among the signatory powers. Should we now conclude a special agreement of our own, we would gain nothing which we do not already enjoy. Nevertheless, I concur in what I take to be the opinion of the Department that, on a long view, it is desirable that we obtain protection on our own behalf, and I do not perceive how it would be possible for the Turkish Government to refuse to give its assent to proposals in this sense. Thus far, as the holiday season is now on, I have had no opportunity of discussing the matter informally with the Minister of Foreign Affairs, and perhaps it would be well, before I did so, if I were instructed by the Department that it definitely desires to conclude such an agreement as is suggested in its instruction No. 87.

Respectfully yours,

ROBERT P. SKINNER

767.08119/864

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

No. 673

ROME, August 22, 1934.
[Received September 6.]

Sir: With further reference to the Department’s instruction No. 242 of June 29, 1934, concerning the alleged intention of the Turkish

*Not printed.

* See footnote 87, p. 973.
Government to endeavor to obtain a revision of the convention relating to the regime of the Straits, signed at Lausanne on July 24, 1923, so as to permit the construction of fortifications in the Dardanelles, I have the honor to inform the Department that on August 17, 1934, the *Messaggero* published an editorial with regard to the question of the present regime of the Straits, a summary of which is hereto attached.\(^{21}\)

On the basis of that editorial, a member of this Embassy inquired of an official at the Foreign Office about Italy’s attitude in that respect and was informed that “Italy prefers that the control of the Straits be left in the hands of the Turks.” With regard to the French attitude, that official ventured to state that France nominally favors the opening of the Straits but in view of its present relations with Russia he felt that France would not oppose the desires of Turkey.

Respectfully yours,

ALEXANDER KIRK

767.58119/865

*The Ambassador in Japan (Grew) to the Secretary of State*

No. 940

**TOKYO, August 24, 1934.**

[Received September 8.]

Sir: In compliance with the Department’s instruction No. 542, dated June 29, 1934,\(^{22}\) I have made discreet inquiries in an endeavor to determine what, if any, action, formal or informal, the Turkish authorities may have taken vis-à-vis the Japanese Government looking toward a revision of the Straits Convention. I have also endeavored to obtain information regarding the attitude of the Japanese Government in this matter.

Mr. Horinouchi, Chief of the Bureau of American Affairs at the Foreign Office, who was informally and discreetly consulted, told a member of my staff that the Japanese Government had not been approached in any way in this question but that Mr. Horinouchi recalled that the Turkish Government had proposed the matter at the last General Disarmament Conference.

He stated that he could not, unfortunately, indicate what the attitude of the Japanese Government would be in the event that it should be approached by the Turkish Government because “present conditions and circumstances might have altered at that time.”

Respectfully yours,

JOSEPH C. GREW

\(^{21}\) Not printed.

\(^{22}\) See footnote 87, p. 973.
The Acting Secretary of State to the Ambassador in Turkey (Skinner)

No. 119  

WASHINGTON, September 10, 1934.

Sir: The receipt is acknowledged of your despatch No. 334 of July 20, 1934 regarding the desirability of this Government proposing to the Government of Turkey the negotiation of a treaty by which the United States would obtain on its own behalf liberty of navigation and passage for American ships and aircraft in the Straits of the Dardanelles, the Sea of Marmara and the Bosporus.

Before authorizing you to discuss this matter formally with the appropriate Turkish authorities, the Department would like to receive your views as to whether the Turkish Government would be willing to negotiate such an agreement at a time when it is presumably giving consideration to the abrogation of the Straits Convention. In this connection the question has arisen as to whether the Turkish Government would be willing at this time to confirm and renew the pertinent provisions of the Convention in question. Any other comments or suggestions which you consider would be helpful to the Department in arriving at a decision in this matter would be appreciated.

Very truly yours,

[Signature]

WILLIAM PHILLIPS

The Chief of the Division of Near Eastern Affairs (Murray) to the Counselor of Embassy in Turkey (Shaw)

WASHINGTON, October 23, 1934.

Dear Howland: Now that the claims question seems well on the way to settlement it seems to me that we might appropriately consider the question of negotiating further treaties with Turkey, particularly a consular convention and a naturalization treaty.

In this connection you will recall that under the terms of the exchange of notes of February 17, 1927, the Turks agreed to commence negotiations for a naturalization convention within six months after the coming into effect of a consular convention and a convention of establishment and residence.

Accordingly the consular convention must precede the negotiation of the naturalization treaty. We are hesitant, however, to suggest the negotiation of a consular convention until we have cleared up the

---

For correspondence concerning negotiation of a claims convention between the United States and Turkey, see pp. 894 ff.
still unsettled matter of the rights of American vessels and aircraft in the navigation and passage of the Straits. In this connection you will recall our instruction No. 87 of June 29, 1934, and our subsequent instruction No. 119 of September 10, 1934.

In view of the attitude which the Turks appear to have taken toward the Allied Straits Convention we are inclined to believe that they might hesitate at this time to agree to the negotiation of a treaty containing any such provision as that set forth on page 2 of our instruction No. 87. Our reasoning is that since the Turks apparently have in mind bringing the Allied Straits Convention to an end at some appropriate future time they might hesitate at this moment to reaffirm the essential provisions of that Convention in a new treaty with us. In casting about for some way of overcoming this difficulty it has occurred to us that the Turks might be willing to enter into an exchange of notes incorporating an assurance regarding the liberty of navigation and passage in the Straits of American vessels and aircraft. Such an exchange of notes would be a less formal confirmation of the Allied Convention, and unless our Navy Department has some objection I should think it might be suitable. In this connection I assume that there is no doubt that whatever assurances the Turks might be willing to give us would run only for such period as the Allied Straits Convention remains in force.

I should be most appreciative if you would give this question some thought and let us have your views as soon as you conveniently can. As I see the situation the negotiation of both the consular convention and the naturalization treaty now hangs on a satisfactory solution of the Straits problem. Once that question is solved to our satisfaction I see no reason why we cannot go ahead immediately with the negotiation of the other two treaties, both of which, I take it, would be beneficial to our interests.

Sincerely yours,

WALLACE MURRAY

711.672 Straits/38

The Ambassador in Turkey (Skinner) to the Secretary of State

No. 411

ANKARA, October 29, 1934.

[Received November 17, 1934.]

Sir: I have the honor to refer to instructions from the Department on the matter of the navigation of the Straits and suggesting the possible desirability of proposing to the Turkish government the negotiation of an agreement on the subject. Without in any way indicating that we desired such a treaty, I brought up the topic in a purely informal conversation with the Minister of Foreign Affairs,
Dr. Tevfik Rüştü Bey, a day or two ago. We were discussing differences between the administration of the Panama and Suez Canals and the Straits, whereupon he said of his own accord that Turkey would be delighted to negotiate a separate Straits Convention with the United States, provided the United States would assume the same responsibilities for the defense of the Straits as the Powers signatory of the Straits Convention. I remarked that that would hardly work in the case of the United States because Article 18 of the Straits Convention left it to the Council of the League of Nations to decide how and when attacks or other acts of war or threats of war involving the freedom of navigation of the Straits should be met. Then I pointed out that under the Panama Canal Treaty, and this was true also of the Suez Canal, freedom of navigation was assured to all nations observing the rules on terms of entire equality and without any obligation to engage in the defense of either passage. We dropped the subject after dealing with it in this casual way.

Whether the Department cares to proceed further in this matter, with the above hints in mind, I do not know. As I stated on July 20th last in my No. 334, a special agreement of our own with Turkey would give us nothing which we do not already possess.

For the purpose of convenient reference I enclose herewith the text of Article 18 of the Convention relating to the Régime of the Straits, and also the pertinent portions of Article 3 of the Panama Canal Treaty.

Respectfully yours,

ROBERT P. SKINNER

767.68119/867

The Consul at Geneva (Gilbert) to the Secretary of State

No. 1110 Political

GENEVA, December 4, 1934.

[Received December 18.]

Sir: I have the honor to refer to my despatch No. 956 Political dated July 12, 1934, and particularly in view of the Department’s interest in this question as evinced in its instruction dated June 29, 1934, to submit the following information on the Commission established by the Straits Convention signed at Lausanne on July 24, 1923 in execu-

---


35 Convention of Constantinople, October 29, 1888, between Great Britain, Austria-Hungary, France, Germany, Italy, the Netherlands, Russia, Spain, and Turkey, respecting the free navigation of the Suez Maritime Canal; British and Foreign State Papers, vol. LXXIX, p. 18.

36 Enclosures not printed.

37 See footnote 87, p. 973.
tion of the Treaty of Lausanne of the same date. The Department doubtless is fully informed respecting the Commission itself and this report is therefore limited to an examination of the relations of the Commission with the League.

**Constitutional Basis of League Relations.**

The constitutional basis of League relations with the Commission is provided in the following articles of the Straits Convention signed at Lausanne July 24, 1923:

**Article 15**

"The Straits Commission will carry out its functions under the auspices of the League of Nations, and will address to the League an annual report giving an account of its activities, and furnishing all information which may be useful in the interests of commerce and navigation; with this object in view the commission will place itself in touch with the departments of the Turkish Government dealing with navigation through the Straits."

**Article 18**

"The governments represented on the commission will pay the salaries of their representatives. Any incidental expenditure incurred by the commission will be borne by the said governments in the proportion laid down for the division of the expenses of the League of Nations."

Article 18 of the Convention states in part as follows:

**Article 18**

"Should the freedom of navigation of the Straits or the security of the demilitarized zones be imperiled by a violation of the provisions relating to freedom of passage, or by a surprise attack or some act of war or threat of war, the high contracting parties, and in any case France, Great Britain, Italy, and Japan, acting in conjunction, will meet such violation, attack, or other act of war or threat of war, by all the means that the Council of the League of Nations may decide for this purpose.

"So soon as the circumstances which may have necessitated the action provided for in the preceding paragraph shall have ended, the régime of the Straits, as laid down by the terms of the present convention shall again be strictly applied.

"The present provision, which forms an integral part of those relating to the demilitarization and to the freedom of the Straits, does not prejudice the rights and obligations of the high contracting parties under the Covenant of the League of Nations."

In addition to the provisions cited above the annex to Article 2 of the Convention stipulates that the Commission shall ascertain, on

January 1 and July 1 of each year, the number of naval vessels of various categories as well as the number of naval aircraft of the strongest naval force in the Black Sea and shall inform the powers concerned. The Commission is also charged with immediately informing the powers concerned when any alteration in that force has taken place. When the Commission was first established the Chairman requested of the Secretary-General of the League that this duty should be carried out through the intermediary of the Secretariat of the League and on September 10, 1925, the Council authorized the Secretary-General to accede to this request.

The formal acceptance by the League of the relations with the Straits Commission established by the Convention did not take place, however, until June 10, 1926, when the Council had before it the first (1925) Annual Report of the Commission. On that date the Council adopted the following resolution:

"The Council accepts the duty assigned to it by the provisions of Article 15 of the Convention relating to the Régime of the Straits, signed at Lausanne on July 24th, 1923, to the effect that the Straits Commission carries out its mission under the auspices of the League of Nations . . . ."

**Normal League Procedure.**

The first report of the Commission made several observations regarding the unsatisfactory nature of its status vis-à-vis the Turkish Government, and pointed out that the provisions of the Treaty of Lausanne were not being fully carried out. The report concluded with the following statement:

"In this direction the duty of the Commission is limited by the Straits Convention to reporting the facts to the League of Nations. It is for the latter to adopt any means which may seem to it effective to hasten the application in their entirety of the principles laid down in the Treaty of Lausanne."

The Council's *rapporteur*, however, commenting on this section of the report, said that Article 15 of the Convention merely placed the Commission under the auspices of the League and on his suggestion the Council agreed simply to forward the Commission's report to all the signatory powers to enable them to judge for themselves what action should be taken on this communication.

This procedure was firmly established the following year when the Commission in its annual report for 1926 submitted further observations for the consideration of the Council. On that occasion the Council's *rapporteur* stated that "apart from exceptional circumstances, the Council should, as a first step, simply submit the report to

---


the powers signatory to the Straits Convention. Then, if one of these powers so desires, it can request the Council to consider the merits of any suggestion the Commission may make.” He then proposed the following resolution which was adopted by the Council on July 16, 1927:

“The Council:
Takes note of the report which the Straits Commission, in fulfilment of its duties under the auspices of the League of Nations, has submitted to it on its work during the year 1926.
And communicates this report for any necessary action to the States signatories of the Convention and for information to the States Members of the League.
The Minutes of the present meeting shall be attached to this communication.
The Secretary-General is also authorised to communicate the Straits Commission’s report and the Minutes of the present meeting, for any necessary action, to any technical organizations of the League to which the information contained in the report may be of interest.
The Council also requests the Secretary-General, as a standing rule, to forward the future reports of the Straits Commission as soon as they are received to the Members of the Council and States signatories of the Convention.”

A further attempt by the Commission to obtain League action was made in 1929 when a squadron of 34 hydroplanes of the Italian Air Force flew to the Black Sea via the Straits. The consent of the Turkish Government had been obtained for the passage of the Straits, but the Commission reported to the League that the presence of 34 aircraft in the Black Sea at a time when the air force of the strongest Black Sea fleet (Soviet Russia) consisted of only 21 seaplanes, was in conflict with the provisions of the Straits Convention. The Commission’s report concluded with the statement that “the Commission would be glad if the League would settle for the future the differences of interpretation in connection with the entry of naval and air forces into the Black Sea, in order that no such case may recur”. The Commission’s report of the incident was forwarded by the Secretariat to the interested powers, but as no state saw fit to raise the question in the Council, no action was taken by the League.

Up to the present time, the League has merely acted as a medium of communication for the Commission. Two hundred copies of the Commission’s Annual Report are forwarded to the Secretariat for distribution, and in accordance with a Council resolution of July [June] 5, 1928, the Report is forwarded by the Secretariat to all members of the League as well as to all powers signatory to the Convention and to any technical organisation of the League which may be interested in the information contained in the Report. The status of

the strongest Black Sea fleet is reported to the Secretary-General by a letter from the Straits Commission which is forwarded to the interested governments and appears in the Official Journal of the League.

On July [June] 5, 1928, the Council decided that reports of the Straits Commission should not be included in its agenda unless one of the countries to which they are regularly communicated wished to raise a question in regard thereto. A brief summary of the information contained in the Commission’s Annual Report has nevertheless been regularly included in the Secretary-General’s report on the work of the League. This was, however, omitted from the last report of the Secretary-General. I am unable to ascertain whether any special motive occasioned this omission.

League relations with the Straits Commission are handled by the Political Section of the Secretariat. It is understood that this subject will be assigned to M. Prunas, an Italian who has recently been appointed to this Section.

League Procedure in Exceptional Circumstances.

Since the Council has never acted under the Convention, other than as indicated above, the question of its procedure under Article 18 of the Convention has never been settled. In the event of a serious violation of the Convention, the Commission would no doubt immediately notify the League and would directly inform the interested powers as well. It appears to be clear that this action would not in itself be sufficient to require action by the Council under Article 18 of the Convention but it is probable that the Council could become seized of the question on its own initiative as well as by the action of a state signatory to the Convention.

The Convention does not stipulate whether the Council would have to decide upon what action it would recommend to the guarantor states by unanimity or by a majority vote; but it would seem that under the provisions of the League Covenant a unanimous decision of the Council would be necessary. This view is emphasized by the circumstance that at the time the Straits Convention was being drafted a proposal to provide for a two-thirds vote by the Council in certain circumstances was put forward but was not incorporated in the final Convention.

Political Considerations.

The régime of the Straits is guaranteed by all states signatory to the Convention, but four states, Great Britain, France, Japan, and Italy are made particularly responsible. At the time the Convention was signed all four were members of the Council, while Turkey and Russia were not members of the League. Both Turkey and Russia now hold Council seats, while Japan has given notice of her withdrawal
from the League. If Japan's withdrawal becomes definitive, she will then be bound by a convention to carry out the decisions of the Council upon which she could only be represented by invitation, whether in a consultative capacity or under Article 17 of the Covenant. The view here is that this circumstance would be of little consequence unless Japan should consider that the maintenance of the present régime is not in her best interests.

The representation on the Council of Turkey and the Soviet Union, in view of the present policy of friendship between these states, is important not only in respect of the contingency of Council action under Article 18 of the Convention, but also in relation to any steps which Turkey and Russia might take looking toward the abolition of the present Régime. In the latter connection I was recently informed by a member of the Political Section of the Secretariat that the Turkish delegate to the League had stated to him that he had no intention of bringing the question before the League at present, but my informant added that he felt that Turkey has this possibility very much in mind. Previous information on this question was submitted in my despatch No. 956 Political, dated July 12, 1934, to which I have already referred. The issue will doubtless depend on general political considerations, but in certain quarters here the view is held that the possibility of the question being raised is by no means remote.

Respectfully yours,

Prentiss B. Gilbert