

REFS TO 678/20/29

Far East. FILE NO. 678/2
264/1/40. 6

BRITISH CONSULATE GENERAL
SAN FRANCISCO, CALIFORNIA,
JANUARY 5, 1940.

Washington: Embassy No. 7
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Los Angeles, No.15



12 JAN 1940

*to Hancock
Political & Propaganda
this is definitely yours
my C.78/1 to Mr.
Broder seemed
just him right
about addressing
you instead of me*

My Lord:

CR.

With reference to my letter No. 114 of the 30th ultimo to Sir Owen Chalkley, I now have the honour to enclose an article in regard to Japan-American trade taken from the 1939-1940 Year Book of the "Daily Commercial News".

*CR. after
for
10.11.40*

2. As in the previous instance, the article is designed to demonstrate the importance of trade with Japan to the United States in general and the Pacific Coast in particular, and to bring about a state of public opinion which might influence the United States Government in its attitude towards the renewal of the discarded Treaty. Furthermore, an attempt is made, by reference to the alleged improvement in American trade with Manchoukuo since the Manchurian Incident, to prove that similar but far greater benefits may be anticipated for this country when China is finally subjugated by the Japanese Army and "peace" restored. I can safely say that the trend of American trade with Manchoukuo does not really support this argument. The decline between 1930 and 1936 was due, first to the depression, and secondly to the chaos and anarchy which followed the

*A copy might go
to P.O. No. 68.
1941*

*HC ✓ L 12/11
Mr. [unclear] MB.
Mr. [unclear]*

His Excellency,
The Right Honourable,
The Marquess of Lothian, P.C., C.H.,
His Majesty's Ambassador,
Washington, D.C.

Japanese/

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Japanese onslaught; and the increase in 1937 and 1938 was caused rather by abnormal importations of motor trucks and other equipment for the Japanese Army rather than by normal transactions.

3. There are, however, certain features about this article, which is flanked on both sides by prominent advertisements of Japanese firms, to which I would draw Your Lordship's attention. In the first place, the opening paragraphs bear a marked similarity to the extract from the "Argonaut" which accompanied my letter under reference; and in the second, the present article is referred to, at the end of paragraph 5, as a "booklet". This rather gives the show away, and I have no doubt that it did originally appear in pamphlet form, published by the Japanese Committee for Trade and Information or one of their numerous propagandists.

4. I am also informed that articles in favour of the renewal of the Commercial Treaty are now appearing in the San Francisco district papers, of which about eighteen, with aggregate weekly circulation of 126,000, are published in the City and its vicinity. They are distributed gratis, and income is derived from advertisements. It may possess significance that the publishers of these papers are H. F. Budde Publications Inc. Mr. H. F. Budde, the proprietor of this concern, is a respected and sober German resident, but the tone of the "California Demokrat", the principal San Francisco German paper (which he also owns), convinces me that he is a faithful
disciple/

disciple of Dr. Goebbels.

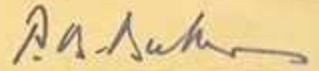
5. I think that this whole question is one of the highest importance at the present time. The trend of events in the Far East will depend very largely upon the attitude of the United States Government in regard to future economic relations with Japan. The part of the United States most vitally affected by those relations is the Pacific Coast which is now being inundated with propaganda and disingenuous argument designed to serve Japanese interests.

I have the honour to be,

My Lord,

Your Lordship's most obedient,

humble servant,



H. M. Consul-General.