

BRITISH EMBASSY,

WASHINGTON, D.C.,

September 26th, 1939.

No. 1101,

My Lord,

1481/32

With reference to Mr. Adam's telegram No. 62 of the 25th September to Your Lordship, I have the honour to transmit herewith copies of the text (as released by the State Department) of the address delivered by the Under Secretary of State, Mr. Sumner Welles, to the Pan-American Conference at Panama on the 25th September.

2. Mr. Welles outlined his conception of the problems which now confronted the American Republics and, recalling "the havoc which was occasioned to our inter-American Economic System after the war broke out in 1914"; stated, with the authority of the United States Government, that (a) United States - Latin American shipping services would be maintained and, indeed, strengthened and increased where this were found desirable and feasible; (b) financial assistance and cooperation might be developed to tide over short emergency periods and to develop in individual countries new fields of production to replace those temporarily depressed; (c) when desired the United States Government would assist in making credit available to other American republics either through the private banking system or through Government agencies when the latter had funds available for such purposes; (d) in financing current matters, it was expected that only

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The Right Honourable

The Viscount Halifax, K.O.,

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short-term credits would be requested, but that in the purchase of rail and mill equipment, heavy goods etc., longer term credits appropriate to the circumstances would be required and that if war conditions shifted "certain international trade markets", this would also need to be taken into account; (e) the United States Government recognised that excessive or unwarranted fluctuating in inter-American exchanges would seriously prejudice beneficial trade between the American republics.

3. Mr. Sumner Welles expressed the belief that "to the extent that we sustain bases of commercial policy that are universal in character, and have trade open to all countries on substantially the same terms, and to the extent that our commerce is not dictated by special agreements of an exclusive character" the American Republics could ensure that their political independence could not "be subjugated to alien political systems operating through commercial channels".

4. These were the immediate problems: but beyond them there were others, deeper and more fundamental, proceeding from the fact that "various powerful countries in other parts of the world have now completely converted their own systems of trade and production to another basis - making it an instrument of political and ideological ambition". There followed the passage quoted by Mr. Adam in his telegram No. 62 of the 25th September to Your Lordship, suggesting a declaration that "belligerent activities in close "proximity to the shores of the/
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"the new world" should not be permitted.

5. The Under Secretary of State then spoke of the present war in general terms. He said it was certain that the vast mass of the common people everywhere "have wanted above all else to prevent the war which has now broken out": that "in modern civilisation every country has a natural right that war shall not be loosed upon humanity" but that this right, embodied in the Pact of Paris was being flagrantly violated. "There is", said Mr. Welles, "no moral justification for any nation to loose war upon humanity when the resort to peaceful procedure for the solution of controversies or inequities is available".

6. Mr. Welles concluded with the belief that mankind's overwhelming will "for peace based on a renunciation of force, on justice and on equality" might find its expression in the western hemisphere. For that reason, they must resolutely defend their continent from all menace of aggression, direct or indirect.

7. I am sending a copy of this despatch to His Majesty's Minister at Panama.

I have the honour to be,
with the highest respect,
My Lord,
Your Lordship's most obedient,
humble servant,
(SGD) LOTHIAN