In Your Lordship's despatch No. 76 (F 13884/71/23) of January 19th you were so good as to transmit to me a copy of Sir R. Craigie's despatch No. 981 of December 2nd last and of your telegram to His Excellency No. 81 of January 18th and to ask for my observations thereon.

I note that in paragraph 3 of his despatch Sir R. Craigie holds that "the only course likely to ensure really satisfactory results to ourselves during the Sino-Japanese conflict would be the adoption, in association with the United States, of a strong line in defence of our respective interests, leading, if necessary, to reprisals and other forcible action against Japan". The United States Government have throughout the conflict taken their stand on the Nine-Power Treaty and there has been no sign of wavering from the strictest interpretation of the Stimson doctrine of non-recognition of Manchuria, which applies a fortiori to any other puppet governments which Japan may set up in China. It is on this issue of the sanctity of treaties which guarantee equality of opportunity that emphasis is consistently laid rather than upon the actual damage to American commercial interests in the Far East. At the same time the United States/

The Right Honourable
The Viscount Halifax, K.G.,
etc., etc., etc.

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States Government has not denied that treaties may be revised to meet changing conditions provided that alterations can rightfully be made only by orderly processes of negotiation and agreement among the parties to those treaties. This attitude is clearly laid down in the note addressed to the Japanese Government by the United States Ambassador on December 31st last and is summarized as follows in its last 3 paragraphs:

"The United States has in its international relations rights and obligations which derive from international law and rights and obligations which rest upon treaty provisions. Of those which rest on treaty provisions, its rights and obligations in and with regard to China rest in part upon provisions in treaties between the United States and China, and in part upon provisions in treaties between the United States and several other powers, including both China and Japan. These treaties were concluded in good faith for the purpose of safeguarding and promoting the interests not of one only but of all of their signatories. The people and the Government of the United States cannot assent to the abrogation of any of this country’s rights or obligations by the arbitrary action of agents or authorities of any other country.

"The Government of the United States has, however, always been prepared, and is now, to give due and ample consideration to any proposals based on justice and reason which envisage the resolving of problems in a manner duly considerate of the rights and obligations of all parties directly concerned by processes of free negotiation and new commitment by
and among all of the parties so concerned. There has been and there continues to be opportunity for the Japanese Government to put forward such proposals. This Government has been and it continues to be willing to discuss such proposals, if and when put forward, with representatives of the other powers, including Japan and China, whose rights and interests are involved, at whatever time and in whatever place may be commonly agreed upon.

"Meanwhile, this Government reserves all rights of the United States as they exist and does not give assent to any impairment of any of those rights."

5. Whether the United States Government is likely in the near future to proceed to any stronger measures in order to defend its interests depends chiefly upon how far public opinion would support a lead given by the Administration. As I had the honour to report in my telegram No. 59 of February 3rd the United States Government have decided that at present a policy of assistance to China by means of export credits and silver purchases is preferable to one of taking any direct measure of retaliation against Japan. They have carefully weighed the arguments adduced in Sir E. Craigie's telegram No. 84 of January 27th to Your Lordship but they evidently feel that public opinion is not ripe for a policy of direct pressure on Japan by embargo on her export trade, entailing as it must the loss of a considerable American export trade as well as some risk of ultimate hostilities. Whether under the force of circumstances the United States Government may eventually advance from this attitude depends upon many incalculables. The conclusion of a
definite alliance between Japan, Germany and Italy would no doubt help to influence public opinion in favour of a stronger attitude towards Japan, in view of the intense dislike which now exists of the aggressive policies of the totalitarian states.

On the other hand the isolationists who hold that the Philippines should be abandoned to their fate, that Guam should be left unfortified and that the United States should remain safely behind the maritime defences of Hawaii and the Aleutian Islands, would hotly argue that America has no business to play at power politics.

4. I note that Your Lordship's opinion as expressed in your telegram No. 21 of January 18th to Tokyo, you consider that our aim must be active Anglo-American cooperation wherever possible and that we must be careful to do nothing that might jeopardise the movement in the United States for collaboration with like minded Governments in Europe, which has already gone beyond what appeared likely a few months ago. Bearing in mind this paramount consideration I feel strongly that we ought to do all that is possible to demonstrate our sympathy with the present American policy of assisting China. Whether this is to be done by a currency loan, by export credits or by other methods will not be a matter of much concern to the United States Government, provided that our assistance to China can be represented as substantial and not lagging behind the American contributions already made. Any feeling in Government circles or any suggestion in the American press that we were not cooperating on parallel lines would expose us to considerable
considerable criticism. On the other hand any suspicion that our two Governments were acting secretly in collusion against Japan might well arouse even greater criticism while Congress is in its present mood of intense suspicion of the President.

5. Looking back over the last eighteen months one cannot help being impressed by the greatly increased public interest in foreign affairs and consequent change in opinion throughout the country. Several visitors to this country have remarked on this to me recently. The cause of this change, however, lies not in the Far East but in Europe, and the fact that the change has been comparatively rapid and largely a development of the last six months seems due almost entirely to the increasing fear that Germany and Italy are not only threatening France and the British Empire but through them also the United States. Although the change seems rapid it could I believe be arrested, though perhaps only temporarily, by any ill-advised step on our part. This country is still isolationist. It desires and intends to keep out of Europe and her troubles although the doubt is increasing whether she can keep out. The country is beginning to interest itself in these troubles only because it is beginning to realise that the dangers extend far beyond Europe and even beyond Asia to this hemisphere. Any suggestion that the democracies in Europe are ready to "sell out" to the dictators, as is already being suggested as regards Spain, would go far to arrest the growth of sympathy for them. The increasing belief here recently that the democracies are preparing to stand up to the dictatorships and are
making themselves strong enough to do so, has done something to restore the inevitable loss of sympathy resulting from the Munich agreement. In recent weeks there has been very little interest noticeable in Far Eastern questions. Interest has been centred on Europe, especially the affairs of Spain and the quarrel between France and Italy. This does not however mean that interest may not again swing back to the Far East at short notice. A suspicion that we were considering some arrangement with Japan behind America's back and inconsistent with our obligations under the Nine-Power Treaty would, in my opinion, arouse such a storm of criticism as to cost us the sympathy of this country at least for several months.

6. My conclusion, therefore, is that we should continue to keep in the closest touch with the United States Government on Far Eastern questions and be most careful to avoid going behind their backs in any way. It is clear that the United States Government are averse from entering upon an adventurous course in their dealings with Japan, and this in itself should not close the door to our taking advantage of such opportunities as may offer of helping to restore friendly relations with that country, provided that we keep the State Department fully informed of our intentions. On the other hand if a crisis were to arise in which a genuine threat to Singapore by the Japanese Navy were to develop, I believe that such a suggestion when it became public might call forth a reaction in this country of sufficient strength to make it clear to the Japanese that the United States could not stand idly by. The enclosed article by Mr. Walter/
Walter Lippmann published in his column on February 7th seems to me to express the views of a great many people in this country, that in a real crisis the United States Government would find itself forced to proceed beyond protests and remonstrances. "As long as the Japanese think there is better than an even chance of the United States taking part in a world war, they are not likely to risk it, and if the Japanese will not risk it, there is a very good chance that Rome and Berlin will not risk it either." For this reason, among others, I venture to share Your Lordship's doubts whether it would be worth paying a substantial price to dissuade Japan from entering into a formal alliance with Germany and Italy. Japan, it seems to me, may be expected to take full advantage of our embarrassments in Europe, alliance or no alliance, but a knowledge that there is close harmony between the United States and ourselves should be a stronger deterrent to adventure than any offer that we could at present afford to make to the Japanese Government.

I have the honour to be,

with the highest respect,

My Lord,

Your Lordship's most obedient,

humble servant,

(Sgd) V. A. L. MALLET

H.M. Chargé d'Affaires.