portugal1914.org Ber Marbor, 23 de Agorto, 1915 13-9-915 Estados Unidos 12 A m: 42 XV Ba matron. Ministro dos Ayorios Cotrangeiros; O destruição pelos submarinos allemats do paquete "Arabic", com a perda ga ave. riquada, de dois cidadaos anel--ricano, produque a contingencia que a governo Americano mas mas motos no Joverno Alemas sobre o caso do "ausitania" declaron que con--sideraria un acto hostil. a une acto deve seguir-se, puelo menos, o rouquinento das relaciós diplomaticas entre os lostados thenidos ea Alemanka

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File No. 462.11868/39.

THE SECRETARY OF STATE TO AMBASSADOR GERARD.

[Telegram.]

No. 2057.]

DEPARTMENT OF STATE, Washington, August 10, 1915.

You are instructed to present the following note to the German Minister for Foreign Affairs:

Under instructions from my Government, I have the honor to inform Your Excellency, in reply to your note of July 30 in regard to the claim for reparation for the sinking of the William P. Frye, that the Government of the United States learns with regret that the objections urged by it against the submission of this case to the prize court for decision have not commended themselves to the Imperial German Government, and it equally regrets that the reasons presented by the Imperial German Government for submitting this case to the prize court have failed to remove the objections of the Government of the United States to the adoption of that course. As this disagreement has been reached after the full presentation of the views of both Governments in our previous correspondence. a further exchange of views on the questions in dispute would doubtless be unprofitable, and the Government of the United States therefore welcomes Your Excellency's suggestion that some other way should be found for settling this case.

The two methods of settlement proposed as alternative suggestions in Your Excellency's note have been given careful consideration, and it is believed that if they can be combined so that they may both be adopted, they will furnish a satisfactory basis for the solution of the questions at issue.

The Government of the United States has already expressed its desire that the question of the amount of indemnity to be paid by the Imperial German Government under its admitted liability for the losses of the owners and captain on account of the destruction of the Frys should be settled by diplomatic negotiation, and it entirely concurs with the suggestion of the Imperial German Government that the simplest way would be to agree, as proposed in your note, "that each of the two Governments designate an expert and that the two experts jointly fix the amount of indemnity for the vessel and any American property which may have been sunk with her." to be paid by the Imperial German Government when ascertained as stated in your note. It is assumed that the arrangement will include some provision for calling in an umpire in case the experts fail to agree.

The Government of the United States notes that your suggestion is made with the express reservation that a payment under this arrangement would not constitute an admission that American treaty rights had been violated, but would be regarded by the Imperial German Government merely as fulfilling a duty or policy founded on existing treaty stipulations. A payment made on this understanding would be entirely acceptable to the Government of the United States, provided that the acceptance of such payment should likewise be understood to be

without prejudice to the contention of the Government of the United States that the sinking of the *Frye* was without legal justification, and provided also that an arrangement can be agreed upon for the immediate submission to arbitration of the question of legal justification, in so far as it involves the interpretation of existing treaty stipulations.

There can be no difference of opinion between the two Governments as to the desirability of having this question of the true intent and meaning of their treaty stipulations determined without delay, and to that end the Government of the United States proposes that the alternative suggestion of the Imperial German Government also be adopted, so that this question of treaty interpretation can be submitted forthwith to arbitration pursuant to article 38 of The Hague Convention for the pacific settlement of international disputes.

In this way both the question of indemnity and the question of treaty interpretation can promptly be settled, and it will be observed that the only change made in the plan proposed by the Imperial German Government is that instead of eliminating either one of its alternative suggestions, they are both given effect in order that both of the questions under discussion may be dealt with at the same time.

If this proposal proves acceptable to the Imperial German Government, it will be necessary also to determine whether, pending the arbitral award, the Imperial German Government shall govern its naval operations in accordance with its own interpretation, or in accordance with the interpretation maintained by the United States, as to the obligations imposed by their treaty stipulations, and the Government of the United States would be glad to have an expression of the views of the Imperial German Government on this point.

LANSING.

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File No. 300,115 N.27/17.

Ambassador Gerard to the Secretary of State.

[Telegram-Paraphrase.]

AMERICAN EMBASSY, Berlin, July 12, 1915.

Following memorandum just received from the Foreign Office:

Memorandum relative to the damaging of the American steamer Nebrashan by a German submarine:

"The German Government received from newspaper reports the intelligence that the American steamer *Nebraskan* had been damaged by a mine or torpedo on the southwest coast of Ireland. It therefore started a thorough investigation of the case without delay, and from the result of the investigation it has become convinced that the damage to the *Nebraskan* was caused by an attack by a submarine.

"On the evening of May 25 last the submarine met a steamer bound westward without a flag and with no neutral markings on her freeboard about 35 nautical miles west of Fastnet Rock; no appliance of any kind for the illumination of the flag or markings was to be seen. In the twilight, which had already set in, the name of the steamer was not visible from the submarine. Since the commander of the submarine was obliged to assume, from his wide experience in the area of maritime war, that only English steamers, and no neutral steamers, traversed this war area without flag and markings, he attacked the vessel with a torpedo in the conviction that he had an enemy vessel before him. Some time after the shot the commander saw that the vessel had in the meantime hoisted the American flag. As a consequence he of course refrained from any further attack. Since the vessel remained affoat he had no occasion to concern himself further with the boats which had been launched.

"It results from this, without a doubt, that attack on the steamer *Nebraskan* was not meant for the American flag; nor is it traceable to any fault on the part of the commander of the German submarine, but is to be considered an unfortunate accident. The German Government expresses its regret at the occurrence to the Government of the United States of America and declares its readiness to make compensation for the damage thereby sustained by American eitizens.

"As in the case of the steamer *Gulflight*, the German Government begs to suggest that the American Government submit to it a detailed statement of such damage or, if doubt might arise as to certain points, to designate an expert to fix the amount of compensation, acting in conjunction with a German expert."

GERARD.

File No. 763,72 111/2480.

[Translation.]

The Austro-Hungarian Minister for Foreign Affairs to Ambassador Penfield.

I. AND R. MINISTRI OF THE IMPERIAL AND ROYAL HOUSE AND FOR FOREIGN AFFAIRS, Vienna, June 29, 1915.

The far-reaching effects which results from the fact that for a long time a traffic in munitions of war to the greatest extent has been carried on between the United States of America on the one hand and Great Britain and its allies on the other, while Austria-Hungary as well as Germany have been absolutely excluded from the American market, have from the very beginning attracted the most serious attention of the Imperial and Royal Government.

If now the undersigned permits himself to address himself to this question, with which the Washington Cabinet has been concerned until now only with the Imperial German Government, he follows the injunction of imperative duty to protect the interests intrusted to him from further serious damage which results from this situation as well to Austria-Hungary as to the German Empire.

Although the Imperial and Royal Government is absolutely convinced that the attitude of the Federal Government in this connection emanates from no other intention than to maintain the strictest neutrality and to conform to the letter of the provisions of international treaties, nevertheless the question arises whether the conditions as they have developed during the course of the war, certainly independently of the will of the Federal Government, are not such as in effect thwart the intentions of the Washington Cabinet or even actually oppose them. In the affirmative case-and affirmation, in the opinion of the Imperial and Royal Government, can not be doubted-then immediately follows the further question whether it would not seem possible, even imperative, that appropriate measures be adopted toward bringing into full effect the desire of the Federal Government to maintain an attitude of strict parity with respect to both belligerent parties. The Imperial and Royal Government does not hesitate to answer also this question unqualifiedly in the affirmative.

It can not certainly have escaped the attention of the American Government, which has so eminently cooperated in the work of The Hague, that the meaning and essence of neutrality are in no way exhaustively dealt with in the fragmentary provisions of the pertinent treaties. If one takes into consideration particularly the genesis of Article 7 of the Fifth and Thirteenth Conventions, respectively, upon which the Federal Government clearly relies in the present case, and the wording of which, as is in no way to be denied, affords it a formal pretext for the toleration of traffic in munitions of war now being carried on by the United States, it is only necessary, in order to measure the true spirit and import of this provision, which moreover appears to have been de-

parted from in the prevention of the delivery of vessels of war and in the prevention of certain deliveries to vessels of war of belligerent nations, to point out the fact that the detailed privileges conceded to neutral states in the sense of the preamble to the above-mentioned convention are limited by the requirements of neutrality which conform to the universally recognized principles of international law.

According to all authorities on international law who concern themselves more particularly with the question now under consideration, a neutral government may not permit trailie in contraband of war to be carried on without hindrance when this traffic assumes such a form or such dimensions that the neutrality of the nation becomes involved thereby.

If any one of the various criteria which have been laid down in science in this respect be used as a basis in determining the permissibility of commerce in contraband, one reaches the conclusion from each of these criteria that the exportation of war requisites from the United States, as is being carried on in the present war, is not to be brought into accord with the demands of neutrality.

The question now before us is surely not whether American industries which are engaged in the manufacture of war material should be protected from loss in the export trade that was theirs in time of peace. Rather has that industry soared to unimagined heights. In order to turn out the huge quantities of arms, ammunition, and other war material of every description ordered in the past months by Great Britain and her allies from the United States, not only the full capacity of the existing plants but also their transformation and enlargement and the creation of new large plants, as well as a flocking of workmen of all trades into that branch of industry, in brief far-reaching changes of economic life encompassing the whole country, became necessary. From no quarter then can there come any question of the right of the American Government to prohibit through the issuance of an embargo that enormous exportation of war implements that is openly carried on and besides is commonly known to be availed of by only one of the parties to the war. If the Federal Government would exercise that power it possesses, it could not lay itself open to blame if, in order to keep within the requirements of the law of the land, it adopted the course of enacting a law. For while the principle obtains that a neutral state may not alter the rules in force within its province concerning its attitude toward belligerents while war is being waged, yet this principle, as clearly appears from the preamble to the Thirteenth Hague Convention, suffers an exception in the case "où l'expèrience acquise en démontrerait la nècessité pour la sauvegarde de ses droits." [Where experience has shown the necessity thereof for the protection of its rights.

Moreover, this case is already established for the American Government through the fact that Austria-Hungary, as well as Germany, is cut off from all commercial intercourse with the United States of America without the existence of a legal prerequisite therefor—a legally constituted blockade.

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In reply to the possible objection that, notwithstanding the willingness of American industry to furnish merchandise to Austria-Hungary and Germany as well as to Great Britain and her allies, it is not possible for the United States of America to trade with Austria-Hungary and Germany as the result of the war situation, it may be pointed out that the Federal Government is undoubtedly in a position to improve the situation described. It would be amply sufficient to confront the opponents of Austria-Hungary and Germany with the possibility of the prohibition of the exportation of foodstuffs and raw materials in case legitimate commerce in these articles between the Union and the two Central Powers should not be allowed. If the Washington Cabinet should find itself prepared for an action in this sense, it would not only be following the tradition always held in such high regard in the United States of contending for the freedom of legitimate maritime commerce, but would also earn the high merit of nullifying the wanton efforts of the enemies of Austria-Hungary and Germany to use hunger as an ally.

The Imperial and Royal Government may therefore, in the spirit of the excellent relations which have never ceased to exist between the Austro-Hungarian Monarchy and the United States of America, appeal to the Federal Government in sincere friendship, in view of the expositions here set forth, to subject its previously adopted standpoint in this so important question to a mature reconsideration. A revision of the attitude observed by the Government of the Union in the sense of the views advocated by the Imperial and Royal Government would, according to the convictions of the latter, are not only within the bounds of the rights and obligations of a neutral government, but also in close keeping with those principles dictated by true humanity and love of peace which the United States has ever written on its banner.

The undersigned has the honor to ask the good offices of His Excellency, the ambassador extraordinary and plenipotentiary of the United States of America, Mr. Frederic Courtland Penfield, to convey the foregoing by telegram to the attention of the Washington Cabinet; he avails himself, etc.,

BURIÁN.

File No. 763,72111/2894.

The Secretary of State to Ambassador Penfield.

[Telegram.]

No. 846.]

DEPARTMENT OF STATE, Washington, August 12, 1915.

Please present a note to the Royal Foreign Office in reply to its note of June 29, in the following sense:

The Government of the United States has given careful consideration to the statement of the Imperial and Royal Government in regard to the exportation of arms and ammunition from the United States to the countries at war with Austria-Hungary and Germany. The Government of the United States notes with satisfaction the recognition by the Imperial and Royal Government of the undoubted fact that its attitude with regard to the exportation of arms and ammunition from the United States is prompted by its intention to "maintain the strictest neutrality and to conform to the letter of the provisions of international treaties," but is surprised to find the Imperial and Royal Government implying that the observance of the strict principles of the law under the conditions which have developed in the present war is insufficient, and asserting that this Government should go beyond the long recognized rules governing such traffic by neutrals and adopt measures to "maintain an attitude of strict parity with respect to both belligerent parties."

To this assertion of an obligation to change or modify the rules of international usage on account of special conditions the Government of the United States can not accede. The recognition of an obligation of this sort, unknown to the international practice of the past, would impose upon every neutral nation a duty to sit in judgment on the progress of a war and to restrict its commercial intercourse with a belligerent whose naval successes prevented the neutral from trade with the enemy. The contention of the Imperial and Royal Government appears to be that the advantages gained to a belligerent by its superiority on the sea should be equalized by the neutral powers by the establishment of a system of nonintercourse with the victor. The Imperial and Royal Government confines its comments to arms and ammunition, but, if the principle for which it contends is sound, it should apply with equal force to all articles of contraband. A belligerent controlling the high seas might possess an ample supply of arms and ammunition but be in want of food and clothing. On the novel principle that equalization is a neutral duty, neutral nations would be obligated to place an embargo on such articles because one of the belligerents could not obtain them through commercial intercourse.

But, if this principle, so strongly urged by the Imperial and Royal Government, should be admitted to obtain by reason of the superiority of a belligerent at sea, ought it not to operate equally as to a belligerent superior on land? Applying this theory of equalization, a belligerent who lacks the necessary munitions to contend successfully on land ought to be permitted to purchase them

from neutrals, while a belligerent with an abundance of war stores or with the power to produce them should be debarred from such traffic.

Manifestly the idea of strict neutrality now advanced by the Imperial and Royal Government would involve a neutral nation in a mass of perplexities which would obscure the whole field of international obligation, produce economic confusion, and deprive all commerce and industry of legitimate fields of enterprise, already heavily burdened by the unavoidable restrictions of war.

In this connection it is pertinent to direct the attention of the Imperial and Royal Government to the fact that Austria-Hungary and Germany, particularly the latter, have during the years preceding the present European war produced a great surplus of arms and ammunition, which they sold throughout the world and especially to belligerents. Never during that period did either of them suggest or apply the principle now advocated by the Imperial and Royal Government.

During the Boer War between Great Britain and the South African Republics the patrol of the coasts of neighboring neutral colonies by British naval vessels prevented arms and ammunitions reaching the Transvaal or the Orange Free State. The allied Republics were in a situation almost identical in that respect with that in which Austria-Hungary and Germany find themselves at the present time. Yet, in spite of the commercial isolation of one belligerent, Germany sold to Great Britain, the other belligerent, hundreds of thousands of kilos of explosives, gunpowder, cartridges, shot, and weapons; and it is known that Austria-Hungary also sold similar munitions to the same purchaser, though in smaller quantities. While, as compared with the present war, the quantities sold were small (a table of the sales is appended), the principle of neutrality involved was the same. If at that time Austria-Hungary and her present ally had refused to sell arms and ammunition to Great Britain on the ground that to do so would violate the spirit of strict neutrality, the Imperial and Royal Government might with greater consistency and greater force urge its present contention.

It might be further pointed out that during the Crimean War large quantities of arms and military stores were furnished to Russia by Prussian manufacturers; that during the recent war between Turkey and Italy, as this Government is advised, arms and ammunition were furnished to the Ottoman Government by Germany; and that during the Balkan wars the belligerents were supplied with munitions by both Austria-Hungary and Germany. While these latter cases are not analogous, as is the case of the South African War, to the situation of Austria-Hungary and Germany in the present war, they nevertheless clearly indicate the long-established practice of the two Empires in the matter of trade in war supplies.

In view of the foregoing statements, this Government is reluctant to believe that the Imperial and Royal Government will ascribe to the United States a lack of impartial neutrality in continuing its legitimate trade in all kinds of supplies used to render the armed forces of a belligerent efficient, even though the circumstances of the present war prevent Austria-Hungary from obtain-

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ing such supplies from the markets of the United States, which have been and remain, so far as the action and policy of this Government are concerned, open to all belligerents alike.

But, in addition to the question of principle, there is a practical and substantial reason why the Government of the United States has from the foundation of the Republic to the present time advocated and practiced unrestricted trade in arms and military supplies. It has never been the policy of this country to maintain in time of peace a large military establishment or stores of arms and ammunition sufficient to repel invasion by a well equipped and powerful enemy. It has desired to remain at peace with all nations and to avoid any appearance of menacing such peace by the threat of its armies and navies. In consequence of this standing policy the United States would, in the event of attack by a foreign power, be at the outset of the war seriously, if not fatally, embarrassed by the lack of arms and ammunition and by the means to produce them in sufficient quantities to supply the requirements of national defense. The United States has always depended upon the right and power to purchase arms and ammunition from neutral nations in case of foreign attack. This right, which it claims for itself, it can not deny to others.

A nation whose principle and policy it is to rely upon international obligations and international justice to preserve its political and territorial integrity might become the prey of an aggressive nation whose policy and practice it is to increase its military strength during times of peace with the design of conquest, unless the nation attacked can, after war had been declared, go into the markets of the world and purchase the means to defend itself against the aggressor.

The general adoption by the nations of the world of the theory that neutral powers ought to prohibit the sale of arms and ammunition to belligerents would compel every nation to have in readiness at all times sufficient munitions of war to meet any emergency which might arise and to erect and maintain establishments for the manufacture of arms and ammunition sufficient to supply the needs of its military and naval forces throughout the progress of a war. Manifestly the application of this theory would result in every nation becoming an armed camp, ready to resist aggression and tempted to employ force in asserting its rights rather than appeal to reason and justice for the settlement of international disputes.

Perceiving, as it does, that the adoption of the principle that it is the duty of a neutral to prohibit the sale of arms and ammunition to a belligerent during the progress of a war would inevitably give the advantage to the belligerent which had encouraged the manufacture of munitions in time of peace and which had laid in vast stores of arms and ammunition in anticipation of war, the Government of the United States is convinced that the adoption of the theory would force militarism on the world and work against that universal peace which is the desire and purpose of all nations which exalt justice and righteousness in their relations with one another.

The Government of the United States in the foregoing discussion of the practical reason why it has advo-

cated and practiced trade in munitions of war, wishes to be understood as speaking with no thought of expressing or implying any judgment with regard to the circumstances of the present war, but as merely putting very frankly the argument in this matter which has been conclusive in determining the policy of the United States.

While the practice of nations, so well illustrated by the practice of Austria-Hungary and Germany during the South African War, and the manifest evil which would result from a change of that practice render compliance with the suggestions of the Imperial and Royal Government out of the question, certain assertions appearing in the Austro-Hungarian statement as grounds for its contentions can not be passed over without comment. These assertions are substantially as follows: (1) That the exportation of arms and ammunition from the United States to belligerents contravenes the preamble of The Hague Convention No. 13 of 1907; (2) that it is inconsistent with the refusal of this Government to allow delivery of supplies to vessels of war on the high seas; (3) that, "according to all authorities on international law who concern themselves more properly with the question," exportation should be prevented "when this traffic assumes such a form or such dimensions that the neutrality of a nation becomes involved thereby."

As to the assertion that the exportation of arms and ammunition contravenes the preamble of The Hague Convention No. 13 of 1907, this Government presumes that reference is made to the last paragraph of the preamble, which is as follows: "Seeing that, in this category of ideas, these rules should not, in principle, be altered, in the course of the war, by a neutral power, except in a case where experience has shown the necessity for such = change for the protection of the rights of that power."

Manifestly the only ground to change the rules laid down by the Convention, one of which, it should be noted, explicitly declares that a neutral is not bound to prohibit the exportation of contraband of war, is the necessity of a neutral power to do so in order to protect its own rights. The right and duty to determine when this necessity exists rests with the neutral, not with a belligerent. It is discretionary, not mandatory. If a neutral power does not avail itself of the right, a belligerent is not privileged to complain, for in doing so it would be in the position of declaring to the neutral power what is necessary to protect that power's own rights. The Imperial and Royal Government can not but perceive that a complaint of this nature would invite just rebuke.

With reference to the asserted inconsistency of the course adopted by this Government in relation to the exportation of arms and ammunition and that followed in not allowing supplies to be taken from its ports to ships of war on the high seas, it is only necessary to point out that the prohibition of supplies to ships of war rests upon the principle that a neutral power must not permit its territory to become a naval base for either belligerent. A warship may, under certain restrictions, obtain fuel and supplies in a neutral port once in three months. To permit merchant vessels acting as tenders to carry supplies more often than three months and in unlimited amount would defeat the purpose of the rule and might

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constitute the neutral territory a naval base. Furthermore, this Government is unaware that any Austro-Hungarian ship of war has sought to obtain supplies from a port in the United States, either directly or indirectly. This subject has, however, already been discussed with the Imperial German Government, to which the position of this Government was fully set forth December 24, 1914.

In view of the positive assertion in the statement of the Imperial and Royal Government as to the unanimity of the opinions of text-writers as to the exportation of contraband being unneutral, this Government has caused a careful examination of the principal authorities on international law to be made. As a result of this examination it has come to the conclusion that the Imperial and Royal Government has been misled and has inadvertently made an erroneous assertion. Less than onefifth of the authorities consulted advocate unreservedly the prohibition of the export of contraband. Several of those who constitute this minority admit that the practice of nations has been otherwise. It may not be inopportune to direct particular attention to the declaration of the German authority, Paul Einicke, who states that, at the beginning of a war, belligerents have never remonstrated against the enactment of prohibitions on trade in contraband, but adds "that such prohibitions may be considered as violations of neutrality, or at least as unfriendly acts, if they are enacted during a war with the purpose to close unexpectedly the sources of supply to a party which heretofore had relied on them."

The Government of the United States deems it unnecessary to extend further at the present time a consideration of the statement of the Austro-Hungarian Government. The principles of international law, the practice of nations, the national safety of the United States and other nations without great military and naval establishments, the prevention of increased armies and navies, the adoption of peaceful methods for the adjustment of international differences, and, finally, neutrality itself are opposed to the prohibition by a neutral nation of the exportation of arms, ammunition, or other munitions of war to belligerent powers during the progress of the war.

LANSING.

APPENDIX.

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GERMAN EXPORTS OF ARMS AND AMMUNITION TO GREAT BRITAIN.

Articles.	Quantity, 100 kilos.				
	1999	1900	1901	1502	
Explosives Ganpowder Gun barrels Shot, of malleable iron,	4,342 28 12	6,014 658 366	5,147 243 21	8,645 69 183	
not polished, etc Shot (further manufac- tured), polished, etc., not lead coated	80	43	88		
Shot, nickeled or lead coated with copper rings, etc		8,018	176		
cartridges with copper shells and percussion caps	904	1,595	866	982	

AUSTRO-HUNGARIAN EXPORTS OF ARMS AND AMMUNITION TO GREAT BRITAIN.

Articles.	Quantity, 105 kilos.				
	1899	1500	1901	1902	
Arms, exclusive of small arms	190	874	12		
Small arms Ammunition and explo- sives under tariff No.	2	8	80	5	
846Other ammunition and	1	7	16	51	
explosives			4 .		

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