

'STOP-GAP' ACCORD ON JAPAN'S TRADE BELIEVED UNLIKELY

Washington Circles Indicate
That Lapse of Treaty Will
Not Be Circumvented

DISCRIMINATION POSSIBLE

Yonai Completes His Cabinet,
Giving Four Positions to
Civilian Party Men

By BERTRAM D. HULEN

Special to THE NEW YORK TIMES.

WASHINGTON, Jan. 15—Japan's efforts to obtain a modus vivendi from the United States on the basis of most-favored nation treatment as a stop-gap until a new commercial treaty is concluded consequent upon the lapse of the existing twenty-nine-year-old accord on Jan. 26 apparently are doomed to failure.

According to authoritative indications today, and unless something of an exceptional character develops during the next eleven days in the conversations that Joseph C. Grew, the United States Ambassador in Tokyo, has been conducting with the Japanese Foreign Office, commercial relations with the two countries will be governed after Jan. 26 by domestic and international law only.

This will mean, in the opinion of competent observers, that the door will always be open to discriminatory acts if Japan practices discrimination against this country.

A new commercial treaty is being discussed by Ambassador Grew in Tokyo at the instance of the Japanese, but other questions, including those of a political nature involving Japan's program in China, are also being touched upon, and officials emphasize that the discussions have not reached the point of negotiations.

Several Questions Involved

All questions in which the two governments are interested have been under discussion from time to time by Mr. Grew and the Japanese Foreign Office, Secretary of State Cordell Hull said today at his press conference. They include the subject of a commercial treaty, but he maintained the position that there would be no developments at this time that called for any comment by him.

As for a modus vivendi, other officials intimated that none would be considered definitely, unless Japan gave effective guarantees that American interests would receive equal and fair treatment in the Japanese-dominated areas of China.

The absence of an agreement, however, will not necessarily mean a period of discrimination and retaliation. In fact, experts pointed out that this status was not unusual. As an example they referred to the many years that the United States had no commercial treaty or modus vivendi with France, yet commercial relations were maintained on an undisturbed

plane through application of domestic and international law.

Talks Likely to Continue

Whether the new Japanese Cabinet will make substantial progress in discussions with Mr. Grew is expected to be revealed by developments in a short time. It is assumed that the Foreign Office will continue the talks, and Premier Admiral Nitsumasa Yonai is familiar with those already held from having been Minister of Marine in a recent government.

There is believed to be considerable promise of progress from the character of the new Premier and his Cabinet. While American officials would not comment, it was understood in diplomatic circles that the new Cabinet members, taken as a whole, were more capable and experienced than those they have replaced.

Moreover, it was pointed out that the political parties were represented much better in the present than in the preceding government. In addition, reports received here indicated that the policy of the new Cabinet would be moderate, both on internal and external subjects. If, as some diplomats believe probable, the Yonai government pursues a moderate, common-sense policy in foreign affairs, it may open the way to better relations not only with the United States but also with Great Britain.

On the other hand, it is not believed that any far-reaching political arrangement will be sought with Russia, although there may well be understandings on specialized topics.

Will Continue Policy

By HUGH BYAS

Wireless to THE NEW YORK TIMES.

TOKYO, Jan. 15—The newly appointed Premier, Admiral Mitsumasa Yonai, is forming his administration on lines that show that he intends to continue the former Cabinet's policies. The new government is simply a continuation of the last, strengthened in respect to domestic politics where former Premier General Nobuyuki Abe was weighed in the balance and found wanting.

It is authoritatively stated that Japanese policy toward America will be absolutely unchanged. The new Cabinet will continue negotiations for a temporary trade agreement with Washington. A reply is expected before Jan. 26 on the Japanese draft of such a temporary agreement that is now before the American State Department.

The press comment reveals relief rather than enthusiasm. Marked confidence is expressed concerning Admiral Yonai's personality, but some reserve is noted because of his short political experience.

He is told that the new Cabinet's fate will depend on its success in dealing with economic and social questions and is warned that he needs the confidence of all classes of the nation. This is a well-understood way of saying that the government should not be guided by the army's views exclusively or primarily but must lean more on the country's representative institutions.

The Japan Times surveys the outlook in terms that are only slightly ahead of contemporary opinion. It says:

"It is doubtful if any Cabinet without popular support in the full sense can weather the storm now facing the country. The new Premier's first duty is to bridge the gulf between the bureaucracy and the people.

"The government must be so directed that it will win back the confidence of the people. This is hardly possible unless the Cabinet has its foundation in popular support. Admiral Yonai's chance of success depends almost entirely upon the support and cooperation that he can obtain from the popular assembly, which, though still unable to get back on its feet, is the only channel through which the people can express their minds as they did in the case of General Abe's Cabinet.

Of Stop-Gap Calibre

TOKYO, Tuesday, Jan. 15 (AP)—A new government, considered by Japanese and foreign observers alike to be of stop-gap calibre, was formed last night by Japan's new Premier, Admiral Mitsumasa Yonai. It was expected to be sworn in today.

A striking feature of the new Cabinet, expected to carry on negotiations with the United States for a new trade agreement to replace the one expiring Jan. 26, is the greater representation given to political parties than has been the case in the immediate past.

Admiral Yonai filled four portfolios with strong party men, emphasizing an evident increase of party influence in Japanese affairs.

The new Cabinet, considered a moderate group, includes eight Ministers with previous Cabinet experience but Japanese sources declared that none of the Ministers was of

sufficient calibre to direct a strong governmental policy.

Admiral Yonai is known to be an advocate of closer cooperation with the United States and is expected to direct a pro-American policy, although his Foreign Minister, Hachiro Arita, a veteran diplomat, is known as the Foreign Minister under whom Japan signed the anti-Comintern pact with Italy and Germany.

New Cabinet Line-Up

The new Cabinet includes:
Premier—Admiral Mitsumasa Yonai.

Foreign—Hachiro Arita.
War—General Shunroku Hota.
Navy—Vice Admiral Zengo Yoshida.

Finance—Yukio Sakuruchi.
Home—Count Hideo Kodama.
Justice—Shotatsu Kimura.
Education—Chinjiro Matsuura.
Agriculture—Toshio Shimada.
Commerce—Ginjiro Fujiwara.
Communications—Masanori Katsu.
Railways—Tsuruhei Matsuno.
Overseas—General Kuniaki Koiso.
Welfare—Shigeru Yoshida.

In reliable quarters it was said that army opposition prevented the appointment of a stronger Cabinet, and vetoed especially the veteran Seihin Ikeda, who was considered the most capable candidate for Finance Minister.

Foreign observers predicted that the new Cabinet was foredoomed to a short life because it constituted no fundamental improvement over the two previous Cabinets, and would follow a middle-of-the-road policy in attempting to solve international problems, notably the American and Chinese questions, without taking any decisive step.

Army Support Expected

Support of the army for the Cabinet seemed assured, at least for the present by the military code, which prevents any outward attempt to embarrass the Premier.

Prior to the announcement of the new Cabinet a Foreign Office spokesman said the new government would continue the existing diplomatic policy toward the United States and he indicated that conversations with Ambassador Joseph C. Grew for a new trade understanding with the United States would be continued.

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Mr. Sakurauchi, a long-time parliamentarian and businessman, and a leader of the Minseito party, accepted the important Finance portfolio after Admiral Yonai was reported to have solicited Chuji Machida, president of Minseito, for the post. Another Minseito party member on the Cabinet is Mr. Katsu, Communications Minister.

Mr. Shimada and Mr. Matsuno were named from rival factions of the Seiyukai party.

After the investiture of the Cabinet scheduled for today Admiral Yonai will be dropped automatically from the active to the reserve navy list.

Wireless to THE NEW YORK TIMES.

CHUNKING, China, Tuesday, Jan 18—The Chinese predict failure for the efforts of the new Japanese Cabinet to normalize relations with the United States. The official Central Daily News believes that the future of the new government will be marked by three major developments:

1. An aggravation of Japanese-American relations;
- A last desperate military campaign against China;
- A complete dislocation of Japanese diplomacy.

The paper declares that Japan is afflicted with an incurable disease and that "any one heading a Cabinet will only aggravate the situation and accelerate the doom."