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1 Witness Stark Questions by: Senator Ferguson
2 states "This is a war warning and the enemy is expected to
3 attack", that that, in itself, would alert the people. The
4 language was such, without saying "alert", that it, certainly,
5 we thought, would have people ready to intercept and take
6 action against an invading force, should it occur.

7 Senator Ferguson: You say you do not use the word
8 "alert" in the Navy. Did not they have alert numbers 1, 2 and
9 3?

10 Admiral Stark: We call them condition 1, 2 and 3.

11 Senator Ferguson: Condition 1, 2 and 3?

12 Admiral Stark: Yes, sir.

13 Senator Ferguson: The Army uses the "alert"?

14 Admiral Stark: They use the word "alert".

15 Mr. Mitchell: "Condition of readiness" is the term.

16 Senator Ferguson: If you had notified Admiral Kimmel
17 to be in condition of readiness number 1, 2 or 3, what would
18 that mean?

19 Admiral Stark: One is: general quarters, all out, with
20 us, on board ship. That refers to the condition on board
21 ship.

22 Senator Ferguson: They were in 3, were they not?

23 Admiral Stark: I believe he was in 3 at the time.

24 Senator Ferguson: Now, if you would have put him on
25 No. 1 condition, would it have meant the same as deployment?

WARD & PAUL WASHINGTON, D. C.

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1 Witness Stark

Questions by: Senator Ferguson

2 Admiral Stark: If I had told him to go into Condition
3 1, he probably would have wondered why I was telling him what
4 sort of condition to take on his individual ships. It was not
5 my place to prescribe to him his internal arrangements. It was
6 my place to give him a war warning and the gravity of the picture
7 presented as I could see it, and it was his responsibility to
8 take whatever condition on board ship, or whatever dispositions
9 of the Fleet he thought best to meet it.

10 Senator Ferguson: You answered one of Senator Lucas'
11 questions and I want to try and get you to elaborate a little
12 on it.

13 Admiral Stark: Yes, sir.

14 Senator Ferguson: About the oil question, and your
15 attitude towards Japan. Did you not testify before the
16 Navy court, on page 43, question 117, that after the imposi-
17 tion of economic sanctions upon Japan in the summer of 1941
18 you stated that Japan would go somewhere and take it (oil),
19 and that if you were a Jap you would?

20 Admiral Stark: I think that is correct. You are reading
21 from the record, and I stand back of it. I stated it, and I
22 stated in the State Department, as I recall, that if a complete
23 shutdown was made on the Japanese, throttling her commercial
24 life and her internal life and her essential normal peace life
25 by stopping her from getting oil, that the natural thing for

LC4 1 Witness Stark Questions by: Senator Ferguson
2 a Jap was to say, "Well, I will go down and take it."

3 Senator Ferguson: Did you attend the White Conference
4 on the 24th of July, 1941, with President Roosevelt and the
5 Secretary of State, or Under Secretary Mr. Welles, where it
6 was indicated to the Japanese Ambassador that the British, the
7 Dutch and American governments were about to impose upon Japan
8 an oil embargo?

9 That is in Foreign Relations, Volume 2, on page 527, to
10 refresh your memory.

11 Admiral Stark: Well, I recall a good many discussions
12 about economic sanctions. I do not recall that particular one.
13 I remember very clearly one meeting in the White House about
14 that period with the Japanese Ambassador, and I think it was
15 Mr. Welles and not Mr. Hull, in which we were struggling to
16 keep the peace in the Pacific, when Nomura stated it was
17 necessary for them to secure themselves regarding certain
18 products in Indo-China, food, rice, and the President proposed
19 that, so far as his position could have influenced he would
20 endeavor to see that they got food and their minimum needs,
21 provided they would stop their aggression.

22 Senator Ferguson: Well, I got this quote from the
23 official record, and I wondered whether that would refresh your
24 memory.

25 Admiral Stark: I do not recall that particular meaning

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1 Witness Stark

Questions by: Senator Ferguson

2 to which you refer.

3 Senator Ferguson: Do you remember on that same occasion
4 that the President did tell Japan, that is, through the
5 Ambassador, that should she then attack to get oil by force
6 the Dutch and British would go to war against her? That is
7 on page 527.

8 Admiral Stark: That the President said, "if" -- what, sir?

9 Senator Ferguson: That on that occasion he said to the
10 Japanese Ambassador should she attack to get oil by force the
11 Dutch and British would go to war against her?

12 Admiral Stark: I do not recall that particular statement.

13 Senator Ferguson: On page 527.

14 Admiral Stark: I do not recall that particularly.

15 Mr. Mitchell: Senator, I have here papers that we
16 very recently dug out of the State Department files, a letter
17 of July 22, 1941, by Admiral Stark to Mr. Welles, about the
18 possible effect of an embargo, and attached to it, on July
19 19, 1941, is Admiral Turner's analysis of the embargo
20 problem which was sent to Mr. Welles, with the notation
21 at the bottom "I concur in general. Is this the kind of
22 picture you wanted? HRS."

23 Senator Ferguson: That will help. I will quote from
24 page 527 of Foreign Relations:

25 "The President said that if Japan attempted to

1 Witness Stark

Questions by: Senator Ferguson

2 seize oil supplies by force in the Netherlands East
3 Indies, the Dutch would, without the shadow of a doubt,
4 resist, the British would immediately come to their
5 assistance, war would then result between Japan, the
6 British and the Dutch, and, in view of our own policy
7 of assisting Great Britain, an exceedingly serious situa-
8 tion would immediately result." 5342

9 Do you remember that? Questions by: Senator Ferguson

10 I do not think you and I have the same volume.

11 Admiral Stark: I think we have.

12 Senator Ferguson: It is at the bottom of page 527.

13 Admiral Stark: I do not recall it. But it undoubtedly
14 took place, being in here.

15 Senator Ferguson: Now, do you know whether or not
16 shortly after that, in fact in about 48 hours, the embargo
17 did go on?

18 Admiral Stark: The embargo went on, as I recall, on the
19 26th. This is the 24th, yes, sir.

20 Senator Ferguson: Now, referring to page 531 of that
21 same book, that is the conversation between Colonel Iwakuro
22 and Mr. Wikawa and Mr. Ballantine, were you informed on that
23 day that the Japanese military attache told Assistant Secretary
24 of State Ballantine that Japan would have no alternative
25 sooner or later but to go to Malaya and the Dutch East Indies

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The Chairman: It is now 4:30.

Senator Ferguson: Can counsel show us what those maps are?

Mr. Mitchell: I do not see why I should not hand the paper to the reporter and ask him to transcribe it, and you will all see it in the morning.

The Chairman: Let that be done.

Mr. Mitchell: Put in the record, Mr. Reporter, at this time, and transcribe, the letter of July 22, 1941, from Admiral Stark to Mr. Welles, relating to embargoes, and attach to it the study on the embargo problem, dated July 19, 1941, prepared for the Chief of Naval Operations by Admiral Turner.

Senator Ferguson: Then we will all have it.

Mr. Mitchell: Yes.

(The matter referred to is as follows:)

In reply refer to Initials

and No. Op-10 Hu

NAVY DEPARTMENT

OFFICE OF THE CHIEF OF NAVAL OPERATIONS

WASHINGTON

22 July 1941

Dear Mr. Welles:

The latter part of last week the President asked my reaction to an embargo on a number of commodities to Japan.

1 I expressed the same thought to him which I have expressed to
2 you and to Mr. Hull regarding oil, but as to the subject in
3 general I would be glad to have War Plans Division make a
4 quick study. This study was finished yesterday. I sent it
5 to the President and told his Aide I should also like to send
6 you a copy. The President expressed himself as pleased with
7 it and asked me to send a copy to Mr. Hull, which I have done;
8 and to talk it over with you.

9 Will you send for me at your convenience?

10 Sincerely,

11 H. R. STARK

12 Honorable Sumner Welles,
13 Under Secretary of State,
14 State Department,
15 Washington, D. C.

16 Op-12-djm.

17 Jul 19 1941

18 SECRET

19 From: The Director, War Plans Division.

20 To: The Chief of Naval Operations.

21 Subject: Study of the effect of an embargo of trade between
22 the United States and Japan.

23 Enclosures: (A) Copy of the following tables:

- 24 (1) Exports to Japan - December 1940 through
25 May 1941.
(2) Exports from Hawaii to Japan - December
1940 through May 1941.

1 (3) Exports from the Philippines to Japan -
2 December 1940 through May 1941.

3 (B) Copy of the following tables:

- 4 (1) Imports from Japan - December 1940 through
5 May 1941
6 (2) Imports from Japan to Hawaii - December 1940
7 through May 1941.
8 (3) Imports from Japan to the Philippines -
9 December 1940 through May 1941.

10 1. PURPOSE.

11 The purpose of this study is to determine the
12 effect that would be produced by the enforcement of an absolute
13 or partial embargo on trade between the United States and Japan.
14 Detailed consideration has not here been given to the trade
15 between Japan and the Philippines.

16 2. UNITED STATES EXPORTS TO JAPAN IN 1940.

17 United States exports to Japan in 1940 were valued
18 at \$227,000,000, a decline of \$5,000,000 from 1939, and of
19 \$13,000,000 from 1938. During the first ten months of 1940
20 the value of exports advanced, due to higher commodity prices
21 and Japan's increased demand for American products as a result
22 of enforced curtailment of her purchases from Europe. However,
23 sharp recessions in export trade during the last two months of
24 1940, occasioned in part by the application of export license
25 control to certain products, wiped out earlier gains. In
November and December, particularly sharp declines were regis-
tered in machine tools, ferro-alloys, and refined copper, while
scrap iron exports were practically negligible.

1 3. PRESENT TRENDS OF EXPORTS.

2 (a) United States exports to Japan during the first five
3 months of 1941 were valued at \$47,000,000 as compared with
4 \$91,500,000 for the same period of 1940. During the current
5 year, trade has declined steadily from \$11,336,000 in January
6 to \$6,594,000 in May (see Enclosure (A)).

7 (b) The principal factor affecting exports to Japan
8 during the past year has been the progressively restrictive
9 effect of export control measures. The virtual disappearance
10 from the trade in 1941 of iron and steel products and of
11 metal working machinery, which together accounted for ship-
12 ments valued at \$67,000,000 in 1940, was the direct result of
13 an embargo on shipments of these commodities to Japan. The
14 sharp drop in Japanese purchases of raw cotton, during 1940,
15 however, was the result of other influences.

16 (c) (1) During 1939, Japan purchased American raw cotton
17 valued at \$42,500,000, while in 1940 her purchases amounted to
18 only \$29,500,000. This drop was due to the large quantity of
19 piece goods then on hand in Japan, the relatively high price
20 of American cotton compared to that of India and of Latin
21 America, and shipping requirements for items needed more
22 urgently. In November 1940 American exports of raw cotton
23 were valued at only \$157,000; they have risen steadily since
24 then, reaching \$881,000 in May 1941.

25 (2) Declines in luxury items, including automobiles,

1 are due to a decline in purchasing power in Japan and to
2 Japanese action in placing restrictions on the importation and
3 use of these items, rather than to United States export re-
4 strictions.

5 (d) Petroleum exports during 1940 increased by \$9,300,000
6 dollars, or 21%, over the figure for 1939. Exports for the
7 first five months of 1941 were valued at \$27,200,000, or 50%
8 of the total for the entire year 1940. This is contrary to
9 the general trend of exports.

10 (e) Sharp reductions in available ship tonnage has con-
11 tributed to the fall in exports. Due to withdrawals from trade
12 of additional vessels, future exports to Japan will be even
13 less, regardless of export restrictions.

14 4. IMPORTS FROM JAPAN.

15 (a) Imports from Japan to the United States during 1939
16 were \$161,000,000 and in 1940, \$158,000,000. For the first
17 four months of 1941, imports amounted to \$40,000,000, a decline
18 of only \$8,200,000 from the same period in 1940; this compares
19 with a decline in our exports of \$37,300,000. Our exports to
20 Japan exceeded our imports from that country, during the period
21 1 January to 30 April, 1941, by only about \$500,000, much less
22 than usual. One result of the system of export control is
23 thus seen to be the arrival at a balance between exports and
24 imports. This fact permits Japan to pay in kind for all goods
25 sent to her from this country, and a continuation of the

1 present trend may soon make her our creditor.

2 (b) The following table shows items of imports valued
3 at more than \$1,000,000 during 1940:

4	<u>ITEM</u>	<u>VALUE OF 1940 IMPORTS</u>
5	Crabmeat	\$3,269,000
6	Tea	3,190,000
7	Cotton cloth, bleached	2,263,000
8	Raw silk	105,311,000
9	Silk fabric, except pile	1,661,000
10	Hats, bonnets, and hoods	1,143,000
11	China and porcelain ware	2,423,000
12	Earthen and stoneware	<u>1,096,000</u>
13	Total	\$120,356,000

14 These eight items account for 76% of our imports and indicate
15 where curtailment might start if it is decided to take steps
16 to reduce Japan's markets.

17 5. EFFECT OF FURTHER RESTRICTIONS ON EXPORTS.

18 (a) The most important fields for exercising further
19 restrictions on exports are petroleum products and raw cotton,
20 which accounted for 74% and 13%, respectively, of the trade in
21 May, 1941.

22 (b) It is generally believed that shutting off the
23 American supply of petroleum will lead promptly to an invasion
24 of the Netherlands East Indies. While probable, this is not
25 necessarily a sure immediate result. Japan doubtless knows

WARD & PAUL WASHINGTON D. C. PHOTOGRAPH

1 that wells and machinery probably would be destroyed. If then
2 engaged in war in Siberia, the necessary force for southward
3 adventures might not be immediately available. Furthermore,
4 Japan has oil stocks for about eighteen months war operations.
5 Export restrictions of oil by the United States should be
6 accompanied by similar restrictions by the British and Dutch.

7 (c) Restrictions on the export of raw cotton would
8 probably be serious for Japan only if India, Peru, and Brazil
9 should apply the same restrictions. Cotton stocks in Japan
10 are believed to be rather low at present.

11 (d) It will, of course, be recognized that an embargo
12 on exports will automatically stop imports from Japan.

WARD & PAUL WASHINGTON, D. C.

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Witness Stark

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(e) An embargo on exports will have an immediate severe psychological reaction in Japan against the United States. It is almost certain to intensify the determination of those now in power to continue their present course. Furthermore, it seems certain that, if Japan should then take military measures against the British and Dutch, she would also include military action against the Philippines, which would immediately involve us in a Pacific war. Whether or not such action will be taken immediately will doubtless depend on Japan's situation at that time with respect to Siberia.

(f) Additional export restrictions would hamper Japan's war effort, but not to a very large extent since present restrictions are accomplishing the same result, except with regard to oil, raw cotton and wood pulp. Thus, the economic weapon against Japan has largely been lost, and the effect of complete embargo would be not very great from an practical standpoint.

6. EFFECT ON THE UNITED STATES OF A LOSS OF IMPORTS FROM JAPAN.

(a) As previously mentioned, exports and imports are approaching a balance. If exports cease, imports will also cease, as Japan would not have the means to continue her purchases. The same effect would be produced if we stopped

Witness Stark

1
2 buying from Japan, but attempted to continue our exports.

3 (b) In 1940, raw silk formed 67% of United States imports
4 from Japan. Silk is processed here. It is used in industry
5 and for certain munitions, particularly powderbags. The armed
6 services have large stocks of raw silk, and could get along
7 without further imports, though silk substitutes are not en-
8 tirely satisfactory. Doubtless industry could manage without
9 silk, although the lack of it would cause a considerable
10 dislocation of labor now employed in the industry. The
11 effect of stopping the purchase of silk would also have an
12 adverse psychological reaction on the part of Japan, though
13 possibly not so great as would an export embargo.

14 (c) Stopping other imports from Japan would not cause
15 any great hardship in the United States, although the general
16 effect on industry would be adverse.

17 7. CONCLUSIONS.

18 (a) Present export restrictions, plus reductions of
19 available ship-tonnage for use in Japanese trade have greatly
20 curtailed both exports and imports.

21 (b) The effect of an embargo would hamper future
22 Japanese war effort, though not immediately, and not
23 decisively.

24 (c) An embargo would probably result in a fairly early
25 attack by Japan on Malaya and the Netherlands East Indies,

Witness stark

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2 and possibly would involve the United States in early war
3 in the Pacific. If war in the Pacific is to be accepted
4 by the United States, actions leading up to it should, if
5 practicable, be postponed until Japan is engaged in a war
6 in Siberia. It may well be that Japan has decided against
7 an early attack on the British and Dutch, but has decided
8 to occupy Indo-China and to strengthen her position there,
9 also to attack the Russians in Siberia. Should this prove
10 to be the case, it seems probable that the United States
11 could engage in war in the Atlantic, and that Japan would
12 not intervene for the time being, even against the British.

13 8. RECOMMENDATION.

14 That trade with Japan not be embargoed at this
15 time.

16 R. K. TURNER

17 (Written in longhand)
18 I concur in general.

19 Is this the kind of picture you wanted

20 H.R.S.

21 - - -

22 The Chairman: The committee will stand adjourned until
23 10:00 o'clock tomorrow morning.

24 (Whereupon, at 4:30 o'clock p.m., an adjournment was
25 taken until 10:00 o'clock a.m., Saturday, January 5, 1946.)

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