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November 12, 1938.

Personal

Dear Selby:

Your letter of October 1 should have been answered earlier but I continue to lead that strange and difficult existence of which I last wrote you. The days have too few hours and I am no longer so young as I was, so that I feel generally utterly exhausted when I do get home. I do not see the burdens of any of us getting any less and I still see us headed into heavier seas. The truce of Munich, I am inclined to think, is a very poor one. I do not see the German objectives in any way changed. I think we are going to be faced by a continuance of the political and economic program of the Germans in South-eastern Europe and I do not see their letting up the pressure anywhere. I do believe that the next immediate step will be to endeavor to get Britain and the United States into economic negotiations with them. In spite of their apparent successes, what they need more than anything else is greater financial and economic freedom which they hope to gain through us.

So far as we are concerned, we stand where we have and I think shall continue to stand there. We have no intention of changing any of our policies and, while we are prepared to talk with all countries, it must be on the basis of the principles on which we stand. The Germans are very anxious to conclude economic negotiations with us and we are ready to talk with them, as with anyone else, but without any sacrifice of any of the principles in our trading policy. As the Germans are not prepared to deal with us on this basis, I do not look forward to any prospect for negotiations between us and Germany. A well-known member of the German Government, when we were discussing the possibility of negotiations several years ago, said to me

that

The Honorable
Sir Walford Selby,
His Britannic Majesty's Ambassador,
Lisbon.

Selby, Sir Walford

that, of course, I must realize that if the Germans opened the slightest hole in the wall they had built around Germany, it would immediately turn into a crevasse and the whole wall would tumble, and, with the economic structure would fall the political. I think this situation remains the same today as it was then. The Germans are not prepared to make any change in their trading policy and until they are prepared to deal on a basis of nondiscrimination and to follow the major lines of the practice we follow in this country, no negotiations are possible that could have any prospect of success. There is no use in entering into negotiations when there is no prospect of success.

The Secretary, Mr. Hull, made a very important statement in New York last week at a meeting of the National Foreign Trade Council, which I supplemented the following day in another address. As the Secretary made a reply in this address to those who felt that some change in our economic policy was necessary as a result of the Munich agreement, I think you will be very much interested in this address. He made it very clear that we stand where we have stood. If you are interested in these two addresses which the Secretary and I made, I am sure that Young will be very glad to give you his copies.

I am afraid that I may have given you a wrong impression in my last letter by leaving the inference that I might be in Europe soon. What I had in mind was that we might possibly be making a trip to Europe next summer, but I see no prospect of my being able to get away from the Department by that time. I have so much to do here for the present that I cannot look very far into my personal future. I shall be very glad, as will my wife, when we have a mission in the field again and nothing would give me greater personal pleasure than to go to some quiet mission. The prospects for the immediate present are not good in that direction for, while I have been able to accomplish a part of what I was brought back here for, there is unfortunately still a good deal left for me to do. I have been able to carry through a good part of the reorganization within the Department of State which I was asked to carry through, but there is much to be done still. I do believe, however, that on the whole our State Department is functioning better than it has at any time since I am in the Service. I am not trying to infer that this has anything to do with my own efforts.

The Secretary is leaving for Lima before the end of this month and before he leaves I intend to go for a week to New

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York with Marion to try to forget things a bit. I love the theater and we intend to spend our time during the week in the theaters and in trying to get to know each other again. Day after day passes here when we hardly have time to see each other owing to the pressure under which I am.

It is a sad and a disordered world in which we live, but I still feel that there is room for optimism. I think the prospects are good for our signing the Anglo-American and Canadian-American trade agreements in the very near future. This, I consider, a very great step forward and it would indeed have been disastrous if we had not been able to reach an agreement. Once your country and mine will not be able to find common ground, then indeed the future of liberty and decency in this world will be dark.

Marion and I often think of you and of your family. We look forward to the time when we can renew that happy association in Vienna. Friendships, outside of our family circles, are after all the most precious thing we have in the world.

With every good wish in which Marion joins me to you all,

Faithfully yours,

A-M: GSM: VNG