

proposals of which the preamble recited the general principles which should govern any vital settlement of the problems of the Pacific area. These were defined as:

- (a) Preservation of territorial integrity and sovereignty;
- (b) Non-interference in internal affairs;
- (c) Equality of economic opportunity;
- (d) Reliance on peaceful methods for the settlement of disputes.

The draft then went on to make an alternative suggestion for a *modus vivendi* which, if it had been accepted, would have

- (i) placed both Governments on record as being anxious to establish lasting peace in the Pacific and eschewing any territorial designs;
- (ii) frozen the present position in the North and South but left Japan free to continue the war with China;
- (iii) reduced the Chinese [Japanese?] forces in French Indo-China to less than 25,000;
- (iv) allowed a carefully controlled and restricted resumption of trade between Japan and the allied powers—this trade to be so managed as to ensure that it would not add to the Japanese war potential.

It was Mr. Hull's intention that if the Japanese accepted his proposal, this *modus vivendi* should remain in force for three months, during which time a peaceful solution of the major problems would continue to be sought.

Neither the British, the Dutch, the Australians nor the Chinese felt that Mr. Hull's proposal was really adequate, although they recognized the force of his argument that an agreement on these lines would at least result in giving the United States further time to prepare its defences in the Philippines, which, according to the Secretary of State's Service Advisors was a matter of vital importance.

In the course of discussions with the British Ambassador, Mr. Hull stated that he had in mind to accompany his communication outlined above with a general statement on broad lines of the wider settlement which must be sought. This would presumably be an expansion of the preamble described above.

A turning point in negotiations was apparently reached as a result of a visit paid to President Roosevelt by the Chinese Ambassador and Mr. Soong on November 27th. They delivered a message from Chiang Kai-shek to the President, a summary of which was given to the British Ambassador as follows:

1. That the psychological effect of any agreement between the United States and Japan that does not cover the general question of China will have a disastrous effect on Chinese morale;