

SECRET

Mr. Denning:

Here is a cocksby.

Any amendments or suggestions etc. would be welcome.

RC
- 1079

SECRET

*I sh^d not be at all
surprized.*

NOTHING TO BE WRITTEN IN THIS MARGIN.

*Li R. Campbell
Mr. Roger Miller*

*I am inclined
to agree. I cannot
see the quid pro quo.*

*x
Very probable, on the part
of extremists & supposed
moderates alike.*

MED:PW

SECRET

I confess I do not feel happy about these talks; even less so, in fact, than about the talks which preceded them. My impression is that my feelings are shared by Dr. Hornbeck and other members of the Far Eastern Division in the State Department, of whom I have been seeing something socially in the past few days.

Mr. Hull seems to be talking in the air, without any solid foundation for what he says. Japan will not withdraw her troops from China until she is certain that China will fulfil any agreement reached. Of that I would be inclined to be as doubtful as the Japanese, since Chiang Kai-Shek at best exercises only a partial control over the country, which would decrease the moment the Japanese menace disappeared. Many people who know China believe that a peace on Chinese terms or a Chinese victory would be followed by bloody civil war.

Restitution of equality of opportunity and the open door are things we and the United States want, not the Chinese.

When the Burma Road was closed last year one of the conditions was that the Japanese would join with us in attempting to achieve a general settlement of Far Eastern problems. At that time the Far Eastern Department in the Foreign Office were instructed to draw up the basis on which they considered a general settlement might be achieved. This they did, without any conviction whatever that what they postulated was practicable. The plan was submitted to other Government Departments, who, by and large, tore it to shreds. In the meanwhile Japan had joined the Axis and we reopened the Burma Road, so that the idea of a general settlement was happily dropped. It will be remembered that the United States Government at that time sternly refused to play in any circumstances.

From the experience gained at the time that we ourselves explored the possibilities of a general settlement, it is safe to say that a real settlement in present war conditions is not possible for the simple reason that we cannot give Japan an adequate quid pro quo.

If we cannot give Japan an adequate quid pro quo, it follows either that Japan is talking ~~to~~ to gain time for a specific purpose, just as we are, or that her circumstances are so much worse than even we conceive that she is faced with the prospect of having to retreat all the way along the line without a fight. From

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the news available from Japan it would seem that the first may be the case. On the other hand, it is very clear that the internal adjustments necessary before a general retreat could take place are totally lacking. Japan has fed on success for nearly half a century, and she is not going to abandon her gains for what she may well consider to be a few empty promises and a back-door admission to the realm of the sanctified and blessed.

My interpretation of what is happening in Japan is that Prince Konoye, properly conscious of the dangers ahead, has sought the consent of his colleagues and of all the various factions, to try and placate the United States. The colleagues and the factions have consented, without however being prepared to give anything away. The Extremists probably feel, and not without reason, that Prince Konoye's failure to achieve anything with the Democracies on such a basis will afford them ample justification for proceeding on the course which they themselves advocate.

If I am wrong, and if some American-made settlement is achieved, then it can only ultimately be at our expense. Nor will it ease our position in the least degree in the Far East, since without a complete revolution in Japan, we shall not be able, while the war lasts, to trust that country to honour her obligations any more than we could trust Germany. If the present dispersal of our forces is to be maintained at the price of an uneasy truce, then I think that is too high a price to pay.

*Essex & I think
Mr. Hull thinks so.*

Mr. Hull was not quite honest over the earlier negotiations, and he is not being quite honest now. It is all very well to say that the conversations with the Japanese have not reached a stage where consultation with us is necessary or desirable. There can be no conversations about the general Far Eastern situation between Japan and the United States which are not of close and vital concern to us, and though we cannot force the United States Government to disclose to us what is going on, I feel the time is coming when we might take just a little umbrage at the way we are being kept completely in the dark.

In the meanwhile the talks appear to be causing uneasiness to the Chinese and the Dutch (if not to many Americans) and they heighten the tendency to set the United States "off the boil". They are off the boil over Europe and to go off the boil over the Far East will only increase the general lassitude.

NOTHING TO BE WRITTEN IN THIS MARGIN.

