

States in which he contended that the protocol of 1919 did not authorize the continuance of the American customs receivership after the expiration of the 1915 treaty in 1936. The Haitian Government suggested¹ that the existing arrangements for financial control should be replaced by a plan under which the National Bank of Haiti (a branch of the National City Bank of New York) would act as a Fiscal Agency, and the collection and allocation of the revenues pledged to the service of the loan would be supervised by an American Inspector-General and two American assistants. The Haitian Government declared that Haiti was 'the only country in the World making advance payments for the last years on the interest and amortization of its public debt', and they considered that it was 'not possible ... that for a miserable \$15,000,000 owing to a handful of American capitalists the United States' should 'continue any longer by its military and political domination over Haiti to bear pressure upon the destinies of an American republic, the second in this hemisphere to acquire its independence'.² The State Department at Washington did not consider that the proposed plan for a Fiscal Agency would afford sufficient protection to American bondholders, and, while they agreed that the customs receivership, as such, would not continue after 1936, they maintained that the United States Government were 'entitled to insist upon such arrangements as in the reasonable view of the United States' would 'assure the carrying out of the obligations in the 1919 protocol'.³ They declared that they would be willing to examine any proposals for refunding the loan and that they were also ready to negotiate an agreement outlining the nature of the financial control to be exercised by the United States after 1936.

After lengthy negotiations, President Vincent and his Government gave way on the financial question, and on the 3rd September, 1932, a treaty of friendship⁴ was signed providing for the termination of the American occupation of Haiti on the 31st December, 1934. By that date, the Haitianization of the Garde would be completed and the American marines and the American scientific mission would be withdrawn. It was stipulated, however, in a supplementary exchange of notes, that 'if serious disturbances or other difficulties in Haiti now unforeseen should arise', it might prove impossible to carry out the Haitianization of the Garde by the end of 1934; and, in any case, after the withdrawal of the marines the United States Govern-

¹ The suggestion for a Fiscal Agency had been put forward in October 1931.

² Note dated the 17th January, 1932, from the Haitian Minister in Washington, quoted in *Foreign Policy Reports*, vol. ix, No. 8.

³ State Department, *Press Releases*, 23rd April, 1932, quoted in *loc. cit.*

⁴ The text was published in *The New York Times* of the 9th September, 1932.

ment were authorized to maintain a military mission in Haiti to 'complete the instruction, training and discipline of the Garde'. In regard to financial arrangements, the agreement provided that the collection of customs should continue, until the final liquidation of the 1922 loan, to be under the supervision of two American officials, the Fiscal Representative and the Deputy Fiscal Representative. The collection of internal revenue would be under Haitian control, but the Fiscal Representative would be entitled to inspect the service and the Haitian Government would accept any recommendations which he might make. The Haitian Government undertook to balance the budget annually and take other measures in agreement with the Fiscal Representative. The Government of the United States promised that they would raise no objection if the Haitian Government could make arrangements satisfactory to the bondholders for the refunding of the 1922 loan—it being understood that the American financial supervision would terminate as soon as the refunding operation was completed.

It will be seen that these provisions left the American authorities free to exercise a substantial measure of control over the finances of Haiti until such time as the loan was liquidated, and indeed many Haitian critics took the view that the Fiscal Representative would possess more extensive powers than those which had been conferred on the Financial Adviser-Receiver General by the treaty of 1915. There was also much criticism of the reservation regarding the suspension of Haitianization of the Garde in case of unforeseen difficulties, and of the proposal for the appointment of a military mission. It was felt that these provisions would give the United States the opportunity of maintaining American troops in Haiti for an unlimited period. On the 15th September, 1932, the Haitian National Assembly, to which the agreement had been referred for ratification, unanimously rejected it.¹ In subsequent correspondence which passed between the Haitian Government and the State Department at Washington, the latter made it clear that the transfer of the Garde to Haitian control and the withdrawal of the American marines before 1936 were contingent upon a definitive settlement of the financial issue—a statement which was interpreted in Haiti as a 'decision to do nothing until after 1936'. The State Department also did its best to refute Haitian criticism of the agreement of the 3rd September by declaring that the proposed Fiscal Representative would possess considerably less power than the Financial Adviser-Receiver General

¹ A new National Assembly, of a strongly anti-American complexion, had been elected in January 1932.

and that the withdrawal of the American marines would only be suspended temporarily in the case of a 'serious emergency'.

The relations between Haiti and the United States were not improved as a result of the inquiry held by the Banking and Currency Committee of the United States Senate in February 1933, which led to the resignation of the chairman of the National City Bank of New York, since the National City Company, which held the greater part of the bonds issued under the Haitian loan protocol of 1919, was a subsidiary company of the National City Bank. In April 1933 the discovery that an American customs collector in Haiti was involved in certain frauds stimulated still further the opposition to the continuance of American financial supervision, but the situation was eased when the United States Government decided to waive the immunity which the fraudulent customs collector enjoyed as a 'treaty official' and surrendered him to the jurisdiction of the Haitian courts.

This was one of the first indications that President Roosevelt's Administration intended to continue the policy of relaxing political control over Caribbean countries which had been inaugurated towards the end of President Coolidge's term of office and had been carried on under President Hoover. The favourable impression which this act created was confirmed by the development of the new Government's Latin-American policy,¹ and the atmosphere was therefore favourable to the resumption of the negotiations between Haiti and the United States. The outcome of these negotiations was the signature on the 7th August, 1933, of a new agreement, which was substantially on the same lines as that of September 1932, though it contained certain important modifications. The Haitianization of the Garde was now to be completed by the 1st October, 1934, instead of the 31st December, and the withdrawal of the marines was to begin on the 1st October and be completed within thirty days. The reservation regarding the temporary suspension of these arrangements in case of unforeseen circumstances was omitted, and an American military mission was only to be appointed at the request of the President of Haiti, who would also determine the powers to be granted to the mission. Thus, so far as the Haitianization of the Garde was concerned, the objections which had been raised to the terms of the 1932 agreement were fully met. In regard to the supervision of Haitian finances in the interest of American bondholders, provision was still made for the appointment of an American Fiscal Representative and his deputy, but the powers of those officials were somewhat

¹ See the present volume, section (i) of this part.

curtailed, particularly in respect of the internal revenue service, and it was expressly stipulated that the number of Americans employed as assistants by the Fiscal Representative might not exceed eighteen. An important new article was added fixing as the limit of operation of the agreement the year 1944 (the date by which, under normal conditions, the operation of the sinking fund would have resulted in the complete amortization of the 1922 loan) and stipulating that the period should not be extended by the issue of any more bonds. At the same time, the possibility of an earlier refunding of the loan was allowed for in the same way as in the 1932 agreement.

One important difference between the treaty of 1933 and that of 1932 was that the former was an 'executive agreement' which did not require ratification by the legislative bodies of Haiti and the United States. The agreement had been drawn up in this form as a result of the experience of the previous year, but the fact that its provisions would come into force automatically did not imply the absence of any opposition to those provisions among the people of Haiti. There was still a strong feeling that the desire of Haiti to regain complete financial autonomy ought to outweigh consideration of the interests of American bondholders. In the middle of November 1933 President Vincent wrote to President Roosevelt asking for the early withdrawal of financial control, but on this point President Roosevelt's Administration took the same view as their predecessors. In his reply to President Vincent, President Roosevelt explained that the United States Government would have been only too glad to discontinue control of Haitian finances without delay if they had not been under 'unescapable obligations' to the bondholders who had risked their money on the understanding that the Governments of Haiti and the United States would carry out the provisions of existing agreements in good faith. At the same time, President Roosevelt declared explicitly that his Government would welcome the conclusion of a refunding agreement which would put an end to the necessity for financial supervision. The Seventh Pan-American Conference which was held at Montevideo in December 1933 gave the Haitian Government the opportunity of returning to the attack. Unofficial discussions took place between Haitian delegates and Mr. Cordell Hull, President Roosevelt's Secretary of State, on board ship on the way to Montevideo, in the course of which the Haitians were said to have reverted to the idea that the National City Bank might act as an agent for the collection of customs. Mr. Hull appears to have told the Haitian delegation that any further proposals which their Government might wish to make should be communicated to

Washington through the American Minister in Haiti, and that such proposals would receive sympathetic consideration. Thereafter, the Haitian delegates supported their colleagues from Cuba at the Montevideo Conference in attacking the United States on the score of intervention in Caribbean countries, and helped to secure the adoption by the Conference of a declaration condemning intervention by one state in the internal or external affairs of another.¹

The acceptance of this declaration by the United States delegation and the general attitude adopted by that delegation during the Montevideo Conference seem to have gone far to convince the representatives of Haiti, as well as those of other countries, that the Roosevelt Administration was sincerely endeavouring to act the part of a 'good neighbour' in its relations with other American countries. The improvement in the atmosphere was marked when, in March and April 1934, President Vincent of Haiti paid a month's visit to the United States. At Washington on the 15th April he had an opportunity of discussing outstanding questions with President Roosevelt and members of the Government, and the two Presidents issued a joint statement announcing that they had discussed 'in the most friendly and cordial manner the different problems arising in the relations between the Governments of the United States and of Haiti'. President Roosevelt, it was stated, intended to ask Congress for authority to make a gift to Haiti, on the departure of the United States marines in October 1934, 'of a portion of the Marine Corps material which the Haitian Government' felt 'would be useful to it'. The two Presidents had 'exchanged views regarding the possibility of a commercial agreement which would increase the flow of goods between the two countries'. They had also 'discussed a new form of financial administration' which was satisfactory to their two Governments and which should, in their opinion, 'be equally satisfactory to the holders of the bonds of the 1922 loan'. They were both 'inclined to the belief that the policy of the good neighbour' would be 'signally manifested in the results' which would be obtained from their exchange of views and from negotiations which were taking place 'with a view to the practical application of the decisions reached in principle' during their conversations. The statement ended with an expression of faith that Haiti would 'now be in a position to look forward to her future with the greatest confidence'.

The proposal for a 'new form of financial administration' which was discussed at Washington was submitted to the Haitian Congress for approval after President Vincent's return. The proposal was

¹ See section (i) of this part of the present volume.

reported¹ to be on the following lines. The National City Bank of New York would sell its branch, the Banque Nationale d'Haiti, to the Haitian Government for the sum of approximately \$1,000,000. The new National Bank would be governed by a Board of Directors appointed by the President of Haiti, but until the American loan had been amortized the majority of the members of the Board would be Americans, who would be selected by the President from a panel presented to him by the Foreign Bondholders' Protective Council and the National City Bank. As soon as these arrangements had been approved by the Haitian Congress, a new treaty would be signed between the United States and Haiti abrogating the occupation agreement of 1915 and the loan agreement of 1919, and the American customs receivership would immediately come to an end. Thereafter the collection of customs would be in Haitian hands, and a system of inspection would be organized by the National Bank. The Bank would also be the sole depository of Government funds, and would be responsible for making payments on the American bonds in accordance with the loan contracts. Moreover, it was understood that the Haitian Government were prepared to give an undertaking to consult the Directors of the Bank in connexion with budgetary questions.

These proposals were designed to ensure the immediate restoration of full sovereignty to Haiti, while safeguarding the interests of American bondholders by non-political means. Nevertheless, a certain amount of opposition—apparently inspired by political hostility to President Vincent—was exhibited when the arrangements were discussed by the Haitian Congress, and at the beginning of August 1934 the proposal had not yet been accepted by Haiti.

(iii) Relations between Cuba and the United States (1898-1934)

The geographical position of Cuba made it inevitable that her affairs should be of the deepest interest to the United States, the reasons for this being in part economic and in part political or strategic. The political aspect was the first to attract the attention of the United States, since Cuba lay nearer to that country than any other Caribbean island and was so situated as to control all communications in the Gulf of Mexico and also the inter-oceanic routes across Central America. As the island had many harbours suitable for naval bases it was of great importance to the United States

¹ See Foreign Policy Association of New York: *Foreign Policy Bulletin*, vol. xiii, No. 1 (1st June, 1934).

that no strong and possibly aggressive foreign Power should gain possession of it.

During the nineteenth century the United States had considered the possibility of acquiring the island by conquest, or preferably by purchase, to which end negotiations had been opened with Spain in 1848. There was much support for this proposal, especially in the Southern States before the abolition of slavery, but it met with considerable opposition from those who held that Cuba was as yet too undeveloped a country to be included in the Union. An alternative solution was that the island might well remain under Spanish sovereignty if it were granted a larger measure of self-government. There was, however, considerable sympathy with those Cubans who desired complete independence and who with that end in view made repeated attempts at revolution. The first revolt of 1849-51 and the ten years' war of 1868-78 were both unsuccessful; but fighting broke out again in 1895 and had already lasted three years when reports of Spanish atrocities, and finally the unexplained and dramatic sinking of the American warship *Maine* on the 15th February, 1898, stirred up public opinion in the United States to the point of demanding war with Spain.

On the 11th April, 1898, President McKinley submitted a message to Congress declaring that 'in the name of humanity, in the name of civilization, in behalf of endangered American interests which give us the right and the duty to speak out and to act, the war in Cuba must stop'.¹ Congress replied with the Joint Resolution of the 20th April empowering the President to use the army and navy to end Spanish rule in Cuba. This resolution did not recognize the independence of the Cuban Republic, but an amendment to it proposed by Senator Teller contained the following statement of policy:

That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction or control over said island except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people.²

Relations between Spain and the United States were broken off on the 21st April, and on the 26th July, after hostilities had lasted for about three months, Spain offered to enter into peace negotiations. By the Treaty of Paris of the 10th December, 1898, Spain ceded to the United States the Philippine Islands, Guam, Puerto Rico, and other West Indian Islands. Provisions regarding her relinquishment

¹ Quoted from Charles E. Chapman: *A History of the Cuban Republic* (New York, Macmillan, 1927), p. 90.

² *Op. cit.*, p. 91.

of sovereignty over Cuba were contained in the following articles of the treaty.

Art. 1. Spain relinquishes all sovereignty over and title to Cuba. And as the island is, upon its evacuation by Spain, to be occupied by the United States, the United States will, so long as such occupation shall last, assume and discharge the obligations that may under international law result from the fact of its occupation, for the protection of life and property.

Art. 16. It is understood that any obligations assumed in this treaty by the United States with respect to Cuba are limited to the time of its occupancy thereof; but it will upon the termination of such occupancy advise any Government established in the island to assume the same obligations.¹

The United States occupation of Cuba lasted from the 1st January, 1899, to the 20th May, 1902. General Brooke, the first Military Governor, and his successor, General Wood, undertook with great energy the 'pacification' of the island, including not only famine relief and the re-establishment of law and order but also the development of education and the creation of health services. One important result of their activities was that the cause of yellow fever was discovered and the disease stamped out in the island.

Meanwhile a Convention had been elected to draw up a Constitution and to make proposals regarding future relations with the United States. The Government of the latter country, though it had disclaimed any wish to exercise sovereignty over Cuba, nevertheless desired to safeguard its special interests. These safeguards were first formulated in an amendment proposed by Senator Platt to the Army Appropriations Bill which passed the Senate on the 27th February, 1901, and the House on the 1st March. The following are the more important clauses of this amendment:²

(1) That the Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization, or for military or naval purposes or otherwise, lodgment in or control over any portion of the Island.

(2) That [the] said Government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which, the ordinary

¹ See United States: Senate: *Treaties, Conventions, &c.*, 1776-1909, pp. 1691, 1695.

² U.S. Bureau of Insular Affairs: *Acts of Congress . . . relating to non-contiguous territory and Cuba* (Washington, U.S. Government Printing Office, 1907), pp. 254-61.

revenues of the Island, after defraying the current expenses of Government, shall be inadequate.

(3) That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a Government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

Other clauses of the Platt Amendment provided for the validation of all acts of the United States during the military occupation, the maintenance of health services, the omission of the Isle of Pines from the constitutional boundaries of Cuba,¹ and the sale or lease of sites for naval or coaling stations.² The amendment was to be embodied in a treaty 'by the way of further assurance'.

The right of intervention claimed in clause 3 was interpreted and somewhat qualified by the then Secretary of War, Mr. Elihu Root, in a letter of the 3rd April, 1901, to General Wood, and in subsequent interviews with a Cuban Commission headed by Dr. Méndez Capote which went to Washington to discuss the question. In the letter to General Wood, Mr. Root wrote:

You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt Amendment is not synonymous with intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence, and the maintenance of a Government adequate for the protection of life, property and individual liberty, and adequate for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States.³

In an interview with the Cuban Commission, Mr. Root was reported⁴ to have declared that

the United States Government does not wish and is not attempting to intervene in the Cuban Government. . . . Let the Cubans be firmly convinced that this clause [Article 3 of the Platt Amendment] is aimed

¹ For the relinquishment by the United States of its claim to the Isle of Pines see the *Survey for 1925*, vol. ii, pp. 434-6.

² Bahía Honda and Guantánamo Bay were leased at a nominal rent for this purpose, but by a treaty of the 27th December, 1912, the United States exchanged its rights at Bahía Honda for increased facilities at Guantánamo.

³ Chapman, *op. cit.*, p. 142.

⁴ Dr. Méndez Capote's Commission reported to the Cuban Constitutional Convention on the 2nd May, 1901. The text of Mr. Root's statement on intervention was published by the Cuban Government, in Spanish, in 1918, and a translation into English was published by the Foreign Policy Association of New York in 1929 (see 'Cuba and the Platt Amendment' in *Information Service*, vol. v, No. 3, 17th April, 1929).

solely and exclusively at the good of Cuba. This clause is simply an extension of the Monroe Doctrine, a doctrine which has no international force recognized by all nations. Cubans accept the Monroe Doctrine, and this clause is the Monroe Doctrine, but with international force. By virtue of this clause the European nations will not question the intervention of the United States in defence of Cuban independence. The first and third bases preserve the United States from seeming to be the aggressor when it faces other nations to defend the independence of Cuba. These clauses signify, further, that no nation may menace Cuban independence without preparing to combat the United States. Any nation which attempts to intervene in Cuba will have to declare war on the United States, thus becoming the aggressor, a position which gives the United States obvious advantages under international law. . . . These clauses do not give the United States greater rights than it had at the time of its recent intervention—rights which it has already exercised. . . . Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack, or when a veritable state of anarchy exists within the republic. This clause does not diminish Cuban independence; it leaves Cuba independent and sovereign under its own flag. The United States will only come to the rescue in extreme cases to help Cuba to preserve its absolute independence. . . .

In spite of Mr. Root's assurances, there was strong opposition in Cuba to the third clause of the Platt Amendment, which would give the United States the treaty right of intervention. After much discussion, the Cuban Constitutional Convention adopted the Platt Amendment on the 12th June, 1901, as an appendix to the Constitution, and it was later embodied in a Permanent Treaty signed at Havana on the 22nd May, 1903.

The Cuban Constitution already contained, in Article 59, a clause requiring that loans should be sanctioned by Congress and that in each case special taxation should be voted to provide for debt service. The additional financial safeguards of the Platt Amendment were taken to mean that any increase in the public debt must be approved by the United States, which also had the right to object to any fiscal measure. Several Cuban Administrations succeeded in evading this control, the easiest way to do so being to increase the floating debt. Another consequence was that the public was left to infer that the United States guaranteed that loan service could be met out of revenue.

It seemed to many Cubans that the United States had established a virtual protectorate over them in such a way as to prevent them from ever gaining the political and administrative experience that

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had been denied them by the Spanish colonial system from which they had been the last Latin-American nation to free themselves. 'Feeling the threat of political intervention, the Cuban's sense of responsibility was undermined and with it his power of self-correction.'¹ This 'furtive political dependence' led to 'calamitous mimicry';² for the Cuban Constitution, like that of the United States, provided for a strong executive and a large electorate. In such a country as Cuba the inevitable consequences were dictatorship, revolution, and dissatisfied factions intriguing for foreign intervention.

During the following thirty years the possession of the right of intervention was an effective sanction behind the United States influence over Cuban affairs. In September 1906 a revolution broke out against Don Tomás Estrada Palma, who had been re-elected President in 1905. The President himself officially requested intervention and offered to hand the Government over to a representative of the United States. President Theodore Roosevelt stated in a letter to the Cuban Minister at Washington that he would send Mr. Taft, Secretary of War, and Mr. Bacon, Assistant Secretary of State, to work for a peaceful solution; intervention would follow only if Cuba showed that she had 'fallen into the insurrectionary habit, that she' lacked 'the self restraint necessary to insure peaceful self-government, and that her contending factions' had 'plunged the country into anarchy'.³

In the absence of any compromise between the factions, Mr. Taft announced on the 29th September, 1906, that until further notice Cuba would be provisionally governed by the United States under the Cuban flag. On the 12th October Mr. Charles E. Magoon succeeded Mr. Taft as Provisional Governor and remained in office till the 26th January, 1909. On that date a Cuban Government returned to power under General José Miguel Gómez, the successful candidate in the presidential election of 1908, which had been held under United States supervision.

The question of intervention was next raised by the United States Government on the 17th January, 1912, when Secretary Knox sent a note to the Cuban Government regarding the increasing unrest caused by the Veteranist movement. His note stated that the United States felt 'grave concern' at the situation, and recommended that Cuba should prevent any development which might compel the United States 'to consider what measures it must take'.⁴ This

¹ See Jorge Mañach: 'Revolution in Cuba', in *Foreign Affairs* (N.Y.), Oct. 1933, pp. 46-56.

² Chapman, *op. cit.*, p. 202.

³ *Op. cit., loc. cit.*

⁴ Chapman, *op. cit.*, p. 307.

warning certainly influenced the leaders of the movement against attempting a revolution.

The Cuban Government, in their turn, availed themselves of the provisions of the Permanent Treaty, on an occasion when Great Britain, France, and Germany made joint representations regarding the claims of their nationals. A Cuban note of the 9th February, 1912, reminded the United States Government that the same treaty which gave the United States the right of intervention also required it to defend Cuba 'when those who are stronger than we, menace us for reasons that are . . . debatable'.¹

In May 1912, on the occasion of a negro rising, the United States Government again addressed a note to Cuba 'announcing certain United States naval dispositions in Cuban waters', and stating that troops would be landed if the Cuban Government proved unable to protect American lives and property. The note added that 'this ought not to be considered as an intervention';² but President Gómez replied that such action would constitute intervention and should not be taken without previous agreement with Cuba. President Gómez was, however, finally obliged to acquiesce in the landing of American marines.

Cuba was again on the brink of civil war at the turn of the years 1916-17, a time when the increasing probability of war with Germany made the United States more than usually anxious to protect the Cuban sugar crop from damage. Mr. William Elliott Gonzales, the American Minister to Cuba, was therefore instructed to issue notes to the press to the effect that the United States would support no Government that came into power by unconstitutional means, and would also hold the revolutionaries responsible for any damage to crops. This determined attitude made it inevitable that the revolution of February 1917 should peter out after a few months of hostilities, during which American marines occupied Santiago, Guantánamo, Manzanillo, and Nuevitas and were sent inland to protect the mines of El Cobre. Meanwhile the United States had declared war on Germany on the 6th April and Cuba had followed suit the next day. In the course of the next summer United States troops were landed to protect the sugar crop in the provinces of Camaguey and Oriente, where they remained till 1922.

The next intervention was due to the political and financial crisis of 1920-1. In 1919 both political parties had agreed to the revision

¹ Quoted from Harry F. Guggenheim: 'Amending the Platt Amendment' in *Foreign Affairs* (New York), April 1934, p. 454.

² Chapman, *op. cit.*, p. 311.

of the electoral code and had invited an American soldier and administrator, General Enoch H. Crowder, to assist in the work, but after the elections of 1920 the Liberals accused the Conservative and Popular parties of keeping themselves in power by fraud and violence. It was at the request of the United States Government, without any invitation from Cuba, that General Crowder returned to supervise the settlement of Cuban election disputes, and to advise as to the carrying out of financial reforms. He acted as personal representative of the President of the United States until January 1923, when he was appointed the first American Ambassador to Cuba, an office which he held till 1927. The Cuban Government were induced to consider his proposals more favourably because they were in need of financial assistance, and in 1921 and 1923 two loans, one of \$5,000,000 and the other of \$50,000,000, were obtained from J. P. Morgan & Co.

During the first twenty years of Cuban independence the strategic value of the island had gradually become of less immediate interest to the United States, since the latter had now risen to the position of a Great Power. There was no longer reason to fear that any European country would take advantage of a state of anarchy in Cuba to annex the island as a step to further aggression. On the other hand, the economic relations between the two countries grew continually closer, since it was one of the inevitable consequences of Cuba's geographical position that she should become a convenient field for American economic expansion. Though she lay within easy reach of the United States, her products, owing to a more tropical climate, were complementary to those of that country, which was her chief market and source of supply. Her natural resources enabled her to produce certain specialized crops with great success, but she was not self-supporting and had to import grain, rice, and other food-stuffs. The great expansion of the sugar industry made her practically a one-crop country, dependent for her existence upon world forces of supply and demand. In consequence, she went through great vicissitudes of prosperity and disaster, owing to the success or failure of crops, international price fluctuations, and changes in the tariff policy of the United States. The need for modern machinery and large scale production also revolutionized the economic life of Cuba by encouraging the development of large estates at the expense of the former system of small plantations. Between 1860 and the time of writing an increasing amount of land was given up to sugar cultivation, replacing coffee, timber, or tobacco, until sugar estates occupied 20 per cent. of the total area of Cuba and 40 per cent. of the cultivable land, while, owing to the absorption of many of the smaller estates,

the number of sugar mills fell from about 2,000 to about 180. The mills on the large estates or *centrales* also ground cane from small plantations owned or rented by *colonos*. As there were few means of transport other than the private railways leading to each *central*, the *colono* had generally only one buyer for his cane, and little opportunity of marketing any other crop, unless he had the good fortune to be within reach of more than one *central* or of a public railway. In good times the *colonos*, who were paid on the basis of the price of the sugar, shared in the prosperity enjoyed by the rationalized industry, and the standard of living of the workers was high compared to that of other Latin-American countries; but both *colonos* and labourers suffered in bad times, when the large companies were restricting production, reducing costs on their own estates, and employing cheap seasonal labour from Haiti or Jamaica. All Cubans engaged in the sugar industry depended, in fact, for their livelihood upon the *centrales*, the management and control of which had largely passed into American hands.

Even at the time of the Spanish-American War much American capital was invested in sugar enterprises, while the Platt Amendment not only safeguarded investments in Cuban Government loans but also encouraged private undertakings for the development of the island, especially sugar estates, since it was expected that the United States would intervene to protect them in times of revolution. As to the relation between American economic interests and the Permanent Treaty, it has been said that 'the Treaty conduces to the growth of the economic interests, and the growth of the economic interests conduces in turn to the permanence of the Treaty'.¹

A Reciprocity Treaty signed on the 11th December, 1902, was meant to provide economic compensation in return for the political concessions made by Cuba in the Permanent Treaty. The United States granted a preference of 20 per cent. on dutiable articles which were 'products of the soil or industry of Cuba', while Cuba granted the United States a preference of from 20 to 40 per cent. on similar products. This treaty was advantageous to Cuban industries until about 1909, when Cuba had become practically the sole importer of duty-paying sugar into the United States and had at the same time a considerable surplus to export to other countries. Now that competition from other foreign sugar was at an end, the degree of preference was less important to Cuba than the actual level of the American tariff, the repeated raising of which placed her at a disadvantage with

¹ See Philip G. Wright: *The Cuban Situation and our Treaty Relations* (Washington, D.C., Brookings Institution, 1931), p. 46.

regard to the beet producers in the continental United States as well as to the rapidly developing sugar cane industry of Hawaii, the Philippines, Puerto Rico, Louisiana, and Texas.

Even after the Reciprocity Treaty ceased to be particularly favourable to Cuba, sugar production increased steadily, and during the General War of 1914-18 it rose by nearly 50 per cent. There followed a time of great prosperity and wild speculation, the so-called 'dance of the millions'. After decontrol in 1919, the price of sugar rose until the 19th May, 1920, when it reached 22½ cents per pound; but it then fell steadily, dropping to 3½ cents on the 13th December, 1920. By this time Cuba was facing a serious crisis in her public finances and still more so in her banking system, since large sums had often been lent on no better security than an over-valued sugar crop not yet harvested. By June 1921 eighteen banks had failed, but the large foreign banks such as the Chase National Bank, the National City Bank of New York, the First National Bank of Boston, and the Royal Bank of Canada, weathered the storm and gained increased control over the economic life of the country. Many *centrales* were taken over by them, and others closed down altogether. American mills survived rather better than those under Cuban or Spanish ownership, and were more successful with the post-war methods of low working costs. By 1926-7 62½ per cent. of the crop was manufactured in American-owned mills and 75 per cent. of the industry was reported to be under American control, representing an investment of about \$600,000,000.¹ The final control, however, often lay less with the companies than with the large North-American banks. These were also reported to further the interests of their virtual economic and financial dictatorship by exercising an influence not only over internal politics but also over the attitude of the

¹ The following table quoted by the *New York Times* from United States Department of Commerce statistics of the 17th September, 1933, shows the amount and distribution of American investments in Cuba, after the decrease in value due to the economic depression.

	Value (millions of dollars)
Cuban Government bonds	103
Cuban non-Government bonds	3
Sugar plantations and <i>centrales</i>	544
Fruit and agriculture	35
Petroleum distribution	10
Manufacturing enterprises	45
Railroads including sugar lines	120
Public utilities	100
Miscellaneous	80
Total	1,040

United States Government towards Cuba. Another feature of this period was the rise to economic power and political influence of public utility undertakings such as the Havana Electric Railway, the Cuban Telephone Company, and the Compañía Cubana de Electricidad, a subsidiary of the American and Foreign Light and Power Company, the two last mentioned having the financial backing of J. P. Morgan & Co.

American business interests were said to have supported the election of General Gerardo Machado, who took office as President on the 30th May, 1925. His previous career had certainly given him a connexion with the business world, while during his term of office his son-in-law Señor José Obregón became manager of the Havana branch of the Chase National Bank. Though he had come to power during a revival of nationalism and had avowed his intention of promoting the economic independence of Cuba, this policy was carried out in such a way as to conflict as little as possible with American interests.

In order to encourage new industries and the production of crops other than sugar, the Machado Government drew up a revised customs tariff which came into force in 1927, and was often increased during the next six years, with the effect of raising the already high cost of living. Towards the end of the Machado régime, American exporters to Cuba began to complain that the tariff placed them at a disadvantage, and that the Reciprocity Treaty preference was of little use to them, because, owing to the increased consumption and luxury taxes, the actual rate of duty represented a smaller proportion of the selling price of any article.

Under a law of the 15th July, 1925, President Machado embarked on an ambitious scheme of public works. His plan for a central road system throughout the island may have enriched the President himself and his followers, but it had the merit of encouraging crop diversification as well as of attracting tourists.

The special taxes levied for the financing of these plans proved insufficient for the purpose, and though President Machado had repeatedly declared that no new foreign loans should be raised, a contract was made with the Chase National Bank for the financing of public works construction up to the sum of \$10,000,000. In June 1928 this loan was transformed into a revolving credit of \$60,000,000 and in February 1930 another agreement with the bank provided for an \$80,000,000 issue of public works 5½ per cent. gold bonds. The bank purchased \$40,000,000 of these bonds to cancel the short term certificates which it held, and also granted the Government a one-

year credit of \$20,000,000, which remained outstanding during the lifetime of the Machado Government.

In the hope of checking the continued fall in the price of sugar after the temporary recovery of 1922-3, a 10 per cent. cut in production was ordered in 1926, and in the next year President Machado received special powers to control output, beginning with the crop of 1926-7. A National Sugar Defence Commission was set up in 1927 to act as a selling agency, and several restriction schemes were tried, including the Claret and Gutierrez plans, named after their respective proposers. In February 1931 Cuba entered into the Chadbourne scheme, a five years' agreement with Belgium, Czechoslovakia, Germany, Hungary, Java, and Poland. None of these schemes met with any success in raising prices, owing to the general situation of international trade, and to the increased production in other countries, especially within the rising tariff wall of the United States. The Chadbourne plan only covered about 45 per cent. of world production and did not include the United States. Cuba agreed to reduce her output by 36.5 per cent., a greater reduction than was accepted by any other country under the agreement; and her producers still had to face an increase of the American duty to 2 cents per lb. under the Hawley-Smoot Tariff of 1930. Whereas in 1923 Cuba supplied nearly 57 per cent. of the sugar consumed in the United States, by 1932 she only supplied 28.3 per cent., while Hawaii, the Philippines, and Puerto Rico increased their percentage from 19.5 per cent. to 47.9 per cent., and prices fell from 5.89 cents in May 1923 to 0.57 cents during 1932.

In spite of previous promises that he would not seek re-election, President Machado ensured his own return to power in November 1928 by arranging that a Constitutional Convention should adopt amendments to the Constitution of 1901 providing for a single presidential term of six years. His opponents maintained that these amendments, which were only to apply to his second term, were unconstitutional, as they had not been referred to the Convention by Congress. The President, however, had obtained the support of the three recognized parties, the Popular Party, the Liberals, and the Conservatives, and he forbade the organization of new parties. He repressed all opposition to his dictatorship by building up an efficient and well-paid army, supplemented in 1931 by an auxiliary force partly recruited from among criminals and called the *Partido de la Porra*, or Bludgeon Party. A strict censorship was maintained, and persons inconvenient to the Government were exiled or imprisoned and frequently simply disappeared. Some were shot after arrest,

under the pretence that they were trying to escape—a revival of the Spanish practice called the *ley de fuga*; the remains of others were found inside sharks in Havana harbour, and suspicions that they had been imprisoned in Morro Castle and afterwards thrown into the sea were increased when the Port-Captain of Havana prohibited shark-fishing.

Havana University was closed in 1927-8, the year of the Pan-American Conference, and re-opened under military supervision only to close again in 1930. The *Directorio Estudiantil*, or Student Directorate, had been among the first to oppose President Machado, and as the years went by it became increasingly violent in its methods of resistance. Another illegal organization was the A.B.C. secret society, whose aims began with the overthrow of President Machado, by terrorism if necessary, and included the replacement of the 'old gang' of politicians, the transfer of power from the President to a Prime Minister and Cabinet, literate suffrage, a Corporate Senate and a House of Representatives elected on a territorial basis, and the redistribution of wealth by social legislation. The A.B.C.'s proposals for the breaking up of the great sugar estates among small proprietors with compensation for the present owners, and for the replacement of the Platt Amendment by a perpetual treaty of friendship and alliance, might have a far-reaching effect on the relations between Cuba and the United States, should they ever be carried out. Many of the Havana professors and students also held advanced political and social ideas, and the economic depression led to unemployment and labour unrest. It appeared to be not unlikely that the struggle against President Machado might not be settled by a mere change of executive, but that the United States might be faced with a social revolution in Cuba comparable to that which Mexico had lately undergone.

Meanwhile, President Machado's relations with the United States continued to run smoothly. At the beginning of his term of office he had maintained that the Platt Amendment in no way limited Cuban sovereignty and did not permit intermeddling by the United States in Cuban domestic affairs—in fact, that 'it should be considered as a dead letter law'. Though this statement might conciliate nationalist feeling at home, in point of fact President Machado had reason to be glad of the existence of the Permanent Treaty in so far as it implied that he would continue to enjoy the support of the United States so long as he could maintain a stable government and did not interfere with American commercial interests. Other circumstances in his favour were the holding of the Sixth Pan-American Conference at Havana in January-February 1928, and the new orientation of the

general Latin-American policy of the United States.¹ The 'political altruism' of that country was thus as advantageous to him as its 'economic self-interest'.

In September 1930 Mr. Harry F. Guggenheim, who had held the post of Ambassador to Cuba since 1929, asked the Secretary of State, Mr. Stimson, which of the conflicting interpretations of the Permanent Treaty he should follow. He received instructions to avoid official 'intermeddling' (in accordance with the Root interpretation), but to exercise a reforming influence over the Machado Government by means of unofficial mediation. On the 2nd October, in reply to a question as to whether the United States Government would land troops to support President Machado in the event of a revolution, Mr. Stimson declared that such action would be contrary to the Root interpretation and that the United States had never landed troops for such a purpose. He added, however, that every case in the future would be judged on its own merits, and that a situation might arise which would distinguish it from previous cases.

This only increased the suspicions of the Cuban opposition that the existing Government could count on the active as well as the passive support of the United States. The failure of a rising in 1931 was by them attributed to the discouraging effect of the Permanent Treaty, though the State Department had not proclaimed an embargo on the sale of arms to revolutionaries and had made no representations regarding the maintenance of order.

On several occasions during the years 1931-2 Mr. Guggenheim did in fact suggest reforms, but he could not persuade the Machado Government to adopt them. In a despatch of the 20th January, 1933, he reported that he had 'come to the conclusion that the Cuban Government' responded 'to friendly suggestions not backed by direct official pressure' only if they feared intervention, or needed a foreign loan, or thought that by adopting reforms they might remain in power with American support.²

By the beginning of 1933 the economic and political situation of Cuba seemed to be approaching a crisis. In Havana bomb outrages and shooting affrays were increasing, while in the country sugar mills and cane fields were burned, and more activity was reported from the guerrilla bands who had taken to the hills after the rising

¹ See the *Survey for 1930*, Part V, section (i), and the present volume, section (i) of this part.

² Quoted from Harry F. Guggenheim: 'Amending the Platt Amendment' in *Foreign Affairs* (New York), April 1934, pp. 448-57. Mr. Guggenheim concluded that the Permanent Treaty and Reciprocity Treaty should be revised, and that tariff barriers should be lowered and the right of intervention waived.

of 1931. Meanwhile, about a thousand political exiles had assembled at Miami, Florida, some belonging to the older parties, the Liberals led by Dr. Miguel Mariano Gómez, the Nationalists under Colonel Carlos Mendieta, and General Menocal's party, the Conservatives, while others belonged to the student movement or the A.B.C. On the 17th April it was announced that a revolutionary junta had been formed uniting all these groups except the *Organización Celular Radical Revolucionaria* (O.C.R.R.), an offshoot of the A.B.C. They had, however, little in common but their opposition to President Machado.

The question of the sugar tariff was raised again on the 16th February, when representatives of Cuban importers asked the United States Tariff Commission for a 50 per cent. reduction in the duty. This aroused opposition from Puerto Rican and other United States producers, some of whom proposed a 50 per cent. increase, to 3 cents per lb. In April it was made known that the investigations of the Commission might lead to a quota scheme by which imports from Cuba would probably be fixed at about 2,000,000 tons, as against 1,100,000 tons for American beet sugar, 200,000 tons for American cane, 900,000 tons from Hawaii, and 850,000 tons each from Puerto Rico and the Philippines. It was also suggested that the rate of preference might be increased in return for similar concessions by Cuba. These and other proposals for economic co-operation were discussed by Señor Oscar B. Cintas, the Cuban Ambassador in Washington, with President Roosevelt and with Mr. Sumner Welles, Assistant Secretary of State. It was for a time uncertain what attitude the United States Government would adopt with regard to the political situation in Cuba. On the 26th January, however, Mr. Stimson stated that the Platt Amendment placed no obligation on the United States to intervene. President Roosevelt's Administration shared the preceding Government's unwillingness to embark on armed intervention. Such an undertaking could not be carried out without a struggle and would be hard to withdraw from afterwards. It would conflict with the 'good neighbour' policy towards Latin-American nations outlined by the President in his inaugural address, and it might have unfortunate consequences for the Pan-American Conference at Montevideo and for the Administration's policy of negotiating reciprocal trade agreements.¹ There was also the possibility that Cuba might appeal to the League of Nations, or to the Pan-American Commissions set up in accordance with the Gondra Pacific Settlement Convention of 1923.² It was suggested that the Platt Amend-

¹ See section (i) of this part of the present volume.

² See the *Survey for 1925*, vol. ii, pp. 414-15.

ment had itself been invalidated by the Gondra Convention and the Pan-American Arbitration and Conciliation Conventions of 1929.¹

The United States Government therefore preferred to make use of diplomatic action. On the 21st April Mr. Sumner Welles,² Assistant Secretary of State, was appointed Ambassador, and it was understood that he would act as an unofficial mediator between the political factions. The news was received with pleasure by the Cuban Government, by professional and business circles in Havana, and also by the opposition. Mr. Welles was said to enjoy President Roosevelt's confidence to such a degree as to be able to negotiate with General Machado in the capacity of a personal representative as well as in that of an Ambassador. At the time of his appointment he stated that he would strive to carry out the 'good neighbour' policy outlined in President Roosevelt's inaugural address, and to encourage economic co-operation between the two countries as 'equal, sovereign and independent partners'. He intended to raise the question of the Reciprocity Treaty 'in accordance with the policy of the Administration of encouraging reciprocal trade agreements'.³ On his arrival at Havana on the 7th May Mr. Welles again made it clear that economic questions would receive his first consideration, and his preliminary conversations with President Machado were, in fact, on these lines. On the 9th June it was announced that he had definite instructions to negotiate the revision of the existing treaty.

The political aspect of his mission, however, soon required his undivided attention. On the 24th May he had an hour's conversation with Dr. Ferrara, the Secretary of State, and several opposition groups were reported to have agreed to cease from terrorism while the negotiations continued. Next day, however, the A.B.C. and Student Directorate refused to consent to a truce, and the opposition parties were alarmed by the announcement that, during the absence of Dr. Ferrara at the World Monetary and Economic Conference in London, General Alberto Herrera, Secretary for War and the Navy, would act as Secretary of State, since they feared that General Herrera would become President in 1935 and continue the military dictatorship.

¹ See the *Survey for 1930*, pp. 377-81.

² Mr. Welles had been Chief of the Latin-American Division in the Department of State. As Commissioner to the Dominican Republic he had taken part in negotiations with regard to financial reconstruction and the withdrawal of United States marines. At that time he had also brought about the settlement of an internal political crisis in Honduras. He had assisted General Crowder in revising the Cuban electoral code in 1919. (See p. 368 above.)

³ United States: Department of State; *Press Releases*, 29th April, 1933.

President Machado told foreign correspondents on the 1st June that he intended to stay in office till 1935, but at the same time he proposed certain constitutional reforms. After a conversation with Mr. Welles on the 5th June, he proposed that the electoral laws should be revised under the supervision of Dean Howard Lee McBain of Columbia University, and that Havana University should be reopened and made independent of the Government, while an American expert was to assist in drawing up its new charter. On the 7th June the President stated that he would order the election of a Convention to amend the Constitution and in particular to restore the Vice-Presidency, so that that office could be filled before the Presidential election. The possibility implied in this statement that General Machado might eventually resign his office to the Vice-President did not satisfy the revolutionary junta, who continued to demand his immediate withdrawal.

On the 15th June it was reported that the Government had accepted Mr. Welles's offer of mediation. The A.B.C. had also agreed to it so long as it implied no reflection on Cuban sovereignty; at the same time they consented to refrain from terrorism. The three older parties, the O.C.R.R. and the professors' organization agreed to join in the negotiations, but the Student Directorate refused. During the preliminary negotiations which began on the 1st July, Government and Opposition delegates had separate meetings with Mr. Welles. On the 7th July the Government guaranteed the safety of all factions who had accepted mediation, both during the negotiations and for a further thirty days in the event of their breakdown. Opposition leaders might report any violations of this decree. During the next few weeks terrorism ceased for the time being, guerrilla leaders surrendered—Mr. Welles guaranteeing their safety—prisoners were released, and refugees returned to Cuba. President Machado issued a decree on the 24th July restoring constitutional guarantees, and also signed an amnesty bill relating to all political offences since 1927. At the same time, however, he told Congress that he would stay in office till 1935. He also raised the question of the status of Mr. Welles, and maintained that the latter had acted as mediator in his personal capacity only. 'You can be assured', he said, 'that this mediation is not being carried on by a Government, or I would not continue as President of the Republic.'¹ Mr. Welles referred to this declaration next day in the course of his opening speech at the first round-table conference between Government and Opposition delegates. 'In my official capacity here', he said, 'I am likewise the

¹ *The New York Times*, 27th July, 1933.

Ambassador of a nation which is the closest friend that the Republic of Cuba possesses, and I am the representative of the President of the United States, who is deeply interested in Cuba's welfare.' He added that his Government believed, as he did, that the patriotism of the Cuban people would not permit these conferences to end without reaching a settlement satisfying their desire for moral peace, and for an opportunity to regain their economic prosperity.¹ In confirmation of this statement Mr. Phillips, the Acting Secretary of State at Washington, explained on the 28th July that 'while of course Ambassador Welles's tender of good offices has been made spontaneously . . . it could not have been made without the full authorization and approval of this Government'. It was stated that Mr. Welles was free to exercise his judgement according to circumstances and that his position was comparable to that of Mr. Dwight Morrow in Mexico,² though he had more liberty of action. He was however 'an ordinary diplomatic representative and not clothed with extra powers'.³ On the 3rd August the State Department denied rumours that 'the Cuban Government had been informed that no commercial negotiations would be undertaken till normal political conditions were restored . . .'; on the contrary, informal conversations were in progress at Havana, though the Ambassador was too busy with political conferences to undertake formal negotiations.⁴

Meanwhile, the Mixed Committee on Constitutional Reforms continued its work, and on the 1st August Dr. McBain submitted a report on electoral reform to President Machado. The political situation, however, became more threatening; there were clashes between the police and demonstrations of students and school teachers, and many complaints regarding soldiers and other Government agents were referred to Mr. Welles through the leaders of the Opposition. A road transport strike, which began in Havana on the 3rd August, spread until all industries were involved throughout the island. In the hope of finding a peaceful solution of the crisis, Mr. Welles suggested to the leaders of the political parties a formula providing that President Machado should ask Congress for leave of absence, and hand over the Government to a Secretary of State acceptable to all parties. The name of Dr. Carlos Manuel de Céspedes was mentioned in connexion with this appointment. The new Government would submit the recently drafted constitutional reforms to Congress, and then to a Constitutional Convention, in preparation for elections in 1934.

¹ *The New York Times*, 28th July, 1933.

² See the *Survey for 1927*, pp. 464-70.

³ *The New York Times*, *loc. cit.*

⁴ *Ibid.*, 4th August, 1933.

Mr. Welles told foreign correspondents on the 7th August that 'he had aimed at letting the Cubans make their own decisions without pressure from him or from the United States', but that 'he recognized the seriousness of the situation and had so advised the State Department . . . and in case the formula were not immediately . . . put into effect he would consider the affairs of the island in a state of the utmost gravity and could not foresee what might happen'.¹

On that very afternoon more than twenty persons were killed in Havana, when Government forces fired on crowds excited by a rumour that President Machado had resigned. Constitutional guarantees were again suspended, and on the 9th August a state of war was declared. President Machado, however, reserved his decision when Mr. Welles urged him to accept the conciliation formula. His attitude was that he would make concessions to the strikers and the Opposition, but that the relinquishment of any of his constitutional prerogatives would infringe Cuban sovereignty; American mediation was equivalent to intervention, and no foreign Power should dictate his resignation. A resolution censuring the action of Mr. Welles and asking for the support of other Latin-American countries was put down for discussion by the Cuban House of Representatives on the 9th August; and an official broadcast called upon the Cuban people to take up arms, if necessary, against American intervention, and stated that President Machado had notified Mr. Welles that he would not receive him again and that all future negotiations must be carried out through the Secretary of State.

On the same day President Roosevelt told Señor Cintas, the Cuban Ambassador, that Mr. Welles enjoyed his full confidence, and that General Machado should accept the conciliation formula to avoid further bloodshed. If he refused, the United States Government, by reason of their international obligations, and in particular of the Platt Amendment, could not permit the existing state of anarchy to continue. Señor Cintas replied that President Machado would no doubt agree to resign if a suitable formula could be found. He was informed that fresh proposals could be laid before Mr. Welles up to the evening of the 10th August. President Roosevelt afterwards issued a statement urging that Cuban political problems should be met 'in the most patriotic spirit' in order to solve 'the problems of starvation and depression'—which might be taken to mean that economic help would only be given to a stable Government enjoying the support of the people.

The United States Government still hoped to avoid armed

¹ *Ibid.*, 8th August, 1933.

intervention, but the military and naval authorities had made full plans ready to be carried out at any moment. It was also reported that the State Department had sounded representatives of Latin-American countries with regard to the probable attitude of their Governments towards intervention, and that it believed that they would not object if the United States Government made a definite statement of policy before taking action, and if President Machado had been given every opportunity of resigning.

In Havana Mr. Welles's mediation seemed to have reached a deadlock when on the 10th August the Liberal Party approved a resolution censuring him for 'intermeddling' in Cuban affairs. Next day, however, army officers carried out a *coup d'état*, partly with the intention of forestalling armed intervention. On the 12th August General Machado asked for leave of absence and was succeeded by General Herrera, who immediately retired in favour of Dr. Carlos Manuel de Céspedes.

There were wild rejoicings at the fall of General Machado, while leaders of the *Porra* or auxiliary police and other Machadists suspected of having committed atrocities were attacked and their property was destroyed. On account of these disorders President Roosevelt announced on the 13th August that two destroyers were being sent to Havana, but that 'the change of Government . . . in Cuba' was 'in entire accord with the recognized constitution and laws of that country' and 'no possible question of intervention or of the slightest interference with the internal affairs of Cuba' was 'intended by this precautionary step to protect, if necessary, the lives of American citizens'.¹ The State Department let it be known that the approval of Dr. de Céspedes had previously been obtained. One destroyer was recalled on the 14th August and the other on the 18th.

After his inauguration on the 13th August President de Céspedes formed a Coalition Government, which took office next day and was well received by Cuban business circles and American residents in Havana. The State Department at Washington decided that the question of recognition did not arise, as the change of Government had been carried out on constitutional lines,² and messages of goodwill were exchanged between President Roosevelt and Dr. de Céspedes.

¹ *The New York Times*, 14th August, 1933.

² For United States policy with regard to the recognition of Latin-American revolutionary governments, see the *Survey for 1930*, pp. 366 *seqq.*, and the present volume, pp. 325-8 above.

It was freely admitted that Mr. Welles had done much to bring about the change of Government, and he won considerable praise in the United States for having prevented a violent revolution which might have led to armed intervention. On the 23rd August it was announced that, now that his mission was completed, he would return to Washington after the 15th September and that he would be succeeded by Mr. Jefferson Caffery, Assistant Secretary of State, who had been in charge of the Department of State end of the negotiations. The commercial and financial negotiations were to continue on the basis of a plan worked out by the Department of State and the Department of Commerce. This contained suggestions for the provision of small holdings for employees of the large sugar and tobacco estates, the scaling down of the internal and external public debt, tariff revision, and a regional sugar control agreement including Cuba, Mexico, and the continental and insular United States.

These friendly advances were not entirely to the advantage of the de Céspedes Government, which was suspected of having been made in the United States, or at least in the United States Embassy. The exiled Machadists, on the other hand, took the view that Mr. Welles should resume his mediation and that the United States should send commissioners to reorganize the army and police. The new Government represented an insecure coalition with no support from the Conservatives or the Student Directorate, while the real balance of power lay with the army. Dr. de Céspedes had to deal with the widespread desire for revenge against Machadists, and at the same time with labour unrest, including a strike among the cane-field and sugar mill workers, who were demanding an increase of wages from 20 cents to 50 cents per day. American sugar growers appealed to the President, who agreed to guarantee American lives and property if, on their part, they would co-operate in raising the standard of living of the workers.

The final blow to the de Céspedes Government came from a revolt of the rank and file of the army against their officers on the 4th September. Sergeant Fulgencio Batista and other non-commissioned officers formed a revolutionary junta with the support of the Student Directorate, and next day set up an Executive Commission to act as a '*de facto* revolutionary Government'¹ in place of President de Céspedes. The *coup d'état* was carried out without bloodshed and with comparatively little disorder, and the Provisional Government made haste to state that they would guarantee the lives and property of foreign citizens and recognize foreign indebtedness. It was,

¹ *The New York Times*, 6th September, 1933.

however, expected that they would be strongly opposed to any interference by the United States in Cuban affairs, and also to the Platt Amendment and the Reciprocity Treaty. Mr. Welles was reported to have intimated that any bloodshed would at once lead to intervention. During the 5th and 6th September he had many conversations with members of the late Government and other political leaders, and he would not commit himself when Sergeant Batista made inquiries as to the probable attitude of the United States towards the new Government.

There was a striking contrast between the 'precautionary step' of sending destroyers to Havana in August¹ and the display of naval strength which the United States arranged for the benefit of the Cuban Provisional Government in September. On the 5th September a cruiser and two destroyers were sent to Havana and another destroyer to Santiago, while on the 6th an expeditionary force of a thousand marines was assembled at Quantico, Virginia, and orders were given for the concentration within striking distance of Cuba of every available unit of the Atlantic fleet. The battleship *Mississippi* was sent to Havana, and by the 9th September thirty warships were in Cuban waters or on their way there. On the 6th September the Secretary of the Navy himself, Mr. Charles A. Swanson, sailed for Havana on the cruiser *Indianapolis*. His visit was said to have been planned a month before, but there was an ominous precedent for it in Mr. Taft's journey to Cuba before the intervention of 1906.² As it turned out, however, he did not even land at Havana during the two hours of his stay there before his departure for the Canal Zone. There was much anti-American feeling in Cuba, and such determined opposition to the idea of intervention that there was reason to fear that, if marines were actually landed, extremists might go to the length of provoking incidents. The precautionary measures taken by the Roosevelt Administration also met with criticism among those Americans who considered that the Cubans were engaged in a social revolution and should be left free to work out their own salvation. It was suggested³ that if intervention became unavoidable it should be carried out by the joint action of the United States and Latin-American Powers.

The Administration, meanwhile, was doing its best to forestall criticism. On the 5th September Mr. Jefferson Caffery, in a broadcast speech on Latin-American policy, stressed the intention of the United

¹ See p. 380 above.

² See p. 366 above.

³ By Mr. R. L. Buell, Research Director of the Foreign Policy Association, in *The New York Times* of the 10th September, 1933.

States to continue the 'good neighbour' policy with regard to Cuba, and declared that intervention was not under consideration. 'The rôle of Mr. Welles', he said, 'was not to dictate but to assist the various factions to work out their own solution'. Similar assurances were repeatedly given by Secretary Hull and other high officials during the next few days. An early opportunity was taken to prove that 'the United States' believed that 'the other American Republics' had 'just as much interest in the preservation of orderly government in Cuba as she' had, and that intervention was only made possible by the existence of the Permanent Treaty and would establish no precedent for similar action by the United States elsewhere in Latin America.¹ On the 6th September, after consultation with the representatives of Argentina, Brazil, Chile, and Mexico, President Roosevelt issued the following statement, which was transmitted by the State Department to the representatives of other Latin-American states, who had not had time to be present at such short notice.

(1) The United States desires that complete and constant information about Cuba shall be available for the Latin-American countries.

(2) The United States has absolutely no desire to intervene, and is seeking every means to avoid intervention.

(3) The key of American policy in regard to Cuba is that Cuba shall obtain quickly a Government of its own choosing, and one capable of maintaining order.²

This *démarche* elicited a reply from the Argentine Government in the form of a *communiqué*³ issued at Buenos Aires on the 8th September and a note presented at Washington on the following day. The Argentine Government expressed the hope that the United States would not intervene, 'no matter what may be the evolution of events', since 'it is impossible to arrive at ripeness of democracy without . . . painful conflicts and necessary apprenticeship'.⁴

The Mexican Government, after thanking the Department of State for its communication and its assurances with regard to intervention, went on to take independent diplomatic action. On the 8th September the Minister for Foreign Affairs, Dr. José Puig Casauranc, addressed identic notes to the Foreign Ministers of the A.B.C. Powers asking for the co-operation of their Governments in bringing influence to bear on the Cuban Provisional Government to maintain order and protect lives and property.

The Brazilian and Chilean Governments were subsequently reported

¹ *The New York Times*, 7th September, 1933.

² *The Times*, 7th September, 1933.

³ *The New York Times*, 9th September, 1933.

⁴ Text *ibid.*, 10th September, 1933.

to have accepted this suggestion. On the same day, however, it was announced that the Mexican Government had expressed to the Cuban Executive Commission their confidence that the latter was capable of establishing a Government fulfilling the highest national aspirations. This cordial manifestation signified recognition.¹

The Executive Commission decided on the 9th September to return to the presidential form of Government, but rejected a proposal for the reinstatement of Dr. de Céspedes put forward by the army officers. This might have led to an attack on the officers' head-quarters at the National Hotel, if many Americans had not been staying there. Among these was Mr. Welles himself, who found it necessary to reply to accusations of protecting and encouraging the officers by reporting to the State Department that he had already spent two days in the hotel when they arrived, and had had no dealings with them since.²

American official circles had, indeed, been hoping for the return of Dr. de Céspedes to office. They had made it clear that, as he had never formally resigned, the United States could not recognize any other President until he had proved the stability of his Government over a sufficient length of time. There would be a corresponding delay in the economic negotiations which were to have been undertaken with the assistance of Mr. Adolf A. Berle of the United States Agricultural Adjustment Administration.³ The United States Government, therefore, took up a cautious attitude when on the 10th September Dr. Ramon Grau San Martin, a former professor at Havana University, took office as President and after some days formed a Government with the support of the army and the Student Directorate. On the 11th September Mr. Cordell Hull stated that his Government had 'no interest in behalf of, or prejudice against, any political group or independent organization' which was 'active in the political life of Cuba'. They were 'prepared to welcome any Government representing the will of the people of the Republic and capable of maintaining law and order throughout the island'.⁴ On the 13th September Mr. Welles was instructed to remain in Cuba for the present.

It was, however, uncertain how the existing minority Government could be proved to represent the will of the people, and the question

¹ The question of recognition did not really arise, since Mexican diplomats were not accredited to specific administrations.

² U.S. Department of State: *Press Releases*, 16th September, 1933.

³ Mr. Berle had arrived in Havana on the 5th September during the revolution which led to the negotiations being suspended. He returned to the United States on the 19th September.

⁴ U.S. Department of State: *Press Releases*, 16th September, 1933.

of recognition remained a vicious circle—without stability of government there would be no recognition, and without recognition there could be no stability. Many Cubans felt that the United States had refrained from armed intervention and official diplomatic action only to take up the equally serviceable weapon of 'intervention by inertia'.¹

The new Government were unpopular in commercial and financial circles and found it hard to obtain credit or collect revenue. Mr. Berle, indeed, told the President and the Student Directorate in the course of unofficial conversations that, unless public confidence could be reassured by the inclusion of Opposition representatives in the Government, an economic collapse was inevitable. The United States Government feared that this would be followed by further military risings and an attempt at dictatorship by the Left. Communists were certainly becoming more numerous and active, and there were enough orthodox Marxists to influence a movement which had begun as an agrarian revolt.² Workers in industry and in the towns were also attracted by Syndicalism. These and other labour movements succeeded in promoting continual strikes and other forms of unrest. By the 18th September thirty-six sugar mills had been seized by the workers and were being run by Workers' Councils on the Soviet model. The managers and office staffs of some mills were held prisoners in their homes. The occupied mills were expected to close down, as it would be impossible to finance their operations. In some cases Government forces succeeded in driving out the workers and occupying the mills themselves.

During September there were also many attempts at insurrection in the provinces by non-Communist opponents of the Government. On the 20th September Mr. Hull stated that United States Consuls in troubled areas were advising American citizens to take refuge on the nearest warship. Nationals of other countries might also take advantage of this offer. Commanders of vessels had, at first, orders to land no men without authorization from Washington, but it was afterwards stated that marines might be landed to save life only and not merely to protect property. Such emergency measures would not constitute intervention.³

For some time Havana had been comparatively quiet, but on the

¹ For the use of this expression by Dr. Grau San Martin, see *The New York Times*, 29th October, 1933.

² For an analysis of Communist agrarian revolts with reference to China, see the *Survey for 1932*, pp. 418-19.

³ For the similar attitude of the United States on an earlier occasion, see p. 367 above.

29th September fighting broke out between police and Communists, and on the 2nd October Government forces finally overcame the officers who had been defying them for nearly a month at the National Hotel. The death of an American citizen during the bombardment and street fighting was considered by the United States Government to be accidental and therefore not to call for diplomatic action.

The State Department still hoped that the negotiations carried on at intervals between the parties might result in a coalition, and were now ready to intimate that a Coalition Government could expect speedy recognition. The Student Directorate, however, insisted that Dr. Grau San Martin should remain in power. His Government were recognized by Peru on the 11th October and on the next day by Spain, but their position was still insecure, and on the 8th-9th November there was a rising at Havana by the A.B.C. and part of the army, which was only defeated after two days' fighting.

Mr. Welles continued to be unpopular with those Cubans who resented 'intermeddling' by the United States, or who saw in him the chief obstacle to the recognition of the Grau San Martin Government. He was still suspected of intriguing with the Opposition, and the State Department had to repeat its assurances that he had not been involved in the resistance of the officers at the National Hotel. It was reported that the existing Government desired his recall, and that he himself wished to relinquish his post.

Mr. Welles discussed these questions with President Roosevelt on the 19th November at Warm Springs, Georgia, and then went on to Washington to confer with the State Department. It was thought at the time that the President had requested Mr. Welles to return to Havana for some time, since it would be difficult for him to withdraw his Ambassador unless he intended to make a definite change of policy. However, on the 24th November President Roosevelt issued the following statement.

... Owing to the exceptionally close relationship which has existed between our two peoples . . . recognition by the United States of a Government in Cuba affords in more than ordinary measure both material and moral support to that Government.

For this reason we have not believed that it would be a policy of friendship and of justice to the Cuban people as a whole to accord recognition to any Provisional Government in Cuba unless such Government clearly possessed the support and approval of the people of that Republic . . .

... We have wished to commence negotiations for a revision of the commercial convention . . . and for a modification of the permanent treaty. On the economic side, we have been hopeful of entering upon a

discussion of such measures as might be undertaken by common consent between the two Governments. . . . No progress along these lines can be made until there exists in Cuba a Provisional Government which . . . shows evidence of genuine stability.

... The Government of the United States has neither partiality for, nor prejudice against, any faction or individuals in Cuba. . . . We earnestly hope that in the near future, through a spirit of compromise on all sides, the Cuban people themselves will reach a peaceful agreement which may result in general support of a Government and thus avoid continued civil disturbance. . . .

Ambassador Welles is returning to Havana within the next few days. As previously announced, upon the termination of his mission, which will be in the near future, he will return to Washington to resume his former duties as Assistant Secretary of State, and will be replaced by Mr. Jefferson Caffery.

The State Department announced that Mr. Caffery would not have the position of Ambassador, but would act as a personal representative, reporting directly to President Roosevelt, and would be free to make unofficial contact with any individuals or parties. Mr. Edward L. Reed, *chargé d'affaires* at Havana since 1929, was also recalled to the United States.

Meanwhile, conciliation negotiations had been resumed with the good offices of the Uruguayan Minister, Dr. Fernández de Medina, but these broke down unexpectedly on the 11th December. Dr. Fernández de Medina thereupon accused Mr. Welles of causing the breakdown by his interference. Mr. Welles reported to the State Department that Dr. Fernández de Medina had asked for his co-operation, and that he had replied that he could take no action, but that he would advise a patriotic compromise if his opinion were asked. His conversations with the party leaders had been limited to this, and he had made it clear to Dr. Grau San Martin that he could only act as a friendly observer.

On the 12th December it was for the first time intimated that the United States Government might go so far as to consider the abrogation of the Platt Amendment, but a few days later it was made known that this question could not be discussed until a stable Government was established. However, on the 19th December, Mr. Cordell Hull, speaking at the Montevideo Conference,¹ made the reassuring declaration that 'no Government need fear any intervention on the part of the United States during the Roosevelt Administration'.

Under the influence of Dr. Antonio Guiteras, Secretary for War and for the Interior, the Cuban Government adopted a more revolutionary social and economic policy, which inevitably clashed with

¹ See section (i) above.

American business interests. It was reported on the 17th December that the Government had seized American-owned electric light and power stations at Banes in Oriente province, while on the 20th they took over the Delicias and Chaparra mills in the same province, which the Cuban-American Sugar Company had closed down because of labour troubles. In the first week of January 1934, Mr. Caffery was instructed to inform the Cuban Government that the United States was interested in the protection of American-owned property, and especially in the case of the Cuban-American Company. The Government had already defaulted on public works obligations due on the 31st December to the amount of \$4,718,860 which had been contracted with the Chase National Bank during the Machado régime.¹ A decree of the 13th January suspended the delivery of 90 per cent. of the public works revenues collected by the Bank, and ordered an inquiry into the amounts already delivered. On the 12th January Mr. Thomas L. Chadbourne, an American citizen and the promoter of the restriction scheme of 1931, was removed from the presidency of the National Sugar Exporting Commission, and mill-owners were ordered to start grinding by the 15th (though it was unlikely that they would be willing to do so); while on the 14th January the Government took control of the Compañía Cubana de Electricidad, in consequence of a strike of all its employees.

On the 12th January, however, Dr. Manuel Marquez Sterling, unofficial representative of Cuba in Washington, returned to Havana with the news that there was no immediate likelihood of the Grau San Martin Government being recognized. Negotiations, in which Colonel Batista and the Mexican *chargé d'affaires*, Señor Reyes Spinola, had been taking part, were already in progress between the political parties. A meeting took place between Colonel Batista and Mr. Caffery, on the evening of the 13th January, and on the 15th January President Grau San Martin resigned his office at the request of the revolutionary junta. As Señor Guiteras would not agree to Colonel Batista's proposal for the election of Colonel Mendieta, a compromise was reached by the election of Señor Carlos Hevia. Colonel Batista thereupon gained a final victory over Señor Guiteras by withdrawing his support from the new President, who resigned after two days of office. Colonel Mendieta, who succeeded him on the 18th January, formed a Government relying on the A.B.C., the Nationalists, and the Menocalists, which was expected to be much more conservative in its policy than the Grau San Martin Government had been.

¹ See p. 371 above.

This was likely to make it far more acceptable to the United States. As early as the 19th January President Roosevelt expressed the hope that the new Government would fulfil the basic conditions for recognition. It was understood that, if the events of the next week did not belie this hope, the United States would consult with the Latin-American Governments with regard to recognition, as a matter of courtesy, though their future course of action would not depend on the attitude taken up by those Governments. On the same day Mr. Caffery had an interview with Mr. Hull at Key West, in which he reported favourably on the prospects of the new Government. The proposed consultation took place on the 22nd January between President Roosevelt and the representatives of all the Latin-American states except Cuba, Uruguay, whose Minister was absent, and Salvador, whose Government had not yet been recognized by the United States.¹ It was afterwards learnt from Mr. Hull that 'the President' had stated 'that the disposition of the United States Government was to recognize the Cuban Government, in view of our belief that it has the substantial support of the Cuban people and is entirely capable of maintaining law and order'.² Next day the United States *chargé d'affaires* in Havana, Mr. H. Freeman Matthews, received instructions to notify the Cuban Government that it had been recognized, and it was understood that Mr. Caffery would accompany him on this mission. The notification was, in fact, presented by Mr. Caffery himself, who was shortly to receive his credentials as Ambassador, and friendly messages were exchanged between President Mendieta and Mr. Welles.³ On the same day the new Government was recognized by Australia, Canada, France, Great Britain, Italy, New Zealand, South Africa, and other states. It had already been announced that there would be no change in the diplomatic relations of Panamá with Cuba.

Ten of the sixteen United States warships in Cuban waters had been withdrawn by the 23rd January, and the others were to be recalled as soon as conditions improved. On the following day President Roosevelt indicated that the way was now open for discussion regarding economic reconstruction proposals and the revision of the Reciprocity Treaty and the Platt Amendment. There would, however, be some delay in the revision of the latter Amendment, since it formed part of the Cuban Constitution, and any amendments to this

¹ The United States *chargé d'affaires* in Salvador was instructed on the 26th January to recognize the existing Government. See also p. 327 above.

² *The New York Times*, 23rd January, 1934.

³ U.S. Department of State: *Press Releases*, 27th January, 1934.

must be considered by a Constituent Assembly. The State Department held that it would not be necessary to obtain the consent of Spain to the revision of the Amendment, as the obligations of the United States under the Spanish-American Treaty of 1898 were limited to the time of its occupation of Cuba.¹

It was made known on the 30th January that arrangements were almost completed for the sale on credit of \$2,000,000 worth of American foodstuffs to the Cuban Government through the Surplus Relief Corporation, and on the 14th February the Federal Alcohol Administration gave leave for the importation of unlimited quantities of alcoholic beverages from Cuba until the 1st March.

An important statement of policy was contained in a message from President Roosevelt to Congress on the 8th February regarding a sugar quota scheme. This proposed that sugar beet and cane should be included in the Agricultural Adjustment Act as basic commodities, so that United States producers could be compensated for restrictions on their output from the proceeds of the processing tax. The existing preference on Cuban sugar might, however, be increased as a result of the forthcoming commercial negotiations.² The quota for Cuba, which was less than that proposed in April 1933,³ was nevertheless larger than the 1,700,000 tons put forward in a scheme which had been rejected by Mr. Wallace, the United States Secretary for Agriculture, in the autumn. As a result, 114 out of the 178 mills to which quotas had been allocated by the Cuban Government were in operation by the 8th March, when President Mendieta signed new decrees regarding distribution of quotas, permitting the sale of sugar destined for countries other than the U.S.A. at market price instead of at the fixed price established by the Chadbourne Plan. President Roosevelt's proposals were put into effect by the Jones-Costigan Bill, which became law on the 9th May. This Bill provided for a quota of 4,642,000 short tons to be allocated among the United States insular

¹ See p. 363 above.

² Text of message in U.S. Department of State: *Press Releases*, 10th February, 1934. The following table shows the proposed quotas:

	<i>Millions of short tons.</i>
Continental beets	1,450
Louisiana and Florida	260
Hawaii	935
Puerto Rico	821
Philippine Islands	1,037
Cuba	1,944
Virgin Islands	5
Total	6,452

³ See p. 375 above.

possessions and Cuba by the Secretary of Agriculture, and also for a tariff reduction of 25 per cent. United States producers were to have the advantage of a processing tax, but this was not to exceed the rate of reduction in the duty.

The promotion of trade between the United States and Cuba was the main function of the Second Export-Import Bank of Washington, D.C., which was created by executive order of President Roosevelt on the 9th March, 1934, though this was not expressly stated in the order itself.¹ The scheme had already been discussed by Mr. Welles, as the State Department official in charge of negotiations with Cuba, with Dr. Joaquin Martínez Saenz, Secretary of the Cuban Treasury. The first transaction carried out through the bank was a loan of \$4,000,000 for the purchase of sufficient silver for the issue of \$10,000,000 in Cuban currency. This agreement was arranged by the United States Government partly in order to compensate the silver-producing Western States which would be affected by the sugar beet quota. Though the Cuban Government would make a considerable profit on the coinage of the silver, it had been hoped that a better loan might have been negotiated, in view of the state of the public finances. On the 10th April the Mendieta Government declared a moratorium on the sinking fund of all foreign loans until the annual national revenues should again reach \$60,000,000, which it was hoped might be achieved in two years. A special inquiry was to be made before any action was taken on the public works obligations.

The Cuban Government next approached the United States with a request for the extradition, on charges of murder, embezzlement and other crimes, of General Machado, who had been living in New York since the previous autumn. The United States Government had never before received a request for the extradition on such charges of the former chief executive of any foreign Government. It was, however, understood that General Machado might have recourse to the courts of law in the United States, but that, if his appeals failed, he would certainly be handed over to the Cuban Government. On the 25th April, before the extradition petition had actually been presented to the State Department, the Cuban Consulate in New York obtained a warrant for the provisional arrest of General Machado, who, however, succeeded in eluding the police. At the time of writing his whereabouts had not yet been discovered.

Soon after coming into office President Mendieta had put an end

¹ Text in *The New York Times*, 10th March, 1934. A similar bank had already been established to finance trade between the United States and the U.S.S.R.

to the governmental control of the Compañía Cubana de Electricidad and of the Delicias and Chaparra mills.¹ He also issued drastic decrees regarding strikes, Communism, and terrorism. Nevertheless order had not been fully restored by the time of writing; there were many anti-American demonstrations on the part of Communists and other Left Wing revolutionaries, and on the 27th May gunmen attacked Mr. Caffery, who fortunately escaped injury. The Cuban Government expressed great regret for this incident and stated that his assailants must have been terrorists belonging to no recognized political faction.

The existing state of unrest did not discourage the United States Government from taking rapid and decisive action in the matter of the Platt Amendment. Negotiations between Mr. Welles and Dr. Marquez Sterling, now the Cuban Ambassador in Washington, resulted in the unexpected announcement that a treaty had been signed on the 29th May, 1934,² abrogating the Permanent Treaty of 1903.³ Under the new treaty the United States no longer had the right of intervention, and there were no restrictions on the freedom of Cuba to contract foreign loans, or to enter into alliances which might impair Cuban sovereignty. The United States was to retain its naval station on leased territory at Guantánamo Bay, and all acts of the United States during its military occupation of Cuba were to remain valid. The clause of the Permanent Treaty regarding health services was replaced by the provision that, 'if at any time in the future a situation should arise that' appeared 'to point to an outbreak of contagious disease in the territory' of either party, the other party should 'for its own protection, and without its act being considered unfriendly, exercise freely and at its discretion the right to suspend communications between those of its ports that it may designate and all or part of the territory of the other party, and for the period that it may consider to be advisable'.⁴

The ratification of the new treaty by the Senate at Washington on the 31st May, 1934, was one of the outstanding achievements of the Roosevelt Administration's policy with regard to Latin-America, and marked the opening of a new period in the relations between the United States and Cuba. The question of American economic domination remained, however, unsolved, and might yet have considerable influence on the policy of the United States, if the Cuban attempt at social revolution were successful, or if the Cubans were ever in a position to act upon the saying of their national hero José Martí that 'a

¹ See p. 388 above.

² Text in *The New York Times*, 30th May, 1934.

³ See p. 365 above.

⁴ *The New York Times*, *loc. cit.*

people economically enslaved but politically free will end by losing all freedom; but a people economically free can go on to win its political freedom'.¹

(iv) The Conflict between Bolivia and Paraguay in the Chaco Boreal

In an earlier volume of this series² some account was given of the dispute between Bolivia and Paraguay which gave rise from time to time to fighting in the Chaco and which brought the two countries to the brink of war at the end of 1928. Thanks to the efforts of various mediators, and in particular to the steps taken by an American Conference on Arbitration and Conciliation which was in session at Washington at the turn of the years 1928 and 1929, the incidents of December 1928 were settled by pacific means, and the two countries were induced to resume in May 1930 the diplomatic relations which they had broken off as soon as the first clash between their respective troops had occurred. The neutral Governments which acted as mediators were not able, however, to induce Bolivia and Paraguay to submit to the procedure of peaceful settlement the fundamental question in dispute—the question, that is, of the ownership of the vast undeveloped region which lay between them, in which no definitive frontier line had yet been fixed.³ In the opinion of many neutral

¹ Quoted by Carleton Beales in *The Crime of Cuba* (New York, 1934, Lippincott), p. 443. On the 31st May it was made known that the Cuban Government had invited the Foreign Policy Association of New York to organize a commission to report on the means by which Cuba might attain economic and social self-determination. The Rockefeller Foundation had agreed to finance the project and Mr. R. L. Buell, President of the Foreign Policy Association, was to act as Chairman of the Commission. An expert investigation of this kind might perhaps prove of greater assistance to Cuba than any modification of her treaty relations with the United States.

² *The Survey for 1930*, Part V, section (viii).

³ For a brief review of the unsuccessful attempts which had been made to define the frontier, see *op. cit.*, pp. 423-4. For a more detailed and authoritative account, see Chapter II of the report of the Commission appointed by the League of Nations in 1933 (League of Nations publication: *VII Political. 1934. VII. 1*). The territorial claims of the two countries in the Chaco, as they were defined in the course of the controversy, were completely incompatible. Paraguay's claim, at its lowest, was to the whole of the Chaco Boreal within its 'natural boundaries'—that is, the triangle formed by the rivers Paraguay and Pilcomayo, extending northwards as far as the Chochi mountains and the River Negro and westwards as far as the Chiriguaná mountains and the River Parapiti—but this claim was sometimes extended to cover a considerably larger area. Thus one version of the claim would have made the Paraguayan Chaco contiguous with Brazil and would have thus cut off Bolivia from the possibility of access to the River Paraguay north of the Bahía Negra which she possessed in virtue of a treaty, signed at Petropolis in 1903, which had fixed her frontier with Brazil. Bolivia, on the other hand, maintained that her frontier with Paraguay was constituted by the river of that name and that her

observers, the dispute was particularly suitable for settlement by arbitration, since it turned to a large extent (though not entirely) on the interpretation of Spanish colonial documents. The position was complicated, however, by the economic aspect of the question. The Chaco territory consisted principally of jungle, sparsely inhabited by Indians, and while much of it was waterless in the winter, it was converted into a swamp in the rainy season. The greater part of the country, therefore, was not in itself of a nature to invite settlement, but its economic potentialities were believed to be considerable,¹ and it was important to Paraguay as the only region in which expansion could take place. Its chief interest to Bolivia, on the other hand, lay in the possibilities of the River Paraguay, which formed the eastern boundary of the Chaco, as a waterway by which a land-locked state could reach the Atlantic. The disputed territory stretched away to the north-west of the Paraguayan capital Asuncion, but it could only be reached from the Bolivian centres of population on the Andean plateau after a long and difficult journey, and, by the time when Bolivia's growing economic needs made the question of access to the sea by way of the Paraguay River a matter of the first importance,² the Paraguayans had already begun the task of developing the Chaco, especially the extreme south-eastern corner, to which Paraguay felt that she possessed a legal title in virtue of the Hayes Award of 1878. A certain number of foreign concessions in the Chaco were granted by the Government at Asuncion,³ and although the process of penetration was slow, it had gone far enough by the third decade of the twentieth century to make Paraguayans feel that 'possession was nine points of the law'. To leave Paraguay in possession of the south-eastern portion of the Chaco, however, would have debarred Bolivia from access to the lower reaches of the River Paraguay. Thus both rights extended as far as the confluence of the Rivers Paraguay and Pilcomayo. The Bolivians consistently refused to recognize the validity of an award, fixing the frontier between Paraguay and Argentina, which had been made by President Hayes of the United States in 1878, and which had assigned to Paraguay the south-east corner of the Chaco between the Rivers Verde and Pilcomayo.

¹ See the *Survey for 1930*, p. 422.

² Bolivia had been deprived of her Pacific coast-line after the war of 1879-83 in which the allies Peru and Bolivia had been defeated by Chile. By a treaty of 1904, Chile had granted to Bolivia, in perpetuity, 'the most ample and free right of commercial transit through its territory and the ports of the Pacific'. It was not certain, however, whether this right would cover the transit of munitions in time of war, and doubt on this point was said to have influenced Bolivia in her attitude towards the Chaco and an outlet on the Atlantic. This question of the transit of munitions became acute during the conflict of 1932-3 (see p. 418 below.)

³ Argentina was the foreign Power most interested in the opening up of the Chaco.

countries considered that the issues at stake affected their vital interests, and the dispute was therefore of the kind which Governments were accustomed before the War of 1914-18 to withhold from arbitral settlement. Both Bolivia and Paraguay were sufficiently under the influence of 'post-war' ideas of international morality to feel it desirable that they should proclaim their readiness to submit the dispute to arbitration, but both were fertile in finding objections to the specific proposals for pacific settlement which were laid before them. The possibility that an arbitrator might feel bound to take Paraguay's plea of *de facto* possession into account, as well as her claim under the Hayes award, was probably responsible for the fact that La Paz at first displayed greater reluctance than Asuncion to accept the formulas which were offered by third parties.

The restoration in the Chaco of the *status quo ante* December 1928, which was finally effected during the summer of 1930, thus left the real problem untouched, and the knowledge that a further clash might occur at any moment—since Bolivia and Paraguay continued to maintain garrisons in the numerous small forts which were scattered throughout the territory, particularly in the neighbourhood of the river Pilcomayo—induced the neutral countries not to relax their efforts to promote a definitive settlement of the dispute. The task of mediating between Bolivia and Paraguay had been entrusted by the Pan-American Conference on Arbitration to the representatives of five American countries—the United States, Cuba, Colombia, Mexico, and Uruguay; and in October 1929 both Bolivia and Paraguay had agreed to a proposal that these five countries should appoint delegates to form a neutral commission whose duty it would be to exercise good offices in overcoming any difficulties which might arise in the course of direct negotiations for a settlement, into which the disputants undertook to enter at Washington. The opening of these negotiations was delayed, however, for two years—partly as a result of political disturbances in Bolivia, where a revolution in June 1930¹ was followed by a period of nine months during which no stable Government was formed.

In the meantime 'incidents' were reported from time to time from the Chaco, though no fighting on a serious scale appears to have taken place during the years 1930 and 1931. An affray in January 1930 threatened to wreck the negotiations which were still in progress for the settlement of the incidents of December 1928, but this affair was disposed of without undue difficulty.² Eighteen months later, in June 1931, the tension was again dangerously high; either side accused the

¹ See the *Survey for 1930*, p. 372.

² *Op. cit.*, pp. 434-5.

other of military preparations; and in the first week of July diplomatic relations were broken off once more. The Neutral Commission at Washington continued to urge the two countries to enter into negotiations for a settlement of their territorial differences, and by the end of August both Bolivia and Paraguay had agreed to send representatives to Washington, though only to discuss the conclusion of a pact of non-aggression. After further pressure, in the form of a joint appeal from all the other nineteen states members of the Pan-American Union, had been exercised in order to induce the two countries to take this first step, negotiations actually began in Washington on the 11th November, 1931, under the auspices of the Neutral Commission, whose chairman was Mr. Francis White, an Assistant Secretary of State of the United States. Bolivia and Paraguay both submitted drafts of a pact of non-aggression. The basis of the Bolivian proposal was that either party should maintain its existing positions in the Chaco, whereas Paraguay desired the abandonment of forts and outposts established since 1907¹—a measure which would have compelled Bolivia to evacuate the greater part of the territory which she had occupied. Since it appeared to be impossible to reconcile these proposals, the Neutral Commission prepared a draft of its own, which was presented to the disputants early in May 1932. This draft provided for the establishment of a neutral zone between the Bolivian and Paraguayan forces, the investigation by *ad hoc* Commissions of any incidents that might occur, and the resumption of diplomatic relations. It stipulated further that the two parties should begin negotiations for a final settlement without delay and should undertake to submit the dispute to arbitration if agreement were not reached within six months.

This draft pact of non-aggression was still under consideration when the news reached Washington early in July that fighting had taken place in the Chaco. During the early months of 1932 reports of intensive military preparations had been received,² and these reports had caused concern not only to the American Governments which were represented on the Neutral Commission but also to the Governments of the countries adjacent to Bolivia and Paraguay.

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Chaco dispute, and on more than one occasion in the past she had attempted in vain to act as mediator.¹ The attitude of the Argentinian Government was no doubt determined largely by the fact that Argentinian subjects had considerable financial interests in Paraguay and in the Chaco, but the position of Argentina *vis-à-vis* the United States also played its part. For some years the Argentinian Government had adopted a policy of direct opposition to the United States,² and, although this policy had been modified since the revolution which took place in Argentina in September 1930,³ the Government at Buenos Aires were still reluctant to see the United States take the leading part in settling a South American dispute. In this case, moreover, Argentinian opinion believed—or professed to believe—that the United States was not whole-heartedly neutral but was inclined to favour Bolivia. The grounds for this suspicion were the facts that citizens of the United States possessed considerable financial interests in Bolivia and that the State Department at Washington in 1928 had authorized a loan to the Bolivian Government—a loan which was said to have been expended almost entirely in the purchase of munitions.⁴ Argentina, however, was in no position to criticize the suitability of the United States as a mediator on grounds such as these, for her own connexion with Paraguay naturally made her suspect in Bolivian eyes.⁵

Unfortunately, relations were also somewhat strained between Bolivia and Chile, on account of Bolivia's refusal to accept the settlement of the Tacna-Arica dispute between Chile and Peru.⁶ Bolivia had refused to agree to the inclusion of Chile among the five members of the Commission appointed to act as conciliators in the 1928 dispute, and since Argentina, Brazil, and Peru had declined an invitation to serve, none of the four neighbouring states was represented either on that Commission or on the Neutral Commission which superintended the negotiations that began in November 1931. In April 1932, however, when the situation in the Chaco showed signs of dangerous developments, Argentina, Brazil, Chile, and Peru were called into consultation by the Neutral Commission, with the suggestion that they should take a direct part in the work of mediation. Argentina

¹ See the *Survey for 1930*, pp. 424, 429-30.

² See the *Survey for 1927*, Part IV A, sections (i) and (ii); the *Survey for 1930*, p. 375.

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⁴ The Bolivian Government were in default in the payment of interest on this loan and indeed on most of their American loans.

⁵ Bolivian suspicions of Argentina's disinterestedness were increased by the presence of an Argentinian military mission in Paraguay in the years 1931 and 1932.

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again refused this invitation; Peru and Brazil were reported to have signified that they were content to leave the matter in the hands of the Neutral Commission; while Chile was ready to join the Commission only on the condition that the other three states also took part. The failure of the Neutral Commission and the four neighbouring states to come to an arrangement for co-operation at this stage was responsible for much of the wasted effort that was expended during the following months in endeavouring to persuade Bolivia and Paraguay to settle their differences by peaceful means.

The fighting which took place in the Chaco in June 1932 marked the opening of a conflict which was to give rise to the first declaration of war since the close of the General War of 1914-18, and which was to continue, with only an occasional temporary respite, down to the time of writing. For over two years these two minor states, whose combined population was only about 4,000,000,¹ were able to set world opinion at defiance and to resist the moral suasion exercised by their fellow American countries (including the United States) and by the Council of the League of Nations: an unedifying spectacle which would no doubt have attracted more attention if the situation in the Far East had not already provided ample illustration of the ineffectiveness of moral pressure upon states which disregarded their treaty obligations not to resort to war. The attitude of the two states towards each of the numerous proposals for a settlement of the dispute which were presented to them during this period was naturally influenced to a certain extent by the military situation at the time—not always in the sense that the Government whose forces were suffering reverses at any given moment was more likely to agree to pacific means of settlement than the Government whose forces appeared to be gaining the upper hand, since considerations of prestige were apt to make the temporarily defeated state reluctant to cease fighting until it had scored a success in its turn and had thus wiped out what it felt to be a stain upon its national honour. It may, therefore, be convenient to give a brief account of the military operations before going on to describe the unavailing efforts of mediators to find a basis on which both belligerents would agree to lay down their arms.

The scope of the operations was restricted by the nature of the terrain and by the exigencies of the climate. Many of the smaller forts and outposts changed hands several times, and there were certain key positions the possession of which was fiercely contested; but for the

¹ The population of Paraguay was about 1,000,000 and that of Bolivia about 3,000,000.

most part trench warfare adapted to jungle conditions was the order of the day. The opposing forces faced one another along a front which sometimes extended to a length of two hundred and fifty miles, and although in some places their lines were less than one hundred yards apart, the thickness of the undergrowth which separated them kept either side in ignorance of the other's movements. Considering the limited resources of the combatants, the expenditure of men and of munitions was surprisingly heavy. After eighteen months of warfare the casualties on both sides were said to amount to 100,000 men—the Bolivian losses being much heavier than those of Paraguay. As for material, both sides possessed machine-guns, trench mortars, and quick-firing artillery, and the Bolivians in particular made considerable use of aeroplanes.¹ Armoured cars and flame-projectors were also used by both disputants. (How two small countries, both of which were in serious financial straits even before the fighting began, managed to pay for their supplies of these modern weapons remained something of a mystery to the outside world.)² Bolivia had greater resources to draw upon than Paraguay, but during the earlier stages of the conflict the latter had the immense advantage of operating close to her base. The most advanced of the Paraguayan forts was not more than two hundred miles from the River Paraguay, and communication by road and rail had been fairly well developed before the military operations began. Bolivia's lines of communication were more than three times as long, and only about half of the distance between La Paz and the Bolivian advance line was covered by a railway. The difficulty of transport, especially in the rainy season, was therefore extreme.

¹ The Paraguayans complained that Bolivian aeroplanes dropped bombs upon non-combatants. At the beginning of August 1932 the bombing of the Mennonite settlement in the Chaco was reported (for the Mennonite colony, see the *Survey for 1930*, p. 422); and in April 1933 the bombing of Puerto Casado on the Paraguay River involved Bolivia in an acrimonious exchange of notes with Argentina, some of whose nationals suffered damage to their property. Accusations of the use, or projected use, of poisonous gas were made by both parties, and either side also declared that the other was disregarding the laws of civilized warfare by maltreating prisoners, killing the wounded, firing on stretcher-bearers, and so on. The allegations regarding the treatment of prisoners, at all events, seem to have been unfounded, for the question was investigated in 1933 by a Commission appointed by the International Red Cross, which reported that the prisoners were well treated on both sides. This particular accusation was frequently made by the Bolivians—possibly with the object of discouraging desertion from the ranks, which constituted a serious problem.

² In the case of Bolivia, a partial explanation was provided by the great increase in the production of tin and other metals and the improvement in export prices which took place in 1933. There was a 50 per cent. increase in Bolivian tin production in 1933 compared with the previous year, and the price doubled during the same period.

Moreover, the Paraguayan soldiers were accustomed to the climate of the Chaco, and were more or less at home in the jungle, whereas the Bolivians, whose homelands were several thousand feet above sea-level, were seriously affected by the tropical conditions in which they were obliged to fight.¹

The first clash between the Bolivian and the Paraguayan forces in 1932 occurred on the 15th June. Either side accused the other of aggression on this occasion and in subsequent incidents at the end of June and in the middle of July. By the last week of July war fever was running high in both countries, and both had begun to mobilize their armies. During the latter part of July, the Bolivians succeeded in capturing two or three Paraguayan forts (in reprisal, they declared, for the occupation of Bolivian forts by Paraguay), and at the beginning of August they took Fort Boqueron, a Paraguayan post in a strategic position about midway between the rivers Paraguay and Pilcomayo, which had played an important part in the incidents of December 1928.² Sporadic fighting continued throughout August, and by the second week of September the Paraguayan Army had launched a determined attack against the Bolivian forces in the neighbourhood of Fort Boqueron. The onset of the rainy season hampered the Bolivians, who were unable to bring up reinforcements, and an unsettled political situation in Bolivia added a further complication. Fort Boqueron surrendered at the end of September, and the Paraguayan successes continued throughout October. Fort Arce, an important Bolivian post situated to the south of Fort Boqueron, fell in the third week of October, and by the end of that month the Bolivians had lost a dozen forts, and a large part of their army was retreating south-westwards towards their head-quarters at Fort Muñoz, some fifty miles behind the main line of forts (which roughly followed the 60th meridian). The advance of the Paraguayans, however, was blocked by Fort Saavedra, which they failed to capture after severe fighting, and in the middle of November the Bolivian

¹ The rank and file of both armies was composed of Indians. The Paraguayans were famous for their fighting qualities and for their refusal to recognize defeat. Between the years 1864 and 1870, when Paraguay, under the leadership of the dictator Lopez, was engaged in a hopeless struggle with Brazil, Argentina, and Uruguay, four-fifths of the male population of the country was sacrificed to the fetish of national honour. Paraguay also had the advantage of a greater degree of national homogeneity than Bolivia. The Paraguayan Guarani Indians were accustomed to think of themselves as 'Paraguayos', whereas the Bolivian Indians were 'los Indios' first and foremost, and were normally in a state of discontent. The war, however, made a very strong patriotic appeal in Bolivia as well as in Paraguay, and the moral of the Bolivian army showed a marked improvement as time went on.

² See the *Survey for 1930*, Part V, section (viii).

forces rallied and began a counter-attack. The efforts of the Paraguayans to take Fort Saavedra continued to meet with no success, and at the end of December 1932 they began to retreat from the Pilcomayo sector.¹ They did not, however, abandon their last post in the neighbourhood of Fort Saavedra until March 1933.

By the end of 1932 the political situation in Bolivia had become more stable,² and the Government had appointed General Hans Kundt to command their forces in the Chaco. General Kundt, a German who had acquired Bolivian nationality, had helped to organize the Bolivian Army during the years following the close of the General War,³ but he had been obliged to leave his adopted country as a result of the revolution of 1930 and had returned to Germany. He was recalled in the autumn of 1932, and his arrival in the Chaco temporarily turned the tide. He organized the transport system, the failure of which had been largely responsible for the Bolivian reverses, and with a supply of fresh troops he was able to take the offensive. The main objective of the Bolivians was believed to be the capture of Puerto Casado, which would have given them control of the River Paraguay, but they failed to attain this aim, and attempts to break through the Paraguayan lines to the south were also unsuccessful. General Kundt's methods resembled those of the Germans in the General War and his successive attacks involved a heavy casualty rate. On the other hand the Paraguayans (whose commander, Colonel Estigarribia, had received his military training at St. Cyr) adopted the French tactics of defence, and their opponents found it impossible to wear down their dogged resistance. The fighting during this phase of the operations, which lasted for about nine months from December 1932, centred mainly round Fort Nanawa (or Ayala)—a post which was specially important because it was connected by a good road with Riacho Negro, on the opposite bank of the River Paraguay to Concepcion. Major operations were delayed until March 1933, when the rainy season ended, but by the middle of March the Bolivian attack was concentrated on Fort Nanawa, and during the next three months the Bolivian Army spent much of its strength in a vain attempt to capture this post. It was during this period, on the 10th

¹ A Christmas truce of twenty-four hours' duration was arranged at the suggestion of the Pope.

² In October there were reported to be four reorganizations of the Cabinet in a fortnight, but a Government which took office in the middle of November succeeded in consolidating its position.

³ Another German who was engaged in the same task was the notorious Captain Röhm, who was recalled to Germany by Herr Hitler in 1930 and acted as Chief of Staff of the Nazi S.A. until his death on the 30th June, 1934.

May, that the Paraguayan Government issued a decree declaring that a state of war existed between Bolivia and Paraguay. In the middle of July a fierce battle was reported to have taken place in the neighbourhood of Fort Gondra (to the north of Fort Nanawa), but otherwise there was little active fighting between June and September. The Bolivians suffered more severely from lack of water-supplies in the dry season than their opponents, and when the Paraguayans took the offensive again in their turn, in October 1933, it was not long before the Bolivian resistance temporarily collapsed.

After two months of intensive fighting, the Bolivians suffered a more severe reverse than had yet befallen either side. On the 10th December, the Paraguayans captured Fort Alihuata (or Zenteno), a key position between Forts Arce and Saavedra. The Bolivian retreat was hampered by rain; and between 10,000 and 14,000 Bolivians, together with large quantities of munitions, were said to have fallen into Paraguayan hands. The Paraguayan commander pressed his advantage home, and the capture of Fort Saavedra on the 12th December left the way open to Fort Muñoz, which also fell on the 19th December. At midnight on the 19th/20th December, 1933, a truce, proposed by Paraguay, came into force for ten days; but although this was prolonged, in response to neutral appeals, until the 6th January, 1934, the hope that the fighting in the Chaco had finally ceased was not fulfilled.

When military operations were resumed on the termination of the truce, the Paraguayan forces continued at first to enjoy a considerable measure of success. One Bolivian fort after another fell into Paraguay's hands without resistance, and the whole of the Chaco east of the sixty-second meridian was soon under Paraguayan occupation. This advance of the Paraguayan lines, however, made the problem of transporting men and munitions from the bases on the Paraguay River increasingly serious, while the retreating Bolivian Army gained a corresponding advantage from the shortening of its lines of communication. Moreover, it soon appeared that the Bolivian retreat had been deliberately planned with the object of drawing the enemy on until the Bolivian commander was ready to give battle in a position of his own choice. In February 1933 the section of the Paraguayan Army which had been operating in the northern area of the Chaco was held in check for some weeks in the neighbourhood of Fort Cabezon and thus prevented from effecting a union with the southern army. This delay gave the main body of the Bolivian Army time to entrench itself along a twenty-mile line to the east of Fort Ballivian

(the principal Bolivian supply base on the Pilcomayo River).¹ For the first time in the Chaco war, the position selected by the Bolivians for their stand lay in open fields, and the absence of cover gave the defenders (who were well supplied with machine-guns) an advantage of which they made full use. By the beginning of March the Paraguayan Army was concentrating on attempts either to drive the Bolivians from their trenches by a direct attack or to turn their flank in order to open the way to Fort Ballivian; and at the beginning of June, though both sides had suffered heavy losses in men and material, the attacking force had neither incurred a definite repulse nor apparently achieved, in three months' fighting, any closer approach to the attainment of its objective. During these three months, all the available military forces of Bolivia and Paraguay faced one another for the first time, and between 60,000 and 80,000 men were said to be engaged. Fierce fighting was reported from time to time,² and either side claimed successes and attributed a heavy casualty list to its opponent; but neutral observers formed the opinion that there was little or no chance that either Bolivia or Paraguay could win a sufficiently decisive victory to put an end to the conflict. If this war of attrition, with all its futile waste of human life and the misery which it brought in its train, was not to continue until one or both of the combatants reached exhaustion point, the parties must by some means be induced or compelled to accept a settlement less in accordance with their respective aspirations than the settlement which either hoped to be able to impose upon the other by force of arms.

During the whole of this period of nearly two years from the end of June 1932 to the beginning of June 1934, there had been scarcely any relaxation of the efforts of various groups of mediators to persuade the two combatants to abandon their attempt to settle their dispute by force of arms in favour of the procedure of arbitration.³ At the

¹ Fort Ballivian marked the south-western end of the line to which the Bolivian Army would have withdrawn if the proposals put forward by the Neutral Commission in December 1932 had been accepted (see p. 413 below).

² A special feature of this period was the renewal of accusations by either side that its opponent was disregarding the laws of civilized warfare. Early in May, Paraguay reported that Bolivian aeroplanes had bombed certain Paraguayan industrial establishments situated outside the zone of military operations, and the Paraguayan Government went so far as to notify the League of Nations that, in these circumstances, they considered themselves released from the obligation to respect the rules of international law. Thereafter, rumours that Paraguay had begun to take reprisals against prisoners of war were circulated from the Bolivian side.

³ For an account of the efforts at mediation down to the Paraguayan declaration of war on the 10th May, 1933, see Chapter II of the Report of the Chaco Commission (League of Nations publication VII. Political 1934. VII. 1); see also

outset, the lead was taken by the Commission of Neutrals at Washington, whose members were engaged in negotiations with Bolivia and Paraguay when hostilities began. The 'A.B.C. Peru' group of neighbouring Powers also offered their good offices at an early stage of the conflict. On the other hand the Council of the League of Nations, though it was informed of the dispute in July 1932, did not intervene actively until after the Commission of Neutrals had virtually washed their hands of the affair. Finally, towards the end of the period under review, all the other American nations, assembled at Montevideo for the Seventh Pan-American Conference in December 1933, brought their collective influence to bear upon the disputants.

There were various causes, apart from the obstinacy of the belligerents, which helped to contribute towards the failure of every attempt to re-establish peace. One important factor has already been mentioned—the lack of co-operation, amounting in effect to rivalry, between the Neutral Commission and the group of neighbouring Powers. A serious additional complication was introduced early in 1933, when another territorial dispute—that between Colombia and Peru over Leticia¹—led to a second outbreak of hostilities in South America. Yet another difficulty was presented by the fact that the machinery for the peaceful settlement of disputes which had been elaborated in the American hemisphere since the end of the General War could not be set in motion in the case of the Chaco conflict, because the relevant treaties were not binding on both of the disputants. Bolivia had not ratified the Pan-American Treaty for the Pacific Settlement of Disputes of the 3rd May, 1923 (the Gondra Pact),² and neither Bolivia nor Paraguay had ratified the treaties of arbitration and conciliation which had been drawn up by the Pan-American Arbitration Conference in January 1929.³ Moreover, Bolivia had not adhered to the 'Kellogg-Briand Pact' for the Renunciation of War of the 27th August, 1928. Thus the only treaty prohibiting war by which both parties to the dispute were bound was the Covenant of the League of Nations. It was a recognition of this fact (as well as of the truth of the adage that 'too many cooks spoil the broth') which led to the concentration of peace efforts in the hands

Foreign Policy Association of New York: *Foreign Policy Reports*, vol. ix, No. 6 ('South American Conflicts: The Chaco and Leticia', by John C. de Wilde).

¹ See section (v) of this part of the present volume. The effect of the Leticia dispute upon attempts to settle the Chaco dispute was all the more serious because Colombia was a member of the Neutral Commission at Washington, while Peru was a member of the 'A.B.C.P.' group.

² See the *Survey for 1925*, vol. ii, p. 409.

³ See the *Survey for 1930*, Part V, section (ii).

of the League of Nations Council in 1933. The Council, however, had its own special difficulties to contend with in handling the matter. It was naturally reluctant to intervene actively in an area to which the Monroe Doctrine applied,¹ and during the earlier phases of the dispute there appeared to be some grounds for the belief that such intervention would be unwelcome. Even after the United States, through the agency of the Neutral Commission, had notified Geneva that the road was clear, the Council was hampered in the execution of its task by an expression of preference on the part of both belligerents for mediation by the neighbouring Powers.² An even more serious handicap was the decline in the Council's prestige as a result of its failure to curb Japanese aggression in Manchuria.³ It may be conjectured that it was the repercussions of the Sino-Japanese dispute, combined with the economic crisis (especially its effects in the United States), that emboldened Bolivia and Paraguay to resist the continuous exercise of pressure of the same kind as that which had speedily brought them to see reason in December 1928.

The reasons which were adduced by either Bolivia or Paraguay, or both, for rejecting specific proposals for peaceful settlement varied with the nature of the proposals, but the general attitude of each of the two parties underwent little change. It has been indicated that Bolivia had shown greater reluctance than Paraguay to accept international conventions providing for the pacific settlement of disputes,⁴ and while she consistently professed readiness to submit the Chaco dispute to arbitration, she stipulated that the arbitration should apply only to a definite zone—the zone which she had in mind consisting of the portion of the Chaco which had been partially colonized by Paraguay and in which the fighting was actually taking place. Paraguay, on the other hand, said that she desired 'integral arbitration'—that is, she refused to agree to the exclusion from arbitration, in favour of Bolivia, of any part of the Chaco. The underlying aims of the two Governments were not far to seek. Bolivia wanted to limit the zone subject to arbitration in the hope of securing definitive possession of a great part of the Chaco Boreal, whatever the nature of the arbitral

¹ In the case of the 1928 dispute over the Chaco, the Council had taken action at an early stage, but it had gladly left the negotiation of a settlement in the hands of the Pan-American Arbitration Conference as soon as that body showed itself ready to accept the responsibility (see the *Survey for 1930*, Part V, section (viii)).

² See the *Survey for 1931*, Part IV, section (iii) (b); the *Survey for 1932*, Part V.

³ Paraguay was a party to the Gondra Pact and to the Kellogg-Briand Pact, and on the 11th May, 1933, she deposited her ratification of the Optional Clause of the Statute of the Permanent Court of International Justice.

award might be; while Paraguay hoped that 'integral' arbitration would give her the right to expand north-westwards and at the same time remove the threat to her security which would, she felt, continue to exist as long as Bolivia was within striking distance of the Paraguay River. Similar motives inspired the attitude of the two Governments on the question of conditions for a temporary or permanent cessation of hostilities. Bolivia wanted to retain the positions which she held at any given moment while negotiations for a settlement were in progress, whereas Paraguay declared that it was impossible for her to lay down arms unless she were guaranteed against a resumption of fighting by the withdrawal of the Bolivian troops. Either country apparently felt that the other would reap undue advantage from a temporary cessation of hostilities and could not be trusted to observe the terms of a truce. Now one and now the other proved the more intransigent, and if Paraguay's record was rather better than that of Bolivia so far as a declared willingness to accept arbitral procedure was concerned, it was Paraguay who took the step of declaring war in May 1933, and it was also Paraguay, flushed with her success at Alihuata, who wrecked the hope that the armistice of December 1933 might be converted into a permanent peace.

It has been mentioned that, at the moment when the first fighting took place in the Chaco in June 1932, representatives of the Governments of Bolivia and Paraguay were engaged (rather half-heartedly, it is true) in negotiations for a pact of non-aggression, under the auspices of the Commission of Neutrals at Washington. On the 8th July the Paraguayan Government withdrew their delegate from the conference on the ground that Bolivia had been guilty of fresh acts of aggression in the Chaco. This action on the part of Paraguay terminated the negotiations, but the Government at Asuncion subsequently agreed to a request from the Neutral Commission that their representative should remain in Washington for the time being. On the 21st July the Neutral Commission formally appealed to both Bolivia and Paraguay to refrain from further acts which might aggravate the situation. In reply, either Government accused the other of aggression, and while Paraguay assured the Commission that she would not commit any hostile act and declared that she would welcome neutral investigation of the crisis, Bolivia took the line that her peaceful attitude needed no further demonstration, and declared that her dignity forbade her to resume negotiations for a pact of non-aggression in existing circumstances. Further pressure elicited from Bolivia at the beginning of August an assurance that she also was willing to agree to an investigation of the position. The Bolivian

Government added, however, that what they desired was a final solution of the dispute, and that they were resolved to settle the question once and for all, and this by force of arms if other means failed.

Meanwhile, the possibility of joint representations by all the American nations other than the disputants had been under consideration,¹ and the outcome was the dispatch to Bolivia and Paraguay on the 3rd August, 1932, of identic notes in which nineteen American states formally announced their intention of applying to the Chaco conflict the 'non-recognition' doctrine which had been enunciated eight months earlier by the Secretary of State of the United States in connexion with the Manchuria dispute.² The text of the note ran as follows:

The representatives of all the American Republics meeting in Washington, the seat of the Neutral Commission, having been duly authorized by their respective Governments, have the honour to make the following declaration to the Governments of Bolivia and Paraguay:

'Respect for law is a tradition among the American nations, who are opposed to force and renounce it both for the solution of their controversies and as an instrument of national policy in their reciprocal relations. They have long been the proponents of the doctrine that the arrangement of all disputes and conflicts of whatever nature or origin that may arise between them can only be sought by peaceful means. The history of the American nations shows that all the boundary and territorial controversies have been arranged by such means. Therefore, the nations of America declare that the Chaco dispute is susceptible of a peaceful solution, and they earnestly request Bolivia and Paraguay to submit immediately the solution of this controversy to an arrangement by arbitration or by such other peaceful means as may be acceptable to both.

'As regards the responsibilities which may arise from the various encounters which have occurred from the 15th June to date, they consider that the countries in conflict should present to the Neutral Commission all the documentation which they may consider pertinent and which will be examined by it. They do not doubt that the country which this investigation shows to be the aggressor will desire to give satisfaction to the one attacked, thus eliminating all misunderstanding between them.

'They furthermore invite the Governments of Bolivia and Paraguay to make a solemn declaration to the effect that they will stop the movement of troops in the disputed territory, which should clear up the atmosphere and make easy the road to the solution of good understanding which America hopes for in the name of the permanent interests of all the countries of this hemisphere.

¹ The negotiations with the other fourteen countries were conducted by the Neutral Commission at Washington, but the suggestion for the application of the non-recognition doctrine was said to have come from Mexico.

² See the *Survey for 1932*, Part V, section (iv) (b).

'The American nations further declare that they will not recognize any territorial arrangement of this controversy which has not been obtained by peaceful means nor the validity of territorial acquisitions which may be obtained through occupation or conquest by force of arms.'

This *démarche* created a highly important precedent, and if all the nineteen states concerned faithfully observed their undertakings, their formal adoption of the principle of not recognizing territorial changes effected by force of arms would no doubt, in the long run, greatly strengthen the movement for the peaceful settlement of disputes in the American hemisphere. But it failed signally to achieve its immediate object of inducing Bolivia and Paraguay to cease fighting.¹ Paraguay did indeed return a soft answer to the joint note, agreeing to the restoration of the *status quo* in the Chaco, but Bolivia rejected the non-recognition doctrine as inapplicable² and denied that she had any intention of conquering territory which was not her own. Bolivia adopted a similar attitude in regard to all the proposals made by third parties during the first few weeks of the conflict (when, it will be recalled, her troops were meeting with a considerable measure of success).

The four neighbours of Bolivia and Paraguay had already taken independent steps when they joined in the *démarche* of the 3rd August, 1932. During the last week of July conversations took place, on Argentina's initiative, between the four Powers, who were said to have had under consideration the desirability of declaring that a state of war existed in the Chaco and of denying the belligerents the right to transport munitions across their territory. Measures of this kind would, of course, have borne much more hardly upon Bolivia than upon Paraguay, since Paraguay had direct access to the sea³ whereas Bolivia would be cut off completely from the supply of war materials if Argentina, Brazil, Chile, and Peru closed their frontiers. The fear of a blockade did not, however, deter Bolivia from rejecting an offer of mediation from the A.B.C.P. Powers at the end of July, possibly because she was aware that the four states were not sufficiently of one mind to make the threat of united action very serious.

¹ Nor did it deter Colombia and Peru from resorting to force for the settlement of their dispute over Leticia (see section (v) of this part of the present volume).

² Since Bolivia was not a party to the Kellogg-Briand Pact, there was not the legal basis for the application of the non-recognition doctrine which existed in the case of the Sino-Japanese dispute.

³ Free navigation of the Paraná and Paraguay rivers was guaranteed by a treaty of the 29th July, 1856, between Paraguay and the Argentine Confederation.

Brazil, in particular, seems to have been reluctant to take any step directed specially against Bolivia. On the 6th August Argentina, Chile, Brazil, and Peru signed an agreement declaring their strict neutrality in the Chaco dispute,¹ calling upon Bolivia and Paraguay to avoid further hostile acts, offering their good offices as intermediaries between the two disputants, and undertaking to collaborate with the Commission of Neutrals in their efforts to restore peace. The Foreign Minister of Argentina took occasion to point out that this agreement did not mean that the A.B.C.P. countries bound themselves not to take action independently of the Commission of Neutrals, and in fact the promise of collaboration was not fulfilled.

Before the despatch of the joint note of the 3rd August, the Commission of Neutrals had suggested to Bolivia and Paraguay that they should suspend hostilities on the basis of the *status quo* of the 1st June, 1932, and should then enter into negotiations with a view to the submission of the dispute to arbitration. This proposal was accepted by Paraguay at the end of the first week of August, but Bolivia replied by a counter-proposal for an armistice on the basis of the retention of acquisitions made since the fighting began. The neutrals rejected this suggestion as unacceptable, and Paraguay declared that she could not consider entering upon peace negotiations unless Bolivia evacuated the positions which she had occupied. In further correspondence with the Neutral Commission, Bolivia put forward the point of view that the principle of non-recognition of territorial changes brought about by force could not logically be made retroactive unless a thorough-going alteration of the whole map of North and South America were contemplated. At the end of August the Neutral Commission suggested that the two parties should agree to a truce for sixty days (apparently on the basis of the retention of existing positions), but this proposal was not acceptable to Paraguay. The Paraguayan forces had now taken the offensive in the Chaco and were gaining ground, and the Government felt that the only effect of a truce would be to give time for Bolivia to complete mobilization and draft reinforcements to the front. They declared, therefore, that they could only agree to an armistice if they were guaranteed against the resumption of Bolivian attacks on its conclusion, and they suggested that both sides should withdraw from the Chaco and demobilize their armies. Bolivia, on the other hand, felt that the terms proposed by Paraguay would be greatly to the advantage of

¹ Shortly after the conclusion of this agreement Argentina withdrew her military mission from Paraguay, but the head of the mission subsequently returned to Asuncion as Argentinian military *attaché*.

that country, owing to her proximity to the Chaco, and, though she expressed herself ready to accept a thirty days' truce, she was not willing to withdraw or demobilize her forces or even to suspend mobilization. It proved impossible, also, to arrange an immediate suspension of hostilities on the basis of a suggestion for the establishment of a neutral zone between the opposing forces and the supervision by neutral military officers of their withdrawal outside the limits of the zone. On the 22nd September the Neutral Commission put forward a new proposal which contained the first indication that the possibility of applying coercion was not being overlooked. This proposal was to the effect that both parties should agree to an 'unconditional termination of hostilities' and to the 'immediate initiation of negotiations for settlement of their differences by means of an arbitration without reservation'. The Neutral Commission would send representatives to the Chaco to verify the termination of hostilities, and if either party should be found to have violated the armistice it was proposed that the Commission should declare that country the aggressor and should 'suggest that all Governments of America withdraw their diplomatic and consular representatives from that country'. This plan did not meet with the approval of either disputant. Bolivia refused to agree to unconditional arbitration but offered to accept a local truce in the neighbourhood of Fort Boqueron. Paraguay (who was on the point of capturing Fort Boqueron) reiterated the demands for guarantees of security which Bolivia had already rejected. Moreover, the plan of the 22nd September encountered opposition from Argentina as well as from the belligerents themselves.

During August and September 1932 the A.B.C.P. Powers had contented themselves with watching developments and with refraining from interference in the efforts of the Neutral Commission.¹ On the 18th October, however, the Argentinian Government presented a note to the chairman of the Neutral Commission pointing out that the adoption of coercive measures, such as the severance of diplomatic relations which had been suggested by the Commission, could be 'based only on a treaty accepted beforehand by the countries to which it' was 'to apply'. Argentina, it was explained, had adhered to the joint declaration of the 3rd August on the understanding 'that only moral pressure would be involved, supported by the juridical effects

¹ Argentina was reported to have made a proposal in the middle of August for the establishment of a neutral zone, which was accepted by Paraguay but not by Bolivia; but no step seems to have been taken by the A.B.C.P. group, as such, between the signature of the agreement of the 6th August and February 1933.

of the common neutrality of the limitrophe countries'. The Neutral Commission replied to this protest on the 4th November. They took the view that the measures proposed on the 22nd September would be consistent with international law because no part of the plan could be carried out unless the two parties agreed to it. They suggested, moreover, that action designed to promote the peaceful settlement of a dispute ought not to be 'limited to treaties already signed and ratified'; and explained that it was for that reason that the Commission 'did not hesitate to sponsor the declaration of the 3rd August, 1932'. In a further note, despatched in the middle of November, the Argentinian Government expressed the opinion that, since the Covenant of the League of Nations was the only treaty applicable to the Chaco dispute which was binding upon both Bolivia and Paraguay, the task of attempting to settle the dispute ought to be entrusted to the League Council. The note went on to declare that if the Council were to act, it could and must 'develop its action without finding an obstacle in regional or continental doctrines which, for our part, we believe it necessary to affirm, have neither the adhesion of Argentina nor a sanction by the unanimous will of the countries of the Continent'. This direct attack upon the Monroe Doctrine did not elicit any rejoinder from the Neutral Commission, nor did the implicit accusation that the United States, through the agency of the Neutral Commission, was deliberately putting obstacles in the way of effective intervention by the League Council in the Chaco dispute, appear to exercise any immediate influence upon relations between the Neutral Commission and the Council.

The Secretariat of the League of Nations had received notification of the fighting in the Chaco from both Bolivia and Paraguay before the end of July 1932, but the action taken by the League was confined for some weeks to the despatch of repeated appeals to the disputants from the acting President of the Council¹ (an office which happened at the moment to be occupied by a citizen of a Latin-American state—Señor Matos of Guatemala). In response to these appeals both countries sent assurances of their readiness to accept a peaceful settlement, but while Paraguay agreed unreservedly to arbitration, and even offered to let the arbitrators frame their own terms of reference, Bolivia was reluctant to commit herself definitely to either of the methods of pacific settlement stipulated in Article 12

¹ At the beginning of August the Governments of Great Britain, France, Germany, Italy, and Spain, acting on a suggestion from the League Secretariat, instructed their representatives at La Paz and Asuncion to support the appeal from the President of the Council.

of the Covenant—that is, to arbitration or to an inquiry by the Council. By the time when the Council assembled for its seventy-sixth session on the 22nd September, 1932, the fighting in the Chaco had assumed serious proportions, and certain members of the Council (notably the representatives of Spain and of France) were strongly of opinion that the fact that the scene of the conflict was in South America did not absolve the Council from doing everything in its power to bring the dispute to an end. Other members of the Council felt, however, that it would be best to leave the settlement of the dispute in American hands, and the Council decided, as a compromise, to appoint a committee of three of its members¹ to follow the development of events and in particular to keep in touch with the efforts of the Neutral Commission at Washington to find a peaceful solution. The Council also despatched a telegram to Bolivia and Paraguay reminding them that they were 'legally and honourably bound' by their obligations under the Covenant 'not to have recourse to armed force' for the settlement of their dispute, and urging them to 'put an immediate stop to military action and preparation' and to accept the endeavours which were being made to assist them in reaching an amicable settlement.

The Committee of Three got into touch immediately with the Neutral Commission at Washington and received an assurance from the Commission that the support of the League was welcomed and that any suggestions which the Committee might have to offer would be readily considered. The Committee was encouraged by this reply to point out that the first essential in such cases was the withdrawal of the opposing forces to a certain distance from one another in order to eliminate the risk of further collisions, and that, in the experience of the Council, the most effective method of bringing about this result was the despatch of a commission of military officers to the spot. This suggestion was put forward on the 1st October, but it was not until the 13th that the Chairman of the Neutral Commission replied to it—and this in somewhat discouraging terms. Mr. White reminded the Committee of Three that the Neutral Commission had already proposed to the disputants that a neutral military commission should supervise the establishment of a zone between their forces. He explained that neither party had actually

¹ The representatives of the Irish Free State, Spain, and Guatemala. Mr. Sean Lester of the Irish Free State presided over the Committee until October 1933, when the Irish Free State ceased to be a member of the Council. Señor Castillo Najera of Mexico then succeeded Mr. Lester as chairman. Guatemala ceased to be a member of the Council at the same time and was replaced on the Committee by Czechoslovakia.

rejected this suggestion, and that the intention was that a military commission should be despatched as soon as the situation seemed appropriate. Mr. White added that negotiations for the termination of hostilities and for the acceptance by both parties of a basis for arbitration were 'proceeding satisfactorily'.

This assertion was based on the fact that the Neutral Commission, after prolonged negotiations with Bolivia and Paraguay, had produced on the 12th October yet another formula for bringing hostilities to an end, on which it hoped that agreement might be reached. This proposal provided for the separation of the two armies, the demobilization of reserves and the reduction of regular forces, the despatch of a neutral military commission to verify compliance with the provisions, and the initiation of negotiations for an arbitral settlement within a reasonable time after the signature of the agreement. The Commission succeeded in arranging a meeting between Bolivian and Paraguayan representatives on the 27th October,¹ at which this plan was discussed, but it still proved impossible to reconcile the opposing demands of the two disputants, and although the negotiations were not formally broken off they made no appreciable progress for six or seven weeks. Finally, on the 15th December, the Neutral Commission made public a comprehensive proposal which, they hoped, would serve to bridge the gulf. This proposal required the withdrawal of both armies—that of Paraguay for a distance of about two hundred miles to the Paraguay river, and that of Bolivia for about one hundred miles to a line running from Fort Ballivian on the Pilcomayo River to Fort Vitrones in the north-east corner of the Chaco, close to the Paraguay River. About three-quarters of the evacuated region would be policed by a small Paraguayan force and the remaining quarter by an equal number of Bolivian troops. Both armies were to be demobilized and neutral representatives were to verify the execution of the measures proposed. Provision was also made for the definitive settlement of the territorial question by arbitration. If differences arose concerning the delimitation of the zone which was to be the subject of arbitration, they would be settled by neutral geographical experts, and in default of agreement on an arbitral tribunal the case was to be submitted to the Permanent Court of International Justice at The Hague. It will be seen that the Neutral Commission, in putting forward this proposal, had taken account of the advantage which Paraguay enjoyed from her proximity to the Chaco, and, while their suggestion that the Paraguayan forces should

¹ Paraguay agreed on the 14th October to negotiate on this basis, and Bolivia (whose forces were suffering serious reverses) some ten days later.

withdraw twice as far as their opponents was designed to secure Bolivia's acceptance of the plan, it encountered the strongest opposition from Paraguay. The Paraguayan Government rejected the plan immediately, stigmatizing it as 'unsatisfactory and unjust' and as calculated to threaten the security and integrity of their country, and they recalled their representative from Washington—refusing on this occasion to listen to the appeal of the Neutral Commission that they should reconsider their decision. As soon as the news of Paraguay's rejection of the proposal was made public, Bolivia accepted it 'in principle' but refrained from presenting any observations in detail.

Meanwhile the Commission of Neutrals had appealed both to the League of Nations and to the other American countries to support their proposal. The Committee of Three appointed by the Council of the League had continued to keep in touch with the Neutral Commission, and early in November 1932 it had informed the Commission that it was 'seriously concerned' at the continued failure of the attempts to bring the fighting in the Chaco to an end. The Committee reported to the Council at the end of November, but the Council took no immediate action, beyond the despatch of another appeal to Bolivia and Paraguay to stop fighting and accept neutral mediation.¹ On the 6th December the Council gave a hearing to representatives of the two countries. Both declared that they were ready to suspend military operations without delay—though Paraguay again made it a condition that she should be guaranteed against a subsequent resumption of hostilities. The Council decided once more against any independent action and merely instructed the Committee of Three to remain in touch with the Neutral Commission and to render any possible assistance in the constitution of an impartial commission which might be despatched to the Chaco. Since it was still the policy of the Council to leave the initiative to the Neutral Commission, it made no difficulty over promising its support of the Commission's proposal of the 15th December. After the Paraguayan Government had rejected that proposal, however, and had withdrawn their representative from Washington, the Council Committee felt that it

¹ In reply to this appeal, Paraguay suggested that the League should conduct an investigation in order to determine which country was guilty of aggression, with a view to the application of the sanctions for which Article 16 of the Covenant provided, but the Government refrained from filing the formal application under Article 15 which would have made such action by the League possible. Bolivia, in her reply, declared that she was ready to suspend hostilities and would accept a truce and the despatch of a neutral commission on certain conditions.

was no longer possible for the League to defer definite action. On the 27th January, 1933, the Committee suggested to Bolivia and Paraguay that a small commission¹ should be sent to the Chaco 'to study the situation in consultation with the two Governments, and, so far as possible, with the representatives on the spot of the Powers which are collaborating in trying to find a solution of the dispute; and, should hostilities unhappily be still continuing when the commission arrives on the spot, to report to the Council whether it can arrange, or assist in arranging, for their cessation'. This proposal was not welcomed by either of the parties to the dispute. Bolivia wished to defer consideration of it on the ground that the Commission of Neutrals had not yet completed their efforts, while Paraguay referred to a plan which was under discussion by the A.B.C.P. group of countries. The Neutral Commission, to whom the proposal was communicated, also took the view that the League would do well to postpone intervention pending the result of further American attempts to find a solution which were then in progress. Accordingly, the proposal for the despatch of a League Commission remained in suspense for some months, while the initiative passed from the Commission of Neutrals to the neighbours of Bolivia and Paraguay.

On the 20th December, 1932, the State Department at Washington announced that nineteen American countries had urged Bolivia and Paraguay to accept the proposal made public by the Commission of Neutrals on the 15th December. After the rejection of that proposal by Paraguay, the Neutral Commission appear to have felt that they had come to an end of their own resources, and they invited Argentina, Brazil, Chile, and Peru to make suggestions with a view to putting an end to the situation which had now been in existence in the Chaco for six months. Chile was the only one of the four Powers to submit definite proposals in reply to this invitation, but when the Chilean Government began, through diplomatic channels, to sound the Governments at La Paz and Asuncion on these proposals (which did not differ very greatly in substance from that made by the Neutral Commission in December), they found that Argentina was also exploring the possibility of mediation. In order to avoid working at cross-purposes, the Argentinian and Chilean Foreign Ministers arranged to hold a conference, for the discussion of peace proposals and also of certain questions outstanding between their countries. This conference took place at Mendoza, in Argentina, on the 1st and

¹ The suggestion was that the commission should consist of three members—one national of the United States, one of Argentina, and one of some European country.

2nd February, 1933, and resulted in the adoption of a formula for securing peace in the Chaco and in an understanding that the 'A.B.C.P.' agreement of the 6th August should be made permanent and applicable to all questions affecting the maintenance of peace in South America. The 'Mendoza formula' followed the proposal of the 15th December in its main lines, but it contained the important modification that the Bolivian forces would be required to withdraw the same distance as those of Paraguay. It also provided that differences regarding the delimitation of the zone to be the subject of arbitration should be submitted, not to geographical experts, but to the Permanent Court of International Justice for an advisory opinion.¹ The Governments of Argentina and Chile obtained the support of Brazil and Peru for this proposal² (though neither of the two latter Powers took a very active part in the negotiations),³ and the 'Mendoza formula' was submitted to Bolivia and Paraguay on the 24th February. Both countries accepted the formula 'in principle', but both made reservations which in fact nullified their acceptance. Thus Paraguay demanded the withdrawal of the Bolivians farther to the west than had been suggested, while Bolivia preferred that neither side should withdraw at all, but that they should retain the positions which they held. (The offensive was now in the hands of the Bolivians, who were concentrating their forces against Fort Nanawa and no doubt hoped to take that strategic position before an armistice was declared.) Bolivia also stipulated once more that the arbitral procedure should apply only to a limited zone.⁴ Argentina was able to bring sufficient pressure to bear upon Paraguay to induce her finally to withdraw her reservations, but Bolivia would not listen to reason; and she refused

¹ The Foreign Ministers of Argentina and Chile also discussed the desirability of holding a conference at which an attempt might be made to go to the root of the trouble between Bolivia and Paraguay by examining the whole question of the means of communication which those two countries possessed with the outer world. This proposal was not definitely put forward at this stage, but it came to the front later on (see p. 426, footnote 2, below).

² The Commission of Neutrals were not asked to support the proposal, but it was apparently intended that they should be asked to join in the 'formal' presentation of the formula after the two parties had agreed to accept it as a basis for discussion.

³ Peru was now at the height of her dispute with Colombia, which made it virtually impossible for her to exercise moral pressure upon Bolivia and Paraguay.

⁴ The limits proposed by Bolivia were parallel 21° on the north, meridian 59° 55' on the west, and the rivers Pilcomayo and Paraguay on the south and east. It has already been mentioned (see p. 400 above) that the main line of Bolivian forts roughly followed the sixtieth meridian, so that this proposal would have made the arbitral procedure applicable only to the region which had already been colonized by Paraguay.

to accept a fresh proposal for a sixty-day truce which was put forward on the 23rd March by the A.B.C.P. Group (this time, with the support of the Neutral Commission) unless an agreement regarding the limits of the zone which was to be the subject of arbitration was reached before the truce came into force. When Bolivia, towards the end of April, rejected a final appeal from Argentina and Chile that she should not incur responsibility for the failure of the negotiations, and expressed resentment at what she declared to be an attempt to 'impose' a settlement upon her, the Argentinian and Chilean Governments decided that they could not usefully carry their efforts at mediation any farther. On the 5th May, Bolivia suggested to the Neutral Commission that they should begin a fresh attempt to find a solution by persuading Paraguay to define the extent of her territorial claims, in order to prepare the way for negotiation on an agreement for arbitration. When the Neutral Commission invited the A.B.C.P. Group to confer with them on the possibilities of joint action, Argentina and Chile not only declined the invitation, but also notified Bolivia and Paraguay that their mediation was at an end. This was the position when, on the 10th May, 1933, the Paraguayan Government issued a decree declaring that a state of war existed between Bolivia and Paraguay.

This action on the part of Paraguay was not unexpected. Early in March the Senate and the Chamber of Deputies at Asuncion had authorized the President to declare war, and it was generally believed that the issue of the decree had only been postponed at the request of the A.B.C.P. Group, who hoped that their attempts at mediation might meet with greater success than those of the Neutral Commission at Washington. The Paraguayan Government must have been aware that, in taking the grave step of declaring war, they ran the risk of forfeiting the sympathy of neutral countries—most of whom had been inclined, on the whole, to take the view that Bolivia was more to blame than Paraguay for the state of affairs in the Chaco. But this consideration was outweighed by the hope that a declaration of war would oblige Chile and the other three countries whose territory surrounded Bolivia to put a stop to the transit of munitions destined for Bolivia through their ports and along their railways. At the beginning of May 1933 the Bolivian drive against the Paraguayan forces which blocked the way to the Paraguay River was at the height of its intensity, and the Paraguayan Government were therefore particularly anxious that the supply of war material should be checked. During the early months of the conflict Paraguay had hoped that the Chilean Government would definitely refuse to permit the transport of

munitions to Bolivia through the ports of Arica and Antofagasta. The Governments of Bolivia and Chile had never agreed in their interpretation of the treaty of 1904, which accorded to Bolivia transit rights for commercial goods along the railways connecting the two Chilean ports and the Bolivian frontier,¹ and since the year 1929 an arrangement had been in force by which every consignment of war material to Bolivia was specially notified to the Chilean Government. When the fighting began in the Chaco in 1932 the Chilean Government did not at first interfere with shipments of munitions, but at the end of September 1932 they were reported to have decided that it was not in keeping with their obligations as a signatory of the Kellogg-Briand Pact to allow such shipments to continue. As a result of Bolivian protests, however, supplies of munitions were allowed for a time to go forward, but in February 1933, after the Mendoza Conference, Chile held up a consignment at the port of Arica. This action produced further indignant protests from La Paz, together with a reminder that Bolivia had never accepted the settlement by which the port of Arica was assigned to Chile.² Thereupon Chile yielded once again, and her failure to stand firm was apparently an important factor in the decision of the Paraguayan Government to obtain approval from Congress for a declaration of war.

Before the decree declaring war was actually issued on the 10th May, an attempt to arrange a general embargo on the supply of munitions to both belligerents had been made and had broken down. The Committee of Three appointed by the Council of the League of Nations had pointed out in a report to the Council at the end of November 1932 that neither Bolivia nor Paraguay manufactured armaments, so that they were entirely dependent for the maintenance of their armed strength upon supplies from abroad.³ In December the President of the United States was reported to be considering an embargo upon the export of munitions to both Bolivia and Paraguay, and in February 1933 an exchange of views on the question took

¹ See footnote 2 on p. 394 above.

² See the *Survey for 1930*, Part V, section (vii).

³ During the two years preceding the outbreak of hostilities in 1932, Bolivia was said to have purchased \$5,000,000 worth of munitions from the United States and \$15,000,000 worth from Great Britain. Paraguay also obtained munitions from the United States, while the European countries which had supplied one or both countries included France, Belgium, Czechoslovakia, and Switzerland as well as Great Britain. The value of the munitions supplied by firms in the United States to Bolivia during 1933 and the first three months of 1934 was \$661,868; and during the same period Paraguay received munitions from American sources to the value of \$98,729. Shipments of arms from Europe to both countries also continued while fighting was in progress.

place between the Governments of the United States, Great Britain, France, and Italy. Later in the month the British Government, with the support of the French Government, proposed that the Council of the League of Nations should take action under Article 11 of the Covenant in order to prevent the supply of arms to Bolivia and Paraguay. The Council viewed this proposal with favour,¹ and in order to furnish a legal basis for action the Chaco dispute was formally submitted to the Council, under Article 11 of the Covenant, by the Committee of Three on the 6th March. It was obvious, however, that the embargo could not be made effective without the co-operation of arms-producing countries which were not represented on the Council, and the endeavours of the Committee of Three to secure this co-operation at once encountered the obstacle that the President of the United States lacked the authority of Congress to proclaim an embargo.² When the Paraguayan Government declared war, therefore, there were still no restrictions upon the import of munitions into Bolivia and Paraguay, which were free to obtain consignments from any source that was willing to supply them.

The immediate result of Paraguay's declaration of war did not quite fulfil the Government's hopes. The neighbouring states promptly proclaimed their strict neutrality—Argentina, Brazil, and Chile on the 13th May and Peru on the 14th—but Argentina was alone in taking the action desired by Paraguay.³ At the end of May she closed the Pilcomayo River frontier between the Chaco and Argentinian territory, thus putting a stop to the large supplies, especially of food-stuffs and of petrol, which had been reaching the Bolivian army through Puerto Irigoyen. This measure had a considerable effect, and contributed to the failure of the Bolivian attack against Fort Nanawa during the dry season.⁴

¹ It was felt that in this case an embargo against both belligerents would be justified, since neither could be held to be free from blame. The representative of China agreed to the proposal on the understanding that, if the Council should subsequently decide that one country was guilty of aggression, the embargo should be applied to that country alone. (For the temporary British embargo upon the supply of arms to China and Japan, see the present volume, Part IV, section (iv).)

² A resolution which would have empowered the President to forbid shipments of arms to any country, if he judged that such export would encourage the use of force for the settlement of a dispute, was before Congress at this time, but no final action had been taken upon it (see the *Survey for 1932*, p. 297, footnote, and the present volume, p. 514 below).

³ In proclaiming her neutrality, Peru declared that her ports would be open to Bolivian traffic in accordance with existing treaties. Chile did not explain her future intentions in regard to the interpretation of the treaty of 1904, and in practice she seems to have allowed the transport of munitions to Bolivia to continue.

⁴ See p. 401 above.

Meanwhile Paraguay's declaration of war, following immediately upon the abandonment of mediation by Argentina and Chile, seems finally to have convinced the Commission of Neutrals at Washington that the time had come for the dispute to be handed over to the League of Nations. Brazil and Peru, unlike Argentina and Chile, had accepted the invitation from the Neutral Commission in the second week of May to discuss further possibilities of conciliation, but after the issue of the Paraguayan decree on the 10th May Brazil withdrew from the Commission. At the beginning of June it was reported that the A.B.C.P. Group, after consulting together, had come to the conclusion that further attempts at mediation must be left to the League of Nations, and on the 27th June the Neutral Commission formally announced its decision to retire from the negotiations in favour of the League.

The news that Paraguay had declared war was conveyed to Geneva in a communication from the Bolivian Government, which declared that Paraguay, by her action, had deliberately infringed the terms of the Covenant and incurred the sanctions for which Article 16 provided. The news would probably have created a greater sensation if it had not coincided with an acute crisis in the Disarmament Conference;¹ and even in the actual circumstances it could not fail to give rise to much anxious discussion as to the attitude which the League ought to adopt in this unprecedented situation.² One section of opinion held that the Council was bound to take the line suggested by Bolivia and bring the machinery of the Covenant into operation against Paraguay;³ but in other quarters it was felt that, though Paraguay might have put herself technically in the wrong, she had in fact done nothing more than give formal recognition to the state of war

¹ See the present volume, Part II, section (ii) (c).

² This was the first occasion on which the League had had to deal with a declaration of war by one of its members. The Graeco-Turkish War of 1921-2 in Anatolia had been merely a local continuation of the General War, the Sèvres Peace Treaty not having been ratified by Turkey. In the case of the wars in the Arabian Peninsula, none of the combatants had the status of members of the League of Nations (the Hijāz, which was entitled to that status by virtue of its signature of the Versailles Treaty, had lost it owing to its failure to ratify the Treaty), and the League had not been called upon to intervene; while in the case of the fighting which had taken place since 1919 in various other parts of the globe—notably in the Far East—the operations might have been war in everything but name, but no formal declaration of a state of war had been made.

³ The French Government, in particular, were reported to have taken the view that it was in the general interests of world peace that Paraguay should be declared the aggressor. The British Government took the opposite view—that it was more important to continue attempts to settle the dispute by the methods of conciliation.

which had been in existence for ten months, so that it would be unreasonable to treat her as if she, and she alone, had just committed a breach of the Covenant. This division of opinion revealed itself at an extraordinary session of the Council which was held on the 15th May; and after hearing the representatives of the parties (both of whom declared that they were ready to agree to a peaceful settlement, provided that certain conditions, which they considered essential, were fulfilled),¹ the Council merely referred the question back to the Committee of Three. On the 20th May the Committee submitted a report recommending the adoption of the following procedure. The two Governments would be called upon to entrust the settlement of the conflict to the League; hostilities would be suspended and Paraguay would withdraw her declaration of war; and the parties would agree to arbitration of the dispute. The Council would despatch a commission to the Chaco to negotiate, if desirable, an arrangement for effecting the cessation of hostilities and to prepare an agreement for arbitration in consultation with the Governments concerned. If the agreement for arbitration did not stipulate the procedure to be followed, the Council would appoint arbitrators and settle the arbitral procedure. The Commission would, at the Council's request, inquire into all the circumstances of the dispute and report to the Council in order to enable the latter to fulfil the duties imposed upon it by the Covenant.

This report was unanimously approved by the Council, and the Paraguayan representative accepted it without reservations. The Bolivian delegate, however, reserved his Government's decision, and a week later that Government informed the Secretary-General that in their opinion the Committee of Three's plan was not calculated to restore peace. They objected in particular to the possibility of a delimitation of the disputed zone by arbitration, and suggested that the League would do well to hand the dispute back to the Commission of Neutrals at Washington and the neighbouring American states. Negotiations between the Committee of Three and Bolivia and Paraguay continued throughout June, and revealed the further difficulty that Paraguay continued to insist that the cessation of hostilities must precede the negotiation of an agreement for arbitration, while

¹ Paraguay insisted that the cessation of hostilities, with guarantees against their resumption, must precede the discussion of the terms of arbitration, while Bolivia stipulated that Paraguay should define her claims to the Chaco as a first step towards agreement on arbitral procedure. On the 6th June the Paraguayan delegate complied with this request by declaring that the claims of his country extended to the whole of the Chaco within what they considered to be its natural boundaries. (See footnote on p. 393 above.)

Bolivia held that the agreement should precede the cessation of hostilities. The Committee of Three, finding it impossible to reconcile these divergent views and to bring the two parties to an agreement for the immediate suspension of hostilities, decided that the Commission which it was proposed to send to the Chaco would have to deal with the situation which it found on its arrival as best it could. Finally, on the 26th June, the Bolivian Government withdrew their objections to the despatch of a Commission and accepted the principle that negotiations should be carried on simultaneously for the cessation of hostilities and the conclusion of an arbitration agreement.

The formal withdrawal of the Neutral Commission at Washington on the following day (the 27th June) left the field clear for action by the League of Nations, and on the 3rd July the Council decided that the Commission recommended by the Committee of Three should proceed to the Chaco with the least possible delay.¹ A Commission of five members was accordingly constituted,² the European members of which were on the point of departure for the Chaco at the end of July, when the Committee of Three received a joint proposal from Bolivia and Paraguay to the effect that the Council, instead of sending a special commission, should invite the 'A.B.C.P.' group of neighbouring states to act on its behalf.

The fact that the two disputants were acting in concert lent special weight to this suggestion, and on the 3rd August the Council decided to ask the four neighbouring states if they were willing to undertake the mission of endeavouring to find a formula for the establishment of a just and lasting peace between Bolivia and Paraguay. It was emphasized that the renewed intervention of these Powers must be on the basis of the League Covenant, and that they must keep in touch with the Council, and it was agreed that if the proffered mandate was not accepted the League's Commission should start for the Chaco without further delay.

Brazil, and not Argentina, took the lead in the new attempt which followed to find a solution of the difficulties which American mediators had found insuperable hitherto. Argentina, indeed, displayed considerable reluctance to join in the attempt; and, after Bolivia had

¹ Regret was expressed by certain members of the Council—notably by the representatives of France and Great Britain—because the Committee of Three had not been able to bring about the immediate cessation of hostilities, but it was generally recognized that the committee was obliged, in view of the contumacy of Bolivia and Paraguay, to leave it to the commission to make the best arrangement possible.

² The five members were nationals respectively of Spain, France, Great Britain, Italy, and Mexico. They elected as their chairman Señor Alvarez del Vayo, a former Spanish Ambassador in Mexico.

refused to agree to a general armistice (which the four Powers stipulated as a condition of their acceptance of the Council's invitation), the Argentinian Government were of opinion that it would be better to terminate the negotiations than to expose themselves to a further rebuff. Argentina was persuaded, however, to give her support to a last effort to obtain agreement on a general formula, which was submitted to Bolivia and Paraguay on the 25th August. On the same day, the Brazilian Foreign Minister informed the League Secretariat that the four Governments were pursuing their negotiations 'in absolute unity of views and complete solidarity of sentiments', and that they hoped soon to be able to report agreement upon a 'preliminary conciliation formula' which would enable them to undertake the League's mission with a good prospect of success.¹

The formula of the 25th August provided that Bolivia and Paraguay should sign 'an instrument expressing their readiness to submit the whole question of the Chaco Boreal to legal arbitration'; that 'war-like operations' should be regarded as terminated by the signature of the agreement; that the two disputants should accept the 'moral guarantee' of the A.B.C.P. Powers for the execution of the plan; and that a conference should be held as soon as possible, under the auspices of those Powers and at a South-American capital to be agreed upon. Paraguay accepted this formula on the 8th September, but Bolivia raised difficulties over the interpretation of the term 'the whole question of the Chaco Boreal'. The Brazilian Foreign Minister suggested that, as a basis for discussion, the area in dispute should be considered to be the area bounded on the north by the 20th parallel, on the west by meridian 62°, and on the south and east by the rivers Pilcomayo and Paraguay, and that within this area the exact zone to be submitted to arbitration should be decided by agreement between the parties, or, failing agreement within thirty days, by the A.B.C.P. Powers. Bolivia, however, refused to accept the formula unless the whole area in dispute were restricted within narrower limits,² and the idea that the exact zone for arbitration might be determined by the A.B.C.P. Powers was abandoned. Paraguay, for her part, maintained that the 'whole area of the Chaco' could not 'properly be circumscribed to the area' suggested by Brazil, and that 'to admit such an hypothesis would be tantamount to reducing the

¹ The correspondence which passed between the League of Nations, the A.B.C.P. Group, Bolivia, and Paraguay during August and September 1933 is printed as an annex to the minutes of Part II of the seventy-sixth session of the Council and Part I of the seventy-seventh session in *League of Nations Official Journal*, November 1933 (second part).

² The western limit suggested was meridian 61°.

rights asserted by Paraguay while to a large extent allowing the Bolivian claims'. Further pressure on Bolivia to accept the formula of the 25th August unconditionally proved of no avail, and on the 1st October the four Powers were obliged to inform the President of the League Council that the negotiations had broken down and that they were unable to accept the invitation made to them on the 3rd August.¹

The failure of this attempt meant that two months had been wasted, and although the League Secretariat took steps immediately to reassemble the members of the Commission appointed by the Council on the 3rd July, it was not until the middle of November that the Commission reached its scene of action. Between the date of its arrival in South America and the third week of December the Commission visited Montevideo, Buenos Aires, Asuncion, the eastern part of the Chaco, and La Paz, and, after the acceptance by Bolivia of the truce proposed by Paraguay, it returned to Montevideo,² in which city the representatives of twenty American countries had been assembled since the beginning of December for the Seventh Pan-American Conference.

It was generally agreed that the meeting of representatives of all the American nations in conference afforded an opportunity for exercising moral pressure upon Bolivia and Paraguay which could not be neglected, but there was a strong feeling in some quarters that unofficial attempts at conciliation by individual members of the Conference would be preferable to official action by the Conference as a whole.³ The committee of the Conference which was appointed to deal with questions relating to the organization of peace did set up a sub-committee to determine whether the Conference was competent to take action in the Chaco dispute and, if so, the form which

¹ Towards the middle of October a meeting took place between the Presidents of Brazil and of Argentina, and they were said to have agreed upon a new peace formula which was submitted to Bolivia and Paraguay.

² As a result of the conversations in Asuncion and La Paz, the Commission suggested to the disputants on the 12th December a plan for the submission of their claims to the Permanent Court of International Justice, and for the suspension of fighting under international control. The measures suggested as guarantees of security included the withdrawal and demobilization of the two armies and the limitation of armaments for a period long enough to allow, not only of a settlement of the dispute, but of real pacification. The Argentinian suggestion for a conference on the improvement of Bolivia's and Paraguay's means of communication with the outer world (see p. 416 above and p. 426 below) also formed part of the plan. This proposal had not been accepted when Paraguay proposed a truce on the 18th December.

³ The Secretary of State of the United States, Mr. Cordell Hull, was reported to be a leading exponent of this view.

such action should take; but this sub-committee suspended its discussions in the second week of December when the President of Uruguay, Señor Terra, took upon himself the task of acting on behalf of the Conference as mediator between Bolivia and Paraguay and entered into conversations with the representatives of those two countries at the Montevideo Conference.

These negotiations threatened at first to break down because Bolivia still insisted upon arbitration of a pre-arranged zone and Paraguay upon 'integral' arbitration, but by this time the military situation in the Chaco had undergone a marked change, and the Paraguayan victory at Alihuata on the 10th December modified the attitude of both combatants. The Bolivian Government had to cope with serious unrest at home, which was intensified by the news from the Chaco, and they were more inclined than they had been at any previous stage to agree unconditionally to a peaceful settlement of the dispute. In Paraguay, on the other hand, military success greatly stimulated the popular demand for a final settlement of the whole dispute by force of arms. Nevertheless, on the 19th December,¹ President Ayala of Paraguay responded to an urgent appeal from President Terra² to both combatants to suspend hostilities immediately, by proposing an armistice which would begin at midnight on the 19th-20th December and continue until midnight on the 30th-31st December.³ The proposal was accepted by Bolivia, and for the first time for eighteen months⁴ peace reigned in the Chaco.

The news that a truce had been arranged was received with great rejoicing by the delegates who were assembled at Montevideo, and

¹ On the 15th December the Committee on the Organization of Peace of the Pan-American Conference had adopted a declaration offering the services of all the Governments represented at the Conference for the settlement of the dispute and putting it on record that the Conference was 'ready to co-operate with the League of Nations in the application of the Covenant'. (See section (i) of this part of the present volume, p. 340 above.)

² Mr. Hull was reported to have telegraphed to the President of Bolivia and Paraguay at the same time as Señor Terra and in the same sense.

³ On the 19th December the Paraguayan Army attained its immediate objective by capturing Fort Muñoz. In the light of the Paraguayan Government's subsequent attitude, it seems strange that they should have proposed a truce at a moment when their forces appeared to be well on the way to gaining a complete and crushing victory. In the communication of the 19th December from the President of Paraguay proposing the truce, stress was laid on the impossibility of giving 'proper care' to the large number of Bolivian prisoners as long as the fighting continued. The Paraguayan commander may also have considered it necessary to consolidate his advance before lengthening his lines of communication still further.

⁴ With the exception of the twenty-four hours' truce arranged at Christmas 1932 on the Pope's initiative.

it was confidently expected that the truce would be only the prelude to permanent peace. Many of the delegates felt less satisfaction, however, when they learnt that the peace negotiations were to take place under the auspices of the League of Nations Commission¹ and not under those of the Pan-American Conference;² and the prospect for a successful outcome of the negotiations was clouded from the outset by Bolivian accusations that Paraguay was not observing the terms of the truce—in particular that the capture of Fort Muñoz had taken place after, and not before, midnight on the 19th–20th December. Both sides ultimately agreed that the question of observance of the truce should be investigated by the League Commission, but valuable time was wasted in this controversy, and the members of the Commission, who did not reach Montevideo until the 23rd December, were able to do little more in the short time at their disposal than negotiate with the parties for a prolongation of the truce. It was now Paraguay and not Bolivia who made difficulties. The Paraguayan military authorities were convinced that the only satisfactory solution of the dispute would be provided by the definitive victory which they now believed to be within their reach, and they took the view that to prolong the truce would merely be to give Bolivia time to reorganize her forces and strengthen her position. With great reluctance, the Government at Asuncion agreed on the 29th December that the armistice should be extended for another week, but they declared that any further prolongation was out of the question unless Bolivia withdrew her troops from the Chaco altogether. Bolivia, meanwhile, had recovered from the first shock of her reverses in December and was no longer in a defeatist mood. General Kundt had been superseded, and the country was reported to be confident that the Bolivian forces, under their new commander, would soon wipe out the disgrace which they had suffered. During the week's extension of the truce, repeated efforts were made to find a formula which would prevent the resump-

¹ The President of Paraguay, in making his proposal for an armistice, had suggested that the League Commission should convene a meeting in a Rio de la Plata capital for the discussion of conditions of peace. The Commission chose Montevideo as the meeting-place.

² At the last session of the Conference, on the 26th December, a resolution was proposed by Mr. Hull, and adopted unanimously, calling upon the disputants to accept the mediation of the League Commission and agree upon terms of peace. The Conference also adopted an Argentinian resolution recommending that, if the League Commission thought it desirable, a conference should be held at Buenos Aires to discuss geographical and economic factors bearing on the Chaco dispute (see p. 416 above for the Mendoza Conference at which this project was first mooted).

tion of hostilities. Paraguay resisted all appeals to agree to the continuation of the armistice, nor would she listen to advice to make peace now on favourable terms and not to run the risk that a further advance of the Paraguayan Army would react to the advantage of Bolivia by shortening the latter's lines of communication at the same time as it lengthened those of Paraguay. The Paraguayan Government disregarded an intimation from the League Commission that if they persisted in their intransigence the report which the Commission was to submit to the League Council would clearly indicate that Paraguay was to blame for the breakdown of the peace negotiations, and a personal appeal which was made at the last moment by Señor Alvarez del Vayo, the President of the Commission, to President Ayala was said to have elicited the reply that the country was unanimously in favour of carrying military operations to a victorious conclusion and that if the Government were to yield to the Commission's wishes it would merely lead to revolution. In these circumstances neutral influences were powerless to avert the resumption of hostilities, and at midnight on the 6th–7th January, 1934, the truce came to an end.

Meanwhile, on the 29th December, 1933 (the day on which the Paraguayan Government agreed reluctantly to a week's extension of the truce), the British Government had suggested to the Argentinian Government that they should associate themselves with the efforts which were being made by the League Commission, and on the 6th January, 1934, a similar request was made by President Roosevelt. In response to these appeals, the Argentinian Government attempted to act as an intermediary between the Commission and the belligerents—on the basis, apparently, that an armistice of several months' duration should be agreed to, in order to permit of the renewal of negotiations and to give time for them to be carried to a successful conclusion. This proposal did not meet with approval, and by the middle of January 1934 the Argentinian Government had abandoned their latest attempt at mediation. A few days earlier the League Commission had sent a report to Geneva describing the failure of its efforts to secure agreement on the plan which it had put forward, explaining that it had intimated to Bolivia and Paraguay that in its view the continuance of negotiations was incompatible with the resumption of hostilities, and asking for instructions as to its future course of action. This report was considered on the 20th January by the League Council, which decided that the Commission should be instructed to continue negotiations with the object, if possible, of arranging another armistice. Accordingly, the Commission resumed

contact with the representatives of Bolivia and Paraguay in the last week of January 1934. The Paraguayan delegate, after consulting his Government, produced proposals for a treaty of security and peace, but these proposals were unacceptable to Bolivia, and the Commission decided to make a final effort to provide a solution by submitting its own proposals for a settlement. On the 22nd February the new proposals were handed to the representatives of Bolivia and Paraguay with the request that they should send their replies by the 1st March, and with an intimation that if those replies were unfavourable the Commission would deem its mission at an end.

The Commission's new plan was cast in the form of a draft treaty between Bolivia and Paraguay. Hostilities would cease within twenty-four hours of the coming into force of the treaty, and the withdrawal of the two armies from their existing positions would begin immediately and be completed within forty-five days. The Bolivian Army would withdraw to a line running from Villa Montes (about 130 miles farther up the Pilcomayo than Fort Ballivian) to Roboré, and the Paraguayan Army would withdraw about 250 miles to the River Paraguay. Demobilization of both armies would begin at the same time as the withdrawal; and after the expiration of three months, and until such time as the arbitral award fixing the frontier had been completely executed, the strength of either army was not to exceed 5,000 and no additional war material was to be acquired (except with the special permission of the Council of the League of Nations). Provisional arrangements would be made for policing the Chaco pending the execution of the award; the greater part of the whole area would be policed by Paraguay, but Bolivia would be responsible for a smaller section on the west, and there would be an intermediate section the policing of which would be the subject of a special agreement between the two parties.

In addition to these arrangements for bringing hostilities to an end, the Commission's proposal provided for a definitive settlement of the dispute by an award of the Permanent Court of International Justice fixing the frontier between the two countries. The full territorial claims of Bolivia and Paraguay were set out,¹ but it was suggested that, as a proof of a conciliatory spirit, either side should agree in the treaty to make certain concessions, on the understanding that such concessions should not 'in any way impair the intentions or legal claims' which the parties might submit to the Permanent Court and should not 'be adduced as a precedent having any legal or moral force whatsoever' if the draft treaty were not to come into force.

¹ See p. 393 above, footnote 3.

The concessions suggested were that Bolivia should waive the reservation on which she had insisted in the earlier negotiations to the effect that the territory between the Rivers Verde and Pilcomayo, which had been assigned to Paraguay under the Hayes award, should not be excluded from arbitration; while Paraguay would similarly waive the reservations which she had made concerning the zone north of Bahia Negra which had been assigned to Bolivia by the Treaty of Petropolis.¹

At the request of the League Commission, a special appeal to the disputants to accept this proposal was made by President Terra of Uruguay, but his pleading fell on deaf ears. The time-limit for the acceptance or rejection of the plan was extended at Bolivia's request, but by the end of the first week in March it was clear that neither party was ready to accept the proposal without substantial modification. Bolivia agreed that the Permanent Court should be asked to delimit the sovereignty of the two countries over the territory included in the maximum claims which they had advanced, but she was unwilling to waive her reservation regarding the Hayes award unless an equivalent area along the Paraguay River was similarly excluded from arbitration in her favour. Both countries appeared to consider that the proposed provisional arrangements were inequitable; and Paraguay, who held that if she were to withdraw to the Paraguay River she would be surrendering all the gains which she had won by her arms without any countervailing advantages, put forward counter-proposals which the Commission considered unacceptable.² There remained one last hope. Bolivia, in her reply to the Commission,

¹ In their subsequent report to the Council, the Commission explained their reasons for thinking that both parties would be wise if they made the concessions indicated. The Paraguayans considered that the Hayes award gave them an 'international title' to the possession of the Chaco south of the Rio Verde, and the advance of Bolivian posts down the Pilcomayo into this area was therefore regarded by them as 'a veritable act of conquest'. If Bolivia abandoned her claim to the Hayes zone the Commission believed that Paraguay 'would perhaps find it less difficult to accept arbitration for the rest of the Chaco'. On the other hand they suggested that Paraguay would do well not to 'encourage a policy of despair' in Bolivia by pressing her claim to territory north of the Bahia Negra. It was admitted that one of the causes of the war was Bolivia's desire for a direct outlet to the sea, but, in the opinion of some experts, it was by no means impossible for Bolivia to establish the ports which she required on the upper reaches of the Paraguay River, to which she had been given access by the Treaty of Petropolis. In the Commission's view it would be good policy for Paraguay to turn Bolivia's attention in the direction of this possibility by withdrawing her reservation regarding the validity of the Brazilian-Bolivian frontier.

² Amongst other Paraguayan proposals which the Commission rejected was one to the effect that they should undertake investigations into the questions of responsibility for the war and of alleged violations of international law.

suggested that direct negotiations between herself and Paraguay might give better results, and Paraguay intimated that, while she had not much faith in the efficacy of such negotiations, she was ready to accept the suggestion if the Commission considered that it offered any prospect of success. The Commission accordingly convened a meeting of Bolivian and Paraguayan representatives to discuss the possibilities of entering into direct negotiations under the Commission's auspices. On the 12th March it was announced that the attempt to find a basis on which direct negotiations could begin had broken down, and that the Commission's efforts to promote peace had therefore ended in complete failure. It was announced at the same time that the majority of the members of the Commission were returning to Europe without further delay, but that Dr. Buero, the Uruguayan member of the League Secretariat who had acted as secretary of the Commission, would remain in South America with authority to intervene on the Commission's behalf if he should consider such action desirable.

The members of the Commission left South America on the 14th March, and proceeded to prepare a report to the Council of the League of Nations on the result of their mission. The report, which was completed on the 9th May and issued on the 12th May,¹ was a lengthy document which reviewed the whole history of the dispute and the underlying geographical and economic factors, in addition to describing the Commission's unsuccessful efforts to bring the parties to an agreement. The opinion was expressed that the conflict—which was described as 'a singularly pitiless and horrible one'—was not likely to find a definite military issue, and stress was laid on the 'suffering and impoverishment' of both peoples, which were already severe and which were bound to become ever more serious if the war continued. The report also drew attention to the danger to other nations which the continuance of the war implied. It was 'impossible to predict that its effects' would 'remain localized. The soldiers coming home from the Chaco' had 'introduced malaria into centres hitherto immune; other and more serious diseases' might 'spread beyond the frontiers of the two countries; and fears' had 'been entertained . . . lest, despite the precautions taken by the neighbouring states, the war itself' should spread.

The Commission recommended that there should be no inquiry into the question of responsibility for the war so long as there was any possibility of a peaceful settlement; but that if it should be deemed advisable to make such an inquiry it should be as comprehensive as

¹ As League of Nations Publication VII. *Political*. 1934. VII: 1.

possible and should deal with the question of responsibility for the continuance of the war as well as for its outbreak.

Among the obstacles to a settlement which the Commission noted were the charges and counter-charges that embittered the conflict¹ and the hope which either party continued to cherish that the military situation was on the point of turning in its favour; and pointed reference was made to the difficulties of conducting peace negotiations when 'the calculations of general staffs' and 'the exacerbation of national *amour propre*' were 'brought into the examination of the possibilities of a legal settlement'.

The Commission expressed the opinion that the only hope of arresting the conflict lay in combined action 'by all the forces of peace, working together in harmony'. They considered it 'essential that a system of interventions from many quarters should come to an end—that there should no longer be a doorway through which the parties can leave one procedure for another and experiment with a fresh formula when the negotiations take a turn unsatisfactory to them. If the parties can feel that, even after the failure of the various efforts that have been made during these last two years, the League of Nations is not the final authority, but that they can still contemplate the possibility of intervention from some other quarter, the cause of peace will be gravely jeopardized.' In their view, the most useful action which the American nations could now take would be to rally in support of the draft treaty which the Commission had presented for the acceptance of Bolivia and Paraguay in February.

The passage of the report which attracted most attention was that which dealt with the supply of munitions. 'The armies engaged', the Commission reported, 'are using up-to-date material—aeroplanes, armoured cars, flame-projectors, quick-firing guns, machine-guns, and automatic rifles. The automatic weapons are available in great quantities, but the other arms are few. The arms and material of every kind are not manufactured locally, but are supplied to the belligerents by American and European countries.' In the concluding passages of the report the Commission pointed out that, if Bolivia and Paraguay could not be persuaded by the continued influence of all the forces of peace to accept 'an honourable and just settlement',

¹ On the subject of accusations of violation of the law of war, the Commission remarked that 'this war, like all others, has been accompanied by acts of violence contrary to the generally accepted rules of international law, and it is to be feared that, with the growing exasperation which may be expected if the struggle continues, the number of such acts will increase. . . . The only way of preventing the recurrence of inhuman acts of violence is to put an end to the war.'

'the neighbouring countries . . . could exercise a strict control over transit traffic as a complement to the control which the other nations could exercise over certain exports'.

The implication that a considerable share of the responsibility for the continuance of the conflict between Bolivia and Paraguay was incurred by the countries which supplied arms to those two states was underlined in an outspoken address which was broadcast from Geneva on the 13th May by Señor Alvarez del Vayo, the President of the Chaco Commission. The origins and motives of the conflict, said Señor Alvarez del Vayo, were to be found in the conflicting interests of foreign capitalists connected with concessions in the Chaco, with, 'as final motive, the inevitable lure of oil'. He pointed out that the American nations, in virtue of their signature of the Kellogg-Briand Pact and of the declaration of the 3rd August, 1932, were under an obligation to make a supreme effort to put an end to the carnage in the Chaco, and he appealed to them to form 'a single front' with the League of Nations in order that the joint action might be taken which, the Commission believed, would rapidly put an end to the war. Neither blind passion, enthusiasm, nor patriotism could by themselves keep a war going; and the continuation of the conflict could not be explained by the domestic manufacture of arms and munitions by either Bolivia or Paraguay. It was essential to draw the necessary conclusions from that fact. If the belligerents persisted in turning a deaf ear to the counsels of peace, the question of the supply of arms and munitions would indicate a new way of intervening in a concrete and effective manner.

When the Commission's report came before the League Council on the 17th May, it was at once evident that there was a strong body of opinion in favour of a fresh attempt to put an end to the conflict by cutting off the supply of arms. By this time, there could no longer be any doubt that Bolivia and Paraguay were not amenable to moral pressure, and the fact that neither of them possessed an arms factory of any kind made the exercise of compulsion by means of an arms embargo a matter of practical politics. It will be remembered that the earlier attempt which had been made, on French and British initiative, to arrange such an embargo had broken down; but in the meantime there had been signs in many of the countries concerned that public opinion was becoming increasingly sensitive on the question of the supply of munitions of war for private profit. This awakening of the public conscience was specially marked in the early months of 1934 in the United States, where certain organs of the Press were making sensational disclosures in regard to the activities of agents of

armament firms in fomenting war.¹ The trend of American opinion on this matter was of special importance, since the negotiations over a possible arms embargo in 1933 had broken down primarily for the reason that the President of the United States lacked the legislative authority necessary to enable him to impose such an embargo.

At the meeting of the League Council on the 17th May a strong lead in favour of prohibiting the export of arms to Bolivia and Paraguay was given by the British representative, Mr. Eden, and his proposal that the Governments whose co-operation was necessary and who were not represented on the Council should be invited by telegram to agree to an arms embargo received unconditional support from the representatives of France, Spain, and other countries. No definite action was taken, however, until any doubt as to the attitude of the United States Government had been removed. On the 19th May a resolution empowering the President to impose an embargo on the export of arms to Bolivia and Paraguay was introduced into the Congress at Washington with the Administration's support,² and on the 20th May Señor Castillo Najera, the chairman of the League Committee of Three (which had been instructed by the Council to resume its examination of the question of an arms embargo), despatched telegrams to the Governments of thirty-one other countries inquiring if they would be ready to participate in an embargo. On the same day the League Council adopted a resolution inviting the Governments of Bolivia and Paraguay to re-examine the solution proposed by the Chaco Commission and the arguments militating in favour of that solution and of the prompt re-establishment of peace. The Council decided to meet in extraordinary session in ten days' time in order to give the representatives of Bolivia and Paraguay an opportunity to state their views on the Commission's report.

When the Council met again on the 31st May, any lingering hope that the parties might be brought to accept a settlement on the lines suggested by the Chaco Commission was finally dispelled. The Bolivian delegate, indeed, declared that his Government were ready to

¹ On the 12th April the Senate of the United States decided on the appointment of a committee to conduct investigations into the operations of arms manufacturers (including their methods of promoting sales) and to consider the desirability of making the manufacture of armaments a government monopoly.

² The resolution dealt only with the particular case of the Chaco and did not supersede the earlier resolution, action on which was still pending, which would empower the President to forbid the export of arms at his discretion to any country engaged in a dispute (see the *Survey for 1932*, p. 297 n). In his message on the Chaco resolution, President Roosevelt also asked Congress to ratify the Geneva Arms Convention of 1925 (which had never come into force, owing to the lack of the necessary number of ratifications).

submit the dispute to the Permanent Court of International Justice, but the Paraguayan representative insisted that the question of security—that is, of providing guarantees against a resumption of hostilities once they had been broken off—must be settled before the substance of the problem could be dealt with by arbitration. The Bolivian delegate displayed much concern over the proposed arms embargo, which would, he declared, bear more hardly on Bolivia than on Paraguay for geographical reasons; and when the Paraguayan delegate had virtually rejected the proposal for an arbitral settlement, the representative of Bolivia requested the Council to take action in accordance with Article 15 of the Covenant. In the middle of June, Bolivia took the further step of asking that the dispute should be referred to the League Assembly under Article 15. The Secretariat of the League did not consider it necessary to summon a special session of the Assembly, but the question was placed on the agenda for the fifteenth (ordinary) session, which had been convoked for the 10th September, 1934.

The Bolivian Government's appeal to Article 15 did not have the result for which they hoped. The Council did not decide to suspend the attempt which had already been initiated to secure a general agreement among arms-exporting countries to prohibit the supply of arms to the disputants.¹ By the end of May, when the Council held its extraordinary session, the United States had prohibited the export of arms to Bolivia and Paraguay, and favourable replies to the Committee of Three's inquiry regarding a general embargo had been received from twenty-three of the thirty-one countries to which telegrams had been despatched on the 20th May. The resolution which had been introduced into the United States Congress on the 19th May was treated, at the request of the Administration, as a matter of special urgency,² and it passed the House of Representatives on the

¹ The question whether it was possible to proceed with the embargo after Bolivia had appealed under Article 15 was examined by legal experts, who decided that, as the embargo was a separate and independent measure which would be taken by Governments in their individual capacity and not by the Council of the League as a body, the invocation of Article 15 did not affect the situation.

² The haste with which the necessary steps were taken was attributed in some quarters to fear lest the Paraguayan attack on Fort Ballivian should prove successful and the Paraguayan Army should find the road open to the Bolivian oil-fields. In that event, the Administration at Washington might find itself in an awkward predicament, since the important American interests which would be affected by a Paraguayan seizure of oil concessions would no doubt expect intervention in their defence. This motive, however, might have been expected to operate with greater cogency at an earlier stage, before the Paraguayan advance was checked by the Bolivian stand east of Fort Ballivian.

23rd May and the Senate on the 24th, in both cases without a dissentient vote. The resolution empowered the President 'after consultation with the Governments of other American republics and with their co-operation, as well as that of such other Governments as he might deem necessary', to issue a proclamation prohibiting the sale in the United States¹ of arms or munitions to Bolivia or Paraguay 'or to any person, company or association acting in the interest of either country'. The prescribed consultation with the Governments of other American republics had begun as soon as the resolution was introduced into Congress. The Governments consulted were those of the four neighbours of Bolivia and Paraguay—Argentina, Brazil, Chile, and Peru²—and the point on which the discussions principally turned appears to have been the practicability of prohibiting the transit of munitions into the belligerent countries. On this question the A.B.C.P. Powers took the line that the onus of preventing supplies of munitions from reaching Bolivia and Paraguay must rest upon the exporting countries rather than upon them, but they promised their co-operation in enforcing the arms embargo. In regard to the co-operation of the other Governments with whom the Committee of

It may be noted that the Standard Oil Company of New Jersey thought it advisable towards the end of May to issue a *démenti* of rumours that it was giving financial support to Bolivia. The company declared that its attitude towards the Chaco dispute had been throughout 'one of the strictest neutrality'. It admitted that it had substantial investments in Bolivia and had expended large sums on development, but it denied the possession of property or interests in the disputed area. The Standard Oil Company of Bolivia, a subsidiary of the New Jersey Company, held, it was explained, a concession in south-eastern Bolivia, but the area involved was declared to be well outside the disputed territory.

¹ The embargo was on the sale and not on the export of arms because the United States had treaties with both Bolivia and Paraguay, dating from 1858 and 1859, by which the free movement of exports from the United States to those countries was guaranteed. On the 1st June, 1934, the Bolivian Government lodged a protest at Washington against the imposition of the embargo, which, they declared, contravened the provisions of the treaty of 1858, and would operate to the disadvantage of Bolivia owing to the internationalization of the Paraguay River. These allegations were denied in Mr. Secretary Hull's reply, which announced that the embargo would remain in force.

² In the middle of May the A.B.C.P. Powers were reported to be considering the possibility of making a fresh effort to bring Bolivia and Paraguay to agreement. The initiative was said to have come from Brazil and to have reflected a certain disappointment with the report of the League Commission, which, it was felt in some quarters of South America, did not contain sufficiently definite recommendations for ending the war. It was also said that the United States Government had intimated a desire to be associated with any measures that might be taken. Independent action appears to have been postponed pending the consideration of the Commission's report by the Council; and thereafter attention was concentrated on the embargo proposal.

Three at Geneva were in negotiation, President Roosevelt made it clear that he hoped that a general embargo would be imposed by international agreement, but that he was prepared in any case to take independent action; and on the 28th May he issued a proclamation making it unlawful for citizens of the United States to sell arms or munitions to Bolivia or Paraguay or to their agents.

Thus the principal obstacle which had stood in the way of imposing an embargo in 1933 was removed; but that did not mean that the Committee of Three at Geneva had completed its task. The majority of the states which had accepted the proposal by the end of May did so without reservations, but France, Great Britain, and Italy were among the minority which made their acceptance conditional on the participation of certain specified countries. Both the French and the British lists of countries included Germany, but Italy mentioned Japan and the U.S.S.R. as well, and also insisted that the embargo should not apply to current contracts. The German Government did not reply direct to the inquiry from the Committee of Three, but they let it be understood that, while they did not wish to enter into correspondence with the League of Nations on the subject, they were prepared to apply the embargo if it was generally accepted. As a result of the Italian reservation, special invitations to join in the embargo were despatched to the U.S.S.R. and to Japan early in June, and the Latvian Government were also asked to take part. This brought the total number of states which had been approached on the subject of the embargo up to thirty-five, including the United States. The Soviet Government agreed unconditionally to take the measures proposed, but the Japanese Government made a verbal reply, through their Consul-General in Geneva, to the effect that they were unwilling to be involved in any political action taken by the League. At the same time, it was pointed out that there had been no export of arms from Japan to either Bolivia or Paraguay and that there was little likelihood of such export in the future.

This intimation sufficed to dispose of one of the conditions which had been made by Italy, but a more serious obstacle to general agreement was presented by the other Italian reservation. The question of carrying out current contracts was considered by the Committee of Three at Geneva, and the suggestion was made that a definite and brief time-limit might be fixed for the exemption from the embargo of deliveries under existing contracts,¹ but no definite agreement had apparently been reached on this question by the middle of June, when

¹ Italy was reported at one time to be demanding that recurrent contracts should also be excluded from the embargo. This stipulation, if it had been

the Committee reported to the Council. By that time all the countries which had been approached had replied (Japan and Germany indirectly); twenty of them, including the United States, had agreed unconditionally to impose an embargo, while all the rest, except Japan, had agreed in principle to the proposal but had made reservations regarding the participation of specified countries. The Committee had drafted a form of declaration which was despatched to the Governments concerned with the request that they should now bind themselves definitely to prohibit the export of munitions to Bolivia and Paraguay.

In the meantime, the prohibition of export had already been put into force by several Governments in advance of general agreement. The action taken by the United States Government has been mentioned. Mexico had also informed the Committee of Three before the end of May that an embargo on the shipment of arms to Bolivia and Paraguay had been proclaimed, while Argentina and Brazil had reported that they had taken steps to prevent the transit of munitions across their frontiers. In Great Britain, licences for the export of munitions to Bolivia and Paraguay were withheld from the 9th May onwards, and similar measures were adopted by Denmark, Holland, and Switzerland during June. At the end of June, the British Government notified the Committee of Three that, while they were withholding licences, they were not prepared to sign a formal undertaking to prohibit export until the other states whose participation they considered indispensable had announced that they were willing to join in the embargo 'without reservations which must necessarily make it ineffective'. The British Government continued to refuse licences throughout July,¹ but they made it clear at the same time that they might feel obliged to reconsider their attitude, in the interests of British trade, if the enforcement of a general embargo continued to be postponed. In the last week of July, however, the principal remaining obstacle to general agreement was removed when the Italian Government withdrew their reservation regarding the fulfilment of current contracts and prohibited the export of munitions to Bolivia and Paraguay as from the 30th July. Thereupon, the French Government notified the Committee of Three that they were taking similar measures, while the British Government announced that they were now prepared to enforce the complete suspension of exports—that is, insisted upon, would have presented very serious difficulties, since recurrent contracts could not be dealt with on the basis of a time-limit.

¹ At the beginning of July the Government refused to license two ambulance aeroplanes which had been ordered by Paraguay, on the ground that, if the general embargo were enforced, it would apply to all kinds of aircraft.

they would put a stop to the export of all supplies, even of those for which licences had been granted before the 9th May—and suggested that all the other Governments concerned should be asked if they were ready to put the embargo into force without delay. Accordingly, the Committee of Three despatched yet another circular communication to the Governments, and by the middle of August affirmative replies had been received from about a dozen Governments. Thus there appeared at last to be a reasonable prospect of achieving that general embargo on the supply of munitions which had been indicated by the League's Chaco Commission as the most effective method of putting an end to the war between Bolivia and Paraguay.

(v) The Dispute between Colombia and Peru over Leticia

The dispute over Leticia which led to fighting between Colombia and Peru in the early months of 1933 proved less difficult to settle than the dispute between Bolivia and Paraguay which has been reviewed in the preceding section, and the Leticia conflict also differed from the Chaco conflict in the fact that responsibility for the state of virtual war which existed for some months was not divided between the disputants. In the Leticia case there could be no doubt from the outset that Peru alone was in the wrong. On the other hand, in one respect at least, Leticia presented an even graver menace to international peace than the Chaco because there was a greater danger that neighbouring countries might be drawn into the dispute. Both Ecuador and Brazil were directly interested in the state of affairs at Leticia: Ecuador because her own frontier with Peru had never been determined, and the Leticia corridor bordered upon the district to which both Ecuador and Peru laid claim;¹ and Brazil because Leticia was situated within a mile or two of the line which had been fixed in 1851 as the frontier between Brazil and Peru and because Peruvian and Colombian warships could only approach Leticia through Brazilian waters.

In the autumn of 1932 Leticia was still nothing but a village of about 300 inhabitants, but its potential importance was considerable. It was situated on the River Amazon, at a spot which was within easy reach of the confluence of several navigable rivers with the Amazon,

¹ See the *Survey for 1930*, pp. 436-7. Relations between Ecuador and Peru were traditionally unfriendly, and they had not improved since the implementation of the Colombian-Peruvian treaty of 1922 had virtually blocked Ecuador's access to the Amazon. Between Ecuador and Colombia, on the other hand, relations had been growing better for some years, and a stimulus to a closer *rapprochement* was provided by the development of international trade across the Ecuadorean-Colombian frontier.

and it was therefore capable of developing into one of the key points in the Upper Amazon Basin. In the third decade of the twentieth century the eastern slopes of the Andes and the region watered by the upper reaches of the Amazon and its tributaries were still to a large extent unexploited,¹ but Colombia, Ecuador, and Peru were beginning to realize the possibilities of this territory, which was rich in minerals, timber, and rubber, and which was also suitable for the cultivation of cotton and tobacco. Since the Upper Amazon Basin was cut off from the Pacific by the Andes, the possession of river ports which could be reached by ocean-going steamers from the Atlantic was a matter of great importance if the resources of the region were to be developed. The frontier between Colombia and Peru in the Upper Amazon Basin was in dispute up to the year 1922, but on the 24th March of that year a treaty was signed providing that the frontier should follow the Putumayo River except for a portion of territory at either end of the boundary line. At the western end Colombia recognized Peru's title to a small district on the north bank of the Putumayo known as the zone of San Miguel or Sucumbios, while at the eastern end Peru agreed to hand over to Colombia the 'Leticia Trapezium'—a narrow strip of territory running southward from the Putumayo to the Amazon, the eastern boundary of which was formed by the Brazilian frontier.² This treaty, which was known as the Salomon-Lozano Treaty, was ratified by Colombia in October 1925 and by Peru in December 1927. Ratifications were exchanged on the 29th May, 1928, and the treaty was registered with the League of Nations two months later. On the 14th March, 1930, a protocol was signed recording the fact that the actual demarcation of the boundary had been completed by a Mixed Commission.

Peruvian settlers in the corridor³ which was thus ceded to Colombia

¹ In the early years of the twentieth century the exploitation of the Putumayo River district by Peruvian rubber producers had created an international scandal. Allegations regarding the ill-treatment of natives were investigated by a Commission of Inquiry sent out from England, under the chairmanship of Sir Roger Casement, and the Commission's findings gave rise to great indignation, especially in the United States.

² Colombia laid claim to a portion of the territory to the east of Leticia which was under Brazilian control, and Brazil protested against the terms of the Colombian-Peruvian treaty. In March 1925, however, an arrangement was reached under the auspices of the Secretary of State of the United States by which Colombia waived her claim to Brazilian territory, and the two countries granted each other reciprocally the right of free navigation in perpetuity on the Amazon and its tributaries under their respective jurisdictions. (See the *Survey for 1925*, vol. ii, pp. 433-4.) A treaty incorporating these provisions was signed by Colombia and Brazil on the 15th November, 1928.

³ The Colombian Government declared that the Peruvian population of the whole Leticia Trapezium numbered less than 500.

and in the neighbouring province of Loreto appear to have resented the loss of Leticia, and in particular the inhabitants of Iquitos (a port on the Amazon about 250 miles above Leticia) felt that Colombia's possession of a port lower down the river damaged their interests.¹ During the night of the 31st August-1st September, 1932,² a group of armed Peruvians took possession of Leticia and hoisted the Peruvian flag. As the village was not garrisoned they met with no resistance, and they imprisoned and subsequently expelled the Colombian civil authorities. The occupation was later extended to cover the whole of the 'Leticia Trapezium'.

This *coup* appears to have taken the Government of Peru as well as that of Colombia by surprise, and at first the attitude adopted at Lima was that proper to a Government whose nationals had made an unprovoked attack upon the territory of a friendly state. 'When the attack on Leticia became known, the Peruvian Government at once informed the Colombian Government that it had nothing whatever to do with the planning or execution of these acts, which it deplored and condemned; at the same time, it offered its co-operation, as provided for in the existing treaties³ and rules of international law with regard to relations between neighbouring countries with a view to preventing persons coming from one country from disturbing peace in the other or taking part in subversive acts.'⁴ The Peruvian Government also declared explicitly at this stage that they recognized the validity of the Salomon-Lozano Treaty by which Colombia had acquired possession of Leticia.

The assailants, however, had the support of the military authorities in the province of Loreto, and when the Government at Lima realized that the Loretanos did not intend to give up their acquisition they changed their attitude. Señor Sanchez Cerro⁵ and his Government

¹ According to one report, the ringleader of the attack on Leticia was the owner of a ranch who had failed to sell his property to the Colombian authorities at a price which they considered exorbitant.

² This is the date given in the report adopted by the League of Nations Council on the 18th March, 1933 (see p. 451 below). In earlier accounts the date given was the 1st-2nd September, 1932.

³ Both Colombia and Peru were signatories of a treaty concluded at Caracas on the 18th July, 1911, between five American Republics, by which each contracting state undertook to refrain from assisting in any way movements of rebellion against another signatory state.

⁴ Communication, dated the 2nd January, 1933, from Señor Santos, the special representative of the Colombian Government in Europe, to the Secretary-General of the League of Nations (*League of Nations Official Journal*, April 1933, Part I, p. 545).

⁵ Señor Cerro had headed the military junta which overthrew Señor Leguía in August 1930, and although he had been obliged by another rising to make his escape to Europe early in 1931, he had returned to Peru later in the year

did not feel themselves sufficiently safe in the saddle to risk a revolt in Loreto, and they may even have calculated that complications with Colombia might serve to distract attention from troubles at home. At all events, within a few weeks of the *coup* at Leticia the Peruvian Government were taking the line that the Salomon-Lozano Treaty had been concluded under the dictatorship of Señor Leguía against the wishes of the Peruvian people, and that the seizure of Leticia was the outcome of a movement for national reintegration which the Government could not resist and which ought to be accepted by other countries in the same way as the seizure of Fiume by Italy and of Vilna by Poland had been accepted. Their suggestion was that the Salomon-Lozano Treaty ought to be revised in Peru's favour, and in support of this contention they alleged that Colombia had not fulfilled her part of the bargain and had not handed over the zone of San Miguel or Sucumbios which had been assigned to Peru at the western end of the frontier. Colombia denied that she had not carried out the provisions of the treaty in this respect, and declared that she had placed the zone at the disposal of Peru, who could occupy it when she wished.¹

The Peruvian Government seem to have hoped that they might be able to retain Leticia while avoiding the stigma of aggression, if they put into operation the existing machinery for the peaceful settlement of inter-American disputes. Both Peru and Colombia were signatories of the Pan-American Arbitration and Conciliation Conventions of 1923 and 1929² (though Colombia had not yet ratified the 1929 conventions), and at the end of September the Peruvian Government suggested that the Permanent Conciliation Commission which had been established at Washington in accordance with the treaties should undertake the task of mediation between Peru and Colombia and should arrange for arbitration of the dispute. This proposal was quashed by Colombia. In a note of the 12th October to the Permanent Conciliation Commission, the Colombian Government declared that the case was not suitable for arbitration, since the boundary established by the treaty of 1922 was not in dispute, and the problem was merely one of suppressing an insurrection in a portion of Colombian

and was elected President in October. Since his election he had had to deal with a Communist outbreak as well as with military intrigues and minor mutinies.

¹ The difficulty appears to have arisen because of Ecuador's unsettled claims in this region. Peru proposed, during the discussion of the Leticia affair at Geneva, that the question of the San Miguel zone should be referred to a Commission of Jurists, but this suggestion was not acted upon.

² See the *Survey for 1925*, vol. II, p. 409, and the *Survey for 1930*, pp. 376-81.

territory. They pointed out that this matter of internal policing would only take on an international complexion if the Peruvian Government upheld the seizure of Leticia and supported the raiders. A further proposal for a settlement by conciliation was made by Peru on the 20th October and was again rejected by Colombia.

Meanwhile the Colombian Government had been making preparations to reassert their authority in the Leticia Trapezium. While there was no recruiting or general mobilization, the issue of a special loan for national defence was sanctioned by the Colombian Congress in the third week of September,¹ and there were demonstrations against Peru in Bogotá. The task of expelling the intruders from Leticia was rendered extremely difficult by the inadequacy of communications between the Colombian capital and the Peruvian frontier. Although the distance from Bogotá to Leticia was not more than 400 miles, the journey, even in the dry season, took several weeks owing to the absence of roads. A road from Bogotá to Caucaya on the Putumayo River was under construction, and the work was pressed forward, but the transport of troops along this route would not be possible for some months, and the Government therefore decided in favour of a naval expedition, although their ships would have to pass through the Panamá Canal and make the long journey of over 2,000 miles up the Amazon before they would reach Leticia. By the end of December 1932 a small flotilla of gunboats and military transports had arrived at Pará at the mouth of the Amazon. At the same time, Peruvian reinforcements, which included a number of aeroplanes, were reported to be assembling near Leticia. By the end of the first week in January 1933 the Colombian expedition had reached Manáos, about half-way up the Amazon, but there it halted for some time—at the instance, it was reported, of the Brazilian Government.

The neighbours of Colombia and Peru had naturally been watching these developments with anxiety. Ecuador formally declared her neutrality in November, but at the same time the Government called up reserves, and the diplomatic representative of Ecuador in Washington was reported to have declared that his Government would go to war if necessary in order to protect their rights in the Amazon Basin. At the end of November Ecuador sent a communication to the League of Nations explaining her concern at the situation, and her determination to prevent any violation of her territory in the event of war between Colombia and Peru. A month later Ecuador also notified the Governments of the other American Republics that she would claim the right to be a party to any negotiations for revision of the 1922

¹ Similar measures were taken simultaneously in Peru.

treaty which might take place between Colombia and Peru. Brazil did not apparently think it necessary to make a formal declaration of neutrality, but when the despatch of a Colombian naval expedition up the Amazon was accompanied by indications that the Peruvians intended to offer forcible resistance to expulsion from Leticia, the Brazilian Government took steps to protect their neutrality by despatching warships and troops to Tabatinga, the nearest port to Leticia on the Brazilian side of the frontier. Moreover, Brazil did not confine herself to defence of her own interests, but also took active measures to promote a settlement between Peru and Colombia.¹ The Brazilian Government suggested to the Governments of Colombia and Peru that they should agree to the temporary administration of the 'Leticia Trapezium' by Brazil. The Peruvian Government was asked to 'give its entire moral support' to this proposal and to 'use its persuasive influence with its nationals' in order that the territory might be handed over to the Brazilian authorities, who would reinstate the deposed Colombian officials as soon as possible. 'In compensation', Colombia was asked to agree to enter into negotiations, immediately after she had regained possession of Leticia, 'for the purpose of considering the Salomon-Lozano Treaty in a broad spirit of conciliation'. This proposal was supported by the Governments of the United States, Argentina, Chile, and other American states, and also by the principal European Governments. It was accepted by Colombia, but Peru proposed modifications by which Brazil would continue to hold Leticia as long as the negotiations for a revision of the 1922 treaty were in progress and would undertake to return it to Peru if the negotiations broke down. This suggestion was unacceptable to both Brazil and Colombia, and on the 3rd February, 1933, the Brazilian Government notified the Peruvian Government that their attempt at conciliation was at an end. The Peruvian Government did not accept this decision as final but endeavoured to persuade the Brazilian Government to continue their mediation. Brazil then appears to have offered to hold Leticia for two months before handing it back to Colombia, but agreement could not be reached on this basis, and in the middle of February the Colombian Government announced that they considered Brazil's mediation at an end.

Meanwhile, during January, Colombia had asked for the intervention of the League of Nations and of the signatories of the Kellogg-Briand Pact. It has been mentioned that the situation at Leticia had

¹ The Chilean Government also made proposals for a solution in December, to which the Peruvian Government were reported to have replied that they were willing to accept the mediation of Brazil.

been brought to the notice of the League of Nations by Ecuador in November 1932, but it was not until the 2nd January, 1933, that the Colombian Government formally submitted their case to the League. By this time, the danger of a clash between the Peruvian and Colombian armed forces was becoming acute. On the 6th January the commander of the Peruvian army division at Iquitos had telegraphed to the commander of the Colombian expedition which was making its way up the Amazon warning him that 'military measures' had been taken in order to prevent 'any acts of hostility' against the Peruvians who were 'legitimately occupying the Leticia zone in virtue of the professed principles of the free determination of nationality'. On the 11th January, the Colombian Government brought this communication to the notice of the Peruvian Government and appealed to them 'to take all necessary measures to ensure that the Peruvian officials, forces or other agents' should not oppose the Colombian forces when the latter were engaged in the 'legitimate operations' of reoccupying Colombian territory and restoring the lawful authorities. The Colombian Government reiterated 'the assurances already given that, once Colombian sovereignty is restored at Leticia and in the adjacent territory, if there is then any other question which the Peruvian Government desires to discuss, the Colombian Government will be prepared to do so in a genuine spirit of conciliation'. In replying to this note on the 14th January, the Peruvian Government declared that there could be no question of their forcible retention of Leticia, since it was not they who were responsible for the occupation of the port, and that they did not desire the abrogation of the 1922 treaty but merely the modification of the frontier line established by it. They added, however, that 'the precautionary measures which the military authorities at Loreto were . . . obliged to adopt were the consequence of the large-scale preparations made by Colombia for forcibly overcoming the occupants of Leticia, who, in view of the fact that they were Peruvians and had been actuated by the desire to regain national territory, could not be abandoned to the uncertainty which threatened them'. The implications of this passage of the Peruvian note were underlined by a statement made by the Peruvian Ambassador in Washington on the 23rd January, to the effect that the Loretanos were determined to oppose any use of force by Colombia and that Peru could not stand by passively when the interests of Loreto were at stake. On the same day (the 23rd January) the Colombian naval expedition left Manáos and proceeded up-stream towards Leticia, and the Colombian Government despatched identical notes to the Government of the United States and to all the other

signatories of the Pact of Paris for the Renunciation of War (the 'Kellogg-Briand Pact') requesting them to remind Peru of her obligations under the Pact.

The Secretary of State of the United States took prompt action in response to this appeal.¹ After conferring with the diplomatic representatives of Great Britain, France, Japan, Italy, and Germany,² Mr. Stimson addressed a stiff note to the Peruvian Government on the 25th January, 1933. He pointed out that, while the Peruvian Government 'quite perceptibly' disavowed 'the taking and holding of Leticia', certain of their statements were 'unfortunately susceptible of the interpretation' that they would 'use force to support these invaders of Leticia and to prevent the Colombian authorities from re-establishing their authority in this Colombian territory'. Any attempt to obtain the modification of the Salomon-Lozano Treaty 'by a forcible and armed support of the illegal occupation of Leticia' would be a breach of the Kellogg-Briand Pact and 'would entail a denial of the benefits furnished by that pact to the signatory Power which violated it'. Mr. Stimson appealed once more to the Peruvian Government to accept the proposal put forward by Brazil and reminded them of the declaration which Peru and eighteen other American nations had signed on the 3rd August, 1932, in connexion with the Chaco dispute,³ whereby they had renounced the use of force for the solution of their controversies and as an instrument of national policy and had declared that they would not recognize the validity of territorial changes brought about by violent means.

On the 27th January Mr. Stimson took the significant step of transmitting to the League of Nations the text of his note of the 25th to Peru. This was the first occasion on which the Government of the United States had communicated direct with the League on any matter relating to the region to which the Monroe Doctrine applied, and Mr. Stimson's *démarche* was taken as an indication that the Administration at Washington would welcome any assistance which the League might be able to give in bringing the dispute over Leticia to an end. This attitude removed one of the principal difficulties which the League had experienced in handling other Latin-American disputes, and the establishment of co-operation between Geneva and Washington obviated the danger of a reproduction of the situation

¹ The other signatories of the Kellogg Pact confined themselves to supporting the Brazilian Government's proposal for a solution of the dispute.

² Mr. Stimson had adopted a similar procedure in 1929 before he intervened, in virtue of the Kellogg Pact, in the dispute between China and the U.S.S.R. over the Chinese Eastern Railway (see the *Survey for 1929*, p. 354).

³ See p. 407 above.

which had arisen in the case of the Chaco dispute, where Bolivia and Paraguay, by setting off one mediating agency against another, were able to resist all attempts to induce them to lay down their arms.

No immediate action had been taken by the League on receipt of the Colombian Government's communication of the 3rd January, but on the 14th January the Acting-President of the Council (Mr. Sean Lester of the Irish Free State) had telegraphed to the Governments of Peru and Colombia asking Peru to state her views and appealing to both Governments to refrain from any action which was not in strict conformity with the Covenant. This elicited a series of telegrams from Peru in which the Government declared that Peru was not the aggressor, since she was ready to negotiate for a friendly settlement. The Peruvian Government accused Colombia, whose naval forces were 'advancing against Leticia on the pretext that the question is a purely internal one', of 'aggressive designs' against 'defenceless Peruvians for the sole offence of claiming the right to decide their own nationality', and they asked the League 'to order the suspension of all measures of force'. In response to this request the question was placed on the agenda of the Council and was considered by that body on the 24th and 26th January, when representatives of the Colombian and Peruvian Governments were given a hearing. It was clear from the discussion that the members of the Council unanimously accepted the contention of Colombia that the restoration of her authority in Leticia was a matter of internal police action and condemned Peru's attempt to make the right of national self-determination an excuse for a flagrant act of aggression. At the same time, it was recognized that Peru had some justification for apprehension regarding the fate of her nationals in Leticia, and the telegrams which the Council decided to despatch to the disputants took this consideration into account. The Peruvian Government were reminded that it was the duty of Peru, as a member of the League, to 'refrain from any intervention by force on Colombian territory and to ensure . . . that the military forces of Peru should take no action beyond the defence of Peruvian territory and should not hinder Colombian authorities from the exercise of full sovereignty and jurisdiction in territory recognized by treaty to belong to Colombia'. The Colombian Government were asked 'not only to avoid the violation of Peruvian territory but to make clear to the Peruvian Government that it is not the intention of the Colombian Government to commit any such violation', and the Council also expressed the hope that the Colombian Government would 'exercise all possible clemency' and limit their action strictly to the preservation of order in their own territory.

The Council instructed the Committee of Three which had been set up to deal with the dispute between Bolivia and Paraguay to follow this dispute also and to take any further steps which might be possible to avert a collision between the armed forces of Colombia and Peru. The influence of the League, however, availed as little as that of the United States¹ to induce the Peruvian Government to take the necessary measures to ensure the peaceful reoccupation of Leticia by Colombia. In their reply to the Council's telegram of the 26th January, the Colombian Government gave the required assurances that they would not violate Peruvian territory and would exercise clemency; whereas the Peruvian Government, in their reply, continued to maintain that their attitude was purely defensive and that it could not 'be an obligation upon Peru not to interfere with the attack on Leticia where there are Peruvians who . . . have gone there to protest against the iniquity which separated them from their country of origin'. At the beginning of February, the Colombian flotilla lay at anchor off Tabatinga on the Brazilian side of the frontier, while the Leticia corridor was still occupied by armed Peruvians in considerable force, and Peruvian detachments were also posted along the Putumayo River. The Colombian warships were apparently unable to reach Leticia owing to the fact that the waters of the Amazon were unusually low, and by the middle of February they had left Tabatinga and were in Brazilian waters near Tarapacá—a small port on the Putumayo about eighty miles north of Leticia, which marked the north-east corner of the 'Leticia Trapezium', and which had been occupied by Peruvians shortly after the seizure of Leticia.

It was at Tarapacá that the first fighting took place on the 14th February. On that day, General Vasquez Cobo, who was in command of the Colombian expedition, summoned the Peruvians who were in occupation of Tarapacá to surrender the village without resistance. According to the Colombian version, the Peruvians replied by sending a number of aeroplanes which dropped bombs on the Colombian ships (which were still in Brazilian waters).² The Peruvian aeroplanes

¹ The reply of the Peruvian Government to Mr. Stimson's note of the 25th January had not been considered satisfactory in Washington, and Mr. Stimson had again appealed to Peru to accept the Brazilian proposal without modification, but this appeal produced no effect.

² After this incident, Brazil was reported to have notified both Colombia and Peru that she intended to take steps to prevent the violation of Brazilian territory and would, if necessary, close the Amazon to their ships. Earlier rumours that Brazil was contemplating the denunciation of the treaty of 1851 which guaranteed freedom of navigation on the Amazon had been contradicted. Colombia's right to send warships up the Amazon was guaranteed by the treaty of 1928 (see footnote 2 on p. 439 above).

were driven off, and the Colombian forces subsequently occupied Tarapacá. The Peruvian version was that the Colombian commander had been guilty of aggression because he had attacked Tarapacá, after delivering an ultimatum, at a moment when the Peruvian Government still hoped that a settlement would be reached as a result of Brazilian mediation.¹

After the fighting at Tarapacá, the Colombian Government broke off diplomatic relations with Peru, and for a time there seemed to be a grave danger that the conflict would develop on a serious scale. The Peruvian President attempted to stir up war feeling by appealing to patriots to defend the national honour and meet force with force; the Colombian Legation at Lima was sacked by a mob and the Minister had some difficulty in making his escape; and a large number of young Peruvians were subjected to intensive military training. In Colombia, also, there were indications of a growing feeling of hostility towards Peru and of a desire to settle the account by force of arms; but the Government were fully alive to the advantages which they derived from the general recognition of the excellence of their case, and they were anxious to avoid any action which might alienate sympathy from them. The affair at Tarapacá was promptly reported to the League of Nations by both Colombia and Peru, and on the 17th February the Colombian Government took the further step of invoking Article 15 of the Covenant.

An extraordinary session of the Council was summoned for the 21st February to deal with Colombia's application. The Peruvian Government did not instruct a representative to attend the meeting, and the absence of a Peruvian delegate could not fail to strengthen the Council's conviction that Peru was in the wrong. Indeed, since the issue was so clear, the feeling of the Council was that there need be little delay in carrying out the measures for which Article 15 of the Covenant provided. Under paragraph 3 of that article, however, the first duty of the Council was to 'endeavour to effect a settlement of the dispute', and the Committee of Three was accordingly asked to negotiate with the parties and try to find a formula for conciliation. After holding several meetings the Committee drew up a scheme which, it believed, would provide an equitable solution. It proposed that a Commission appointed by the League should take charge of the Leticia corridor, which would be evacuated by the Peruvians. Colombia would place forces at the disposal of the Commission for the maintenance of order in the territory, and these forces, which would

¹ The Peruvian Government stated that they did not receive the Colombian declaration that mediation was at an end until after the fighting at Tarapacá.

become international for the period of the negotiations, might be supplemented by other personnel at the Commission's discretion. Negotiations would be initiated without delay with a view to a 'just, lasting and satisfactory' solution of outstanding problems. Colombia and Peru would decide on the best method of carrying on these negotiations, and the Council would be ready to give its good offices in case of disagreement.

This proposal was submitted to Colombia and Peru on the 25th February and was accepted by Colombia on the 27th. On the same day, the Government of the United States sent an identic note to Peru and Colombia, giving their 'fullest support' to the Committee's proposal and describing it as 'a most straightforward helpful one which . . . should make possible a peaceful solution of the present controversy honourable to both Governments'. Thus one of the last acts of Mr. Hoover's Administration was to approve a proposal which involved the despatch of a League Commission to South America. The Peruvian delegate had asked the Committee of Three to grant him a few days' delay before answering their proposal, and the reply of the Peruvian Government had not yet been received on the 1st March, when the proposal was unanimously approved by the Council. Although this meeting was attended by a Peruvian delegate, his argument that some treaties ought to be abolished because they were immoral produced no effect.

When the Peruvian Government communicated their views on the Committee of Three's proposals a few days later, they took exception to the suggestion for the internationalization of Colombian forces and proposed instead that order should be maintained in the territory by the population itself. They also proposed that definite rules should be laid down for the conduct of the negotiations which were to be opened. These counter-proposals were rejected by Colombia, and the Committee of Three did not consider that they offered an acceptable basis of settlement. On the 8th March, therefore, the Council took note of the fact that the attempt to find a solution had failed and authorized the Committee of Three to proceed with the preparation of the report provided for in paragraph 4 of Article 15 of the Covenant.¹

This report was completed in a week and was published on the 17th March.² It reviewed the history of the events which had begun

¹ 'If the dispute is not . . . settled, the Council either unanimously or by a majority vote shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto.'

² League of Nations Document *C. 194. M. 91. 1933. VII*. The report was reproduced as an annex to the minutes of the extraordinary session of the

with the seizure of Leticia, set out the cases submitted by the two Governments, and described the various attempts which had been made to promote a peaceful settlement. In the conclusions relating to the dispute, Peru was clearly proclaimed the aggressor, since it was stated that her nationals, with the support of the military authorities at Loreto, had occupied territory which formed part of the Republic of Colombia in virtue of a treaty which, both parties agreed, was in force between them. The report also noted that Leticia was still in Peruvian hands, and that Peru had rejected the Council's proposals for the settlement of the dispute, which had been accepted by Colombia. In view of these conclusions, the report made the following recommendations:

The Council (1) seeing that the situation resulting from the presence of Peruvian forces in Colombian territory is incompatible with the principles of international law, with those of the Covenant of the League of Nations and the Pact of Paris, which are binding on the two parties, and to which the settlement of the dispute must conform; and that it is necessary to establish as speedily as possible a situation in harmony with those principles; and that, moreover, the Government of Colombia has accepted the proposals made by the Council in its telegram dated the 26th January, 1933, to the effect that the strictest precautions should be taken to avoid any violation of Peruvian territory and, in proceeding to the re-establishment of order, the Colombian authorities should show the requisite moderation; recommends the complete evacuation by the Peruvian forces of the territory contained in the Leticia Trapezium and the withdrawal of all support from the Peruvians who have occupied that area.

(2) Seeing that the Council has recognized the necessity for negotiations on the basis of the treaties in force between the parties for the purpose of discussing all the problems outstanding and the best manner of reaching a solution of them which shall be just, lasting and satisfactory; and that the discussion of these problems will include the examination of any legitimate Peruvian interests; recommends that the negotiations be begun and carried out with all expedition, as soon as suitable measures shall have been taken to carry out the first recommendations.

The report went on to announce the readiness of the Council 'to lend its good offices in case of disagreement as to any point either of procedure or of substance which may arise'. It appealed to the Members of the League of Nations to 'refrain from any act that might prejudice the execution or delay the application of these recommendations',¹ and it recalled the resolution adopted by the Assembly of the

Council which dealt with the dispute (*League of Nations Official Journal*, April 1933, Part I, pp. 598-609).

¹ Under paragraph 6 of Article 15 of the Covenant, if a report by the Council was 'unanimously agreed to by the members . . . other than the representatives of one or more of the parties to the dispute', the Members of the League were

League on the 11th March, 1932, declaring it incumbent upon Members of the League not to recognize any situation brought about by means contrary to the Covenant or to the Pact of Paris.¹ It also recalled the declaration signed on the 3rd August, 1932, by which nineteen American states gave a similar undertaking.²

This report was adopted unanimously by the Council, by roll call, on the 18th March. It was accepted by the Colombian delegate, Señor Santos, on behalf of his Government, but the Peruvian delegate, Señor Calderon, voted against it and left the Council table when it was carried over his head. After it had adopted the report prepared by the Committee of Three, the Council also adopted a resolution noting that it was entitled, in virtue of paragraph 4 of Article 4 of the Covenant, to deal 'with any question affecting the peace of the World' and that it therefore could not 'withhold its attention from developments in the dispute between Colombia and Peru'. Accordingly, it decided to appoint an Advisory Committee 'to watch the situation, assist the Council in the performance of its duties under Article 4, paragraph 4, and help the Members of the League for the same purpose to concert their action and their attitude among themselves and with non-member states'. This committee was to consist of representatives of all the members of the Council (except Japan),³ and the United States and Brazil were also to be invited to collaborate in its work 'in the manner they shall consider the most appropriate'. These invitations were despatched immediately, and on the same day (the 18th March) the Government of the United States agreed to nominate an observer to participate in the work of the Committee without the right to vote.⁴ The Brazilian Government accepted the invitation, on the same terms, on the 24th March.

The Advisory Committee, of which Mr. Sean Lester was appointed chairman, held its first meeting on the 22nd March and discussed the possibility of putting an arms embargo into force against Peru if that

bound not to 'go to war with any party to the dispute which' complied 'with the recommendations of the report'. This negative obligation was the only one explicitly imposed upon Members of the League by Article 15, but the sanctions of Article 16 were, of course, in reserve for application against the state which resorted to war in disregard of its covenants under Articles 12, 13, or 15.

¹ See the *Survey for 1932*, pp. 578-80.

² See p. 407 above.

³ For the position of Japan, see the present volume, Part IV, section (iv).

⁴ According to a report published in the American Press, it was 'made clear' at Washington on the 18th March that President Roosevelt would be 'glad to have the assistance of the League in matters of concern' in the American hemisphere. The acceptance of the League's invitation to collaborate with the Advisory Committee confirmed the indications that the new Administration intended to carry on the policy of their predecessors in this respect.

country continued to take action in contradiction to the Council's recommendations. The same difficulty was encountered as in the case of the proposal to prohibit the export of arms to Bolivia and Paraguay¹—the difficulty, that is, that the Government of the United States could not take part in measures of this kind so long as the resolution empowering the President to declare an embargo was pending in Congress. In these circumstances, the Advisory Committee was unable to take any decision on an embargo, but the members undertook to consult their Governments and ascertain if they would be prepared in principle to prohibit the delivery of arms to Peru. In the meantime sporadic fighting was going on in the neighbourhood of Leticia, and on the 26th March Colombian troops captured the Peruvian post of Guepi, on the Putumayo River, more than 300 miles west of the Leticia corridor. By this time, the road between Bogotá and the Putumayo River at Caucaya was complete, and the Colombian Government had been able to send troops to the frontier in considerable strength. Guepi was on the southern bank of the Putumayo and was therefore indisputably in Peruvian territory,² and although the Colombian version was that its capture had been rendered necessary by the acts of hostility which its garrison had been committing for several weeks against the Colombian forces on the opposite bank, there appeared to be grounds for apprehension that Colombia had made the first move in a general offensive against Peru, with the capture of Iquitos as the first objective.³ The Peruvian Government asked that a meeting of the Advisory Committee should be held to consider the hostile acts committed by Colombia in Peruvian territory, but they can have derived little satisfaction from the result of this *démarche*. The Advisory Committee, which met on the 5th April, took the line that it had not sufficient information before it to determine finally the question of responsibility for the Guepi incident, but that it was clear that the incident would not have arisen if Peru had carried out the recommendations contained in the Council's report of the 18th March. The Committee also instructed its chairman to continue to keep in touch with the representatives of Colombia and Peru, in the hope that it might prove possible to apply the Council's recommendations in co-operation with the parties to the dispute.

During April occasional fighting was reported from the neighbour-

¹ See pp. 418-19 above.

² The 1922 treaty had fixed the frontier along the 'thalweg' of the river.

³ In one Colombian journal, the taking of Guepi was described as the opening of a phase of punishment and reparation.

hood of the Putumayo River and the Colombian troops occupied certain other Peruvian posts, but no general offensive was launched by Colombia, and the next serious development was the result of Peruvian initiative. On the 3rd May, a Peruvian cruiser and two submarines passed through the Panamá Canal, apparently *en route* for the Amazon, and the Advisory Committee held a series of meetings beginning on the 6th May to consider the situation. In reply to inquiries from the Committee the Peruvian Government admitted that the ships were bound for the Upper Amazon, whereupon the Committee informed Peru that in their opinion it was not desirable that the ships should proceed on their way. The Committee also considered the possibility of arranging that the Peruvian ships should not be given facilities at foreign ports, and drafted recommendations to this effect for transmission to the Powers concerned. Before a decision had been reached on these recommendations,¹ however, the whole situation was altered by the announcement that direct negotiations for a settlement had begun between Colombia and Peru.

The reason for this change in the position was to be found in internal developments in Peru. On the 30th April Señor Sanchez Cerro had been assassinated, and his death revealed the extent to which the unpopularity of his régime had been increased by his attitude on the Leticia affair and the intensive military preparations to which that attitude had given rise.² Señor Cerro's successor as President was General Benavides, who had formerly acted as his country's diplomatic representative in London. The accident that Señor Alfredo Lopez, the leader of the Colombian Liberal Party, had

¹ On the 11th May, the British Government received a request for permission for the three Peruvian warships to visit Trinidad. The Governor of Trinidad was immediately instructed not to grant facilities to the ships pending the receipt of further instructions, for which he was to ask on their arrival. The ships, however, reached Trinidad earlier than had been expected, and they had already been permitted to refuel before the Governor received the instructions to withhold facilities for the time being. The House of Commons at Westminster was subsequently informed that the British delegate at Geneva had been instructed to say that the Government would view with misgivings the taking of any steps not in conformity with the recognized international practice in dealing with the warships of a friendly Power which is not a belligerent. Such a measure would in effect be a form of sanction not taken under Article 16 of the Covenant and apparently without precedent. At the same time the Government would be prepared to accept the recommendations drafted by the Advisory Committee subject to certain minor modifications, to the reservation that no precedent was being created, and to the acceptance of the proposal by the Governments of the Netherlands and Venezuela as well as by the Governments represented on the Advisory Committee.

² There were said to be 30,000 young Peruvians undergoing military training at the time of Señor Cerro's death.

been the Colombian Minister in London at the same time, and that he and General Benavides were on friendly terms, was now turned to good account. Señor Lopez undertook to sound the new Peruvian President as to the possibility of a settlement, with the happy result that Peru and Colombia found themselves able to agree on procedure for putting into effect the recommendations contained in the Council's report of the 18th March.

This procedure had been suggested by Mr. Lester, the chairman of the League's Advisory Committee, who had been conducting negotiations with representatives of Colombia and Peru at Geneva during April. His suggestions involved certain modifications in the original proposals relating to the temporary administration of Leticia by a League Commission: in particular, the Commission, whose term of office was not to exceed a year, would itself select the military forces which were to maintain order in the territory, and the Colombian Government would take upon itself the expenses of the Commission. Colombia was at first somewhat reluctant to agree to Mr. Lester's suggestions, but the Government accepted them in the second week of May, and on the 25th May, at a meeting of the League Council, the representatives of Colombia and Peru signed on behalf of their respective Governments a document recording their acceptance of the Council's recommendations of the 18th March and of the procedure suggested for putting those recommendations into force. In accepting the Council's proposals, the two Governments undertook to give orders that all acts of hostility should cease on either side and that the military forces of either country should remain strictly within its frontiers. It was understood that the Colombian forces which had occupied Guepi and other posts on the Peruvian bank of the River Putumayo would evacuate those posts simultaneously with the Peruvian evacuation of Leticia.¹

It was decided that the Commission which was to administer Leticia should consist of three members—nationals respectively of the United States, Brazil, and Spain—with a member of the League Secretariat as its secretary. The Commission was constituted without delay (the instrument signed on the 25th May stipulated that it should reach Leticia within thirty days), and it held its first meeting at Tefe in Brazil on the 19th June, when the American member, Colonel Arthur Brown, was elected chairman. The Commission reached Leticia on the morning of the 23rd June and the evacuation

¹ This understanding was recorded in a letter addressed by Mr. Lester, as chairman of the Advisory Committee, to the representatives of Colombia and Peru.

of the Peruvian troops was completed by 3 p.m. on the same day. At the same time, the Colombian troops handed over to the Peruvian authorities Guepi and the other Peruvian posts which they had occupied.

It remained to arrange for the opening of the negotiations on problems outstanding between Colombia and Peru, the holding of which had formed an integral part of the plan recommended by the League Council. The place and date of the conference were the subject of considerable discussion during July and August, but by the end of August it had been decided that the negotiations should begin at Rio de Janeiro in October 1933. In September, Ecuador put forward a claim to be admitted to the conference. The Colombian Government were reported to be in favour of allowing Ecuador to take part in the proceedings, which would thus become a general conference for the settlement of all territorial differences in the Amazon basin, but Peru wished to confine the discussions to the revision of the Colombian-Peruvian frontier, and when the negotiations were formally opened in Rio de Janeiro, towards the end of October, no representative of Ecuador was present.

The negotiations, which were conducted under the presidency of Senhor Mello Franco, the Brazilian Foreign Minister,¹ proceeded somewhat slowly, and in April 1934, when the conference had been in progress for six months, it became necessary to consider the question of what steps were to be taken if no agreement was reached before the 23rd June—the date on which the year's mandate of the League Commission at Leticia was due to expire. A general feeling of uneasiness in regard to the position which would arise in June was augmented by reports that both countries, while they did not cease to proclaim their desire for peace, were in fact increasing their armaments and making other preparations which appeared to indicate that they contemplated a resumption of hostilities.² The Peruvian Government suggested that the League Commission's mandate should be prolonged for another six months, in order to give time for the negotiations to reach a successful conclusion; but the Colombian

¹ Senhor Mello Franco continued to act as chairman of the Conference after his resignation from the Cabinet in January 1934.

² The Colombian Government, for instance, engaged fifty American citizens to act as aviation instructors, and a number of British ex-naval officers and naval ratings were also engaged to man two destroyers which were purchased by Colombia in Great Britain. The undesirability of these British subjects entering into contracts with the Colombian Government at a time when the controversy over Leticia was still unsettled and might lead to further hostilities was emphasized in a series of parliamentary questions put by Mr. G. le M. Mander in the House of Commons at Westminster in May 1934.

Government were unwilling to accept a proposal which would postpone the re-establishment of Colombian sovereignty over Leticia. Colombia's suggestion was that the League Commission should hand over the territory to the Colombian authorities on the 23rd June, and that Leticia should be occupied by Colombian troops before that date, in order to guard against a *coup* from the Peruvian side. A Colombian force of 1,650 men was actually despatched to the disputed area by the sea and river route and reached Trinidad in the third week of May.¹

Meanwhile, on the 12th April, the situation had been discussed at Geneva by the Advisory Committee which had been appointed by the Council in March 1933.² The chairman of the Committee, Señor Castillo Najera of Mexico, explained that the relations between Colombia and Peru could not be considered satisfactory and that there was reason to fear that the negotiations at Rio de Janeiro would not result in agreement before the 23rd June. The Brazilian representative, however, was able to tell the Committee that, in his Government's belief, the negotiations might be successfully concluded in the course of the next few weeks; and in the light of his information the Committee decided to postpone its decision in regard to the prolongation of the League Commission's mandate.

In the event, the Brazilian Government's hope was justified. On the 19th May the representatives of Colombia and Peru accepted a formula which had been put forward by Senhor Mello Franco, and on the 24th May a 'Protocol of Friendship and Co-operation' was signed at Rio de Janeiro.³ In this agreement, Peru expressed regret for the incidents which had taken place since the 1st September, 1932, and the two countries recorded their intention of resuming diplomatic relations. The validity of the treaty of the 24th March, 1922, was explicitly confirmed, and it was laid down that its terms could only be modified by mutual consent or by arbitral decision. Negotiations would be opened, through the normal diplomatic channels, for the settlement of all outstanding differences, and the two countries undertook to conclude agreements relating to customs, trade, river navigation, the protection of settlers, and other questions arising in the Amazon and Putumayo basins. A mixed commission with a Brazilian chairman would be appointed to promote the conclusion of these agreements. A technical commission was also to be appointed

¹ When agreement was reached at Rio de Janeiro this Colombian force was instructed to remain provisionally in Brazilian waters.

² See p. 451 above.

³ The text was published in the *Bulletin of the Pan American Union*, August 1934.

to draw up an agreement for the demilitarization of the Colombian-Peruvian frontier. The two countries bound themselves not to make war, nor to employ force either directly or indirectly as a means of settling any differences between them, and they agreed that such differences, if they could not be settled by the ordinary methods of diplomacy, should be referred for decision to the Permanent Court of International Justice. The agreement was to be subject to ratification, but it was stipulated that the exchange of ratifications should take place not later than the 31st December, 1934.

The signature of this agreement appeared definitely to obviate the danger that Peru and Colombia might again resort to arms for the settlement of their dispute over Leticia; and the successful conclusion of the Rio de Janeiro Conference was acclaimed as a triumph of the spirit of conciliation and common sense. The success was attributed in no small degree to the tact and patience of Senhor Mello Franco, and he shared in the congratulations which were despatched to the Governments of Peru and Colombia from all quarters. The Council of the League of Nations, which was in session at Geneva when the news that agreement had been reached was made public, also felt entitled to congratulate itself on a settlement which had been reached as a result of its intervention and which proved that 'League methods' were still of some avail in a troubled world. Indeed, even though the bone of contention between Peru and Colombia was merely a remote South American village, the peaceful settlement of their dispute was considered with good reason to be a matter for general rejoicing; for in May 1934, when the future peace of the World was trembling in the balance, any victory won by the spirit of peace, however insignificant it might have seemed in happier times, acquired a symbolic importance as a favourable omen.

PART IV THE FAR EAST

(i) Introductory Note

IN the region comprised in the Far East and the Pacific, a survey of international affairs in 1933, as in previous years, has three necessary aspects: first, a record of local international relations within the limits of the area; second, an account of the repercussions of these regional events upon the life of the World at large; and, third, some notice of the internal affairs of certain countries within the region, in so far as an appreciation of these domestic events may be indispensable for an understanding of the international affairs in which these countries are implicated.

In this year, as in previous years, the two countries whose internal histories come into question most prominently are China and Japan; but, as between the two, there is a significant change of emphasis. From an international standpoint, the internal affairs of China now recede into the background, and it is the internal life of Japan that now claims the major part of the observer's attention. The internal affairs of the Philippine Islands also demand attention, on account of their bearing upon the prospect of a loosening, or even a severance, of the existing ties between the Philippines and the United States; for this severance, if it eventually occurred, could hardly fail to have an important effect upon the balance of power in the Pacific.

In the field of regional international relations, Sino-Japanese hostilities and Russo-Japanese tension both still play a prominent part; but, in 1933, the importance of Sino-Japanese hostilities dwindles, for the time being, to vanishing-point after the armistice that follows the Japanese conquest of Jehol, whereas the Russo-Japanese tension threatens to break out into war. Moreover, in this field, Russo-American and Japanese-American relations begin, in 1933, to play a more important part. The establishment of diplomatic relations between the United States and the U.S.S.R., and the outbreak of competition in naval construction (albeit within the limits of existing treaties) between the United States and Japan, are two of the outstanding events of the year.

Finally, in the world-wide field, the year 1933 sees the effects of Japanese militancy ramifying far and wide, and this on the economic as well as on the military and political planes. On the political plane, the Sino-Japanese conflict in the Far East leads at last, at Geneva, to a formal condemnation of Japan as the aggressor—a verdict to

which Japan retorts by serving notice of intention to secede from the League. The Japanese pressure upon the U.S.S.R. in the Far East, reinforced by the hostile and menacing attitude of a National-Socialist Germany on the Soviet Union's opposite flank, creates such alarm in the minds of the statesmen at Moscow that they decide to give a new turn to their foreign policy—a change which has rapid and profound effects upon the whole international situation in Europe and in the Pacific alike. In the third place, the economic and financial straits of Japan, working together with the depreciation of the yen, in which this stringency is reflected, give both a stimulus to, and an opportunity for, Japanese industry to reap the reward of its admirable efficiency by flooding the World-market with Japanese textiles and other Japanese manufactures;¹ and this formidable Japanese economic offensive has important political consequences. The pressure of Japan upon Lancashire induces the Government of the United Kingdom to take defensive measures against Japan which they have previously refused to take in defence of the collective system of national and international security;² and the Governments of India and Italy,

¹ The already achieved efficiency of Japanese industry was, of course, the fundamental cause of the Japanese success in the World-market in these years. For many years past, Japanese industry had been perfecting itself by the strenuous exercise of a rare combination of intellectual and moral virtues: skill and energy and determination; methodicalness and foresight; and, above all, co-operation between the industrialists themselves and between industry and the Government. Without this long previous development, the stimulus and opportunity of the World Economic Depression would assuredly have been offered to Japanese industry without result. Stringency, depreciation, and low wages were not the cause of Japanese success, but only the occasion.

² It was one of the paradoxes of an age of transition that acts of economic war on the part of one state against another, of the kind envisaged in Article 16 of the Covenant as economic sanctions, were traditionally regarded as legitimate and warrantable, and therefore as not offensively unfriendly, so long as they were committed *bonâ fide* in pursuit of crude and unenlightened material self-interest. In these circumstances, one state could inflict even extreme economic injury upon another state with impunity, thanks to the established convention that such action, from such motives, was a matter of right which could not reasonably be resented. On the other hand, hostile economic action of this kind was widely believed, at the time, to involve the risk of war if it were taken on the grounds contemplated in Article 16 of the Covenant, because the new principle of international solidarity, on which the Covenant was based, had not yet been popularly apprehended and accepted, so that any action taken on the strength of it was still apt to be resented as offensively aggressive by the nation against whom it was directed, and deprecated as dangerously meddling by the constituents of the Government which was applying the sanctions. Objectively, of course, the Covenant was a new instrument for the pursuit of self-interest in the new circumstances of a World in which international solidarity had become the paramount objective fact; and the pursuit of self-interest through the collective system could not seriously be condemned on account of its being enlightened!

for whom the dangers of Japanese military, or even naval, aggression still remain remote, are awakened to a painful consciousness of Japanese militancy by the cries of distress which now begin to be heard from the cotton industry of Bombay and from the silk and rayon industry of Lombardy.

This sweeping Japanese offensive in the World-market, and the counter-measures provoked by it, are dealt with in another part of this volume.¹ The other matters touched upon in the present introductory note are all discussed, in greater detail, in one or other of the sections that here follow.

(ii) Internal Developments in China and Japan

If the idea that the Western World could limit its attention to its own problems and ignore, or regard with merely academic interest, events in the other hemisphere, survived in any degree the disturbances in the Far East in 1931 and 1932, such an illusion must have been finally dispelled by the developments in 1933.

There was, it is true, in this year less clashing of arms and explosion of bombs, and the situation in Manchuria, on a short view of the facts, appeared to be settling down in the manner of *faits accomplis*. But though the storm-clouds did not discharge with the same violence locally as in the two preceding years, they spread over an increasingly wide horizon. Moscow and Tokyo, on the one side, were brought to a state of tension capable at any moment of developing into war, while the popular state of feeling between Japan and the United States deteriorated to a point at which there was some revival of the talk, current ten years before, of an impending Japanese-American conflict. In Japan itself the prevailing apprehension was reflected in the demands of public speakers for military preparations to meet 'the crisis of 1935-1936'; and there were indications from the Government of a determination to increase Japan's proportional armament in order to appease a growing sense of insecurity. An intensified competition from Japanese manufactures in international markets, and the reactions to this in the industrial centres of the West, helped further to darken the atmosphere in the Far East.

In the year 1933, China, which had latterly been the focus of attention in Far Eastern affairs, was pursuing a rather more detached course of her own. In 1933 the repercussions in China of Japan's *coup* in Manchuria were, for the most part, local and on a diminishing scale. This did not necessarily imply that the wound inflicted on China by the amputation of her four North-Eastern Provinces had

¹ Part I, section (ii) (h).

as yet even partially healed; but the effects of this wound on the life of the Chinese body politic were at any rate not strikingly apparent to the eye of an outside observer. The history of China in 1933 might indeed have followed almost the same course if the Manchurian crisis had never arisen; and those who expected to see political reintegration in China make a rapid advance under the stimulus of aggression from outside were disappointed in their hopes. If, beneath the surface, there were forces gathering strength which had not yet reacted on public affairs at the time of writing, the record of them must await their emergence on the political plane. The events of the year 1933 in China must, therefore, be viewed not so much in their immediate relation to the Far Eastern situation in its momentary shape as from the point of view of China's slow evolution into an 'organized state'—to use the description which was denied to the China of the day by Japan in the Manchurian controversy. China's record in this respect would seem to be the more important as it became increasingly clear that upon her ability to achieve unity and strength, and upon her speed in achieving it, might depend her immunity from further assaults on her sovereignty and territorial integrity.

China's internal conditions in 1933 were still mainly determined by the Central Government's relations with the various regional parties and individual chiefs. In Northern China the position was complicated by pressure from outside. Marshal Chang Hsüeh-liang, Governor of Hopei Province—the key province in the North—had incurred the particular displeasure of the Japanese authorities when ruler of Manchuria, and this enmity had followed him to Peiping. At the same time he and his troops had been discredited in Chinese popular opinion by their pitiable collapse in the face of the Japanese attack in the autumn of 1931. When, therefore, fighting was resumed in Jehol and along the Hopei border early in 1933, 'the Young Marshal' was ill qualified either for putting himself at the head of a resistance to the Japanese and 'Manchukuo' troops or for negotiating terms of peace; and within a few days of the fall of Jehol city he resigned his post and retired to Shanghai *en route* for Europe. The breach was filled by Chiang Kai-shek taking temporary charge on the spot and appointing his War Minister Ho Ying-ch'ing to the command of the northern armies. Shortly after this, General Huang Fu, a former Minister for Foreign Affairs and *persona grata* to the Japanese, was sent to assist in the *pourparlers* for a truce, and in June he became chairman of the Peiping Political Council, in which capacity he remained in civil control of the northern area during the rest of the year.

So smooth a change-over in the Government at Peiping, with the unopposed appointment of Nanking's own nominees, marked a distinct advance from the state of affairs of a few years previously, even allowing for the fact that, without support from Nanking, no Chinese military commander would at this time have been likely to covet Peiping—unless he were ready to throw in his lot with 'Manchukuo' and Japan.

The authority of the Central Government was half-heartedly challenged later in the summer by the veteran rebel Fêng Yü-hsiang and one of his former Generals, Fang Chen-wu, who entered on minor 'anti-Japan' campaigns, against the orders of Nanking. The movements subsided for lack of support, and 'the Christian General' returned to his habitual asylum on the Sacred Mountain in Shantung. The ruler of that important province, General Han Fu-ch'u, continued loyal, though independent; and as other former recalcitrants, in particular Wu P'ei-fu and Governor Yen of Shansi, remained quiescent, the Northern *status quo* in general underwent little change throughout the year.

Meanwhile, from the South, the Central Government had to face first virulent criticism and later a revolution. The breach between Nanking and Canton, which had not been closed by the wave of patriotic feeling induced by Japanese aggression in 1931 and 1932, was now kept wide open by the hostility of the South-Western Political Council towards Chiang Kai-shek in person—a bitterness which was especially intense in the case of his former colleague and subsequent prisoner Hu Han-min, who was now residing in Hong-kong. Good individual relations between Chiang and the Canton military Governor-General Ch'en Ch'i-t'ang, cemented by financial assistance and by an accommodating attitude on the part of Nanking towards Canton's pretensions to local autonomy, served to prevent an open conflict. But, though the Canton Government itself refrained from positive separatist action, Nanking had to submit to public denunciation over the truce with Japan and the 'cotton and wheat' loan which was negotiated with the United States. It was Cantonese opposition also which prevented the holding of a National Congress of the Kuomintang, fixed for July, and thus blocked discussion of the next steps to be taken in the development of the government system in China, which for the time remained officially in a transitory stage. The regular plenary session of the Central Executive Committee, which was due to take place in November, was similarly postponed owing to the refusal of the Southern delegates to attend and to the outbreak of the revolution in Fukien.

The Fukien revolt was the work of a group of radicals of the Canton party, including Mr. Eugene Ch'en,¹ and of certain Kwangsi elements, with the military backing of the Nineteenth Route Army, which, after distinguishing itself in the Shanghai fighting of 1932, had been sent into Fukien to restore order and to wage war upon Communists on the Kiangsi border. The independence of Fukien and the formation of a People's Provisional Government under the chairmanship of General Li Ch'i-sen (formerly a Chief of the General Staff of the National Government) were proclaimed on the 20th and 21st November, and a manifesto was issued by the leaders announcing their opposition to the 'pro-Japanese group' (i.e. Chiang Kai-shek and Huang Fu), but dissociating themselves from the advocates of the alternative policy of co-operation with the League of Nations and with the United States, on the ground that this would lead to 'a system of international control hardly less obnoxious and hazardous than the implications of Chiang Kai-shek's pro-Japanese policy'. This was a reference particularly to the attitude of Mr. T. V. Soong, who was responsible for contracting the American loan and who had recently resigned from the Ministry of Finance owing partly at least to disagreement with Chiang's conciliatory policy towards Japan.

The revolutionary Government seized points of military advantage and forcibly took over Central Government functions such as that of the Salt Gabelle—thus openly challenging the forces of Nanking.

Chiang Kai-shek, who, after long preparation, was on the point of launching a general attack against the 'Red' area, was now compelled to divert his troops. The situation hung in the balance so long as it remained doubtful whether Canton would give military support to the movement or would assist in its suppression. Eventually Canton's neutrality enabled the Central Government to deal with the rebel forces without outside complications; and, largely through the superiority afforded by the air arm, which Nanking had been studiously developing and which was now used for the aerial bombardment of Foochow and other centres held by the enemy, the revolution was effectively crushed by January 1934.

In the outlying provinces and in 'Greater China' the work of political consolidation made no advance in 1933, Szechuan being occupied with wars between its own local commanders and with resisting the inroads of Communist forces entering from the east, while in Sinkiang, both to the north of the T'ien Shan and in Kashgaria, a turmoil of fighting, involving Chinese, Tungans, Turkis, Kirghiz, and White Russians, left the Chinese authorities in the

¹ See the *Survey for 1932*, p. 412.

province—which, in any case, was almost entirely detached from Nanking—in a very precarious position.

Finally, in Inner Mongolia, events moved towards the establishment of local autonomy and possible separation from China. This movement, although ranking properly among Chinese internal developments, counted for much in connexion with the general problem of international rivalries in eastern Central Asia, where the spheres of Russia, Japan, and China met; and consequently it deserves rather close attention in this *Survey*.

By the incorporation of Jehol into 'Manchukuo', Inner Mongolia became divided into two roughly equal parts, the one in Chinese, the other in 'Manchukuo' territory—the latter portion being contiguous to the autonomous Mongol province of Hsingan¹ which had been created, under the Japanese régime, out of those territories of 'Manchukuo' which were inhabited by Mongols and had not yet been colonized by Chinese. The Mongols of Chinese Inner Mongolia thus found themselves with the virtually independent 'sovietized' state of Outer Mongolia on one flank, and, on the other, an autonomous Mongol province indirectly controlled by Japan, while they themselves remained under the government of China—an authority which was represented partly by the Bureau for Tibetan and Mongolian Affairs, a department of the Central Government at Nanking, and partly, and this perhaps more effectively, by the Governors and officials of the two provinces, Chahar and Suiyuan, into which this territory was divided.

The Mongol movement for independence which followed the Chinese Revolution of 1911 had made little headway in Inner Mongolia, whose tribal rulers, commonly referred to as 'princes', entertained a traditional jealousy towards the princes of Outer Mongolia (where the movement had taken deeper root), and whose economic relations with China placed them in a position of greater dependence on that country. In the course of time a number of the Inner Mongolian princes had compromised with the new Government of China by accepting, at its hands, the appointment to high administrative positions. Taking advantage of this situation, the Chinese authorities had for a number of years past pursued a vigorous policy of pioneer colonization and economic exploitation of Inner Mongolian territory, a large proportion of which had been converted from pasture to agriculture. The local Mongols resented this exploitation of their lands and the incursion of Chinese settlers, which they were powerless to check. At the beginning of 1933 conditions had been made worse

¹ See the *Survey for 1932*, p. 459.

by an epidemic of lawlessness throughout the borderlands, owing to the presence of homeless and disorganized Chinese troops who had been evicted from Manchuria.

Such was the state of affairs when in July 1933 a number of Inner Mongolian princes, led by Teh Wang, the head of the Silingor League, met in conference at Pai Ling Miao (*anglicè*: 'The Temple of the Larks', an important Lama monastery and junction of caravan routes in the province of Chahar), in order to draw up a plan of Inner Mongolian autonomy. From Pai Ling Miao a telegram was addressed to the Government at Nanking giving a list of complaints concerning the Chinese administration of Inner Mongolia and inviting the Central Government to collaborate with the signatories in creating an autonomous régime under Chinese sovereignty.

The Nanking Government responded by sending General Huang Shao-hsiung, the Minister of the Interior, with a staff of officials to Kweihua, a half-way house on the Peiping-Suiyuan Railway, in order to get into touch with the dissatisfied Mongol leaders, examine the situation, redress grievances, improve economic conditions, and 'strengthen the military defences'.

A special correspondent of *The New York Times* who visited Pai Ling Miao during the conference (and who describes in his despatches the curious concourse of princes in dragon robes, adorned with peacock feathers, consorting with Mongol students returned from abroad and arrayed in modern Western attire), reported little evidence of a desire among the leaders to break away wholly from China, their ambition being apparently to obtain for Inner Mongolia a control over its own affairs while remaining subject to Chinese sovereignty. Independence from China was only to be sought if China refused autonomy. On the 22nd November the Peiping correspondent of *The Manchester Guardian* reported that the Mongol princes, in their negotiations with General Huang, had agreed to accept a limited form of self-government; but the entire revenues of the territory were to be allocated to the local administration; encroachment by Chinese pioneers was to cease; and steps were to be taken by the Chinese authorities for the suppression of banditry. Three weeks later, on the 12th December, a report from Peiping to *The Times*, based on the Chinese press, stated that these terms had been repudiated by five of the Mongol princes at a second meeting held at Pankiang, north of Kalgan, and that this group of intransigents, led by Teh Wang, were now demanding absolute autonomy. In the meantime, General Huang, having returned to Peiping, informed press correspondents that, while the general principles of a settlement had been

reached, certain difficulties had arisen which were hindering progress. Owing to the lack of unanimity among the Mongols themselves, the situation at the end of the year remained ambiguous; and although—to carry the story a stage farther—a scheme of autonomy for Inner Mongolia, apparently based on the principles accepted at Pai Ling Miao, was adopted by the Chinese Central Political Council in March 1934, opposition to its provisions on the part of some, at least, of the Inner Mongolian leaders continued to cause a deadlock.

The hand of Japan was not visibly apparent in the Inner Mongolian autonomy movement; but the connexion between this movement and the recent developments in Manchuria and Jehol was undoubtedly close. Not only were the Mongols of Inner Mongolia inevitably affected by the spectacle of the political freedom which was now enjoyed by the Mongol subjects of 'Manchukuo', but they were emboldened to challenge Chinese rule by their knowledge of recent military events on the Jehol border. 'Manchukuo'-Japanese troops had actually penetrated into Chahar province and occupied Dolonor during Feng Yü-hsiang's independent campaign,¹ and there could hardly be any doubt of their readiness to advance farther westward if a pretext offered itself. The Chinese authorities, both central and provincial, had, for their part, either to compromise with Mongol demands or risk a further clash with Japan. Japan, which had persistently claimed a 'special interest' in Inner Mongolia, could well wait for the situation to develop without direct interference, safe in the assurance that an independent Inner Mongolia would be irresistibly drawn to link its fortunes with those of its Mongol neighbours under 'Manchukuo' rule, and would thus become the spear-head of Japanese influence thrusting out into Central Asia along the flank of Russia.

The fortunes of Communism in China—a subject which has been dealt with at some length in the preceding volume²—underwent no very radical change in 1933. Information concerning conditions inside the 'Soviet bloc' was still extremely scanty, owing to the impassable barrier by which this territory was ringed round. The challenge to Government authority was serious enough to cause Chiang Kai-shek to devote himself through the greater part of the year to his operations against the 'Reds'; and for this purpose he established himself at army head-quarters at Nanchang, the capital of Kiangsi. Success depended on a co-ordination of attack from the north, south, and east: that is to say, on concerted action between Chiang's own armies, the Cantonese forces, and the semi-independent

¹ See p. 462 above.

² See the *Survey for 1932*, Part V, section (i).

Nineteenth Route Army which was stationed in Fukien under General Ch'en Ming-shu. After inconclusive fighting in the first half of the year on all three fronts, in the course of which the 'Reds' invaded both Kwangtung and Fukien and threatened the Treaty Port of Foochow, General Chiang arranged a general offensive for the autumn. Before this had time to develop, the trouble in Fukien, described above, began to brew; Canton held its hand; the Nineteenth Army revolted against Nanking (and was even suspected for a time of making common cause with the Communist forces); and the National Commander-in-Chief was compelled to divert troops to the Chekiang border to meet the Fukienese threat.

In the Kiangsi area the year thus ended in a virtual stalemate. Farther west, in Szechuan, the 'Red' epidemic, suppressed in 1932, again broke out both in the neighbourhood of the Yangtse and in the north-east of the province, where there were incursions from Shensi, the asylum of the 'Reds' from around Hankow whom Chiang Kai-shek had dislodged in his 1932 campaign.

For a summing-up of China's political state in 1933, the following passage may be quoted from an outspoken statement delivered by the President of the Executive Yuan, Mr. Wang Ching-wei, on his return from Europe:

China [Mr. Wang declared in conversation with press representatives] is still dominated by feudal militarism. The people enjoy, generally speaking, very few rights; they are still far from the constitutional period, suffering under the oppression of a predatory militarist régime. Even under the nose of the Japanese invasion, armed forces have been utilised for the purpose of settling internal differences; and, in the last fighting in Szechuan alone, between 40,000 and 50,000 casualties were suffered. And while the Central Government is getting stronger every day, it is yet unable to exercise the full force of its authority over the whole of the Republic, being in many parts hampered by the prevailing system of regional independence.

The picture of China's condition would be incomplete without some mention of the economic tendencies; for the interaction between political and economic development was particularly close in a country where the living conditions of the agricultural masses were intimately affected by the incidence of local wars, and by the presence or absence of soldiery and of their bandit counterparts, and where, conversely, it was the state of the peasantry themselves—their ever varying but never considerable distance from the borderline of starvation—which had more effect than any other factor in determining the strength of the Communist and anti-governmental movements.

Generalizations about economic conditions throughout China as a whole were notoriously unwise, but a student of the situation in 1933 could take advantage of the reports of two highly qualified foreign observers who investigated the position on the spot in this year. Sir Arthur Salter's¹ and Dr. Rajchman's² reports, together with the excellent surveys of conditions which were given, this year, in several of the annual reports issued by Chinese banks, made it possible to sketch the position in a few broad strokes.

The habitual poverty of the Chinese peasant sharpened in 1933 to a state of acute distress which was distinctly worse than that which the World Economic Depression had inflicted on the majority of agricultural populations. Sir Arthur Salter, in an analysis of the causes, considers that though, through the consequences of political unrest, there had been during recent years a steady deterioration of agrarian conditions in China, the immediate cause of disaster came largely, if not primarily, from the currency side, i.e. the appreciation of the Chinese dollar (a consequence, in part, of Great Britain's and America's abandonment of the gold standard), which depressed China's internal prices and dislocated her internal, as well as external, trade. Be the cause what it might, we are shown the Chinese farmer in 1933 producing at a loss, with his capital resources exhausted, credit unobtainable, and himself deeply sunk in debt. At the same time the Government had to continue the process of balancing their budgets by borrowing at an effective 10 per cent., while China's adverse trade balance, coupled with a reduction of the compensating remittances from Chinese settlers abroad, produced the unusual spectacle of silver flowing out of a country which had been, till recently, the greatest silver consumer.

An illustration of the combined effect of depressed internal prices and of transport paralysis, due to civil unrest and excessive taxation, is provided by the figures for China's import of cereals in 1933. In spite of the fact that, in districts that were normally within reach of the great centres of consumption, Chinese farmers were now unable to sell their stocks of grain, rice and wheat were imported into China to the value of 77,000,000 and 45,000,000 dollars respectively, and these were the largest two items in the whole list of imports.

Part of the wheat imported was brought to China under the Cotton

¹ Sir Arthur Salter's report to the Chinese Government in his capacity of Economic Adviser, dated February 1934. (See the Supplement to *The Economist* of the 19th May, 1934.)

² *Report of the Technical Agent of the Council on his mission in China* (League of Nations document, General 1934.1.).

and Wheat Loan agreement which was contracted in the United States by Mr. T. V. Soong when he was on his way to London to attend the World Economic Conference. This loan has an intrinsic interest as a type of international transaction of which the only previous example was the earlier Wheat Loan which had been arranged in 1931 in order to meet the emergency of the Yangtse flood disaster. The United States Reconstruction Finance Corporation arranged in favour of the Chinese Government a 'credit' in cotton, wheat, and flour, to the value of U.S. \$50,000,000 in all, to be shipped at the latter Government's discretion, the price of each shipment to be at current rates and payment to be made by means of three-year Government bonds. The Chinese Government were free to convert the shipments into immediate cash by selling the cargoes on arrival in China.

Actually the wheat was disposed of, but the market for cotton failed and the Chinese Government were obliged to ask for a reduction of the amount. The amount realized by the Government by means of this rather unusual transaction is reported to have been some 15,000,000 Chinese dollars (U.S. \$5,000,000), part of which was allotted to the work of the National Economic Council.

The general decline in agricultural conditions in China was shown, as Sir Arthur Salter observes in his report, by statistical records which were confirmed by the evidence of all local observers. It reflected the accumulated strain of a quarter of a century of political upheaval, but it was also aggravated by the profound disturbance of agrarian life throughout large areas which was the result of Communist control. This showed itself most acutely in the overthrow of the traditional land-tenure system. However defective a land-tenure system may be—and in many parts of China the prevailing methods were admittedly full of abuses—its sudden disorganization is always likely to have disastrous immediate effects. When, as in the case of the 'Red' areas in the Yangtse Valley provinces, the new Soviet system was abolished, in its turn, by the ejection of the Communists, confusion might become still worse confounded. In describing this situation, Dr. Rajchman observes that 'prolonged civil disturbance, the eviction of landowners by the Communists, and their return when the areas were recovered from the "Red" armies, produced a very difficult agrarian situation'. Speaking again of the provinces south of the river, he says that

the increasing poverty of the farmer, the spread of undesirable forms of landholding, the flight of capital from the countryside and the decline of rural enterprise were reflected in a growing tension and a demand in

some quarters for radical changes in the social system. Titles to land were in dispute; evidence of possession had been lost; part of the population was inclined to challenge the whole system of tenancy.

Such were the conditions which faced the Chinese central and provincial authorities over large parts of the country in 1933, and which led to the setting up of a Rural Rehabilitation Commission which comprised not only members of the Government but also eminent agriculturists and economists, and which was assisted by studies undertaken by League experts. By the end of 1933, however, the work of this new Commission had not proceeded beyond the stage of inquiry. Other reconstruction work, including the practical application of prepared schemes, was carried out during the year by the National Economic Council—also with the aid of League advisers—in the fields of communications (principally roads), health, cotton and silk cultivation, water conservancy, &c.—a sum of \$15,000,000, partly derived from the above-mentioned sale of the American wheat, being allotted to the purpose.

While indications of progress were thus not lacking, particularly on the economic side, it must be concluded that the consolidation of China made comparatively little advance in 1933 and that the country had hardly begun to emerge from its state of political vacuum. In the political, as in the physical, world, a vacuum invites pressures from outside and is dangerous in proportion as those pressures are strong. In 1933 China was exposed to high-pressure forces which were active all around her, and we may conveniently turn our attention next to the principal centre from which these forces emanated: that is to say, Japan.

In the account of conditions in Japan in the *Survey for 1932*, it was observed that, however arresting the political developments of the year might be, the economic developments were more fundamental. This remained true for 1933 also; and we may, therefore, begin by considering this aspect of Japan's domestic affairs in the latter year.

The earlier prognostications of a financial collapse in Japan in consequence of her Manchurian commitments and her heavy military expenditure, operating in conjunction with the World Economic Depression, were not fulfilled in the year 1933, at the close of which the financial position actually showed certain signs of improvement.

The unprecedented budget deficit for 1933-4¹ was met by borrowings without involving any substantial degree of inflation; foreign trade for the year showed a turnover exceeding that of the previous

¹ For details of this budget see the previous *Survey*, p. 430.

twelve months by nearly 100,000,000 yen; the balance of international payments was reckoned to be the most favourable since the Great War; foreign exchange and currency levels remained relatively steady; wholesale prices rose 20 per cent. but retail prices considerably less; unemployment, according to the official figures, showed a decline; business profits were good; export industries, which had not yet exhausted the benefit derived from the depreciation of the yen, flourished vigorously; and, in the field of domestic industries, railway development in Manchuria and the increase in armaments were reflected in the prosperity of the engineering and munition-manufacturing trades. Finally, an unusually heavy rice crop removed all fear of a national food shortage.

This was the hopeful side of the picture. Against it must be placed two major factors: the position in regard to the 1934-5 budget and the agrarian situation. With a balancing total of 2,110,000,000 yen, the new budget came near to rivalling its predecessor, being the second largest peace-time budget in Japanese history. The gap between revenue and expenditure amounted roughly to 800,000,000 yen as compared with 900,000,000 yen for the previous year. While there were other contributory causes, such as increased expenditure on rural relief and unemployment works, the abnormal dimensions of the budget were once again due principally to the demands of the fighting services and of Manchuria.¹ The aggregate of these items amounted to about 45 per cent. of the total expenditure and 68 per cent. of the ordinary revenue—a figure which was double that for 1931-2.

The budget was not presented to the Diet till after the close of the year. It was finally passed by that body on the 25th March, 1934; but the previous Cabinet discussions, as communicated to the public, have a greater practical interest than parliamentary debates which were little calculated to modify the plans of the effective directors of the Japanese body politic. Whatever impulses towards economy and retrenchment Mr. Takahashi may have felt in his capacity as guardian of the national finances, it is clear that the demands for the Army and Navy were never effectively opposed, though the Minister for Agriculture and Fisheries made determined efforts to obtain a grant for rural relief which would bear some reasonable relation to the needs of the situation. The real struggle was over the

¹ 'Manchurian Affairs' expenditure for 1934-5 was estimated at 159,000,000 yen as against 186,000,000 in 1933-4 and 288,000,000 in 1932-3, showing a progressive reduction; but the official figures were not sufficiently explicit to justify any certain conclusions as to the burden imposed on Japan's finances.

ratio between the Army and the Navy grant. Eventually the latter was increased, partly at the expense of the former,¹ the magnitude of the naval appropriation being explained on the ground that construction had fallen into arrears. At first sight, this partiality towards the Navy, when Japan's immediate war-problems lay on land rather than on the water, might appear anomalous to a foreign observer; but it is explained by the doctrine, then current in Japan, that the country had to prepare for 'the year of crisis' in 1936 which would follow the expiry of the Washington and London Naval Treaties; and this view was perhaps reinforced by the example of the Government at Washington in expanding the American naval construction programme.²

The agrarian situation in Japan, half of whose population at this date was engaged in, and dependent upon, agricultural activities, must still be reckoned the dominant influence in the Japanese national economy in spite of the spectacular development of Japan's industrial life in recent years. Even before Japan encountered the Depression in 1929, the condition of the peasantry was already a cause of concern, owing to a variety of causes: the severe pressure on the land, in respect of both acreage and productivity, the ill-adjusted relations between landowners and tenants, the excessive indebtedness of the farmers and their over-taxation. With the onset of the World Depression, the position became worse, and in 1932 and 1933 it deteriorated to an alarming degree. The price of rice and raw silk, the two principal staples, had fallen prodigiously, and, in the case of the former at least, was below the estimated cost of production. This was due to superabundance created by good crops and by the rapidly increasing importation of colonial rice grown in Korea and Formosa at an even lower cost than was possible in Japan—an unhappy result of the policy of empire self-sufficiency, with interesting analogies in British imperial problems in the agricultural sphere. The reduction of certain of the home industries by factory development, the return to the villages of a large proportion of the country peasant labour normally absorbed by the towns, and the blow to sericulture from the competition of rayon, added to the distress. The debt burden of the peasant, officially reckoned before the crisis at 280 yen a head, was now estimated to have reached 1,000. Government remedies, even within the limits imposed by lack of funds, had disappointing results, price control for rice proving, in particular, more beneficial to the middleman than to the farmer himself, whose

¹ The figures are: Army 449,000,000 yen, Navy 488,000,000 yen. Corresponding figures for the budget for the year 1933-4 were: Army 448,000,000, Navy 403,000,000.

² See pp. 541-2 below.

hand-to-mouth existence forced him into making immediate sales. The net result is illustrated in reports of investigations by the Ministry of Agriculture which give a picture of conditions in the worst stricken prefectures during the spring of 1933 as harassing in its details as the more familiar accounts of the great famines in China.

In the light of these conditions, affecting so large a proportion of Japan's population, her economic condition at the end of 1933 takes on a more serious appearance than a study of the trade and budget position alone would suggest. Contemporary Japanese critics did not hesitate to sound the warning that the continuance, for very much longer, of the financial strain imposed by the actual scale of expenditure would be more than the country could stand. The 1934 deficit was to be covered by further borrowing; and, although the Japanese public was stated to have bought bonds in 1933 to twice the amount required, it was recognized by Japanese bankers that this source of supply was nearing exhaustion and that the banks, in financing the Government, would find it increasingly difficult to pass the burden on to the public.¹ The point was put by Baron Goh, the President of the Tokyo Chamber of Commerce, in *The New York Times* of the 8th October, 1933:

The necessity of a balanced budget is one of the iron laws of finance. A sound financial policy is essential for the stabilization and steady development of our economy. . . . We must consider the effect upon general economic conditions of the continuance of the loan policy. The Bank of Japan's open market operations have up till now been remarkably successful, but there are limits to the market's capacity for absorbing loans. If the Government follows an unsound financial policy, the continued flotation of public loans will cause a heavy fall in their value. The currency will expand and inflation will become inevitable.

To this summing-up it is only necessary to add that, by the summer of 1934, Japan was carrying a load of internal debt half as great again as in 1930, and that the assets of Japanese banks and Government institutions were becoming locked up in Government bonds to an extent which might prove damaging if not dangerous.

Although, therefore, Japan could congratulate herself on emerging, with her financial structure intact, from a year which had been critical for all countries in the World, Japanese satisfaction on this account could not but be chastened in view of the threatening

¹ The fiscal year 1933-4 actually closed with a surplus of 77,000,000 yen compared with an original estimated deficit of 66,000,000 yen; and the loan expenditure programme was reduced by 166,000,000 yen compared with the sum contemplated in the budget. The situation regarding Government borrowing was thus appreciably alleviated.

features discernible in the sphere of national finance and, still more, in view of the very precarious conditions of existence in which the majority of the rural population at this time found themselves.

The repercussion, in the political sphere, of widespread economic distress took a form in Japan which was not unlike its manifestations in many of the countries of Europe. The term 'Fascism' was freely, if rather loosely, applied to the movement in Japan which was directed against politicians and industrial capitalists—the two being closely linked in the popular mind. Three months of the year 1933 were occupied with the trial of those concerned in the murder of Mr. Inukai.¹ The Procurator's report at the close of the proceedings contained a statement of the motives of the accused which was almost an apology for them. They believed, the report says, 'that only by drastic means can the corruption of political parties, the tyranny of financial concerns and the exploitation of the masses by privileged classes be rectified'. This was the key-note of the defence made by the prisoners, who were allowed such a degree of latitude in expounding their political creed that, as the correspondent of *The Times* observed, 'the broad result was an extensive publicity for the ideas that Parliament is decadent and politicians corrupt and that drastic reforms are needed'.² To conclude the history of the trial, it should be recorded that no death sentences were pronounced, that two of the naval officers principally involved were condemned by the court martial to fifteen years' imprisonment, three to ten years, and one to one year, and that the eleven cadets concerned were each sentenced to a term of four years. One million Japanese are said to have signed with blood a plea for clemency.³

It was characteristic of Japanese political philosophy that the proceedings at political murder trials should be so effective a mirror of the national state of mind. In some cases actual and attempted assassinations of leading persons in the political and financial world were represented by the perpetrators of the deed as impersonal gestures designed to propagate their political doctrines. Besides the attack on 'big business', on corrupt politicians, and on Communism, these doctrines included the repudiation of Japan's acceptance of the restrictions imposed by the Naval Treaties; and the ex-Prime Minister, Baron Wakatsuki, who upheld the London Treaty, was the

¹ See the *Survey for 1932*, p. 426.

² *The Times*, 12th September, 1933.

³ Civilian prisoners were tried in the Civil Court which issued verdicts in February 1934, including a life sentence on Tachibana, the head of the patriotic agrarian school. The differences between these and the courts martial sentences evoked criticism.

latest target of the assassin's knife, though in this case the assailant was merely an ordinary hooligan. Between the military element who stood at the head of the campaign of internal 'purification' and external imperialism, and the regular political parties with their connexions in the industrial world, a veiled conflict was in progress in 1933 which was reflected in Cabinet crises arising during the year. The 'national' Government was endangered in April by the threatened resignation of Mr. Takahashi, the octogenarian Minister of Finance, and the actual resignation of the Minister of Justice, at a time when the Seiyukai Party was manœuvring for a return to power. Acting with the support, if not at the instigation, of Prince Saionji (the sole survivor of the Elder Statesmen, who was still credited with having the highest influence on the Throne), Viscount Saito, the Prime Minister, took the unusual step of advising the Emperor against the acceptance of Mr. Koyama's resignation. When subsequently Mr. Takahashi was persuaded to remain in office, the Cabinet's life was saved. A plan during the summer to dispose of the leaders of the rival parties by bringing them into the Cabinet fold as ministers without portfolio fell through, and prognostications, based on the avowed desires of the military officers, of a super-party Government to be headed by a non-party statesman on the pre-War German model, proved to be at all events premature.

In the autumn of 1933 the fate of the Cabinet again hung in the balance when the Army and Navy estimates came up for discussion. A long series of conferences between the Prime Minister, the heads of the two departments, and the Foreign and Finance Ministers was needed before a compromise could be reached and the situation restored; but, after this, things went more smoothly until the end of the year. The Diet, having risen in March, remained in recess during the rest of the year except for a formal assembly in advance of the January session. Towards the end of the year, also, the leaders of the two principal parties, the Seiyukai and Minseito, formed a political union.

Although the year passed thus without political disturbances of any unusual kind, tension beneath the surface frequently made itself evident. A Japanese view of the real situation is expressed in a phrase quoted by *The Manchester Guardian* from a popular Tokyo journal in a discussion of Japanese Fascism:

While the Saito Ministry is, naturally enough, doing its best to repress the Communists, it is in the position of a man who has driven a wolf from his front gate only to find a tiger has entered at the back.¹

¹ *The Manchester Guardian*, 13th April, 1933.

That General Araki had it easily in his power to set up a pure military dictatorship after the incidents of the 15th May, 1932,¹ was a widely professed belief. The corollary was that he and his military colleagues found it unnecessary to create a change in the outward form of authority in order to have the real substance in their hands; and that in actual fact it was the so-called military party (a too narrow description, perhaps, of a movement with so wide a range) which, with Imperial sanction, mainly directed Japan's affairs through 1933.

The economico-military policy of the military faction was shown in the attempt to cut at the roots of capitalist control over the South Manchurian Railway and its industrial subsidiaries by transferring the management of the former to the local Military Command and by enforcing the sale of the latter—with the ultimate intention of subordinating Manchurian development to the supposed interests of the Japanese nation as a whole, rather than to the interests of the capitalist class. Here, however, their rough-shod methods evoked a considerable amount of popular opposition, while in other directions also there were signs in the course of the year of a reaction against the 'military' doctrines both in home and in foreign affairs. Whereas, in the previous year, it would have been suicidal for a statesman to open his mouth in defence of the Naval Treaties or in criticism of the campaign for increased armaments, a good deal of frank questioning was risked by prominent speakers when these matters were under discussion in 1933. The attack on Baron Wakatsuki has been mentioned above; but it has to be added that he had already won considerable approval for his outspoken dismissal, as a 'bogy', of the constantly reiterated suggestion that Japan would have to meet a serious international crisis in 1936.

Increasing boldness in challenging 'Fascist' domination was shown also by the Government in its action in July in raiding the headquarters of several of the so-called patriotic societies and making a number of arrests in connexion with a reported Fascist *coup* and assassination plot. This was followed shortly by the arrest of six members of the Imperial Farmers' League on similar charges; and although the mildness of the sentences subsequently passed on Mr. Inukai's assassins, together with the procrastination in the trial of the murderers of his fellow political victims, Mr. Inouye and Baron Dan, showed that the Government were still far from taking a firm grasp of the nettle, it was equally clear that a reaction had occurred from the dictatorship of the extremists. Meanwhile, the customary attempts to deal with Communism by wholesale arrests continued,

¹ See the *Survey for 1932*, p. 426.

nearly 2,000 persons (against 7,000 in 1932) being taken into custody during the course of the year. Prominent among these, there were, according to newspaper reports, several Peers' sons and a number of students of the Peers' school—an indication, together with the fact that there was a large proportion of schoolmasters among the arrested, of the tendency of the Communist movement to spread upwards among the intellectual classes.

A change to more moderate methods was equally apparent in the handling of foreign relations. With the appointment of Mr. Hirota, previously Ambassador in Moscow, to succeed Count Uchida as Foreign Minister on the 14th September, a tone of conciliation was imported into public speeches and statements dealing with foreign affairs, particularly in the case of Japan's relations with Russia and with the United States, and a manifest attempt was made to improve the international 'atmosphere'. More tangible in its results was the Government's action in regard to the growing problem of competition between cheaply produced Japanese manufactures and the wares of other industrial countries in the World-market. The attitude of Japan towards the complaints of the sufferers had been, in general, one of cool detachment towards a state of affairs which (it was maintained, with some justice) had resulted from Japan's success in organizing her industries; and an almost truculent note had been struck in a speech at the beginning of the year by the Minister of Finance. Referring to Japan's trade and currency situation, Mr. Takahashi remarked that 'the Japanese people are waging economic war, with labour as their chief weapon'. The rapid strides made by Japanese exports, cotton goods in particular, in the home and colonial markets of other manufacturing nations led, in a number of the territories concerned, to the setting-up of tariff and quota barriers directed against the influx of Japanese goods. India was an outstanding case. A tariff of 50 per cent. *ad valorem* on imported piece-goods, with 25 per cent. preference for those from Great Britain, was raised to 75 per cent. in June 1933. Strong feeling against this restrictive measure was manifested in Japan, and a retaliatory boycott of Indian raw cotton was started by the Japanese cotton-spinners. At this juncture the Government took up a stand in favour of compromise. Official disapproval of the boycott, and an emphatic denial of any intention to take reprisals on Indian or British imports, opened the way to negotiations between Tokyo and Delhi; and a conference between Government representatives was held at Simla in October, simultaneously with tripartite conversations between non-official delegates of the three countries concerned. The official negotiations lasted into

the following January, when an agreement was achieved on the basis of relative quotas for the importation of Japanese cotton piece-goods into India and of Indian raw cotton into Japan, while the Indian tariff was put back to 50 per cent. During the three months of discussions it was apparent that the ultra-nationalistic industrial elements in Japan were receiving no support from the Government, whose actions accorded with their declared desire to find diplomatic solutions for the range of problems created by Japan's abnormal industrial expansion. A comprehensive avowal of a pacific policy was made in a statement which was issued by the Government after the series of Cabinet conferences that have been mentioned as having taken place towards the end of the year. Besides discussing the budget, the Ministers had met to formulate a policy for 'the period of national emergency'. Their conclusions were given in a formula which deserves record, if only as a model of studied official vagueness:

Japan's 'national policy' [the statement declared] will be pursued by diplomatic means, having regard to world peace. The national defences shall be sufficient to make the empire secure against injury or indignity, and commensurate with national strength.

(iii) The Course of the Sino-Japanese Hostilities

As we have seen in a previous section, it was a politically distracted and economically tormented China which in 1933 had to face the continuation of the military drama which had opened with the Japanese invasion of Manchuria in the autumn of 1931. At the beginning of this year it was clear that at least one other act remained to be played before the curtain would fall. The scene of this act was to be Jehol, a wedge of mountainous country which occupied the angle between Hopei, the northernmost province of intramural China, and the three eastern provinces in Manchuria which were already under Japanese occupation. Jehol was part of Inner Mongolia; it was still inhabited largely by Mongols; and it was only in 1928 that it had been brought into the Chinese administrative system with the status of an ordinary province.

Already, in July and August 1932, Jehol had been drawn into the sphere of hostilities by Japanese bombing raids over its eastern border and by minor encounters between Japanese troops and those of Tang Yu-lin, the Provincial Governor. The Japanese attitude was expressed in a declaration of the Japanese Assessor attached to the Lytton Commission, when he said that while the maintenance of order in Jehol was 'a matter of internal policy for Manchukuo, Japan' could not 'be indifferent to the situation in that region in view of the

important rôle played by Japan in the maintenance of peace in Manchuria and Mongolia'.¹

The reaffirmation of Japan's long-standing claim to a 'special interest' in Mongolia, and intimation that the preservation of order in Jehol was considered to rest with the rulers in Manchuria, was later amplified into a definite assertion that Jehol formed an integral part of the new state. Governor Tang appeared at first to accept this position, allowing himself to be appointed Vice-Chairman of the Manchukuo Privy Council. When at the end of 1932 he repudiated his allegiance to the Government at Hsinking, he was called upon by the Japanese to resign his Governorship. At the same time a demand was made on Nanking for the withdrawal of all Chinese troops from the Jehol territory.

The fate of Jehol depended, however, on factors that were more fundamental than mere formal and personal changes. The issue was essentially strategic, and this from three points of view. In the first place, Jehol was of vital importance in the Japanese strategic problem of defending the newly erected state of 'Manchukuo'. Projecting, as it did, along 'Manchukuo's' flank, Jehol constituted, in hostile hands, a dangerous salient through which an attack could be delivered, from the south and west, against the Manchurian territories under Japanese occupation. Conversely, if it were to come under the control of Japan, Jehol would open up a corridor into Inner and Outer Mongolia and so onwards into the heart of Asia, right along the flank of the Asiatic territories of the U.S.S.R. Finally, the possession of Jehol would offer the Japanese an exceedingly strong point of vantage for holding Peiping and the North China plain under a perpetual threat. Taking account of Japan's strategic purpose in her continental adventure—a purpose which was perhaps the main-spring of her 1931 *coup*—it was never a matter for doubt that she would press on to the inclusion of Jehol within her sphere of control. Since her breach with the League of Nations, the deterrent of a hostile world opinion had largely lost whatever effect it might once have had. In any case, the penalty of moral condemnation might as well be incurred—so Tokyo could argue—for a sheep as for a lamb.

With such considerations as these in the mental background, the military struggle took place in Jehol in the first months of the year 1933. As has already been mentioned, an ultimatum was addressed both to the authorities on the spot and to the Government at Nanking. This was supplemented by a warning given on the 2nd February, in a statement made by the Minister of War in the Japanese Diet, that,

¹ *Lytton Report*, p. 81.

for the purpose of suppressing banditry in Jehol, use would be made of Kwantung and 'Manchukuo' troops. Before the end of January these troops were over the border, making use of the short length of railway which ran into Jehol to connect the Peiping-Mukden line with the coal-mines of Peipiao.

Meanwhile, in order to inspect the military position and the arrangements for resisting invasion, Mr. T. V. Soong, then Minister of Finance in the Government at Nanking, paid a visit to the north. His views on the chaos and lack of preparation which he there found to exist were reported to have been expressed in such scathing terms¹ as to leave less room for surprise when, in spite of the great difficulties presented by the nature of the country—for the most part a broken mountain region, almost devoid of roads and approachable only by a few difficult passes—the Japanese-'Manchukuo' army made rapid progress (partly through the effective use of armoured cars). Within ten days from the beginning of operations the Chinese garrison had abandoned Cheng-teh—the administrative capital of Jehol and formerly the summer residence of the Manchu Emperors²—and were in retreat towards the border between Jehol and Hopei.

The way was now free for the invading troops to push down to the line of the Great Wall. Here they occupied all the passes with the exception of two, which were left open to facilitate the exit of the Chinese forces. The resistance offered by the latter—who were estimated to amount, at that time, to 125,000 men—was so poor as to give rise to the suspicion that they were acting under orders to avoid a serious conflict. With the withdrawal of the Chinese, Jehol passed into the hands of the 'Manchukuo' authorities; the administration was reorganized; and General Chang Hai-peng was appointed in the place of ex-Governor Tang.

The Jehol campaign, which thus lasted little more than a fortnight, occupied an interlude in a separate series of hostilities on the 'Manchukuo'-Hopei frontier which had continued sporadically since Chang Hsiieh-liang's army had been driven south of the wall in January 1932.

The open tongue of territory between Jehol and the sea, a strip of level country traversed by the Peiping-Mukden railway and separating the mountains from the coast, presented another strategic problem to the new rulers of 'Manchukuo'. In order to guard the gap in their defences, they set about establishing a neutralized zone

¹ See 'China in 1933—a brief record' in *Oriental Affairs*, vol. i, No. 2, for January 1934, p. 13.

² Where in 1793 the Emperor Ch'ien Lung received the first British Embassy to China, headed by Lord Macartney.

on the farther side of the frontier. A series of frontier-post disputes in the first days of January was followed by a Japanese attack on Shanhaikwan, the frontier town of intramural China at the point where the Great Wall ends at the sea. At the same time an outflanking advance was made through a neighbouring pass, whereupon the Chinese, having evacuated Shanhaikwan, retired towards the west. With their withdrawal, military operations came to an end until the beginning of April, when a fresh advance was made by the Japanese-'Manchukuo' troops. In the face of this, the Chinese retired once more—this time, across the Lwan River which, flowing down, as it did, from Jehol and entering the sea midway between Shanhaikwan and Tientsin, afforded a first-class line of defence. Fighting was resumed simultaneously at the passes along the Great Wall nearer to Peiping, and Japanese aeroplanes dropped bombs on Tungchow, less than twenty miles from that city. Still farther west Japanese troops entered Dolonor, a town of Chahar, the Inner Mongolian province adjoining Jehol.

Having cleared the desired zone on the south-western side of the Great Wall, and having made a threatening gesture in the direction of Peiping, the Japanese leaders halted their troops. They then almost immediately withdrew to the farther side of the Wall, after giving a warning that any Chinese forces which ventured inside the covering zone would be subjected to attack. In the following month of May the Japanese-'Manchukuo' forces moved forward for a third time, on the ground that Chinese troops had been stationed within the zone. On this occasion they advanced all the way to the Lwan River, and at the same time repeated their demonstration against Peiping by an incursion of Japanese cavalry, who pushed forward to within a few miles of Tungchow.

In the face of this fresh threat, Chinese resistance collapsed and the leaders agreed to an armistice. On the 31st May a truce was concluded at Tangku over the signatures of General Okamura and General Hsu Yen-mo, who represented the authorities at Peiping. The terms, as reported in the press, provided that the Chinese troops were to withdraw and to remain behind a line drawn to the south of, and roughly parallel to, the Great Wall from the sea to a point north of Peiping. They were also to abstain from provocative or disturbing acts. The Japanese troops were to be free to verify the observance of this undertaking by means of air observation or other methods. Thereafter the Japanese troops were to refrain from further pursuit and were to withdraw to the Great Wall. Finally, the maintenance of peace and order in the zone, some thirty to forty miles wide,

between the Wall and the stipulated line, was to be ensured by the Chinese authorities through the instrumentality of police only, without the presence of any military forces.

The terms of the truce, as communicated to the public, contained no mention of the immediate outstanding issue between 'Manchukuo' and China, namely, the question of customs establishments and the resumption of traffic across the frontier (that is to say, railway connexion along the Peiping-Mukden line and postal traffic, both of which were suspended); nor were questions of political status or diplomatic relations included. It was, however, asserted at once in certain Chinese quarters, and particularly in Canton, that secret terms had been added, dealing not only with frontier matters but with such vital affairs as a cessation of the boycott on the Chinese side and the surrender of extraterritorial rights on the part of Japan, and even including suggestions—to quote from a protest addressed to the League of Nations by the South-West Political Council—for Sino-Japanese treaties for the maintenance of an 'Asiatic Monroe Doctrine'.

Opposition to the truce, and a determination to continue the resistance to Japan, underlay also the independent campaigns conducted by Fêng Yü-hsiang in Chahar and by Fang Chen-wu in the neutral zone. These unofficial anti-Japanese movements delayed the withdrawal of the Japanese troops under the terms of the truce, and it was not until August, when Fêng had been superseded and had retired to Shantung, that they retired on their part to the north of the Great Wall. Thereafter the military situation remained without further development during the rest of the year.

The resumption of communications between 'Manchukuo' and China, which remained the most pressing of the outstanding practical questions, presented peculiar difficulties for the Chinese, since any formal agreement on the subject would imply recognition of the newly created state. No result ensued from a conference on the subject which took place at Shanhaikwan in the month of August. Soon afterwards, however, a connected service of trains from Peiping to Shanhaikwan on the one side and from Mukden to Shanhaikwan on the other was put into operation. The postal service remained, as before, in suspense.¹

¹ Arrangements were finally concluded in June 1934 for the resumption of through traffic between Mukden and Peiping under the management of a Sino-Japanese travel agency organized for the purpose, with a Chinese General Manager and a Japanese Assistant Manager. A customs examination was instituted at Shanhaikwan. The service opened on the 1st July, 1934, and at that date postal traffic had still not been resumed.

While the invasion of Jehol was in a sense simply the logical 'rounding-off' of Japan's Manchurian campaign, it left its own far-reaching results. Those of a strategic nature have been indicated already. A gap in 'Manchukuo's' southern defences had been closed, and Japan had opened for herself a high-road into Central Asia which would give her a base of operations against Russia's long and vulnerable Siberian frontier on the one hand, and against intramural China on the other. China, for her part, found herself once more under the shadow of a threat from the northern passes, through which so many invading hordes had poured in the course of her long history. Economically, the loss or gain of Jehol meant little for either party. The province was unproductive, except for the coal from the Peipiao mines in the extreme east, and the opium, from which an annual revenue (estimated at \$10,000,000 a year) had formerly found its way into the pockets of the local authorities. This opium revenue would henceforth enrich the treasury of 'Manchukuo' if, as appeared to be the case, the new administration continued to tolerate the cultivation and the traffic. The most important political consequence was the step taken towards the creation of a Mongolian 'block' comprising the Mongols of Western Manchuria, of Jehol, and of the rest of Inner Mongolia.

On Sino-Japanese relations, the capture of Jehol and the further defeats inflicted on the Chinese military forces had a twofold effect. In the face of this fresh display of Japanese militancy, the Nanking Government—in whose counsels the Commander-in-Chief still manifestly held the casting vote—took the line of least resistance and compromised with Japan by setting up at Peiping a régime with Japanese affiliations which, at least within certain limits, would be amenable to Japanese influence. Japanese official and semi-official representatives maintained active diplomatic contact with the authorities both in the north and at the centre, and it became clear that those in power at Nanking had decided to accommodate themselves to the facts of the situation and might even prove responsive to suggestions for Sino-Japanese co-operation in China's internal affairs.

Against this complaisant attitude on the part of the central authorities has to be set the reaction of other elements in China. Mention has been made of the Cantonese attack on the Nanking Government over the Tangku truce, and of the 'anti-Japan' campaigns of certain free-lance commanders. These movements were representative of a state of feeling which, though centred in the always intransigent South, had its manifestations in other parts of

the country, and which crystallized round the persons of Mr. T. V. Soong and his colleague Lo Wen-kan, the Minister for Foreign Affairs, whose resignations from office were largely a gesture of protest against the submissiveness of Nanking. Popular opinion in China was less easy to gauge. Its expression in the Press over the Manchurian issue was divided, some writers favouring a temporary acceptance of accomplished facts, combined with an organized effort to set the national house in order, while others favoured resistance at all costs. Another index of general feeling was afforded by the boycott movement. While this had still been active in the South at the beginning of 1933, it showed a marked relaxation in the latter half of the year. This, however, might be partly explained by economic causes; and while it possibly indicated a certain superficial decline in the intensity of the popular resentment in China which the action of Japan had evoked, there was evidence still of a degree of rooted hostility which seemed likely to be a factor of capital importance in the future course of international relations in the Far East.

(iv) The Action of the League of Nations

In the preceding volume the history of the world-wide diplomatic repercussions of the Sino-Japanese collision in Manchuria and at Shanghai has been carried down to the eve of the 21st November, 1932: the final date fixed for the first of the meetings in which the Council of the League of Nations, in the course of its sixty-ninth session, was to consider the Lytton Report. In the present chapter the history of the next stage in the relations between the League on the one side, and Japan and China on the other, is carried down to the close of the year 1933, while subsequent chapters deal with the repercussion of these events at Geneva and in the Far East upon the policies of the U.S.S.R. and the United States.

The publication of the Lytton Report on the 2nd October, 1932, gave occasion for a further series of *ex parte* statements on the part of the two disputants. Written observations of the Japanese Government on the report were presented to the President of the League Council, for circulation, on the 18th November;¹ written comments on these Japanese observations were submitted by the Chinese delegation on the 3rd December;² and oral repetitions of the same controversial arguments were made by the Japanese and Chinese representatives at the opening of the proceedings in the Council in November, and again in the Assembly in December 1932 and in

¹ League of Nations Document: VII. Political, 1932. VII. 15.

² League of Nations Document: VII. Political, 1932. VII. 16.

February 1933. Since these oral and written statements of the two parties' respective cases were admittedly partisan recapitulations of past events—of which some account has already been given, in this *Survey*, in the volumes covering the years 1931 and 1932—it seems unnecessary to reproduce them here. Their chief practical effect was to reveal, at an early stage, that the Japanese had no intention of accepting the essential points of the Lytton Report, either on matters of fact or in the matter of the Commission's recommendations for a possible solution of the Manchurian problem. Accordingly, we may pass over these statements and may proceed forthwith to record the action taken, from the 21st November, 1932, onwards, by the organs of the League, and the answering action of the Chinese and Japanese Governments.

At the session of the Council in November 1932, after the opening statements had been made, the first clash between the Council and the Japanese delegation came when, at the meeting on the morning of the 23rd, the Japanese delegate took exception to a proposal, made by the President, Mr. de Valera (Irish Free State), that the members of the Lytton Commission should be invited to say whether the Chinese and Japanese 'observations and statements would cause the Commission to think that the views expressed in its report should be modified or added to in any way'. Mr. Matsuoka argued that the Commission had automatically ceased to exist, upon the presentation of its report, and that in any case any expression of opinion, referring to things said, in the meantime, at the Council table, would be beyond the Commission's competence. In this matter the Japanese delegate found himself isolated and overruled; and, after an argument which occupied the greater part of one sitting, Lord Lytton was duly called to the Council table on the 25th November—only to announce that, as it happened, he and his colleagues did not wish to add anything to what they had said in their report.

Thereupon Dr. Beneš (Czechoslovakia) proposed that the consideration of the Lytton Report should be referred to the Assembly, which had been convened under Article 15 of the Covenant and was competent to deal with the matter as a whole.¹ The President of the Council adopted this proposal and the Chinese delegate concurred, while the Japanese delegate demurred, and asked for time to obtain instructions from Tokyo. In the colloquy on the Council on this

¹ For the reference of the Sino-Japanese dispute by the Council to the Assembly, on the 19th February, 1932, at the Chinese Government's request, and for the proceedings of the Assembly upon its meeting, in special session, on the 3rd March, 1932, see the *Survey for 1932*, pp. 570-86.

point, Mr. de Valera exhorted the parties earnestly in the following terms:

When listening to the representatives of China and Japan, I sought chiefly, as I am sure all members of the Council did, to find in their speeches something that would justify us in looking with some confidence for a satisfactory and speedy settlement of a conflict that has been going on too long. I am afraid we have heard little so far to inspire us with any confident expectations. . . .

In these circumstances, there does not seem to me to be at present any measure of agreement between the two parties on the recommendations made in the report upon which the Council might base any observations or suggestions likely to be of practical assistance to the Assembly in determining the lines of the settlement which it is that body's duty to effect.

As President of the Council, I feel bound to express the hope that the views which we have heard stated here by the representatives of China and Japan within the last few days do not represent the final attitudes of their respective Governments, and that no solution will be rejected which offers the possibility of a just and permanent settlement of this tragic dispute.

I feel that I am speaking now, not only for the Council, but for the great body of public opinion in the outside world. It is to the revulsion of public opinion which followed the War that we owe this League and the machinery which the League provides for settling peacefully disputes such as that now before us. It would be an intolerable defiance of public opinion if in a dispute such as this, especially one involving two Members of the League of the importance of China and Japan, that machinery were not availed of to the full, or if the working of that machinery were impeded by any want of the necessary co-operation on the part of one of the states concerned.

In answer, Mr. Matsuoka declared that

Japan is convinced that the only way to assure the establishment of durable peace in the Far East is to pursue consistently the policy that actuated Japan in according formal recognition to the new state of Manchukuo. This is the only and the surest way to realize the high hope of peace entertained by all.

On the 28th November the President read to the Council a letter from Mr. Matsuoka, dated the 27th, announcing that the Japanese Government maintained 'the reservation which it' had 'made on more than one occasion with regard to Article 15 of the Covenant, and that for this reason' he—Mr. Matsuoka—would 'have to abstain from voting in the matter'. Thereupon, the President's proposal to transmit the Lytton Report, and the minutes of the Council's meetings, to the Assembly was adopted by the Council, with the Japanese delegate abstaining, as he had been instructed.

Accordingly, on the 28th November, 1932, the Assembly was

convened—to resume the special session which had begun on the 3rd March—by its President, Monsieur Hymans (Belgium); and the first meeting of the resumed special session was held on the 6th December.

On this occasion the Chinese delegate, Dr. Yen, who spoke first, submitted the following requests:

(1) That the special Assembly, basing on the findings of the Commission of Enquiry, declare that Japan has violated the Covenant of the League of Nations, the Pact of Paris and the Nine-Power Treaty of Washington;

(2) That the special Assembly call upon Japan to put into execution forthwith the Council resolutions of the 30th September and the 10th December, 1931, so that all Japanese troops will be withdrawn into the so-called Railway Zone, pending further withdrawal therefrom, and the so-called Manchukuo Government will be dissolved;

(3) That the special Assembly, pending the dissolution of the so-called Manchukuo Government and recalling its own resolution of the 11th March, 1932, wherein it pledged itself not to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris, declare that it will not recognize the said 'Manchukuo Government' and will not enter into any relations therewith;

(4) That the special Assembly make and publish before a definite date and within the shortest possible time a report for the final settlement of the dispute as prescribed in Article 15, paragraph 4, of the Covenant of the League of Nations.

The Japanese delegate, Mr. Matsuoka, who spoke second, submitted for his part that any suggestions that the Assembly might decide to put forward should be governed by the following principles:

(1) The terms must be such that they can be effectively put into operation, and that they will accomplish and preserve peace in the Far East.

(2) A solution must be found for the disordered condition of China.

(3) In case any plan for settlement is found by the League, this organization must take upon itself the responsibilities for its execution.

Mr. Matsuoka followed up this submission, first with a challenge to the States Members of the League, and then with an intimation of a way in which the League might 'save its face'. 'Considering the actual condition in China', he observed, 'the execution' was one that was 'likely to be costly, and the League should have both the will and the means to make the necessary sacrifices'. Was 'any Member of the League ready to participate with others in such an undertaking?' He went on to suggest that, in having prevented open war between China and Japan, the League had already 'fulfilled the high object of its existence'; and he dismissed, as 'entirely groundless', 'the apprehension entertained in some quarters' (e.g. among the

lesser States Members) 'that the present case might lead to weakening or even undermining the principles of the Covenant'. He submitted that 'the exceptional nature of the present case' made 'it plain that you' could 'hardly apply to it those principles by generalization'; and that 'the Japanese actions' did not 'militate against the Pact of Paris, or against any other treaties'.

This argument did not appeal to the representatives of the lesser states, as was made abundantly clear, in the next phase of the debate, in the successive speeches of Mr. Connolly (Irish Free State), Dr. Beneš (Czechoslovakia), Monsieur Undén (Sweden), Monsieur Lange (Norway), Señor de Madariaga (Spain), Monsieur Motta (Switzerland), Monsieur Politis (Greece), Señor Matos (Guatemala), and Señor Buero (Uruguay), with whom Monsieur Moresco (Netherlands) and Monsieur Borberg (Denmark) subsequently associated themselves.

One after another, these spokesmen of the smaller countries affirmed, in contradiction to Mr. Matsuoka's thesis, that an oecumenical issue was at stake in the handling of the Far Eastern conflict at Geneva. As Mr. Connolly put the point, 'the wider question of peace or war in the Far East, with potential and . . . inevitable repercussions on world peace', was 'linked up with the decisions that' would 'be reached on this question'. As Monsieur Undén put it, 'the cause of peace is one and indivisible'. The same point was put by Señor Buero in the form of a question.

If, in justification of what is happening in the Far East, the peculiar position of those distant countries of Asia is adduced as exempting them from the strict application of treaty law, on which the Covenant, and especially Article 10, is based, what will be the position to-morrow when countries in other continents equally distant from Europe are compelled to ask the League for assistance?

'Fortunately', the Uruguayan representative added, 'the League, up to the present at least', had 'opposed any such discrimination with all its power'.

Taking this view, these speakers naturally went on to declare that, in their opinion, the Far Eastern case was an 'acid test' of the Covenant.

If [declared Mr. Connolly] the League falters or hesitates, fearing lest by its action it may offend, then, as an organization built up by moral support of what is right, it will not survive and, in my opinion, will not deserve to survive. . . .

We of the smaller states are vitally concerned to ensure that the principles embodied in the League Covenant are steadfastly maintained. Let there be no mistake—if the moral force of the League is broken on this issue, then the League as at present constituted cannot survive, and the worst cynicism of the League's critics will have been justified. . . .

If the League mean anything, or is going to mean anything, its responsibility for peace and justice must be constant and continuous, and, in the present issue, it is, I feel, facing a supreme test.

The same view was expressed forcibly by Dr. Beneš.

The League will emerge from this test greater and stronger and will inspire confidence, if we succeed in finding a worthy solution of the problem. Otherwise it will wend its way towards a period of weakness, disillusionment and scepticism, and thus one of the greatest and boldest undertakings of the human mind will inevitably be stricken down.

More than one of these speakers recalled, with some bitterness, the fact that the Japanese had taken advantage of the patiently conciliatory temper which the League had displayed, in order to present the League, and the World, with a *fait accompli*.

The Committee of Nineteen, and some of its members individually [Dr. Beneš observed] express their profound and sincere regret that the undertaking not to aggravate the situation, given by the two parties before the Council on the 30th September and the 10th December, 1931, and solemnly confirmed by the Assembly, has not been observed. The Committee of Nineteen, when informed of the possibility that the State of Manchukuo might be recognized, acted, against the opinion of certain of its members, with peculiar moderation, on the ground that, in a case of that kind, an attitude of respect for the larger moral interests and the national dignity of the two parties to the dispute would inspire both of them with feelings of particular regard for the League and for the representatives of the other countries who were called upon to perform a particularly thankless task in connexion with the dispute. The members of the Committee of Nineteen felt particularly keenly the complete disappointment they experienced in that respect; and I must say that thereby their task is made still more difficult to-day, when they are making every effort, by means of conciliation, to find a just and equitable solution of this unfortunate dispute. For the policy of accomplished facts is one of the most dangerous policies for the peace of the World.

The League of Nations [said Señor de Madariaga], realizing from the first the seriousness of the problem, has acted with circumspection, caution and patience, which naturally called for time. We knew well that time would be unjust, that it would favour the side relying on immediate force and would allow the *fait accompli* to ripen and bear fruit. But when I search my memory for the motives that led me during this long year to agree to such slow methods, to vote for these long time-limits, to resign myself to these adjournments, I find that I was moved almost entirely by a desire to be conciliating and accommodating to Japan. It was therefore not without some bitterness that, the other day, I heard the distinguished Monsieur Matsuoka say in the Council that his Government had not submitted the conflict to our jurisdiction 'on account of the delays inherent in League procedure'.

It was evident that, with all these speakers, the Lytton Report had carried conviction, and that its findings had made a deep impression

on their minds. In particular, they showed themselves convinced that the military action of the Japanese in Manchuria and at Shanghai could not be legitimately regarded as action in self-defence, and that 'Manchukuo' could not be treated as a spontaneous creation of the inhabitants of Manchuria or indeed as anything but a Japanese product—the erection of which had only been made possible through the Japanese military conquest of the country.¹ The action which they, on their part, were in favour of taking, in the Assembly, was foreshadowed, on the 7th December, by Monsieur Motta.

After this general discussion, the Committee of Nineteen will be asked to submit to the plenary Assembly a draft resolution. This proposal, which will be carefully studied, should request the Committee to initiate conciliation procedure and supervise it. Such procedure is prescribed in Article 15, paragraph 3, of the Covenant, and I sincerely hope that it will attain its object: the settlement of the dispute. That would avoid the necessity of proceeding to the second phase—namely, the recommendation procedure laid down in Article 15, paragraphs 4 *et seq.*, of the Covenant.

Meanwhile, before any course of action could be decided upon by the Assembly, the representatives of the Great Powers had to be heard; and this time, once again, as on a number of previous occasions,² a 'class difference' between the attitude of the Great Powers and the attitude of the smaller countries made itself apparent. On this occasion Sir John Simon himself admitted that there was a difference inasmuch as 'the Great Powers, by the very circumstance of their position', might 'have upon their shoulders the greatest responsibilities and the largest risks'. He maintained, however, that, 'so far as the desire and the determination to act as loyal Members of the League of Nations are concerned, for all of us alike the Covenant of the League of Nations is our constitutional law. . . . We are not at liberty to disregard it. We are bound to sustain it.' Nevertheless, a detached observer who attempted to measure and compare—in the light of acts as well as words—the respective attitudes of the Great Powers and the smaller states towards the League of Nations, might perhaps still detect—notwithstanding the contention of the British Secretary of State—a certain difference in the matter of comparative loyalty, and he might confidently regard this difference as a fact of political importance, even if he were cautious in attributing any great moral significance to it.

¹ See, in particular, the observations on these two points which were made by Monsieur Motta on the 7th December.

² See the *Survey for 1931*, pp. 503-4, and the *Survey for 1932*, pp. 575-7.

Morally, the unqualified loyalty to the League which was displayed by the smaller states might have to be discounted by the consideration that, for states of this calibre, the League was the one possible shield and buckler in an otherwise lawless and violent world where the puny strength of their own right arms would be powerless to defend them against the aggression of their great neighbours. Conversely, it might be no proof that the Great Powers were morally inferior to the smaller states if the Great Powers' loyalty to the League proved to be partial and conditional, since the Great Powers, unlike the smaller countries, did still put some trust in the strength of their own right arms to defend them against all comers. Without prejudice to the question whether this self-confidence, on the part of the Great Powers, were well founded or not in an age which had seen the German 'strong man armed' brought low (like so many of his historic predecessors) by a stronger than he, it might be argued that, so long as this self-confidence in fact persisted, it was only human for the Great Powers to look with some indulgence upon the use, by one of their own number, of military force as an instrument of national policy. Moreover, if a residue of traditional self-confidence inclined the Great Powers, as a class, to be less sensitive than the small states to the fate of the general principle that was involved in the local and immediate Far Eastern issue, there were several of them which found their general disinclination to take action reinforced by particular feelings which were the opposite of self-confidence and which rather resembled those of the young man with great possessions when he flinched from Christ's challenge because he could not bear to sacrifice the hostages—Shanghais and Hongkongs and Indo-Chinas—which he had unhappily given to Fortune. Czechoslovakia, Switzerland, and Spain, for their part, owed it to Fortune likewise, rather than to any native virtue, that they happened to find themselves unencumbered with national possessions in the Far East.¹ And, on this showing, it might be argued that, morally, the peoples and Governments of the Great Powers and the smaller states were 'much of a muchness'. Indeed,

¹ Spain had been fortunate enough to be relieved of her former possession of the Philippines, thanks to her defeat in the Spanish-American War of 1898. Switzerland and Czechoslovakia were debarred from joining in the European competition for overseas possessions through the geographical accident of possessing no seaboard. In the case of Czechoslovakia, there was another safeguard in the lateness of the date at which she had acquired her sovereign independence. Even if the authors of the late Peace Settlement had contrived to confer upon her, as they did confer upon Poland, the doubtful blessing of a corridor to the sea-coast, this could scarcely have become an avenue to even a modest overseas empire in an age when the political apportionment of the entire overseas world was already a *fait accompli*.

it might be conjectured that if, by some stroke of magic, their respective strengths and estates could have been transposed, they would have promptly interchanged their respective policies. Yet, however chary an observer might be of passing a comparative moral judgement, he could not fail to note that, in their respective attitudes towards the League, there was a well-marked difference between the Great Powers on the one hand and the smaller states on the other, and that this *de facto* difference of attitude was a fact of considerable political importance.

In any case, the four speeches of Monsieur Paul-Boncour (France), Sir John Simon (United Kingdom), Baron Aloisi (Italy), and Freiherr von Neurath (Germany) were all in harmony with one another, and in discord with the speeches of the representatives of the smaller states, in showing a certain indulgence towards Japan in one way or another. Monsieur Paul-Boncour, for instance, took up Mr. Matsuoka's suggestion that the 'slowness' and the 'powerlessness' which had been displayed by the League in its handling of the Far Eastern conflict need not be taken as constituting a precedent for its prospects of success or failure in dealing with a similar situation in Europe. He suggested to his colleagues that, in the Far East, they were dealing with a special case; and his Italian colleague, Baron Aloisi, drew the moral that this special case was a test, not of the efficacy of the Covenant, but of its elasticity.

Wherever the responsibilities for the dispute may lie, the fact remains that it has put the elasticity and flexibility even of the clauses of the Covenant to the severest test. That flexibility was intended and, I say, wisely intended, by the founders of the League. Their object was to allow the free development of the activities of states without resort to those extreme measures which the League is called upon to take in the event of a violation of the Covenant. This flexibility, I repeat, has been put to a very severe test; but that does not justify our proceeding to conclusions not based on a sense of realities or the responsibility of Government representatives. The latter are called upon, not to establish academic principles, but to discover a solution based on realities. That is what world public opinion demands.

This view was also taken by Freiherr von Neurath, who deprecated an approach to the question 'on the basis of more or less abstract principles'.

As for Sir John Simon, he held out a helping hand to Mr. Matsuoka by drawing attention to certain passages in the Lytton Report which brought out the complicated character of the circumstances of the dispute and the weak points in the Chinese case, and which submitted, *à propos* of future action in Manchuria, that 'a mere restoration of

the *status quo ante* would be no solution'.¹ He went on to observe that he had 'heard something said about direct negotiations between the parties', and to suggest that, 'if direct negotiations' gave 'promise of good results', then surely the Assembly 'should encourage them by every means in their power'. After listening to Sir John Simon's speech, Mr. Matsuoka was reported to have remarked that 'Sir John Simon had said in half an hour, in a few well-chosen phrases, what he—Mr. Matsuoka—had been trying to say in his bad English for the last ten days'.² Sir John Simon did, however, go on to suggest that the organs of the League might be able—and he believed they would be able—to assist in the work of conciliation; and he made the constructive proposal (which was seconded by Freiherr von Neurath) that, if a Conciliation Committee were eventually constituted, means might be found 'to add to it a representative from each of two great countries vitally interested in the Far East which' were 'not themselves Members of the League of Nations—namely, the United States of America and the Union of Soviet Socialist Republics'.

Thereafter, on the 8th December, the attitude already assumed by the representatives of the Great Powers was likewise taken up by the representatives of two of the self-governing overseas Dominions of the British Commonwealth, Mr. Cahan (Canada) and Mr. Bruce (Australia). Mr. Cahan not only took pains to re-affirm the established Canadian doctrine about the limited scope of Article 10 of the Covenant;³ he also gave the impression of condoning the Japanese military *coup* of September 1931 in Manchuria by criticizing the Japanese Government for not having communicated to the League, at the time, an unsolicited explanation of Japanese conduct and policy, on the precedent of the British Government's communication in 1927⁴—an analogy which, as drawn by Mr. Cahan on this occasion, might seem to carry the implication that, in other respects, the Japanese Government's behaviour was comparable with the British Government's action in 1927 in despatching a defence force to Shanghai.⁵ Mr. Bruce, for his part, deprecated the passing of any resolution with either an open or an implied censure in it, on the ground that this would make the League's task of conciliation very difficult.

In making this plea, Mr. Bruce was referring to an incident which

¹ *Lytton Report*, p. 127.

² *The Manchester Guardian*, 8th December, 1932.

³ For this doctrine, see *The Conduct of British Empire Foreign Relations since the Peace Settlement*, pp. 10, 52 n., 56-8.

⁴ See the *Survey for 1926*, pp. 361-2, 380.

⁵ See the *Survey for 1926*, pp. 361-80; the *Survey for 1927*, pp. 369-77; and the *Survey for 1932*, pp. 496-7, 538.

had occurred at an earlier stage of that morning's meeting, when a draft resolution—presented jointly by the delegations of Spain, Ireland, Sweden, and Czechoslovakia—had evoked a protest from Mr. Matsuoka. This resolution was conceived as follows:

The Assembly,

Considering that the Commission of Enquiry appointed by the Council stated in its unanimous report that, as regards the questions pending between the two parties, every possibility of peaceful settlement had not been explored before the 18th September, 1931; that the relations between China and Japan were those of disguised war; and that the military operations which were undertaken by the Japanese troops after the 18th September, 1931, and which created these relations, could not be regarded as measures of legitimate defence;

Considering that, in its unanimous report, the Commission of Enquiry stated it to be a fact that, without declaration of war, an important part of what was indisputably Chinese territory has been seized by force and occupied by the Japanese troops, and that, as a sequel to this operation, it has been separated and declared independent of the rest of China;

Considering that the Commission of Enquiry further stated in its unanimous report that the present régime in Manchuria could not be regarded as the outcome of a sincere and spontaneous movement of independence:

Observes that the vast operations and the military occupation which followed the events of the 18th September, 1931, cannot be considered as measures of legitimate defence;

Observes that the régime set up in Manchuria has only been able to be carried into effect thanks to the presence of Japanese troops;

Observes that the recognition of the present régime in Manchuria is not compatible with existing international obligations;

Authorizes the Committee of Nineteen to solicit the co-operation of the Governments of the United States of America and of the Union of Soviet Socialist Republics for the purpose of getting into touch with the parties with a view to ensuring a settlement of the dispute on the basis of the above-mentioned findings.

Mr. Matsuoka's response to this censure was in the following terms:

In the interest of the League, I wish to ask the authors of this draft resolution to withdraw it. Failing this, it is only fair to ask the President to put it to the vote when the time comes so that we may know the sense of the Assembly. I am afraid, let me add, that the handling of this resolution may, I even think will, entail consequences perhaps not intended or anticipated by the authors of the resolution.

A decision on Mr. Matsuoka's motion of order was postponed until after the close of the general discussion, which was terminated, as it had been opened, by speeches from the representatives of the two disputant countries. The Chinese spokesman, who, on this occasion, was Mr. Quo Tai-chi, concentrated his efforts, in the first place, upon

rebutting the contention—which had been definitely put forward by Mr. Matsuoka as well as being apparently implied by Mr. Cahan—that the Japanese military operations in Manchuria and at Shanghai, since the 18th September, 1931, were not much more difficult to justify than the British Government's action in despatching a defence force to Shanghai in 1927. In the second place, Mr. Quo Tai-chi took up Sir John Simon's suggestions.

Sir John Simon said yesterday afternoon that he had heard something about direct negotiations between the parties and he said 'that, if direct negotiations give promise of good results, then surely the Assembly should encourage them by every means in its power'. I am not sure in what quarter Sir John Simon had heard reports of direct negotiations. But certainly he could not have heard it from any member of the Chinese delegation, of the Chinese Government or from any other Chinese source. If we had desired direct negotiations with Japan on the basis of its military occupation of our land, we need not have troubled the Assembly with our affairs, for that method has been open to us since September 1931. We will not accept direct negotiations with Japan, and the idea that we will ever do so should be finally dismissed.

But, I make haste to add, we are determined also to do everything in our power to help the League to bring this tragic conflict to an agreed solution. There is nothing we more urgently desire than that. There is nothing we more urgently require than freedom from foreign troubles, to enable us to press on with our work of national reconstruction. The Assembly may rely on China to give it her utmost assistance in its present task. And if we are against direct negotiations, we are in favour of collective negotiations through the League. Sir John Simon yesterday suggested, if I understood him rightly, that such negotiations might be undertaken through the existing Committee of Nineteen and that in that Committee we might secure the assistance and advice of the United States of America and of the Soviet Union. For our part, we accept Sir John Simon's suggestion and we believe that no better machinery for the purpose could be found. . . .

The negotiations should be collective and should be conducted in the Committee of Nineteen. They should be preceded by the adoption of an Assembly resolution, pledging Members of the League not to recognize 'Manchukuo' or enter into any relations therewith. They should be begun upon the basis of, and should be limited by, the resolutions of the 11th March and the principles of Chapter IX of the report.

Mr. Matsuoka's last word was unpromising. He cited Sir John Simon's authority for declining to accept the Lytton Report *in toto*;¹ announced that 'a number of serious thinkers in Japan' were now urging withdrawal from the League of Nations because they were

¹ 'Our distinguished colleague from the United Kingdom very aptly said yesterday that none of us can accept the report of the Commission of Enquiry *in toto*. I do not quote his words, but refer to the sense of them. May I be allowed to undertake to improve his statement just a bit?'

'disgusted' and 'exasperated that their case was not fully understood by the League'; and proclaimed the unanimity of the Japanese nation, in support of the Japanese troops' action in Manchuria on and after the 18th September, 1931, in language which might have issued from the mouth of some official spokesman of Germany at any date between the German invasion of Belgium and the Armistice of the 11th November, 1918.

In this connexion, will you allow me to suggest to you that, if there were no good reason, it would be inexplicable that the whole nation should stand by the actions of the officers? There was not one dissenting voice throughout the land. There are sixty-five million Japanese of pure blood, and they all stood up as one man. Do you suppose that they all went mad? Do you suppose that they were all insane? It is a pretty hard thing to make sixty-five million people insane, and I trust that our delegation here are not regarded by you yet as insane. Does not common sense suggest to you that there must have been a very serious reason? Can you not at least suspect—unless you presume that we all went mad—that there must have been some good reason for the sixty-five million people to unite as one man in backing up these actions?

The reason is plain and simple. Our nation regards the issue connected with Manchuria as involving the very existence of Japan; she looks upon it as a question of life and death.

I owe it to candour to state—though it may shock some of you—that the irresponsible and misguided voices which were raised in the autumn of last year and the spring of this year in Geneva scared some of our people so much that they made up their minds to confront even the severest sanction under the Covenant—that is to say, economic boycott. They were ready to face it if need be, and I tell you, gentlemen, . . . that even to-day our nation is prepared to undergo it. And why? Because they believe that it is a question of now or never.

This intransigent tone, which was so loudly audible in Mr. Matsuoka's concluding speech, was probably elicited by a realization, on his part, that the Assembly was not inclined to take a line which would be acceptable to the Japanese Government. Sir John Simon himself had not only given warm praise to the Lytton Report; he had gone the length of practically committing himself to the proposition that the report should be taken as a basis for the Assembly's action,¹ while on the other hand, in taking up the Japanese demand for bilateral Sino-Japanese negotiations, he had not gone so far as to advocate the initiation of such negotiations without any participation on the part of the League. Moreover, Monsieur Paul-Boncour, on the 7th, had gone farther, not only than Sir John Simon, but also than Monsieur

¹ 'We must have a basis, and I can see no basis except that which this report provides.'—Sir John Simon in his speech in the Assembly on the 7th December, 1933.

Motta, in regard both to acting on the basis of the Lytton Report and to carrying the procedure under Article 15 of the Covenant through.

I think [he said] we should be wise to adopt the definite basis supplied by this report when we come to formulate our conclusions with regard to both tasks which have devolved upon us: that of conciliation in the first place, and then the final report, in the sense indicated in paragraph 4 of Article 15, which, however, we shall prepare only if our efforts at conciliation meet with no success.

The problem of how to avoid an immediate breach between Mr. Matsuoka and his colleagues was solved by the presentation, in the course of the proceedings on the 8th December, of another draft resolution—this time in the names of the Czechoslovak and Swiss delegations—which was examined by the Bureau of the Assembly, after the close of the general discussion on the afternoon of the 8th December, in conjunction with the four-Power draft resolution, quoted above, and with Mr. Matsuoka's motion of order. On the 9th December, this Czechoslovak-Swiss resolution was submitted to the Assembly by the President, and was adopted by the Assembly in the following form (which embodied some slight amendments of the original draft).

The Assembly,

Having received the report of the Commission of Enquiry set up under the resolution adopted on the 10th December, 1931, by the Council, together with the observations of the parties and the Minutes of the Council meetings held from the 21st to the 28th November, 1932;

In view of the discussions which took place at its meetings from the 6th to the 9th December, 1932:

Requests the Special Committee appointed under its resolution of the 11th March, 1932:

(1) To study the report of the Commission of Enquiry, the observations of the parties and the opinions and suggestions expressed in the Assembly, in whatever form they were submitted;

(2) To draw up proposals with a view to the settlement of the dispute brought before it under the Council resolution dated the 19th February, 1932;

(3) To submit these proposals to the Assembly at the earliest possible moment.

It will be seen that the first of the three requests, set forth in this resolution, avoided both the alternatives which had been put forward, the day before, by Mr. Matsuoka in his protest against the draft resolution of the four small Powers. On the one hand, this four-Power resolution was not put to the vote, and on the other hand it was not withdrawn, but was now passed on, with Mr. Matsuoka's tacit assent, to the Committee of Nineteen.

The Committee of Nineteen set to work forthwith, and found itself able, on the 15th December, 1932, to submit to the two disputants two draft resolutions and a statement of reasons 'indicating generally the basis on which it thought it possible to continue its endeavours to effect a settlement of the dispute'¹ by way of conciliation under Paragraph 3 of Article 15 of the Covenant. These texts were as follows:

Draft Resolution No. 1.

The Assembly,

Recognizing that, according to the terms of Article 15 of the Covenant, its first duty is to endeavour to effect a settlement of the dispute, and that consequently it is not at present called upon to draw up a report stating the facts of the dispute and its recommendations in regard thereto;

Considering that, by its resolution of the 11th March, 1932, it laid down the principles determining the attitude of the League of Nations in regard to the settlement of the dispute:

Affirms that in such a settlement the provisions of the Covenant of the League of Nations, the Pact of Paris and the Nine-Power Treaty must be respected;

Decides to set up a Committee whose duty will be to conduct, in conjunction with the parties, the negotiations with a view to a settlement, on the basis of the principles set out in Chapter LX of the report of the Commission of Enquiry, and having regard to the suggestions made in Chapter X of that report;

Appoints, to form a Committee, the Members of the League represented on the Special Committee of Nineteen;

Considering it desirable that the United States of America and the Union of Soviet Socialist Republics should consent to take part in the negotiations, entrusts to the above-mentioned Committee the duty of inviting the Governments of the United States of America and the Union of Soviet Socialist Republics to take part in these negotiations;

Authorizes it to take such measures as it may deem necessary for the successful execution of its mission;

Requests the Committee to report on its work before the 1st March, 1933.

The Committee will have power to fix, in agreement with the two parties, the time-limit referred to in the Assembly resolution of the 1st July, 1932; should the two parties fail to agree on the duration of such a time-limit, the Committee will, simultaneously with the presentation of its report, submit proposals to the Assembly on the subject.

The Assembly shall remain in session, and its President may convene it as soon as he may deem this necessary.

¹ *League of Nations: Appeal of the Chinese Government; Draft of the Report provided for in Article 15, Paragraph 4, of the Covenant (VII. Political. 1933 VII. 2.) (Official No. A (Extr.) 22. 1933. VII), p. 12.*

Draft Resolution No. 2.

The Assembly thanks the Commission of Enquiry appointed in virtue of the Council's resolution of the 10th December, 1931, for the valuable assistance it has afforded to the League of Nations and declares that its report will stand as an example of conscientious and impartial work.

Statement of Reasons.

The Assembly, in its resolution of the 9th December, 1932, requested its Special Committee:

(1) To study the report of the Commission of Enquiry, the observations of the parties, and the opinions and suggestions expressed in the Assembly, in whatever form they were submitted;

(2) To draw up proposals with a view to the settlement of the dispute brought before it under the Council resolution dated the 19th February, 1932;

(3) To submit these proposals to the Assembly at the earliest possible moment.

If the Committee had had to lay before the Assembly a picture of events and an appreciation of the general situation, it would have found all the elements necessary for such a statement in the first eight chapters of the report of the Commission of Enquiry, which, in its opinion, constitute a balanced, impartial and complete statement of the principal facts.

But the time has not come for such a statement. In accordance with Article 15, paragraph 3, of the Covenant, the Assembly must first of all endeavour to effect a settlement of the dispute by conciliation, and, if such efforts are successful, it shall publish a statement giving such facts as it may deem appropriate. If it fails, it is its duty, in virtue of paragraph 4 of the same article, to make a statement of the facts of the dispute and recommendations in regard thereto.

So long as the efforts on the basis of Article 15, paragraph 3, are continued, a sense of the responsibilities placed on the Assembly in the various contingencies provided for in the Covenant obliges it to maintain a particular reserve. Hence the Committee has confined itself, in the draft resolution which it is to-day submitting to the Assembly, to making proposals with a view to conciliation.

By the Assembly's resolution of the 11th March, the Special Committee was instructed to endeavour to prepare the settlement of the dispute in agreement with the parties. Since, on the other hand, it is desirable that the United States of America and the Union of Soviet Socialist Republics should join in the efforts made in collaboration with the representatives of the parties, it is proposed that the Governments of these two countries should be invited to take part in the negotiations.

In order to avoid misunderstandings, and to make it plain that what is contemplated at the present stage with the co-operation of two countries not Members of the League is solely the negotiation of a settlement by conciliation, the Special Committee suggests that it should be regarded for this purpose as a new Committee responsible for conducting negotiations and should be authorized in this capacity to invite the Governments of the United States of America and of the Union of Soviet Socialist Republics to take part in its meetings.

The Negotiations Committee will have all the powers necessary for the execution of its mission. In particular, it may consult experts. It may, if it thinks fit, delegate part of its powers to one or more sub-committees, or to one or more particularly qualified persons.

The members of the Negotiations Committee will be guided as regards matters of law by Parts I and II of the Assembly resolution of the 11th March, 1932, and, as regards matters of fact, by the findings set out in the first eight chapters of the report of the Commission of Enquiry. As regards the solutions to be considered, they will seek them on the basis of the principles set out in Chapter IX of the report of the Commission of Enquiry and having regard to the suggestions made in Chapter X of the said report.

In this connexion, the Committee of Nineteen considers that, in the special circumstances which characterize the dispute, a mere return to the conditions previous to September 1931 would not suffice to ensure a durable settlement, and that the maintenance and recognition of the present régime in Manchuria could not be regarded as a solution.

Upon receipt of these documents, the Chinese and Japanese delegations proposed amendments and the President of the Committee and the Secretary-General were authorized to enter into conversations with them. On the 20th December the Committee decided to adjourn until the 16th January, 1933, at latest, in order to enable the conversations to continue.¹ This stay in the League's proceedings—which was prompted, like previous delays, by an earnest desire to make sure of not closing any doors upon the possibility of conciliation—was taken advantage of, by the Japanese, once again, as had happened on several occasions before in the course of the preceding fifteen months,² in order to extend the range of their military and political *faits accomplis* in the Far East. The turn of the calendar years 1932 and 1933 saw the Japanese military occupation of Shan-haikwan—a city which occupied a key-position at the eastern terminus of the Great Wall, where it covered the passage along the narrow strip of plain between the sea and the mountains³—and this was a prelude to the Japanese conquest of the Eastern Inner Mongolian province of Jehol.⁴ These inauspicious events in the Far East ushered in the next stage in the proceedings at Geneva, which may be recorded here in the Committee of Nineteen's own words.⁵

¹ Draft of the Report submitted by the Committee of Nineteen to the Assembly (*Document VII. Political. 1933. VII. 2*), p. 14.

² See the *Survey for 1931*, Part IV, section (iii) (b); and the *Survey for 1932*, Part V, section (iv) (c).

³ See the *Survey for 1932*, pp. 433 n., 434 and n.; and the present volume, p. 481.

⁴ For this see the present volume, pp. 479–80 above.

⁵ Draft of the Report submitted by the Committee of Nineteen to the Assembly, pp. 14–15. A fuller account of the same events will be found in the

'The Committee of Nineteen met again on the 16th January, 1933. It noted that, though the conversations with the representatives of the parties concerning the draft resolutions and the statement of reasons framed by it had continued, no new proposal had been received apart from the amendments submitted in December by the Chinese and Japanese delegations. The Japanese delegation, however, had stated that it was in communication with its Government regarding new proposals which would be submitted within forty-eight hours.

'The Committee received these proposals on the 18th January. It noted that they differed in several fundamental points from those which it had communicated to the parties on the 15th December. As, however, the Japanese delegation, when submitting the new proposals of its Government, had specially emphasized that the latter attached great importance to the stipulation that the body to be appointed for the settlement of the dispute should include only Members of the League, the Committee of Nineteen felt that, if this were the only objection raised by Japan to the texts which had been communicated, it should not be impossible to settle the question in consultation with the parties. It therefore asked for supplementary information, particularly on the point whether, if this difficulty were overcome, Japan would be prepared to accept the draft resolution No. 1 of the 15th December. The Committee thought it should await the Japanese reply on this point before continuing its conversations with the Chinese delegation, whose proposals did not differ so fundamentally as those of Japan from the texts communicated to the two parties.

'On the 21st January the Committee noted that the effect of the statements made by the Japanese delegate to its Chairman and to the Secretary-General was that the Japanese Government was not prepared to accept draft resolution No. 1, even if the provision that non-member States be invited to participate in the negotiations for a settlement were eliminated from the draft.

'The Japanese delegation, in making these statements, had submitted new proposals on behalf of its Government.

'The Committee, after examining these proposals,¹ together with the amendments submitted by the Chinese delegation to the Committee's texts of the 15th December,² could do no more than note

opening statement made by the President of the Assembly, Monsieur Hymans (Belgium), at the meeting of the Assembly on the afternoon of the 21st February, 1933.

¹ Printed as Annex 1 to the Committee's draft report.

² Printed as Annex 2 to the Committee's draft report.

that it was impossible to frame a draft resolution acceptable to the two parties. The importance attached by the Chinese delegation and by the Committee itself to the participation of the United States of America and of the Union of Soviet Socialist Republics in the negotiation of a settlement made it impossible to eliminate at the sole request of Japan the provision concerning the invitation to those States, if the Committee must at the same time modify in the sense of the Japanese proposals the other provisions of draft resolution No. 1.

'The Committee further noted that, even if it agreed to transform the statement of reasons into a declaration made by the Chairman on behalf of the Committee, to which the parties would be free to submit reservations, the Japanese Government did not accept the text established by the Committee on the 15th December, but asked, in its new proposals, that important amendments to the text should be made which the Committee could not accept.

'In view of this situation, the Committee of Nineteen noted that, after endeavouring to prepare, in accordance with the mission entrusted to it, the settlement of the dispute in agreement with the parties, it appeared to it to be impossible to submit proposals to that effect to the Assembly.

'The Committee, therefore, in execution of the task entrusted to it under Part III (paragraph 5) of the resolution of the 11th March, 1932,¹ . . . prepared a draft report as contemplated in Article 15, paragraph 4, of the Covenant.

'In deciding to begin the preparation of this draft report, the Committee did not fail to point out that the Assembly was alone competent to apply, after the failure of the negotiations, the provisions of Article 15, paragraph 4. The Committee therefore remained at the disposal of the parties for any further proposals they might desire to communicate to it.

'On the 8th February, the Japanese representative submitted to the Committee further amendments to the text prepared on the 15th December.² On the 9th February, the Committee, after considering these amendments, deemed it desirable to ask for further information in regard thereto, in particular whether the Japanese Government accepted, as one of the bases for the contemplated conciliation, Principle 7 in Chapter IX of the report of the Commission of Enquiry regarding the establishment in Manchuria of a large measure of autonomy consistent with the sovereignty and administrative in-

¹ See the *Survey for 1932*, pp. 578-80.

² Printed as Annex 3 to the Committee's draft report.

tegrity of China. This question was submitted to the Japanese delegation in a letter of the same date.¹

'The Japanese Government replied on the 14th February that it was convinced that the maintenance and recognition of the independence of "Manchukuo" were the only guarantee of peace in the Far East, and that the whole question would eventually be solved between Japan and China on that basis.² In reply to this communication the Committee, to its deep regret, felt bound to hold that the Japanese proposals put forward on the 8th February did not afford an acceptable basis for conciliation.³ It added that it was, of course, willing to examine up to the date of the final meeting of the Assembly any further proposals which the Japanese Government might wish to make, but that it was sure that the Japanese delegation would realize that any aggravation of the existing situation must render more difficult, if not indeed frustrate, further efforts at conciliation.'

In recording these rather complicated negotiations between the Committee of Nineteen and the Japanese Government, it seems unnecessary to go into greater detail here than is given in the authoritative passage, just quoted, from the Committee's own draft report, since the principal relevant fact about the negotiations is that, unhappily, they came to nothing, as far as concerned the attempt, on the Committee's part, to establish a basis for a further essay in conciliation. At the same time, these negotiations were not without diplomatic importance; and on the point of diplomacy, as distinct from the point of substance, the Committee gained the advantage; for they frustrated the Japanese Government's attempt to make the breach appear to occur over the question whether the U.S.S.R. and the United States should be represented on the proposed new conciliation committee, and unmasked the true reason for the breach, which was that the Japanese Government were unwilling to accept any basis for a conciliation procedure which did not include an *a priori* acquiescence, on the part of all the other parties concerned, in the maintenance and recognition of the 'independence of Manchukuo'. The unmasking of this truth was important inasmuch as it clarified the real issue, in advance of the final encounter between Japan and the League Assembly. If Japan had been allowed to make the breach seem to occur over the proposed participation, in the next stage of the League's proceedings, of two states which were both

¹ Printed as Annex 4 to the Committee's draft report.

² Printed as Annex 5 to the Committee's draft report.

³ Letter printed as Annex 6 to the Committee's draft report.

non-members, she might have ridden off on a show of legal justification. By conditionally waiving this desideratum, the Committee forced Japan to reveal to the World the fact that the real cause of the breach was Japan's refusal to accept the procedure of conciliation in regard to the very object in dispute: that is to say, the military and political *fait accompli* which Japan had already created in Manchuria by force.

On the 14th February the Committee of Nineteen not only addressed the last of its above-mentioned communications to the Japanese Government, but also adopted the draft of a report designed for eventual adoption by the Assembly, on the assumption that the attempt at conciliation had broken down. A report of the kind, in these circumstances, was required by the terms of Paragraph 4 of Article 15 of the Covenant; and the Committee of Nineteen had been instructed by the Assembly, in its resolution of the 11th March, 1932,¹ to prepare such a report if need be.

The draft report which was now duly prepared by the Committee consisted of four parts. In Part I of the draft, the Assembly was invited by its Committee to adopt, as its own, the first eight chapters of the Lytton Report, as well as the reports from the Consular Commission of Inquiry² on the hostilities at Shanghai at the beginning of the year 1932. Part II described the development of the dispute before the League of Nations, together with the concurrent development of events in the Far East—more especially the events not covered by the documentary material referred to in Part I. Part III described the chief characteristics of the dispute and the conclusions which might be drawn by the Assembly from the essential facts. Finally, Part IV contained certain recommendations which the Assembly might deem to be just and proper in regard to the dispute.

The contents of Parts I and II of this draft report (which was eventually adopted by the Assembly on the 24th February, 1933) need not be recapitulated here, since they record facts which have been dealt with already—albeit with far less authority—in previous volumes of this *Survey*. Of the eleven numbered conclusions presented in Part III, lack of space forbids the quotation, here, of more than the last three, which were to the following effect:

9. Without excluding the possibility that, on the night of the 18th-19th September, 1931, the Japanese officers on the spot may have believed that they were acting in self-defence, the Assembly cannot regard as measures of self-defence the military operations carried out on that night by the Japanese troops at Mukden and other places in

¹ See the *Survey for 1932*, pp. 578-80.

² See *op. cit.*, pp. 562-3.

Manchuria. Nor can the military measures of Japan as a whole, developed in the course of the dispute, be regarded as measures of self-defence. Moreover, the adoption of measures of self-defence does not exempt a State from complying with the provisions of Article 12 of the Covenant.

10. Since the 18th September, 1931, the activities of the Japanese military authorities, in civil as well as in military matters, have been marked by essentially political considerations. The progressive military occupation of the Three Eastern Provinces removed in succession all the important towns in Manchuria from the control of the Chinese authorities; and, following each occupation, the civil administration was re-organized. A group of Japanese civil and military officials conceived, organized and carried through the Manchurian independence movement as a solution to the situation in Manchuria as it existed after the events of the 18th September, and, with this object, made use of the names and actions of certain Chinese individuals and took advantage of certain minorities and native communities that had grievances against the Chinese administration. This movement, which rapidly received assistance and direction from the Japanese General Staff, could only be carried through owing to the presence of the Japanese troops. It cannot be considered as a spontaneous and genuine independence movement.

11. The main political and administrative power in the 'Government' of 'Manchukuo', the result of the movement described in the previous paragraph, rests in the hands of Japanese officials and advisers, who are in a position actually to direct and control the administration; in general, the Chinese in Manchuria, who, as already mentioned, form the vast majority of the population, do not support this 'Government' and regard it as an instrument of the Japanese. It should also be noted that, after the Commission of Enquiry completed its report and before the report was considered by the Council and the Assembly, 'Manchukuo' was recognized by Japan. It has not been recognized by any other State, the Members of the League in particular being of opinion that such recognition was incompatible with the spirit of the resolution of the 11th March, 1932.

The last sentence of Part III recorded the following momentous judgement:

While at the origin of the state of tension that existed before the 18th September, 1931, certain responsibilities would appear to lie on one side and the other, no question of Chinese responsibility can arise for the development of events since the 18th September, 1931.

The statement of recommendations in Part IV was divided into three sections. Section 1, which was in the nature of a preamble, recited a number of principles, conditions, and considerations on which the subsequent substantive recommendations were based. This section cited the Covenant of the League; the Multilateral Pact of Paris ('Kellogg-Briand Pact');¹ the Nine-Power Washington

¹ See the *Survey for 1923*, Part I A, section (i).

Treaty;¹ the Assembly's own resolution of the 11th March, 1932;² the declaration made by the President-in-Office of the Council on the 10th December, 1931;³ the appeal addressed to the Japanese Government by the twelve neutral members of the Council on the 16th February, 1932;⁴ the resolutions adopted by the Council on the 30th September, 1931, and the 10th December of the same year, in agreement with the parties to the dispute;⁵ as well as ten principles and considerations which had been laid down by the Lytton Commission.⁶ The texts of sections 2 and 3 of Part IV of the draft report were as follows:

Section II

The provisions of this section constitute the recommendations of the Assembly under Article 15, paragraph 4, of the Covenant.

Having defined the principles, conditions and considerations applicable to the settlement of the dispute,

The Assembly recommends as follows:

1. Whereas the sovereignty over Manchuria belongs to China,

A. Considering that the presence of Japanese troops outside the zone of the South Manchuria Railway and their operations outside this zone are incompatible with the legal principles which should govern the settlement of the dispute, and that it is necessary to establish as soon as possible a situation consistent with these principles,

The Assembly recommends the evacuation of these troops. In view of the special circumstances of the case, the first object of the negotiations recommended hereinafter should be to organize this evacuation and to determine the methods, stages and time-limits thereof.

B. Having regard to the local conditions special to Manchuria, the particular rights and interests possessed by Japan therein, and the rights and interests of third States,

The Assembly recommends the establishment in Manchuria, within a reasonable period, of an organization under the sovereignty of, and compatible with the administrative integrity of, China. This organization should provide a wide measure of autonomy, should be in harmony with local conditions and should take account of the multilateral treaties in force, the particular rights and interests of Japan, the rights and interests of third States, and, in general, the principles and conditions reproduced in Section I (c) above; the determination of the respective powers of and relations between the Chinese Central Government and the local authorities should be made the subject of a Declaration by the Chinese Government having the force of an international undertaking.

2. Whereas, in addition to the questions dealt with in the two recommendations I A and I B, the report of the Commission of Enquiry

¹ See the *Survey for 1920-3*, pp. 477-8.

² *Ibid.*, 1931, p. 504.

³ *Ibid.*, 1931, pp. 486-7, 501-2.

⁴ See *Documents on International Affairs*, 1932, pp. 326-7.

⁵ *Ibid.*, 1932, pp. 578-80.

⁶ *Ibid.*, 1932, pp. 565-6.

mentions, in the principles and conditions for a settlement of the dispute set out in Section I (c) above, certain other questions affecting the good understanding between China and Japan, on which peace in the Far East depends,

The Assembly recommends the parties to settle these questions on the basis of the said principles and conditions.

3. Whereas the negotiations necessary for giving effect to the foregoing recommendations should be carried on by means of a suitable organ,

The Assembly recommends the opening of negotiations between the two parties in accordance with the method specified hereinafter.

Each of the parties is invited to inform the Secretary-General whether it accepts, so far as it is concerned, the recommendations of the Assembly, subject to the sole condition that the other party also accepts them.

The negotiations between the parties should take place with the assistance of a Committee set up by the Assembly as follows: The Assembly hereby invites the Governments of . . . each to appoint a member of the Committee as soon as the Secretary-General shall have informed them that the two parties accept the Assembly's recommendations. The Secretary-General shall also notify the Governments of the United States of America and of the Union of Soviet Socialist Republics of this acceptance and invite each of them to appoint a member of the Committee should it so desire. Within one month after having been informed of the acceptance of the two parties, the Secretary-General shall take all suitable steps for the opening of negotiations.

In order to enable the Members of the League, after the opening of negotiations, to judge whether each of the parties is acting in conformity with the Assembly's recommendations:

(a) The Committee will, whenever it thinks fit, report on the state of the negotiations, and particularly on the negotiations with regard to the carrying out of recommendations I A and B above; as regards recommendation I A, the Committee will in any case report within three months of the opening of negotiations. These reports shall be communicated by the Secretary-General to the Members of the League and to the non-member States represented on the Committee;

(b) The Committee may submit to the Assembly all questions relating to the interpretation of Section II of Part IV of the present report. The Assembly shall give this interpretation in the same conditions as those in which the present report is adopted, in conformity with Article 15, paragraph 10, of the Covenant.

Section III

In view of the special circumstances of the case, the recommendations made do not provide for a mere return to the *status quo* existing before September 1931. They likewise exclude the maintenance and recognition of the existing régime in Manchuria, such maintenance and recognition being incompatible with the fundamental principles of existing international obligations and with the good understanding between the two countries on which peace in the Far East depends.

It follows that, in adopting the present report, the Members of the League intend to abstain, particularly as regards the existing régime in Manchuria, from any act which might prejudice or delay the carrying out of the recommendations of the said report. They will continue not to recognize this régime either *de jure* or *de facto*. They intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their action among themselves as well as with the interested States not members of the League. As regards the Members of the League who are signatories of the Nine-Power Treaty, it may be recalled that, in accordance with the provisions of that Treaty: 'Whenever a situation arises which, in the opinion of any one of them, involves the application of the stipulations of the present Treaty and renders desirable discussion of such application, there shall be full and frank communication between the contracting Powers concerned.'

In order to facilitate as far as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the Secretary-General is instructed to communicate a copy of this report to the States non-members of the League who are signatories of the Pact of Paris or of the Nine-Power Treaty, informing them of the Assembly's hope that they will associate themselves with the views expressed in the report, and that they will, if necessary, concert their action and their attitude with the Members of the League.

When the special session of the Assembly was reassembled on the 21st February, 1933, the President, Monsieur Hymans, contented himself with giving an account of the proceedings of the Committee of Nineteen since the 9th December, 1932; and the consideration, by the Assembly, of the draft report from the Committee of Nineteen was deferred until the 24th of the month. When that date arrived the Assembly took definitive action within the compass of a single day.

On the 24th February, 1933, the proceedings in the Assembly opened with a submission, on behalf of the Committee of Nineteen, of names of states which might be invited to serve on the committee that was provided for in the fourth paragraph of Recommendation 3, Section 2, Part IV, of the draft report.¹ It was also announced, on the Committee's behalf, that, having studied the Japanese delegation's observations on the draft report, the Committee did not desire to make any change in the draft, and that its members had decided not to take part in the coming discussion. Indeed, apart from the President of the Assembly, the sole speakers at the momentous morning sitting of the 24th February, 1933, were Dr. Yen (China)

¹ See p. 507 above. The names proposed were the following: Belgium, the United Kingdom, Canada, Czechoslovakia, France, Germany, the Irish Free State, Italy, the Netherlands, Portugal, Spain, and Turkey.

and Mr. Matsuoka (Japan), together with the representatives of Venezuela, Canada, and Lithuania. At the end of this sitting, the President took a vote on the draft report, by roll-call, with the following results. The number of states voting was 44. The number of votes cast in favour of the report was 42. The 42 affirmative votes included those of all the twelve members of the Council other than the two parties to the dispute. They also included the vote of one of the two parties to the dispute, namely China. The discrepancy between the total number of votes cast and the number of votes in the affirmative was accounted for by the abstention of Siam from voting, and by an adverse vote from one of the two parties, namely Japan. The Japanese vote was thus the sole adverse vote that was cast. By the terms of Article 15 of the Covenant, the votes of the parties did not count in deciding the question of unanimity; and, in the Assembly, unanimity meant a unanimous vote of the states represented on the Council and a majority of the other states represented in the Assembly, while a state which abstained from voting was regarded, under the rules of procedure, as not being present. Accordingly, the President was able to declare the report unanimously adopted.

The morning's proceedings closed with a declaration from Mr. Matsuoka on behalf of the Japanese Government, which contained the following significant passages:

It is a source of profound regret and disappointment to the Japanese delegation and to the Japanese Government that the draft report has now been adopted by this Assembly. . . .

The Japanese Government now finds itself compelled to conclude that Japan and the other Members of the League entertain different views on the manner of achieving peace in the Far East, and the Japanese Government is obliged to feel that it has now reached the limit of its endeavours to co-operate with the League of Nations in regard to the Sino-Japanese differences.

Thereupon the Japanese delegation withdrew.

At a further sitting, on the same afternoon, the Assembly went on to adopt a draft resolution, submitted by the Committee of Nineteen, in the following terms:

Whereas, in virtue of Article 3, paragraph 3, of the Covenant, the Assembly may deal at its meetings with any matter affecting the peace of the World, and therefore cannot regard with indifference the development of the Sino-Japanese dispute;

And whereas, according to Part IV, Section III, of the report adopted by the Assembly in virtue of Article 15, paragraph 4, the Members of the League intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their

action among themselves as well as with the interested States not members of the League', and, 'in order to facilitate as far as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the Secretary-General is instructed to communicate a copy of this report to the States non-members of the League who are signatories of or have acceded to the Pact of Paris or the Nine-Power Treaty, informing them of the Assembly's hope that they will associate themselves with the views expressed in the report, and that they will, if necessary, concert their action and their attitude with the Members of the League':

The Assembly decides to appoint an Advisory Committee to follow the situation, to assist the Assembly in performing its duties under Article 3, paragraph 3, and, with the same objects, to aid the Members of the League in concerting their action and their attitude among themselves and with the non-member States.

The Committee will consist of the representatives of the Members of the Committee of Nineteen and the representatives of Canada and the Netherlands.

The Committee will invite the Governments of the United States of America and the Union of Soviet Socialist Republics to co-operate in its work.

It shall report and make proposals to the Assembly whenever it thinks fit. It shall also communicate its reports to the Governments of the States non-members of the League which are co-operating in its work.

The Assembly shall remain in session and its President, after consulting the Committee, may convene it whenever he thinks fit.

The communication of the Assembly's report to states non-members of the League which were parties to the Kellogg Pact or to the Nine-Power Treaty evoked a prompt and cordial response from the Government of the United States. As early as the 26th February, 1933, the Secretary-General of the League received, at Geneva, a letter, dated the 25th, from the Secretary of State at Washington, Mr. Stimson, from which the following passages may be quoted:

The findings of fact arrived at by the League and the understanding of the facts derived by the American Government from the reports made to it by its own representatives are in substantial accord.

In the light of its findings of fact the Assembly of the League has formulated a measured statement of its conclusions. With those conclusions the American Government is in general accord. In their affirmations respectively of the principle of non-recognition and their attitude in regard thereto, the League and the United States are on common ground.¹

As for the invitation, from the Assembly, to serve on the new Advisory Committee, this was accepted by the United States but was declined by the U.S.S.R.

¹ *The Manchester Guardian*, 27th February, 1933.

The new committee, which thus came to consist of the representatives of twenty-two states,¹ met for the first time on the 15th March, 1933, and elected Monsieur Lange (Norway) as its President. It at once appointed two sub-committees: one to examine the question of the export of arms to the Far East;² the other to consider the practical implications of the non-recognition of 'Manchukuo'.

On the second question, the Committee addressed, on the 14th June, 1933, a circular to all Governments—including non-members as well as members of the League—setting forth its recommendations for putting the policy of non-recognition into effect. This document dealt with such matters as the participation of the 'Government' of 'Manchukuo' in international conventions; postal services and stamps; the international non-recognition of the 'Manchukuo' currency; the problems likely to arise over the acceptance, by foreigners, of concessions or employments in Manchuria; passports; the position of consuls; and the application of the system of import and export certificates which had been contemplated in the Geneva Opium Convention of 1925 and in the Opium Limitation Convention of 1931.

On the question of the arms traffic, it was more difficult both to work out a common policy, and to secure concerted action, since larger and more formidable issues were here involved. In the matter of the non-recognition of 'Manchukuo', the question of principle had already been decided by the United States and by the states members of the League; and however great the future importance of this decision on a point of principle might possibly prove to be, the League Committee, and the Governments to whom it circulated its recommendations, had nothing further to do at the moment than to work out the practical application of the principle, in a particular case, on points of detail. On the other hand, the problem of dealing with the arms traffic could not be treated as something merely incidental to a particular phase of the Sino-Japanese dispute, since this problem involved issues—particularly in regard to the concept and status of Neutrality—which touched the heart of the general problem of Security and Disarmament.

The inherent difficulties may be illustrated by the internal discussions on the subject in two of the principal arms-exporting countries—the United Kingdom and the United States—during the weeks

¹ i.e. all the states previously represented on the Committee of Nineteen, together with Canada, the Netherlands, and the United States.

² On the Committee of Nineteen, the appointment of this sub-committee had been proposed by Mr. Eden (United Kingdom) as early as the 25th February, 1933.

immediately preceding the setting up of the relevant sub-committee, on the 15th March, 1933, at Geneva.

On the 21st February, 1933, in the House of Commons at Westminster, Sir John Simon was asked by Mr. Lansbury—*à propos* of the new Japanese military offensive in the province of Jehol¹—whether he could give any information as to the proposal for an embargo on arms exported to Japan or China. On this occasion, Sir John Simon contented himself with quoting President Hoover's message of the 10th January to the Congress at Washington, to the effect that 'for one nation alone to engage in such prohibitions, while other nations continue to supply arms, is a futility'; and an attempted motion of adjournment on the point was ruled out of order. Time was given, however, for a debate on the subject on the 27th February, and in the course of this debate Sir John Simon announced that, subject to the maintenance of existing contracts, His Britannic Majesty's Government in the United Kingdom had 'decided that, as from' that 'day, and pending the opportunity of international consultation and decision', the Government would 'not authorize the issue of licences for the export, to either China or Japan, of any articles mentioned in the Arms Export Prohibition Order, 1931'. Sir John Simon pre-faced this announcement by once again quoting President Hoover's authority in support of the proposition that 'the thing has to be done internationally if it is to be really effective'; and he took the opportunity to point out that the legal position in the United Kingdom, where the Government already possessed powers for stopping the traffic, was exceptional, and that in most countries, including the United States, new legislation would have to be passed before their Governments could find themselves constitutionally entitled to take any equally effective action.

It will be seen that the Government at Westminster, in the action which they did take on the 27th February unilaterally, refrained from applying, in the matter of access to British sources of military supplies, that categorical discrimination between China and Japan to which His Majesty's Government had solemnly and publicly committed themselves, in company with forty-one other Governments, on the 24th February at Geneva. On this account, Sir John Simon and his colleagues were now arraigned by critics, both abroad and at home, who pointed out that the Government of the United Kingdom had just joined in pronouncing judgement to the effect that, in the Far Eastern conflict, Japan had been the aggressor and China the victim of aggression—at any rate, since the 18th September, 1931.

¹ See p. 480 above.

How, then, the critics asked, could His Majesty's Government defend their present action in cutting off the victim and the aggressor indiscriminately from their access to supplies in the United Kingdom—and this at a moment when the aggressor was resuming his aggression and when the victim therefore had a more pressing need than ever to obtain the material means for self-defence? In answer to these criticisms, it was pointed out, on the British Government's behalf, that the indiscriminate application of an arms embargo to China and Japan alike was simply a provisional measure which was being taken by the British Government alone, as a matter of urgency, at a moment when they had the choice between acting unilaterally or else postponing the taking of any action of any kind, in spite of the desirability of some action being taken at once. On this showing, it was argued that the discrimination against Japan to which the British Government had committed themselves, in company with forty-one other Governments, in casting their vote at Geneva on the 24th February, could not fairly be taken as a precedent for a case in which the same Government had, *ex hypothesi*, to act by themselves. It was also argued that any discrimination, in this case, would have been an ineffective gesture, because, if the embargo had been applied to Japan only, and not to China as well, the Japanese could, in fact, have intercepted any arms which the Chinese Government might have ordered in the United Kingdom, in virtue of the Japanese Navy's command over all the maritime approaches to China from Europe; so that a discriminatory British embargo against Japan would have been of no practical help to China, while it might have produced embarrassing and even dangerous collisions between the Japanese Navy and the British merchant marine. Whatever the respective merits of these contending arguments might be, it is clear that the British Government's action was ill-received in China, at Geneva, and in the United States, as well as in circles, at home, which were opposed to the Government's Far Eastern policy. The only country that made a motion to follow suit was Canada; and on the 14th March—that is, the day before the setting up of the arms embargo sub-committee at Geneva¹—the United Kingdom embargo was lifted, on the ground that it had not evoked any corresponding action in any other quarter.

The all-important quarter was, of course, the United States; and here the prospects were less promising in one way and more promising in another. They were less promising inasmuch as there was not yet any legislation, empowering the Executive to act, upon the

¹ See p. 511 above.

Federal statute-book; it was more promising, inasmuch as the passing of legislation was actively advocated by President Hoover and by Mr. Secretary Stimson—and this without any *caveat* that the embargo which the Executive was to be empowered to impose ought to be applicable only if applied to all the belligerents indiscriminately in any case that might arise. The history of this attempt at obtaining legislation in the United States need not be recapitulated here, since it has already been recorded in the preceding volume in this series.¹ While the Borah resolution of January 1933 was under consideration, Mr. Stimson submitted a remarkable memorandum in which he assumed that the proposed embargo 'would not be employed unless there was general co-operation and united opinion among the principal World Powers who could supply munitions', and then went on to argue that, in a conflict where the World had given its verdict as between the parties, the traditional conception of Neutrality was no longer applicable.² In the event, as has been recorded already, the Congress at Washington proved unwilling to empower the Executive to impose any embargo except on a basis of non-discrimination between the several parties to a conflict: that is to say, the basis on which the Government of the United Kingdom had actually exercised their existing powers between the 28th February and the 14th March.

This reversion, in both the United States and the United Kingdom, to the conception of Neutrality which had prevailed before the inauguration of the Collective System, was a sufficient impediment to prevent any progress being made towards a general regulation of the arms traffic, apropos of the Sino-Japanese conflict, in the year 1933; and the rapid conclusion of the Japanese campaign in Jehol,³ followed by the armistice of the 31st May between the Japanese and Chinese forces in Northern China,⁴ robbed the question of its immediate urgency in this particular field. In itself, however, the question was too general in its application, and too serious in its implications, to be thus disposed of. It immediately arose again over the conflict between Bolivia and Paraguay; and in this case it gave rise—as is recorded in another part of this volume⁵—to more effective action, largely because public opinion in the arms-exporting countries was now beginning to show itself sensitive over the immorality of making profits out of a social evil.

Thus the question of the arms traffic, after having been ineffectively

¹ *Survey for 1932*, p. 297, footnote 1.

² For Mr. Stimson's previous exposition of his views about Neutrality, in his speech of the 8th August, 1932, see the *Survey for 1932*, pp. 271-3.

³ See p. 480 above.

⁴ See p. 481 above.

⁵ See Part III, section (iv).

raised as a sequel to the verdict of the 24th February, 1933, in the Sino-Japanese dispute, presented itself again forthwith in another facet of the ubiquitous and insistent problem of Security and Disarmament. Meanwhile, the year 1933 witnessed two other events in the history of the relations between the League and the two Far Eastern disputants. One chapter in the story was closed by the notification of the Japanese Government's intention to withdraw from the League; a new chapter was opened by the Chinese Government's communication regarding technical co-operation between the League and China.

The Japanese notification, which was made by telegram on the 27th March, 1933, had been a foregone conclusion since the 24th February; and, in itself, it came as a relief rather than as a blow to the other States Members. The blow had fallen long before, when Japan had revealed her determination to repudiate her international obligations. Thenceforth, the association of Japan with a society whose rules she had deliberately and flagrantly broken was nothing but an embarrassment; and the acuteness of this embarrassment was brought home by the fact that, if the Japanese Government had refrained from notifying their intention to withdraw until the month of May, they would automatically have succeeded in that month, on the established system of rotation in alphabetical order, to the presidency of the League Council! The Japanese Government's action on the 27th March had at least the merit of saving the League from this predicament.

The Japanese case, as argued for the last time in the telegram of the 27th March, 1933, was frankly based on a plea for special treatment on the ground of special circumstances.

It is and has always been the conviction of the Japanese Government that, in order to render possible the maintenance of peace in various regions of the World, it is necessary in existing circumstances to allow the operation of the Covenant of the League to vary in accordance with the actual conditions prevailing in each of those regions . . . and that . . . the general principles and usages of international law which govern the ordinary relations between nations are found to be considerably modified in their operation so far as China is concerned, resulting in the quite abnormal and unique international practices which actually prevail in that country. . . . The report adopted by the Assembly at the special session of the 24th February last, entirely misapprehending the spirit of Japan, pervaded as it is by no other desire than the maintenance of peace in the Orient, contains gross errors both in the ascertainment of facts and in the conclusions deduced. . . .

The conclusion must be that, in seeking a solution of the question, the majority of the League have attached greater importance to upholding

inapplicable formulae than to the real task of assuring peace, and higher value to the vindication of academic theses than to the eradication of the sources of future conflict. For these reasons, and because of the profound differences of opinion existing between Japan and the majority of the League in their interpretation of the Covenant and of other treaties, the Japanese Government have been led to realize the existence of an irreconcilable divergence of views, dividing Japan and the League on policies of peace, and especially as regards the fundamental principles to be followed in the establishment of a durable peace in the Far East. The Japanese Government, believing that, in these circumstances, there remains no room for further co-operation, hereby give notice, in accordance with the provisions of Article 1, paragraph 3, of the Covenant, of the intention of Japan to withdraw from the League of Nations.

On the same day, the Secretary-General of the League replied to the Japanese Government as follows:

The Secretary-General of the League of Nations has the honour to acknowledge the receipt of the telegram of the Minister for Foreign Affairs of Japan, dated the 27th March.

At the conclusion of that telegram, the Japanese Government gives notice of the intention of Japan to withdraw from the League of Nations in accordance with the provisions of Article 1, paragraph 3, of the Covenant, which runs as follows:

'Any Member of the League may, after two years' notice of its intention so to do, withdraw from the League, provided that all its international obligations and all its obligations under this Covenant shall have been fulfilled at the time of its withdrawal.'

The Secretary-General will not fail to communicate immediately the telegram from the Japanese Government, together with his reply, to the Members of the League.

While Japan was thus taking the necessary steps to sever her connexion with the League at the earliest legally possible date, China was seeking to make hers closer. On the 28th June, 1933, the Chinese Government addressed a letter to the Secretary-General,¹ reviewing the history of the technical co-operation which had taken place between China and the League in previous years,² and informing the Council that, 'having decided to proceed actively with a plan of national reconstruction in certain Chinese provinces selected as models, it considered it advisable, with a view to securing more continuous co-operation between the League and the National Economic Council, that a technical agent accredited to the National Government of China and to the National Economic Council should be appointed in order to ensure the necessary liaison'. On the previous

¹ Text in *League of Nations Official Journal*, September 1933, pp. 1063-4.

² See the *Survey for 1931*, pp. 396-7, and the *Survey for 1932*, pp. 414-15, 420-1.

occasions of co-operation, the League of Nations Council had left it to the Secretary-General to arrange with the Chinese Government for seconding League Secretariat officials for temporary service in China as advisers or liaison officers, and for sending special missions of technical experts. In view of the larger scope which the Chinese Government now evidently desired the co-operation to assume, the Secretary-General now suggested, when the Chinese Government's communication came before the Council on the 3rd July, 1933, that the Council might see fit to set up a special committee for dealing with the matter. This suggestion was approved by the Council; and a committee—composed of the President of the Council, together with the representatives of the United Kingdom, China, Czechoslovakia, France, Germany, Italy, Norway, and Spain—was appointed on the same day. The sequel to this action at Geneva will be recorded in a later volume.

This fresh step in the co-operation between China and the League, for the purpose of assisting the Chinese to put their own house in order, was of good augury, as far as it went, as being a piece of international action, in the field of Far Eastern affairs, which was undoubtedly constructive in character. At a plenary meeting of the League Assembly on the 29th September, 1933, the technical organizations of the League were referred to, with warm approbation, by the Chinese delegate, Dr. Wellington Koo, in connexion with the Chinese Government's recent request to the Council.

It is the intention of my Government [he said] to continue this policy of collaboration, so that China's stupendous task of internal reconstruction and economic development may be greatly hastened and facilitated to the mutual benefit of herself and the rest of the World. But, important as its everyday activities are, the interest and attention of the peoples of the World, in so far as the League of Nations is concerned, are naturally centred upon the success or failure of its efforts in the political sphere—in the promotion and maintenance of peace between nations, which is, after all, its main purpose. Measured by this obligation, the year under review cannot but be considered as the most disillusioning one for the League since its establishment.

In this disillusionment, China, victim of armed aggression from another Member of the League in the Far East, shares with the keenest feeling. It will be recalled that the initial act of an undeclared war of conquest on the part of Japan took place in the night of the 18th September, 1931. Seventeen months after, the Assembly pronounced its verdict in a report unanimously adopted on the 24th February, 1933. That report gives a clear account of the situation and establishes beyond doubt that, in the view of all the other Members of the League, Japan's occupation of the Three Eastern Provinces was a violation of the Covenant as well as of the Pact of Paris and the Nine-Power Treaty

of Washington, and that the new régime she had set up there was against the wishes of the people and incompatible with peace in the Far East. This report was accepted by China and rejected by Japan.

On the morrow of the Assembly meeting at which this report was adopted, the Japanese General Staff, no doubt as a reply to the League's pronouncement, and in disregard of Japan's covenants under Articles 12 and 15, attacked and occupied Jehol Province, and extended their aggressive operations to the south of the Great Wall, imminently threatening the security of Peking, China's ancient capital, and Tientsin, the great commercial metropolis of North China. The Chinese Government, rallying all available resources, resisted to the best of its ability, but, in the face of the better equipped Japanese army, which had prepared for years for this war of conquest, found itself unable to check single-handed the onslaught of the invading forces. After fifty days of a bitter struggle, in which we lost thirty thousand dead and wounded, we were obliged to sign a truce at Tangku on the 31st May, 1933. Although the Japanese troops have since been gradually withdrawn from the neighbourhood of Tientsin and Peking, the Four Eastern Provinces—namely, Manchuria and Jehol—have remained and still remain in the occupation of the Japanese army, contrary to Article 10 of the Covenant. . . .

It is to be feared that, so long as this glaring case of Covenant-breaking is not settled in accordance with the established principles of international law and the existing treaty obligations, it will remain, if not an insurmountable obstacle, at least a stumbling-block in the path of new international agreements looking to economic and military disarmament and to the maintenance of peace by common endeavour. The reason for this is not difficult to explain. The absence of any effective action from the League in this case has encouraged those who have all along been proclaiming the belief that might is right. It has, in fact, placed a premium upon aggression. It has given a new impetus to the activities of those in different countries who advocate and strive for an increase of armaments in the name of national defence, since treaties guaranteeing security may be disregarded with impunity. . . .

We have arrived at the cross-roads of the World's destiny. Our choice lies between an armed peace which, based upon a precarious balance of power, is most costly to every nation and postulates war as inevitable, and a peace based upon collective responsibility, which is the most economical for all, because it is maintained by joint effort and common sacrifice, and which is stable because it accepts justice as the final arbiter of nations. It means disarmament or rearmament, economic recovery or continuance of the world crisis; it means, in fact, war or peace. These are the alternative roads before us. For the sake of civilization and for the well-being of humanity, I sincerely hope that we shall all choose wisely.

(v) Russo-Japanese Relations and the C.E.R. Crisis

The immediate repercussions of Japan's invasion of Manchuria upon Sino-Russian relations¹ had died down, by the end of 1932, to

¹ See the *Survey for 1932*, pp. 435, 436 and 535.

a state of comparative calm. The Soviet Government's objections to the movement of Japanese troops over the Chinese Eastern Railway had been ostensibly assuaged by assurances that the movement was connected solely with police measures; and Moscow, in turn, had given satisfactory answers to the charge of aiding and abetting Japan's most troublesome opponent, General Ma Chan-shan.¹ The outlook had cleared sufficiently for the retiring Soviet Ambassador in Tokyo to be able to state, at a farewell speech on the 6th February, that 'all problems separating the Soviet Union and Japan have been solved'.

It was soon obvious, however, that the more fundamental causes of conflict between the two countries were operating far too strongly to allow the situation to compose itself so easily. Just as Russia's former expansion southward to the Yellow Sea had brought her into collision with Japan in 1904, so now Japan's northward expansion was threatening a similar result. In Manchuria itself, Russian rights and interests in the Chinese Eastern Railway—which the Soviet Government had so successfully salvaged, in 1924, from the wreck of Russian dominance in North Manchuria, and had reaffirmed by military force in 1929²—were now doubly endangered: on the one hand by the building of Japanese-planned lines designed to cut across the C.E.R. strategically and commercially, and on the other by the 'Manchukuo' Government's arrogation to itself of China's rights in the railway's administration. Westward, through Inner Mongolia, the Japanese arm was—as is indicated in an earlier section³—now stretching out towards the central regions of Asia, skirting the southern border of Siberia and bringing a Japanese sphere of influence within a rapidly narrowing distance of the private preserves of the U.S.S.R. In the East, again, the change of status of Manchuria had transformed the Russian Maritime Province into a salient, protruding between Japan and her 'Puppet State'. Vladivostok had acquired enhanced interest for Japan as a potential enemy outpost, if not as the key to her own further expansion, at the same time that the port was growing in importance in Russian eyes as the vital point in Siberian economic development.

With this zone of conflicting interests stretching from the Pacific to the borders of Turkestan, with militant elements in the ascendancy in Japan, and with Russia recovering her self-confidence as the result of her peace-pacts with her neighbours on the West⁴ and

¹ See *op. cit.*, pp. 437-8.

² See the *Survey for 1929*, Part IV A, section (iv).

³ Section (iii) above.

⁴ See the present volume, Part II, section (i) (d) (5).

of her own improved equipment for war, the maintenance of tranquil relations between the two countries was an improbable forecast for 1933. In the event, a state of friction arose which threatened to develop into war. One major and a long series of minor disputes led up to the crisis. The former consisted of a quarrel between the U.S.S.R. and 'Manchukuo'-cum-Japan over the C.E.R., the latter arose from a number of frontier incidents, insignificant in themselves but magnified out of proportion in the atmosphere of nervous hostility which was at this time prevalent in both countries. The first of these occurred in February 1933, when the entry of Japanese troops into Russian territory near Pogranichnaya—allegedly in pursuit of bandits—provoked two formal protests from the Soviet Government. In June several Japanese fishermen were shot by Russian coast-guards on the coast of Kamchatka. No sooner had the Japanese Ambassador in Moscow made his representations than a counter-protest was filed against the violation of Russian territory by Japanese sailors who had been landed from a Japanese warship in connexion with the shooting incident. This affair came, exceptionally, to an amicable conclusion two months later when the Soviet Government admitted the shooting of the fishermen, offered compensation, and punished the coast-guards concerned. In July a Russian ship was arrested by the Japanese authorities for entering Japanese waters in the Kuriles, was detained, and was only released on the payment of a fine. Russian allegations of 'raids' over the frontier by Japanese aircraft were common throughout the year; and in November particular excitement was caused by reports from Vladivostok of a flight of nine Japanese military machines, including some bombers, twenty miles into Russian territory in the vicinity of Possiet Bay. The Japanese War Office issued a denial, and, almost immediately after this, Russian troops were accused in the Japanese press of shooting down Japanese aeroplanes in the same neighbourhood. This charge, in turn, was rebutted by the Foreign Office at Moscow.

Such unimportant affairs deserve mention only because their cumulative effect was a material factor in producing the crux in Russo-Japanese relations which developed in the autumn of the year. Having given them their due, we may now pass on to events on the C.E.R., which became the principal focus of hostile feeling between Japan and Russia.

The history of Russian control over the C.E.R. can be reviewed in five chronological stages. The first was a virtually sovereign control over the whole system, including the southern branch to Dalny and

Port Arthur; in the second stage, Russia had lost two-thirds of the southern branch, which passed to Japan by the Treaty of Portsmouth and became the South Manchurian Railway; the third stage was that of Russia's eclipse after the Revolution of 1917, when she lost all part in the railway; the fourth that of her return to a joint share with China in the management and profits of a C.E.R. which had then been formally 'commercialized'; the fifth and last stage began in September 1931, when the Chinese Government's authority came to an end in Manchuria.

Russian rights in the C.E.R. included, at that time, the appointment of Soviet citizens to the posts of Vice-President and General Manager and the employment of Russians at the head of various departments. These officials now found themselves yoked with Manchurian (in some cases Japanese) colleagues, directed by Japanese policy and supported by the power of Japan, in the place of the Chinese officials of the former régime who, when they became overbearing, had been proved to be amenable to a display of military force.

These were the circumstances of Russian participation in the administration of the line when the traffic on the eastern section (between Harbin and Pogranichnaya), which had been seriously interrupted since September 1931, became practically paralysed by the depredations of bandits, whose attacks on trains and kidnapping of railway officials were alleged by Moscow to be carried on with the connivance of the Japanese and 'Manchukuo' military authorities and police. Simultaneously, a dispute was gathering strength concerning the retention by the U.S.S.R. of some 4,000 wagons of rolling-stock in transit, which the 'Manchukuo' authorities claimed to be C.E.R. property, but which the Soviet Government declared to have belonged originally to the Russian railways, while at the same time maintaining that a still larger quantity of Russian rolling-stock was being held up on the C.E.R. itself.¹

Threats of retaliation by the 'Manchukuo' authorities culminated in the stoppage, on the 8th April, 1933, of goods through-traffic at the frontier station of Manchuli, no wagons being permitted to pass from the C.E.R. to the Trans-Baikal line. On the 16th April this action drew a strongly worded note from Monsieur Karakhan to Monsieur Ota, the Japanese Ambassador at Moscow. After referring to the lack of protection from the competent authorities against the

¹ A part at least of the disputed material appears to have dated from the Allied intervention in Siberia in the years 1918-20, when it was supplied by the United States for military needs in Manchuria and Siberia, on guarantees of payment by the other Powers concerned.

ravages of bandits, which had, he said, led to a complete disorganization of the eastern line, and after reminding the Japanese Government of their indebtedness for the transport of troops and protesting against the severance of communications at Manchuli, the Vice-Commissar for Foreign Affairs expressed his Government's alarm at the situation which was developing in Manchuria.

Although no mention of a proposed sale of Russian rights in the railway was included in the Russian press reports of the interview, it later became known that a suggestion of this nature was brought up between Messieurs Ota and Karakhan. On the 6th May it was reported 'on good authority' from Tokyo that an offer to sell the C.E.R. for 300,000,000 million gold roubles had been made, a few days before, by Monsieur Litvinov to Monsieur Ota. On the 11th May the Moscow Foreign Office gave a statement to the press confirming the reports of the Russian offer of sale and emphasizing the fact that the Soviet Government were anxious to remove a perennial source of conflict.

As a solution of Russo-Japanese friction in Manchuria, the project of sale certainly appeared felicitous. For Russia the C.E.R. was useless strategically from the moment when Japan had completed her new system of Manchurian railways; as a profit-producing enterprise its value was undoubtedly on the decline¹ owing to the construction of competing lines. From the Russian point of view there appeared to be a clear case for cutting losses. From the Japanese standpoint the sale of the railway to 'Manchukuo' offered an indirect means of obtaining Russian recognition of the new 'Manchukuo' state, besides leaving 'Manchukuo' and Japan with a free hand to deal as they liked with the railway in the future.

The position of both parties in regard to a sale was, however, beset with ambiguities. In the first place the ownership of the line was by no means clearly established. Titles could be put forward by no fewer than three Governments, those of China, Russia, and 'Manchukuo', as well as by the *soi-disant* successor of the Russo-Asiatic Bank, the Banque Franco-Asiatique. Russian claims rested upon the original status of the railway as a joint Sino-Russian enterprise and the recognition of the 1896 contract which had been accorded

¹ Figures published in the *China Year Book, 1933*, show the following profits:

	gold roubles
1929	38,000,000
1930	21,000,000
1931	18,000,000

A report by the Russian Director-General of the railway published in Moscow in April 1934 gives the following figures for the year 1933: receipts, 35,800,000 gold roubles; expenses, 23,700,000 gold roubles.

to the Soviet Government by the two Sino-Russian agreements of the year 1924.¹ China, even if she could not in present conditions make a valid claim of ownership, could—and in the event did—maintain a right of veto, on the strength of clauses in the 1924 agreements providing that the future of the railway was to be settled by China and Russia alone, 'to the exclusion of any third party', and, further, that no agreements should be made to prejudice the sovereign rights and interests of the two signatory countries. The 'Manchukuo' Government claimed to have inherited China's own rights in Manchuria, while, on behalf of the French interests represented by the Banque Franco-Asiatique,² it was pointed out that the major part—estimated variously at from sixty to seventy per cent.—of the capital subscribed for the construction of the C.E.R. had been contributed by French investors.

The person of the purchaser presented a further complication. The Soviet Government's proposal seems to have been in the first instance to sell their rights to Japan. In this, however, as in other matters touching the C.E.R. in which third parties were concerned, Tokyo was firmly insistent upon the independence of 'Manchukuo', and would consent only to act as 'intermediary'. This attitude on Japan's part drew sharp retorts from the Soviet Government on several occasions during the year when the responsibility for the actions of the 'Manchukuo' railway administration had given rise to dispute, Monsieur Karakhan being reported to have observed to Monsieur Ota in a conversation on the C.E.R. problem early in May that 'it is futile for Japan to pretend that it is a matter for settlement between Russia and "Manchukuo" and is no concern of Japan's'. In regard to the question of sale, however, Moscow gave way and agreed to deal with the 'Manchukuo' Government as the principal in the transaction.

The Japanese reply to the Soviet Government's intimation of their readiness to sell their rights in the railway was a proposal that a conference should take place in Tokyo between the representatives of the Russian and 'Manchukuo' Governments with the mediation of Japan. The Japanese Government went through the formality of obtaining the consent of the Government at Hsinking and com-

¹ See the *Survey for 1925*, Vol. ii, Part III, section (ii).

² The Russo-Asiatic Bank went into voluntary liquidation in 1926. The Chinese Government claimed the right to liquidate the branches in China, and established an official Liquidation Office under the Ministry of Finance for the purpose. The official liquidator of the head office in Paris allowed the assets under his control to be transferred to a newly formed company, the Banque Asiatique.

municating it to Moscow, and arrangements were concluded for the Conference to open on the 26th June. As principal delegate to the Conference the Soviet Government nominated Monsieur Yurenev, their Ambassador in Tokyo, while the 'Manchukuo' nominees were Mr. Ting Shih-yun, Minister to Japan, and Mr. Ohashi (a Japanese), the 'Manchukuo' Vice-Minister for Foreign Affairs.

These preparations for a radical settlement of the railway problem did not prevent the aggravation of the dispute which was already in progress between the managing partners. The Manchurian Government's demand for the return of the rolling-stock remained without effect; and at the end of May the railway traffic was interrupted at Pogranichnaya on the eastern, as it had been interrupted already at Manchuli on the western, frontier. In further notes exchanged between the Japanese and Soviet Governments on the 26th and 31st May, the former refused responsibility for unfriendly acts on the part of 'Manchukuo' officials or brigands, and complained of subversive activities on the part of Soviet citizens, while the Soviet note again insisted upon the impossibility of Japan evading her responsibilities in Manchuria, and demanded the return of the Russian rolling-stock held on the C.E.R. before there should be any restoration of the C.E.R. rolling-stock held on the Russian lines.

In the meantime the news of the proposed negotiations for the sale of the railway by Russia to 'Manchukuo' naturally did not pass unheeded by China; and on the 16th May a note was presented to Monsieur Litvinov by Dr. W. W. Yen, the Chinese Ambassador in Moscow. The note expressed surprise at the total disregard of treaty obligations which was involved in the Soviet Government's action, and protested against the conclusion of 'an unlawful transaction with an unlawful régime'. Reference was made to Russia's undertaking in Article 9 of the 1924 Sino-Russian Agreement, quoted above; and the Chinese Government claimed that the validity of the 1924 agreements and the status of the railway remained unaffected by China's exclusion by *force majeure* from her participation in the railway administration.

The Chinese Government [the note concluded] is constrained to protest most emphatically against the proposed sale by the Government of the U.S.S.R. of its interest in the Chinese Eastern Railway, and expresses the earnest hope that it will reconsider its attitude in regard to this question, in the light of the agreements of 1924.

This protest, supplemented by a claim, from the Chinese liquidator of the branches in China of the Russo-Asiatic Bank, for prior settlement of the railway's obligations to the Bank, was met by a denial

that the 1924 agreements put any restriction upon the right of the Soviet Government to sell the railway to any purchaser, and least of all the *de facto* Government of Manchuria, 'which is carrying out the rights and duties assigned to the Chinese in the Peking-Mukden Agreements'. Monsieur Litvinov further argued that the Chinese Government had forfeited any formal or moral right to appeal to the 1924 agreements by their failure for the last eighteen months to fulfil their own obligations in the terms of these agreements, or to take any steps to assure the normal working of the railway. 'The Soviet Government', Monsieur Litvinov declared, 'was always ready to sell the railway to China, but the latter was not in a position to buy it.' Finally, in reply to an intimation in the Chinese note that the proposed sale would be contrary to the interest of peace, Monsieur Litvinov asserted that

our proposal is another demonstration of the Soviet desire for peace. I am convinced that only those can oppose it who, for one reason or another, are interested in promoting conflict in Soviet-Japanese or Soviet-Manchurian relations.

Before the June conference opened, it was confirmed that the figure demanded by Russia was 300,000,000 gold roubles, the equivalent of £30,000,000 at the official rate of exchange, but that only a small proportion of the total was demanded in cash. The basis for arriving at this figure was said to be the construction cost of the railway, which, at the time, was estimated at about £40,000,000. The Japanese counter-proposal, which was also made public, was for a purchase price of 50,000,000 to 70,000,000 yen. This was little more than one-tenth of the price suggested by Moscow; and the value of the Japanese offer was further diminished by the attachment of the condition that the Soviet Government should accept responsibility for the pre-war obligations of the railway; for this would have included the claims of the original bondholders, of the liquidation office in China of the Russo-Asiatic Bank, and of the Bank's *soi-disant* successor, the Banque Franco-Asiatique. In publishing their offer, the Japanese Government added a reminder that Russia's debt to Japan amounted to something like 350,000,000 yen.

After opening the conference on the 26th June, 1933, the bargaining crystallized into a Soviet demand of 250,000,000 gold roubles (40,000,000 of which were to cover forestry rights and land) and a Japanese counter-offer of 50,000,000 yen. It was not surprising, therefore, that after the conference had been in session for a fortnight the newspapers reported a complete deadlock on the question of price. At the end of rather more than a month the Russian figure

was again reduced by 50,000,000 gold roubles. The 'Manchukuo'-Japanese delegation stood firm on their original offer, but attempted to bridge the difference by proposing that the rate of exchange to be applied to the Russian figure should be, not the official rate, but a rate in harmony with the current value of the rouble. In the case of Japanese payments to Russia for the leasing of fishing rights, the rate had been fixed at approximately three roubles to the yen; and if the same rate were accepted for the present purpose, the effect would be to reduce Moscow's demand to little more than the sum offered by Japan.

For another six weeks the conference continued, without making any visible advance towards a successful conclusion. On the 23rd September—shortly after Mr. Hirota's assumption of the post of Foreign Minister in Tokyo—a storm broke on the proceedings in the shape of a violent protest from the side of the Soviet Government, who claimed to have information of a plot by the 'Manchukuo' authorities, instigated by Japan, for taking forcible control of the railway. The Manchurian authorities were accused of the intention of altering the status of the Russian General Manager and of taking police action against other Soviet employees. The Soviet Government declared that such measures would be regarded as an intolerable attempt to alter the *status quo* of the railway, the direct responsibility for which would have to be borne by the Japanese Government. Two days later, on the 25th September, the events anticipated by Moscow were partly realized through the sudden arrest of six of the senior Russian members of the railway staff on charges of official misconduct. Monsieur Rudy, the General Manager, appointed new men, only to find their authority immediately challenged by their Manchurian colleagues. On the 28th September a further protest was lodged by the Russian Ambassador in Tokyo, who described the arrests as being, according to information in the possession of his Government, 'the beginning of a carefully worked-out plan adopted in Harbin at a series of meetings of the Japanese military mission and the responsible Japanese administrators of Manchuria'. 'The Soviet Government', Monsieur Yurenev added, 'was prepared, if necessary, to publish documentary evidence.' Ten days later the Soviet Government made public the documents to which Monsieur Yurenev referred. The most important of them were a series of reports addressed to the Japanese Foreign Minister from the Japanese Embassy in Manchuria, containing accounts of meetings of Japanese military and civil officials of 'Manchukuo' to evolve plans 'to turn the Tokyo negotiations for the purchase of the C.E.R. to our advan-

tage by making use of active measures of pressure'. Changes were to be made, if necessary by force, in the management and personnel of the railway, with a view to eliminating effective Russian control. A public denial of the authenticity of these documents was at once issued by the Japanese Foreign Ministry, which declared that no reports of the kind had ever been received from their Ambassador in Manchuria.

The high feeling excited in Russia by this alleged discovery of Japanese bad faith, and the indignation created in Japan by Moscow's publication of what were declared to be forgeries, brought Russo-Japanese relations to the most critical pitch which they reached during the year. The Japanese Press again became full of reports of Russian reinforcements in Eastern Siberia; and the Japanese military authorities—whose incentive to foment public feeling was increased by the fact that they were fighting for an increased allocation in the budget—gave out officially that they had information of the massing of 140,000 men in the neighbourhood of the frontier, besides 300 tanks and several hundred aeroplanes. The new Foreign Minister, Mr. Hirota—who had served as Ambassador to the U.S.S.R. between the years 1930 and 1932, and was credited with having initiated at Moscow the idea of a transfer of Russian rights in the C.E.R. to 'Manchukuo'—made manifest efforts to relieve the state of crisis, but his attempts to improve relations met with obstruction from the military party in Japan, who clamoured for sterner measures against Russia and demanded the withdrawal of the documents published by the Soviet Government. On the 13th October matters were made worse by a further series of arrests of Russian employees on the C.E.R.; and it was reported from Harbin that the administration of the railway was being reduced to a state of confusion by the action of the Manchurian railway officials in countermanding all orders issued by their senior Russian colleagues. In such circumstances, it was not to be expected that the Tokyo negotiations would prosper. They were, in fact, discontinued from early in October until the end of the calendar year. On the 29th December Monsieur Litvinov, speaking at a meeting of the Central Executive Committee, referred to the negotiations and declared that they would not be resumed so long as the 'Manchukuo' administrators of the railway continued their arbitrary acts and traffic remained paralysed. The only further developments in the affairs of the C.E.R. up to the end of the year were the appointment in December, by the 'Manchukuo' Government, of a new Manager who was to share the authority of Monsieur Rudy, the Russian General Manager, and the presentation, two days

later, of a formal warning, by the Soviet Consul at Harbin, to the effect that the steps taken by 'Manchukuo' in regard to the C.E.R. were considered as devoid of legality and that his Government reserved the right to demand an indemnity for losses incurred.

As the focus of disagreement between Japan and Russia and, potentially, the principal danger-point in the immediate future, the affairs of the C.E.R. have been dealt with in some detail. This may usefully be followed by a more general summary of Russo-Japanese relations as they developed in the course of the year. From the point reached in February, when the Soviet Ambassador in Tokyo gave his optimistic picture of relations between the two countries,¹ relations grew steadily worse. Writing from Moscow in July, the correspondent of *The New York Times* discerned a perceptible hardening in the Russian attitude towards Japan. This he interpreted as the result partly of irritation over the C.E.R., partly of the increasing sense of confidence which Moscow had derived from the conclusion of non-aggression pacts with her Western neighbours.

This stiffening of the Russian attitude coincided in date with increasing indications of a *rapprochement* between the United States and the Soviet Union, which, it is reasonable to suppose, were not without their effect on the Far Eastern situation. In the second week in October, when relations between Russia and Japan appeared to be strained almost to breaking-point, there occurred the first definite move towards an American recognition of the U.S.S.R. in the form of President Roosevelt's letter to President Kalinin.² The date of this event marked a turn of the tide in the Far East, and, from then onwards, the prospect of an immediate outbreak of war sensibly diminished. General Araki, who was notorious for his bellicose utterances in the past, was reported by the *Temps* on the 25th October to have declared that Japan had no intention of attacking the Soviet Union—though he added the warning that her patience might be exhausted. On the 6th November Mr. Hirota invited the Russian Ambassador to a discussion of outstanding points of difference, and four days later he put forward a concrete proposal that Russia and Japan should mutually undertake to put an end to military activity along the Siberian-'Manchukuo' borders—a proposal which he explained as an extension of the demilitarization clauses in the Treaty of Portsmouth which had applied to the existing Russo-Japanese frontiers in Korea and Sakhalin.

It is difficult to estimate the effect on relations between Russia and Japan of the publication on the 2nd December, 1933, of the

¹ See p. 519 above. ² See section (vi) of this part of the present volume.

annual report of the United States Secretary of the Navy, with its recommendation for the adoption of a building programme which would bring the United States Navy up to Treaty limits by the 31st December, 1936;¹ but it is hardly open to doubt that this acted as a further encouragement to the Soviet Government in its new-found spirit of assertiveness. Whatever the cause may have been, the closing days of the year were marked by a plethora of challenging speeches from leading statesmen in Moscow. That delivered by Monsieur Litvinov on the 29th December, 1933, before the Soviet Central Executive Committee, is of sufficient importance to be given particular mention. Having pronounced Japan to be 'the darkest thunder-cloud on the international horizon', Monsieur Litvinov referred to the Japanese answer to the proposal for the sale of the C.E.R., and described this as amounting to the contemptuous offer of a sum so small as to reduce the sale to a gift. A Japanese group which was not without influence in the politics of that country was (he went on to say) openly talking of the seizure of the Maritime Province, if not of the entire Far Eastern domain of the Union; Japanese troops were massed, and munitions were accumulating, near the Soviet borders, while roads and railways were being constructed along lines directed against Russia. Japan, he concluded, was threatening not only to seize the railway, but also to violate the Soviet frontiers.

Although the alarmist utterances of Monsieur Litvinov and a number of his colleagues drew remonstrances from official spokesmen in Japan, the general reaction in that country, when compared with the tone of Japanese writers and speakers at earlier periods in the year, was markedly calm and restrained, and it became clear to outside observers that if the provocation of a Russo-Japanese war had previously been in the minds of the present masters of Japan, this was, for the time at least, no longer part of their policy.

To complete this résumé of Russo-Japanese relations in Eastern Asia in 1933 it is necessary to make some mention of the 'new policy for the Far East' which was included in the Soviet Government's scheme of national planning. To quote General Blücher, the Commander-in-Chief of the Far Eastern forces:

During the first Five-Year Plan we invested in the Soviet Far East more than the Czarist Government had invested during the whole of its existence. The second Five-Year Plan lays down a vast programme of Socialist industrial development of this area.²

¹ See p. 542 below.

² Twenty-five per cent. of the proposed capital investment under the second Five-Year Plan was to be devoted to the industrialization of Asiatic Russia.

On the 11th December, 1933, a Government decree was published in Moscow announcing a number of special concessions for the population of Eastern Siberia, as well as for the personnel of the army stationed in that territory. Exemption from compulsory deliveries of grain and rice was accorded to the Eastern Siberian peasants for ten years in the case of 'collective' farmers and five years for others. The State prices of fish from Far Eastern waters were increased. The pay of employees was raised by ratios ranging from 10 per cent. to 30 per cent. In the matter of military pay, junior officers and soldiers were to receive a 50 per cent. increase, senior officers 20 per cent.

These concessions were made, it was explained, as the result of a report by the Chairman of the Far Eastern Administration on means of attracting settlers. As a matter of fact, a flight of population from the Pacific border had begun—a result, apparently, of the general nervousness over the prospect of war with Japan. This emigration was reported to have ceased as a result of the measures taken, and many thousands of workers and employees in the Vladivostok area were stated to have signed pledges to remain for a definite number of years.¹

(vi) The Recognition of the U.S.S.R. by the United States, and the Building of the American Navy up to Treaty Limits

In another chapter of the present part,² as well as in previous volumes in this series,³ some account has been given of the efforts of the United States Government, from the 18th September, 1931, onwards, to deal with the Sino-Japanese conflict in the Far East by diplomatic means—partly in concert with the League of Nations, and partly along a parallel but independent course of their own. These strenuous and patient diplomatic endeavours, which were made by the United States, in common with a great majority of the countries of the World, ended on the 24th February, 1933, as has been recorded above,⁴ in a pronouncement of judgement on the part of the League, with the publicly declared concurrence of the United States Government,⁵ and in an explicit refusal, on the part of Japan, to accept the verdict of her peers. *De facto*, Japan remained in military and

¹ A decree conferring similar privileges on workers, peasants, and soldiers in the territories of Transbaikalia and the Buriat-Mongolian Republic was promulgated in February 1934. Concessions of the same nature were also extended to other regions along the southern frontiers of the U.S.S.R.

² Section (iv) above.

³ The *Survey for 1931*, Part IV, section (iii) (b) (4); the *Survey for 1932*, Part V, section (iv) (b).

⁴ See pp. 504-510.

⁵ See p. 510 above.

political control of the Three Eastern Provinces of the Chinese Republic in Manchuria, which she had occupied, since the 18th September, 1931, by a high-handed use of her superior military force. She proceeded forthwith to add to her conquests a further portion of the Chinese Republic's domain in the shape of the Eastern Inner Mongolian province of Jehol; and she showed every intention of forcing the Russians to relinquish, on Japanese terms, their rights in the C.E.R.—a Russian asset which was now in the Japanese Army's power.¹

In the diplomatic field the only point of vantage which was still held by the opponents of Japan's action in Manchuria was their non-recognition of Japan's puppet Government of 'Manchukuo'. In this matter of non-recognition, the Governments of the States Members of the League and the Government at Washington were presenting a united front; and it was conceivable that this policy, abstract and negative though it was, might bear fruit in the long run. In the meantime it seemed a small thing to set against Japan's vast and undisputed *de facto* gains which were the immediate rewards of her disloyalty and intransigence;² and while the rather academic attitude of non-recognition might perhaps bring some slight consolation to the public opinion of those small European States Members of the League whose stake in the Far Eastern controversy was mainly a matter of principle, it could hardly satisfy either the people or the Government of the United States: a Great Power with vital concrete interests in the basin of the Pacific, on whose opposite coasts the Japanese were now so rapidly and effectively extending the range of their control. It was to be expected that the United States would seek to redress a balance which had inclined so heavily to Japan's advantage in the material sphere by taking counter-measures of a practical as well as an academic kind; and two practical steps suggested themselves: a strengthening of the United States Navy for action in the Pacific, and a *rapprochement* with the U.S.S.R.: another

¹ See the preceding section.

² These are strong terms; yet it would be difficult to convey in milder language a frank description of the moral character of Japanese public policy in this matter, even when the utmost allowance has been made for any special circumstances in the Japanese case; and to leave the moral issue out of account, *more machiavelliano*, would mean ignoring one of the vital factors in the history of this transaction. The potency of moral feelings as objective forces in international affairs had been demonstrated by the effect of the worldwide indignation at the German invasion of Belgium in 1914 in contributing to the military defeat of Germany four years later. The example indicates that the moral indignation which was aroused by Japanese action in the years 1931-3 was likely to be an historical factor of considerable importance.

Great Power which was still more closely concerned than was the United States itself in the direct effects of Japanese military expansion on the Asiatic Continent. In the event, the new Administration which came into office at Washington on the 4th March, 1933, under the Presidency of Mr. Roosevelt, took noteworthy steps in both these directions before the close of the calendar year.

The non-recognition of the Soviet Government had been one of the political luxuries in which the United States had felt itself free to indulge during the period of peculiar local prosperity in North America which may be said to have begun on the morrow of the Armistice of the 11th November, 1918, and to have ended with the break on Wall Street in the autumn of 1929 on the economic plane, and on the political plane with the Japanese outbreak in Manchuria in the autumn of 1931. During those years of prosperity the Americans had felt no need of Russia's good will, either in politics or in trade, while they had resented the existence of the Communist régime, in the former domain of the Russian Czarism, as an incarnate criticism—outrageously insolent and insufferably inept—of an established system of society whose virtue was demonstrated, in the American opinion of the day, by the dazzling success of its local incarnation in the United States. This passionate and almost personal antagonism to the Soviet Government was prevalent, during the years of prosperity in the United States, in the American-born upper stratum of the American working class as well as among the bourgeois business men, small and great; and any sympathy towards Soviet Russia which was manifested by the American proletariat or intelligentsia was branded as 'un-American' and subversive by the makers of orthodox American public opinion. It was therefore a portent when, in the last months of the Hoover Administration, which were the first months of the calendar year 1933, the agitation, among the intellectuals in the United States, for an official recognition of the Soviet Government—an agitation which had hitherto fallen on deaf ears—rather suddenly began to make some headway among the business men and the politicians.

At the end of January 1933, a petition in favour of recognition, which was addressed to the President Elect by some 800 college presidents and members of faculty, was offset by a reaffirmation of hostility to the idea on the part of the President of the American Federation of Labour, Mr. William Green. On the 12th April, however, when, after the change of Administration, Senator Robinson of Indiana sought to counteract a renewed public agitation on behalf of the idea by speaking against it in the Senate at Washington, the

Senator drew an energetic and persuasive advocacy of recognition from his more influential colleague, Mr. Borah. During the World Economic Conference which was in session in London on the 12th June—27th July, 1933, there were reports in the American press of conversations between Monsieur Litvinov and Mr. William C. Bullitt: a member of the United States delegation whose name had come into prominence fourteen years earlier, during the Peace Conference of Paris, when he had been sent on a mission to Moscow to study economic and political conditions and also, if possible, to find a basis for peace negotiations between the U.S.S.R. and the Allied and Associated Powers. On the 2nd July, a committee of business men, lawyers, bankers, economists and university presidents—including Mr. T. W. Lamont, Professor Taussig, Professor Viner, and Dean Roscoe Pound, among others—was set up by the American Foundation, a society which interested itself in promoting closer relations between the United States and the rest of the World, in order to study what effect a recognition of the Soviet Government would have upon American business. On the 12th July, recognition was publicly advocated—in this forum, not for the first time—by the American-Russian Chamber of Commerce.

In this active public ventilation of the recognition question in the United States, the probable benefit to American business was the chief, and, indeed, almost the only argument that was put forward by the advocates of recognition, while the opponents of it took their stand in part on the practical argument that a Soviet Embassy in Washington would become a centre for Communist propaganda in the United States, but to a larger extent upon the ground that, in principle, it was improper for the United States to recognize officially a Government that had shed innocent blood, confiscated private property, persecuted religion and repudiated debts. In all this public discussion the question of redressing the rudely disturbed balance of power in the Pacific was barely mentioned and was perhaps hardly in the minds of the majority of American citizens who were taking an interest in the debate. On the other hand, the Soviet Government, from the first moment when they had an opportunity of making their voice heard, made no secret of the fact that, in their mind, the political consideration was uppermost; and there can be little doubt that this consideration also played an important part in the private counsels of the Administration at Washington.

For obvious diplomatic reasons, arising out of the delicacy of the relations between the United States and Japan, the American Government were content to allow the commercial motive to loom largest

on the American side. Yet, on an objective view, this was one of the weakest of the grounds on which the case for recognition was based. It was weak because, during the thirteen years that had passed since the end of American military intervention on Russian soil, the trade which had been carried on by private American citizens with the Soviet Government under a régime of non-recognition could compare quite favourably, both in volume and in profit,¹ with the Russian trade of Germany, who had recognized the Soviet Government in 1922,² and with the Russian trade of the United Kingdom and Italy, who had given the Soviet Government their recognition in 1924.³ Indeed, American commercial relations with Soviet Russia had been conspicuously free from 'incidents' of the kind which both the Germans and the British had experienced.⁴ As lately as the 2nd July, 1933, when the United States and the U.S.S.R. were still officially not on speaking terms with each other, it was reported that a very large contract had been made between the Amtorg Trading Corporation, which was the commercial agency of the Soviet Government in the United States, and the Reconstruction Finance Corporation, which was an economic and financial agency of the United States Government.⁵ No doubt, in official as well as in unofficial American circles, the increasing pressure of the World Economic Crisis upon American life was acting, in 1933, as a powerful stimulus to the exploration of all conceivably feasible ways and means of counteracting the decline in the foreign trade of the country; and in such circumstances there would be a natural desire to remove a political impediment, in the shape of non-recognition, to the flow of trade

¹ The *Foreign Commerce Yearbooks* of the U.S. Department of Commerce give the following statistics of the value of the trade between the U.S.S.R. and Germany, Great Britain, Italy, and the U.S.A. for the years 1924-5 to 1928-9 and 1929 to 1932, in millions of dollars.

	1924-5 to 1928-9.		1929 to 1932.	
	Imports into U.S.S.R.	Exports from U.S.S.R.	Imports into U.S.S.R.	Exports from U.S.S.R.
Germany	452	393	608	334
Great Britain	233	387	154	455
Italy	25	73	39	78
U.S.A.	417	76	362	63

² See the *Survey for 1920-3*, pp. 30-1.

³ See the *Survey for 1924*, Part I C, sections (iii) and (iv).

⁴ See the *Survey for 1930*, p. 126. The dispute between Great Britain and the U.S.S.R. over the trial of British employees of Metropolitan-Vickers Ltd. on charges of sabotage will be dealt with in a future volume of the *Survey*.

⁵ See an article by Mr. R. L. Buell in *The New York Times*, 16th July, 1933.

between the United States and a foreign country so large, and potentially so rich, as Russia, and a natural hope of an increase in this particular stream of trade in the event of the impediment being removed successfully. At the same time, a mere comparison of dates suggests that the question of the balance of power in the Pacific was an important consideration in the United States Government's mind; for President Roosevelt's message of the 10th October, 1933, to the President of the Central Executive Committee of the Soviet Union, Monsieur Kalinin, which opened the Americo-Russian recognition negotiations, was despatched less than eight months after the Geneva verdict of the 24th February, less than six months after the announcement, on the 1st May, of the United States Government's decision to allocate a sum of \$46,000,000 for naval construction from the Federal Public Works Programme, and at approximately the same interval after the serving of the Japanese notice of intention to secede from the League of Nations.¹

The message which President Roosevelt despatched to President Kalinin on the 10th October, 1933, was in the following terms:

From the beginning of my Administration I have thought it necessary to make an attempt to end the present abnormal relations between the 125,000,000 people of the United States and the 160,000,000 people of Russia. It is regrettable that these two great peoples, between whom friendship has existed for more than a century, should have no practical method of maintaining direct relations with each other. The difficulties which have created these abnormal situations are great, but in my opinion they are not insurmountable. But the difficulties can be overcome only by sincere and friendly discussion. If you are of the same opinion, I shall be glad to receive any representative indicated by you to discuss personally with me all questions dividing our two countries. Participation in such a discussion would not bind either side in regard to future action, but it would indicate the sincere wish to come to a settlement of the problems in question. I hope that such a discussion may have good results for the peoples of both countries.

To this message, the following reply was promptly despatched by President Kalinin:

I have received your message of the 10th October. I have always considered it extremely abnormal and regrettable that for sixteen years the two great Republics, the Soviet Union and the United States of America, should not have had the usual method of regulating relations, and the advantages which these relations could give. I am glad to learn that you have come to the same conclusion. There is no doubt that the difficulties between our two countries can be settled if there are direct relations between them. On the other hand there is no possibility of their being settled without such relations. I permit myself

¹ See p. 515 above.

further to express the opinion that the abnormal conditions to which you justly refer in your message have an unfavourable effect not only on the relations of our two countries, but on the general international situation, increasing disquiet and anxiety for general peace and strengthening the views violating this peace. I accept with pleasure your proposal to send a representative to America to discuss with you the questions interesting our countries. The representative of the Soviet Government will be Monsieur Litvinov, Commissar for Foreign Affairs, who will arrive in Washington as soon as a date can be arranged.

The texts of these two messages were communicated to the American Press by Mr. Roosevelt himself on the 20th October, and the initiative which he had taken received an immediate and warmly worded blessing from Senator Borah, who sounded the note, already struck by Monsieur Kalinin, that a resumption of friendly relations between Russia and the United States would be a great stroke in the cause of peace. In the editorial comments of the American Press, the commercial aspect of the transaction was still placed in the foreground; but the peace note was sounded by Monsieur Litvinov, with ever increasing emphasis, from beginning to end of his seventeen days' sojourn on American soil. It was the central point in the statement which he made upon landing in New York on the 7th November; in the speech which he delivered in the same city, on the 24th (after his negotiations with Mr. Roosevelt at Washington had been brought to a successful conclusion), at a dinner given in his honour by the American-Russian Chamber of Commerce and the American-Russian Institute; and finally in the farewell letter which he addressed to President Roosevelt on the same date. In fact, it was evident, and undisguised, that the Soviet Government, at any rate, saw, in this resumption of friendly relations between Russia and the United States, a timely and potent safeguard against the menace of a Japanese military assault upon the Far Eastern territories of the Soviet Union.¹

The negotiations between Monsieur Litvinov and President Roosevelt at Washington, which lasted from the 8th November, 1933, to the 16th, were both strenuous and cordial, because both parties were determined to achieve success; but they were not facile; for there was also a strong determination on both sides to handle and dispose of the real difficulties and not to be content with a paper settlement which would slide over the practical obstacles and would thereby threaten to breed disappointments and recriminations at a later stage. After the whole problem had been threshed out for nine days in this vein,

¹ For the possible imminence of this menace at this date, see section (v) of this part of the present volume.

official relations between the United States and the U.S.S.R. were established at 11.50 p.m. on the 16th November, 1933, sixteen years and nine days after the day on which the Soviet Government had originally come into existence.

The several engagements which were entered into by President Roosevelt and Monsieur Litvinov, on behalf of their respective Governments, were embodied in eleven letters and one joint statement. A tender of recognition on the President's part was answered by the Commissar in a letter of acknowledgement and acceptance. A Russian pledge to abstain from propaganda in the United States was taken note of in an American letter which at the same time promised reciprocity (an elegant but practically otiose piece of diplomatic courtesy!). An American claim for freedom of worship on behalf of American citizens taking up their residence in Soviet territory was met by Russian assurances on this point. There was a similar exchange of letters on the protection of American nationals in Soviet territory (with an appended explanatory note by Monsieur Litvinov on the definition, in the Soviet Union, of economic espionage); and another exchange of letters on commercial claims and counter-claims. There was also a letter from Monsieur Litvinov waiving Russian claims against the United States for damage done by American military forces in Siberia in 1918-21. The joint statement announced that a speedy and satisfactory solution was expected in regard to all outstanding questions of claims and indebtedness.

Since the full texts of these documents are printed in a companion volume to this,¹ it is unnecessary to give any systematic summary of their contents in this place; and it will be sufficient to mention a few of the more interesting and important features of the Russo-American agreement.

The pledge to abstain from propaganda, which Monsieur Litvinov gave to President Roosevelt at Washington on the 16th November, 1933, resembled the definition of the aggressor, which the same Russian statesman had laid before the Disarmament Conference at Geneva on the 6th February,² in being the most comprehensive and 'fool-proof' formula, for its purpose, to which any post-war statesman, Russian or non-Russian, Communist or non-Communist, had so far set his name.

In answer to Mr. Roosevelt's carefully framed demand for guarantees of liberty in religious worship, instruction, and practice for American residents, and for their children, in Soviet territory,

¹ See *Documents on International Affairs*, 1933, pp. 459-72.

² See p. 234 above.

Monsieur Litvinov took the opportunity of citing, *in extenso*, a number of texts from the Soviet Government's legislation, as well as a passage from the Russo-German Treaty of the 12th October, 1925.

As for the exchange of letters regarding the protection of American nationals in Soviet territory, Monsieur Litvinov let it be known, in a statement which he made to the National Press Club at Washington on the 17th November, that this had been the first subject to be broached by President Roosevelt at the beginning of the negotiations. The experiences of certain British residents in the Soviet Union in 1933 and of certain German residents in 1928 were doubtless in the President's mind; and, in his reply to Monsieur Litvinov's assurances on this matter, the President gave notice

that American diplomatic and consular officers in the Soviet Union will be zealous in guarding the rights of American nationals, particularly the right to a fair and public speedy trial and the right to be represented by counsel of their choice.

Another safeguard which was manifestly devised in the light of Russo-British and Russo-German 'incidents' in the past was Monsieur Litvinov's supplementary statement on the definition of economic espionage, which has been referred to above.

The letter in which Monsieur Litvinov waived any claims of the Soviet Government for compensation in respect of the American military operations in 1918-21, in Russian territory in the Far East, has so close a bearing upon the question of the balance of power in the Pacific that it may be quoted *verbatim*:

I have the honour to inform you that, following our conversations and following my examination of certain documents of the years 1918 and 1921 relating to the attitude of the American Government toward the expedition into Siberia, the operations there of foreign military forces and the inviolability of the territory of the Union of Soviet Socialist Republics, the Government of the Union of Soviet Socialist Republics agrees that it will waive any and all claims of whatsoever character arising out of activities of military forces of the United States in Siberia, or assistance to military forces in Siberia subsequent to the 1st January, 1918, and that such claims shall be regarded as finally settled and disposed of by this agreement.

The truth, of course, was that the purpose of the United States Government in maintaining American troops, during those years, on former Imperial Russian soil in the Far East had been to prevent Japanese militarism, rather than Russian Communism, from entering into this portion of the defunct Russian Czarism's heritage.

The announcement of this Russo-American agreement of the 17th November, 1933, was accompanied by the appointment of Mr. William

C. Bullitt to be the first American Ambassador in Moscow, and of Monsieur A. A. Troyanovsky to be the first Soviet Ambassador in Washington. Both appointments were felicitous; for Mr. Bullitt's rôle in 1919 had marked him out as one of the oldest friends, in the United States, of the Soviet Government, while Monsieur Troyanovsky was a former Soviet Ambassador in Tokyo who had been *persona grata* with the Japanese. His appointment to Washington was thus a friendly gesture towards Japan and at the same time an assurance that one of the two principal liaison officers between Russia and the United States would be a diplomatist who was acquainted, at first hand, with Japanese policy.

The reception of the agreement of the 17th November, 1933, in the United States showed that President Roosevelt had accurately gauged the temper and attitude of the American people when he took this step at this date. The greater part of the public comment was either approving or at any rate acquiescent, and the drums of the anti-Russian 'die-hards' were muffled, in so far as they were heard at all. This favourable reception of the recognition of the Soviet Government in a great capitalist country where the main current of opinion had so long run in the contrary direction, was an interesting event; and it was the more significant inasmuch as the texts in which the agreement was embodied, comprehensive and explicit though they were, were by no means proof against the stock objections to an agreement of this kind. A hostile critic might have pointed out that much of the Soviet legislation which was cited by Monsieur Litvinov was anterior to the 'incidents' which President Roosevelt had in mind in seeking safeguards, and that therefore this legislation could not reasonably be taken as an effective safeguard of the kind desired. It might also have been asked whether the Soviet Government had the will or the power, in 1933, any more than in 1927¹ or 1924,² to check the propagandist activities of the Third International beyond the frontiers of the U.S.S.R. Again, the letter of the Russo-American agreement, however precise, would manifestly become a dead letter if ever either of the parties chose to transgress against its spirit; and even a formal observance of the letter, on the Soviet Government's part, might have been represented as uncertain in view of that Government's record, or alleged record, in the past. At any time between the original advent of the Bolsheviks to power and the beginning of the year 1933, any suggestion that the United States might recognize the U.S.S.R. would have been the signal for a drum-

¹ See the *Survey for 1927*, Part II E, sections (i-iii).

² See the *Survey for 1924*, Part I C, section (ii).

fire discharge of all these objections in the newspapers and on the public platforms of North America. The inference is either that the American people, as well as the American Government, believed that some new and effective guarantee of Russian good faith, which did not appear in the terms of the agreement, was nevertheless invisibly present now; or else that the Americans were now inclined to be less exacting in the matter of guarantees because they were now more eager for a *rapprochement* with the Soviet Union—whether for economic or for political reasons. Probably the true explanation of the change in the American attitude is to be found in a combination of both these factors.

On the one hand, there was undoubtedly a new, and highly practical, guarantee of the Soviet Government's good faith: namely, the genuine and lively fear, in which the rulers of the Soviet Union were living at this time, of being attacked—and this perhaps concerted and simultaneously—by two militant neighbours: the Japan of the 18th September, 1931, and the Germany of the 30th January, 1933. The Russian Communist statesmen manifestly believed that this danger was not merely imminent but grave. In fact, they believed that the very existence of the Soviet Union was threatened. And since the first concern of the rulers of any state is to keep that state in existence, the Communist rulers of the Soviet Union were willing, *bonâ fide*, in 1933 to give up the luxury of Communist propaganda abroad if this were a necessary condition for the salvaging of the Soviet Government. The necessity was in fact inescapable, since the main hope for the Soviet Union, in the opinion of the Soviet Government, lay in establishing a united front with all other countries, of whatever social creed, which stood, as Russia stood, to lose by German or Japanese attempts to achieve, by military force, an alteration in the existing political and territorial *status quo*; and the Soviet Government could not be expected to be received into this company of the Powers with precarious possessions unless they ceased to assail the *status quo* with their own weapon of revolutionary political propaganda. In 1933 the statesmen at Moscow faced the alternatives before them and made their choice; and the circumstances in which they made it were a guarantee that it was genuine and sincere. Accordingly, the new foreign policy of the Soviet Government obtained an unprecedentedly cordial response from the foreign Governments and peoples to which it was addressed; and the general consequence was a profound change in the international relations of the U.S.S.R.: a change which was one of the outstanding international developments of the year. The European aspect of this change is dealt with in

another part of this volume.¹ The Pacific aspect found its chief manifestation in the Russo-American agreement of the 17th November, 1933, which has just been described in this chapter.

The task of Soviet statesmanship in 1933 was, of course, facilitated by the fact that the Governments with which it was seeking a *rapprochement* were likewise alarmed, in some degree, by the Soviet Government's bugbears. The Government at Washington, for example, were manifestly disturbed at the policy of Japan; and this concern in the United States translated itself into action, not only in terms of the diplomatic recognition of the U.S.S.R., but also in terms of American naval construction.

On the 7th March, 1933, three days after the Roosevelt Administration had taken office, and in the midst of the bank crisis, the new Secretary of the Navy, Mr. Swanson, took occasion, in his first interview with the representatives of the Press, to announce that the new Government's policy would be to build the American Navy right up to the limits laid down in the London Naval Treaty of 1930;² and he added at the same time that the fleet would be retained, for the present, in the Pacific, where it had been concentrated since the early spring of 1932. On the 1st May, 1933, Mr. Swanson announced that the Administration's Federal Public Works Programme was to include a sum of \$46,000,000 for the purpose of starting construction on thirty warships—an allocation which almost completely offset the cuts in intended expenditure which the Navy Department, like other spending departments of the Federal Government, had been called upon to make. The proposed naval economies were duly worked out; but the orders, for this purpose, which were issued on the 15th May by the Chief of Naval Operations, Admiral Pratt, were overruled by Mr. Secretary Swanson on the 24th; and on the 15th June he was able to announce the President's agreement to a programme for building thirty-two warships within the next three years, with a total contribution of \$238,000,000 out of the \$3,300,000,000 appropriation for public works which had been authorized by the Industrial Recovery Act. It was decided that the work on twenty-one of the ships should be started forthwith, sixteen of them to be financed from the public works allocation, and five from current Navy Department appropriations. While the programme was to extend over three years, it was estimated that \$86,000,000 would be spent in the current year: \$40,000,000 from the regular appropriation, and \$46,000,000 from the public works allocation. The eventual total expenditure was estimated at something like \$300,000,000. Bidding for the construction

¹ See Part II, section (i)(d)(5). ² See the *Survey for 1930*, Part I, section (ii).

of the new ships was opened on the 26th July. On the 3rd August it was announced that contracts for twenty-one ships had been allotted to private firms, and for sixteen ships to Government yards. In his annual report, which was published on the 2nd December, 1933, Mr. Secretary Swanson recommended that the annual building programme during the next three years should provide for the construction of 101 ships, in addition to those already approved, in order to bring the fleet up to its full strength by the 31st December, 1936.

In launching this formidable naval construction programme, the United States Government might plausibly argue that the other parties to the Naval Treaty of 1930 had no ground for complaint, seeing that the United States was merely proposing to build up to the limits which the Treaty allowed her, and that hitherto she had been slower in advancing towards her treaty limits than either the United Kingdom or Japan.¹ In both these countries, nevertheless, reactions were evoked by the United States Government's policy.

In Japan, on the 25th August, on the occasion of a naval review by the Emperor in Yedo Bay, at the conclusion of the triennial grand manoeuvres, Mr. Secretary Swanson's war-cry of 'a Navy second to none' was answered, in a Japanese newspaper, in the statement that

our policy is to maintain a Navy strong enough to make it impossible for another Navy to gain supremacy in the Western Pacific except at a cost in losses that would destroy its position as a naval Power.²

During the week-end of the 2nd-3rd September, 1933, the Government spokesman at Tokyo announced that the new American naval programme had 'stimulated Japan to accelerate her own naval construction'; and on the 4th December the Japanese Government made known their decision to embark on a supplementary naval construction programme for bringing the Japanese Navy up to full treaty strength by the addition of twenty-two new ships, at a cost which was unofficially estimated in the Japanese Press at 431,688,000 yen, to be spread over a period ending with the financial year 1937-8. It was stated in the Japanese Press on the same day that the Japanese annual naval manoeuvres of August-September 1934 were to be held

¹ On the 20th September, 1933, it was stated officially at Washington that, since the Washington Conference of 1921-2, the United States had laid down 37 ships, aggregating 192,890 tons in all, of which 31, aggregating 190,420 tons were of treaty types; the United Kingdom 139 ships, aggregating 450,726 tons in all, of which 102, aggregating 367,643 tons, were of treaty types; and Japan 154 ships, aggregating 381,944 tons in all, of which 116, aggregating 288,830 tons, were of treaty types. (*The New York Times*, 21st September, 1933.)

² *The Nichi Nichi* of Tokyo, 25th August, 1933.

in the same area as the recently concluded triennial grand manoeuvres: that is to say, in the tropical seas of the Western Pacific, between the main islands of Japan and the Equator.

As for the British Government, they appear to have made suggestions to the United States Government, *à propos* of certain ships provided for in the United States building programme, 'that the laying down of any six-inch-gun cruisers, larger than those now in existence, might be deferred during the life of the Disarmament Conference, or at least pending further discussion of the qualitative limitations of future ships'.¹ On the 25th September, at Geneva, Mr. Norman Davis, the United States Ambassador-at-Large, conveyed to the British Secretary of State for Foreign Affairs, Sir John Simon, the American Government's decision that 'it did not see its way clear to alter its delayed naval construction programme or to suspend the laying down of any projected ships'.²

These symptoms of a fresh outbreak of those Anglo-American controversies which had wrecked the Geneva Naval Conference of 1927, and had been overcome with some difficulty at the London Conference of 1930, were serious enough; but they were not so serious as the symptoms of a Japanese-American naval competition in the Pacific. Throughout the year 1933 there were indications of a tendency, on the American side, to shift the centre of gravity of American naval power to the Pacific from the Atlantic; and the Japanese naval manoeuvres of August in the Western Pacific were answered by American naval manoeuvres in the Eastern Pacific in October. President Roosevelt, who had shown his characteristic energy and intrepidity in his naval construction programme, as well as in his recognition of the Soviet Government, was certainly not blind to the dangers ahead in the Pacific Ocean, and on the 3rd November, 1933, he made a wisely conciliatory gesture. On that date, after consultation with Mr. Secretary Swanson and with the officials of the Navy Department, the President announced that he had authorized the United States Fleet to make a cruise in the Atlantic in the summer of 1934, though it would probably return to the Pacific in the following autumn. This American official gesture, which involved no great strategic sacrifice for a naval Power which commanded the Panamá Canal, appears nevertheless to have been taken kindly by the Japanese. The general effect, however, of the development of relations between the United States, the U.S.S.R., and Japan during the year 1933 was to extend, over the waters of the Pacific, the lowering clouds

¹ Statement, published on the 26th September, 1933, by the State Department at Washington.

² State Department statement, quoted above.

which had been overhanging the Far Eastern quarter of the Eurasian Continent since the autumn of 1931. And a passage from a Latin poet, which has been quoted in an earlier volume of this *Survey* in reference to the political situation in the Pacific at the close of the year 1924, is still more apt as an image of the situation as it had come to be now, some nine years later.

Usque adeo taetrâ nimborum nocte coortâ
Impendent atrae formidinis ora superne
Cum commoliri tempestas fulmina coepat,¹

(vii) The Philippine Islands and the United States

(a) INTRODUCTORY

In a previous volume,² some account has been given of the American régime in the Philippine Islands during the post-war period down to the latter part of the year 1927, and of the general political, economic, and social situation arising from an American connexion which, by that year, was nearly thirty years old. In the present chapter the narrative of events is carried down to the acceptance by the Philippine Legislature of a Bill which had been enacted by the President and Congress of the United States, and which provided for the eventual independence of this dominion of the United States within a period which, by the terms of the Act, would be longer than one decade but, in all probability, considerably shorter than two. Moreover, the Act of 1934 provided further—this being its chief point of difference, as will appear, from the abortive Act of 1932-3—that, if and when the status of independence contemplated in the Act were duly acquired by the Filipinos, the United States should thereupon relinquish all military bases in Philippine territory and should enter into negotiations for the ultimate settlement of the question of naval bases.

In view of the general change in the international situation in the Pacific and the Far East, following upon the Japanese outbreak of the 18th-19th September, 1931, and its sequel,³ the passage of this piece of legislation at Washington was clearly of the highest international interest and importance, notwithstanding the fact that it was not to take immediate effect.

¹ Lucretius: *De Rerum Naturâ*, Book vi, ll. 253-5, quoted in the *Survey for 1924*, p. 157.

² The *Survey for 1926*, pp. 405-38.

³ See the *Survey for 1931*, Part IV, section (iii) (b), and the *Survey for 1932*, Part V, section (iv).

On a broad view, the principal interest of the Act was political; for it opened up the prospect of a far-reaching change in the balance of power in Far Eastern waters by promising to reduce American commitments there to vanishing-point at a time when the Japanese were on the war-path. If and when the Filipinos obtained their complete independence of the United States, including the sacred right, or formidable responsibility, of providing exclusively out of their own resources for their own national defence, the probable effect would be the creation of something like a local political vacuum; and since the Philippines happened to lie near the centre of the Far Eastern area of tension, midway between Japan on the one side and Southern China, Malaya and Australia on the other, it was not impossible that this political vacuum might draw the surrounding political forces into a serious collision. This was the aspect of the Philippine independence problem which impressed itself, at the time when the legislation was pending at Washington, not only upon outside observers but also upon the then American Secretary of State, and former American Governor-General of the Philippines, Mr. Henry L. Stimson.¹ This was not, however, the main ground on which the issue of independence was contested, either in the United States or in the Islands themselves. The American public saw the problem first and foremost in terms of American economic interests, while the Filipino intelligentsia were concerned to secure complete political independence from the United States at the lowest economic price to which the Americans could be induced to agree. The question of how, with diminished economic resources, to defend against third parties the political independence which the United States was conceding, was a matter to which the Filipinos appear to have given little consideration at this stage—even after its importance and urgency had been advertised, in a sensational way, by the renewed militancy of their Japanese neighbours.

The political and economic aspects of the problem of Philippine independence were linked together by the taking for granted on the American side, and the tacit acceptance on the Filipino side, of a principle, governing the relations between the Philippines and the United States, which was a credit to the American people. This principle was that, so long as the Philippines remained a dependency of the United States, the Filipinos must count as children of the household and must not be denied those economic advantages in the United States which would belong to them by natural right as members of the family. These advantages included the free

¹ See pp. 564-5 below.

importation of Philippine products and the free immigration of Filipino labour into the Continental United States; and this free access to what was by far the greatest single national market in the whole World became more and more lucrative to the Filipinos in proportion as foreign goods and foreign labour were excluded from entry more and more jealously by the flowing tide of protectionism and isolationism in contemporary American policy. As this process went on, the previously unchallenged natural right of the Filipinos came to wear the appearance of an extraordinary privilege; and this privilege became conspicuous, and intolerable, in the eyes of Continental United States producers and workers with whom Philippine labour and products were in competition, as soon as the United States began to feel the full force of the World Economic Depression.

Therewith, the political agitation in the United States for the exclusion of Philippine imports and immigrants redoubled its activity; and in view of the accepted axiom that the United States could not legitimately free itself from Philippine economic competition except through the act of freeing the Philippines from American political domination, the political independence of the Philippines, as a vital and urgent American interest, became a battle-cry in the domestic politics of the United States, while a counter-campaign was launched by American commercial companies which had sunk capital in Philippine plantations in the belief that Philippine-grown sugar and other tropical products were assured of free access to the United States market.

In consequence of the peculiar American blend of political altruism with economic selfishness, the twentieth-century neo-mercantilism of the Western World here produced a relation between a tropical dependency and its Western political masters which was the exact reverse of the typical eighteenth-century situation. In the eighteenth century, Western Powers had clung to their political control over tropical dependencies in order to turn political ascendancy to account for economic exploitation. In the twentieth century, the United States was now seeking to thrust political independence upon the Philippines, even more rapidly than the Filipinos themselves had quite bargained for, in order to protect its own home market against Filipino competition.

These were the principal factors governing the course of American-Philippine relations during the seven and a half years ending in the summer of 1934. We have now to carry down the record to this date from the point at which the narrative has been broken off in the *Survey for 1926*.

(b) THE AMERICAN ADMINISTRATION

In June 1927 the then American Governor-General of the Philippines, General Wood, returned to the United States, nominally on vacation; but he was a sick man and in August he died; and on the 13th December Mr. Henry L. Stimson, a former Secretary of War in the Taft Administration, was nominated Governor-General.¹ It was not, however, until March 1928 that he landed at Manila. During the preceding nine months the Acting Governorship was held by the Vice-Governor, Mr. E. A. Gilmore. Changes of policy could not be expected under such conditions, and during these months the Philippine Executive continued to follow in General Wood's footsteps, government being administered firmly without undue attention being paid to the ever-recurring pin-pricks inflicted by the Philippine Legislature. Washington rather than Manila was the centre of interest.

Perhaps independence never looked farther off than it did in 1927. In the April of that year the President of the United States for the first time used his power of veto in Philippine affairs when he refused his assent to an Act of the Philippine Legislature providing for a plebiscite on the question of independence. Mr. Coolidge based his objection on the ground that the voter would have to vote simply 'yes' or 'no', as 'how', 'why', or 'when' could not be introduced into a plebiscite; and in his covering letter he went so far as to state that he considered 'the entire discussion of the question of immediate or proximate absolute independence' to be untimely. He thought that the Filipinos generally held the mistaken belief that 'America, even though she granted full independence to the Islands, would still assume the heavy responsibility of guaranteeing the security, sovereignty and independence of the Islands. . . . Responsibility without authority would be unthinkable'.² In November 1927, when a report was current that a plan was on foot for a revision in the method of government, an official statement was made at the White House that, although President Coolidge was keeping an open eye on the Philippine situation, it was 'his policy to work out that situation under the organic law known as the Jones Act'.³ He was said to believe that the ability of the Filipino people and of their local Government to comply with the terms of that law was a measure of their capacity for self-government. Thus, when Mr. Stimson was

¹ See the *Survey for 1926*, p. 437.

² *The United States Daily*, 8th April, 1927.

³ *Ibid.*, 18th November, 1927. For the Jones Act see the *Survey for 1926*, pp. 412-13.

appointed Governor-General in December 1927, any vital change in policy towards the Philippines seemed unlikely, though Mr. Stimson's nomination met with approval from Mr. Pedro Guevara, Resident Commissioner at Washington, who hailed it as the beginning of a new era for the Government and people of the Islands. Before accepting the position, however, Mr. Stimson had obtained from the leaders of the Philippine Legislature a promise of co-operation. At the end of his year of office, he declared that this promise had been loyally kept; and, in fact, Mr. Stimson's arrival at Manila did inaugurate a better day in the relations between the two countries.

When Mr. Stimson took over the Government, he found that for a period of nearly five years the administration had been conducted without any regular Cabinet. Owing to the political deadlock in June 1923, the entire Cabinet had resigned;¹ and the Governor-General had ruled through the permanent heads of departments, with no extraneous help except from United States army officers, who were the one kind of technical advisers which the United States Department of War (the department responsible for Insular Affairs) was in a position to provide. The first steps towards co-operation lay in the direction of making some kind of government machinery, and this was done immediately after the general election which fell in June 1928. Mr. Stimson noted, like observers before and after him, that there was no real difference in principle between the two parties, the Nationalista-Consolidado and the Democrats, the issues being rather of a personal or local nature. But it was satisfactory from the American point of view that the candidates who stood for non-co-operation with the Government, including Mr. Isauro Gabaldon, a late Resident Commissioner at Washington, were all defeated.

The first measure towards co-operation was achieved in the passing of the Belo Act, which made a permanent annual appropriation of Pesos 250,000 (\$125,000) allocated to the employment by the Governor-General of technical advisers. At Washington in the preceding year, Mr. Dwight Davis, the Secretary of War, had supported a corresponding Bill, providing for the employment of civilian advisers, which had been introduced into the United States Congress by Representative Keiss; but this Bill had been opposed by the Resident Commissioner, largely because the salaries of officials appointed by the President and of civil advisers to the Governor-General were to be paid from money collected upon articles from the Philippines introduced into the United States—a source of revenue which had heretofore accrued to the general government of the

¹ See the *Survey for 1926*, p. 419.

Islands, but was on this scheme to be held as a special fund in the Treasury of the United States. By itself making the appropriation, and by authorizing the employment of civilian advisers by its own act, the Philippine Legislature avoided the danger of the government passing from its control.

The second step was the creation of a new Cabinet. It was necessary that it should be so formed that it could be both loyal to an independent Executive and at the same time keep in touch with the Legislature.¹ It was Mr. Stimson's belief that autonomy could be worked out under the Jones Act, but for this a sympathetic understanding between the Governor-General and the Filipinos was essential. Mr. Stimson therefore nominated his Cabinet from members of the majority party, and at the same time he succeeded in inducing both Houses of the Philippine Legislature to alter their rules of procedure so that members of the Cabinet could be heard in either House. Finally, on the 30th August, a Council of State was created by an executive order promulgated by the Governor-General. It was of an entirely advisory character. Its members were nominated and summoned by the Governor-General, who was also its chairman. In the first place it consisted of the President of the Senate, the Speaker of the House of Representatives, the leaders of the majority party in both Houses, and the heads of the six executive departments of state.

The annual reports of the Governor-Generals continuously reiterated a demand for the economic development of the Philippines, as being essential if the Philippines were to take their place as an independent nation. In his last report General Wood had noted the failure of the Filipinos to realize that the extension of education and health services depended on economic progress.² But the Filipinos might have found excuses for their indifference to economic affairs in the fate which befell the companies which had been set up under the Harrison régime. Thus, in 1919, the Philippine Legislature had created a National Development Company for the purpose of developing the Philippines economically and of securing stable markets for the products of the Islands. The Act authorized the Company to 'engage in commercial, industrial, and other enterprises which may be necessary or contributory to the economic development of the country'. In February 1927, the Governor-General had applied to the Insular Auditor (an American) for his opinion as to the legality of a proposed payment by the Insular Treasurer to the National Development Company of 'P. 25,000 as a partial payment equivalent

¹ *Ibid.*, pp. 412-13.

² *Governor-General's Report, 1926*, p. 2.

to one per centum of the par value of 25,000 shares of stock in the said company subscribed by the Government on the 23rd November, 1920'. In his reply the Auditor stated that for some time he had seriously doubted the legality of the existence of the company, and that after a very careful consideration of the Act he had become convinced that 'the Act creating this company is defective to an extent which makes it illegal and unconstitutional'.¹ In the following year, 1928, the Supreme Court of the United States ruled that the Acts of the Philippine Legislature creating two similar companies, the National Coal Company and the Philippine National Bank, were invalid, since they gave control over executive functions to the Legislature. The Court held that it was 'a general rule, inherent in the American constitutional system, that, unless otherwise expressly provided or incidental to the powers conferred, the legislature cannot exercise either executive or judicial power'.²

In his opening message to the Philippine Legislature, which was delivered on the 16th July, Mr. Stimson urged the necessity of economic development, and he submitted that for this purpose it would be necessary to attract American capital. Mr. Stimson thought that agriculture was and would be for a long time the chief industry of the Islands, but unless the Filipino farmers were to remain in their present unsatisfactory condition it was necessary that they should have the benefit of modern machinery and modern methods. He therefore advised the Legislature to revise the land laws and the laws governing the creation and regulation of corporations. In his annual report, Mr. Stimson made light of the fears of the American sugar industry that they would have to face strong competition from the Philippines, since the experience of the Filipinos under Spanish rule, when vast lands had been in the hands of the Church, had made them nervous of anything which might be called land monopolization, and individual leasings of government land were limited to a maximum of 2,500 acres each.³ But Mr. Stimson's comforting words did little to allay the agitation which he noted in the United States for a change in the tariff agreement which should be adverse to the Islands⁴—an agitation which was to play such an important part in the movement towards independence.

In March 1929, when Mr. Hoover succeeded Mr. Coolidge as President of the United States, Mr. Stimson was nominated Secretary of State at Washington, and thus his term of office as Governor-

¹ *The United States Daily*, 19th and 20th April, 1927, gives a full report of the Auditor's reply.

² *Governor-General's Report*, 1928, p. 4.

³ *Ibid.*, 17th May, 1928.

⁴ *Ibid.*, p. 19.

General of the Philippines came to an end. In his farewell address he declared his satisfaction in having restored the Harrison (semi-parliamentary) type of government, which General Wood had pronounced a tragic failure and had discarded.¹ He attributed his success in the administration of the Islands to the mutual respect of Americans and Filipinos associated in the Government. It was not unnatural that the Filipinos should expect a Cabinet of which Mr. Stimson was a member to favour further steps towards autonomy and a parliamentary form of government.

The new Governor-General was Mr. Dwight F. Davis, who had been Secretary of War in Mr. Coolidge's Cabinet. He at once made it clear that he intended to follow the policy of his predecessor, and both Cabinet and Council of State were retained. He also made what he described afterwards as 'a lucky shot'; on arrival, he told the Filipinos that he came as an administrator and not to discuss politics, and that 'independence was a matter for the Congress of the United States to decide'.² Like his predecessor, Mr. Davis was insistent on the importance of economic development, and he urged the Filipino to think in terms of economics as well as of politics. In 1930, 82 per cent. of Philippine exports consisted of three crops—Manila hemp, sugar, and copra—and Mr. Davis was anxious to see the cultivation of more and different kinds of crops. He believed that the Islands ought to develop the cultivation of products such as tropical and semi-tropical fruits which would involve less competition with American vested interests. Although Mr. Davis was still regretting in his second year of office (1930) that the Legislature would not consider a broad policy of economic development, he noted in his annual report for that year that the process of development was going on and that the Philippines were not suffering as much as many other countries from the economic depression. In this same year, 1930, the Legislature passed a resolution providing for the appointment by the Governor-General of a commission to investigate the problem of rural credits. Next year, Mr. Davis, accompanied by expert advisers, paid an official visit to the neighbouring states and dependencies: Indo-China, Siam, British Malaya, and Netherlands India. The conclusion that he drew from this experience was that the economic development of the Philippines was far behind that of some of these countries, but that Filipino labour was better paid and the standard of living in the Philippines was higher.³

¹ See the *Survey for 1926*, pp. 411-13, 417-19.

² *The United States Daily*, 21st December, 1931.

³ *Governor-General's Report*, 1931, p. 6.