

## BLACKLISTED FIRMS IN UNITED STATES

### Text of Washington Protest—British Ambassador's Explanation

Considerable interest has been aroused by the publication in *The Monetary Times* of the official lists of firms which the British government have placed on their black lists and with which British citizens are forbidden to deal. The list of United States firms blacklisted, which was printed in *The Monetary Times* of August 4th, brought an official protest from the United States government. The text of its protest to the British government reads as follows:—

"The announcement that His Britannic Majesty's government has placed the names of certain persons, firms and corporations in the United States upon a proscriptive 'blacklist' and has forbidden all financial or commercial dealings between them and citizens of Great Britain has been received with the most painful surprise by the people and government of the United States, and seems to the government of the United States to embody a policy of arbitrary interference with neutral trade against which it is its duty to protest in the most decided terms.

"The scope and effect of the policy are extraordinary. British steamship companies will not accept cargoes from the proscribed firms or persons or transport their goods to any port, and steamship lines under neutral ownership understand that if they accept freight from them they are likely to be denied coal at British ports and excluded from other privileges which they have, usually enjoyed, and may themselves be put upon the blacklist. Neutral bankers refuse loans to those on the list and neutral merchants decline to contract for their goods, fearing a like proscription. It appears that British officials regard the prohibitions of the blacklist as applicable to domestic commercial transactions in foreign countries as well as in Great Britain and her dependencies, for Americans doing business in foreign countries have been put on notice that their dealings with blacklisted firms are to be regarded as subject to veto by the British government. By the same principle Americans in the United States might be made subject to similar punitive action if they were found dealing with any of their own countrymen whose names had thus been listed.

#### Harsh and Disastrous Effects.

"The harsh and even disastrous effects of this policy upon the trade of the United States and upon the neutral rights upon which it will not fail to insist are obvious. Upon the list of those proscribed and in effect shut out from the general commerce of the world may be found American concerns which are engaged in large commercial operations as importers of foreign products and materials and as distributors of American products and manufactures to foreign countries and which constitute important channels through which American trade reaches the outside world. Their foreign affiliations may have been fostered for many years, and when once broken cannot easily or promptly be re-established. Other concerns may be put upon the list at any time and without notice. It is understood that additions to the proscription may be made 'whenever on account of enemy nationality or enemy association of such persons or bodies of persons it appears to His Majesty expedient to do so.' The possibilities of undeserved injury to American citizens from such measures, arbitrarily taken, and of serious and incalculable interruptions of American trade are without limit.

"It has been stated on behalf of His Majesty's government that these measures were aimed only at the enemies of Great Britain and would be adopted and enforced with strict regard to the rights of neutrals and with the least possible detriment to neutral trade, but it is evident that they are inevitably and essentially inconsistent with the rights of the citizens of all nations not involved in war. The government of the United States begs to remind the government of His Britannic Majesty that citizens of the United States are entirely within their rights in attempting to trade with the people or the governments of any of the nations now at war, subject only to well-defined international practices and understandings which the government of the United States deems the government of Great Britain to have too lightly and too frequently disregarded.

"There are well-known remedies and penalties for breaches of blockade, where the blockade is real and in fact effective, for trade in contraband, for every unneutral act by whomsoever attempted. The government of the United States cannot consent to see those remedies and penalties altered or extended at the will of a single power or group of powers to the injury of its own citizens or in derogation of its own rights. Conspicuous among the principles which the civilized nations of the world have accepted for the safeguarding of the rights of neutrals is the just and honorable principle that neutrals may not be condemned nor their goods confiscated except upon fair adjudication and after an opportunity to be heard in prize courts or elsewhere. Such safeguards the blacklist brushes aside. It condemns without hearing, without notice and in advance. It is manifestly out of the question that the government of the United States should acquiesce in such methods or applications of punishment to its citizens.

"Whatever may be said with regard to the legality, in the view of international obligation, of the act of parliament upon which the practice of the blacklist as now employed by His Majesty's government is understood to be based, the government of the United States is constrained to regard that practice as inconsistent with that true justice, sincere amity, and impartial fairness which should characterize the dealings of friendly governments with one another. The spirit of reciprocal trade between the United States and Great Britain, the privilege long accorded to the nationals of each to come and go with their ships and cargoes, to use each the other's shipping, and be served each by the other's merchants is very seriously impaired by arbitrary and sweeping practices such as this.

#### "In the Gravest Terms."

"There is no purpose or inclination on the part of the government of the United States to shield American citizens or business houses in any way from the legitimate consequences of unneutral acts or practices; it is quite willing that they should suffer the appropriate penalties which international law and the usage of nations have sanctioned; but His Britannic Majesty's government cannot expect the government of the United States to consent to see its citizens put upon an ex-parte blacklist without calling the attention of His Majesty's government, in the gravest terms, to the many serious consequences to neutral rights and neutral relations which such an act must necessarily involve. It hopes and believes that His Majesty's government, in its natural absorption in a single pressing object of policy, has acted without a full realization of the many undesired and undesirable results that might ensue."

#### Explains Scope of List.

Sir Cecil Spring Rice, the British ambassador at Washington, gave to the United States State Department, on July 29th, a memorandum in explanation of the scope of the blacklist. It reads as follows:—

"There is no idea of blacklisting a neutral firm merely because it continues to do business with a firm that is blacklisted, but if a neutral firm habitually and systematically acted as cover for a blacklisted firm, cases would be different.

"Regarding payments to blacklisted firms, our action does not affect payments by neutrals, and we habitually grant licenses to British firms to pay current debts to blacklisted firms, unless it is clear beyond doubt that such payments would be passed on to or create a credit for enemies in enemy territory. Many licenses have already been granted to British firms to receive from and pay to Knauth, Nachod and Company and Zimmermann and Forshay."

According to advices from Melbourne, Australia, via London, the Commonwealth has issued a blacklist of United States firms with which trading is prohibited.

#### Number of Firms.

The total number of firms in all countries blacklisted by the Imperial government, and published in recent issues of *The Monetary Times*, is in excess of 1,500, as follows: Spain, 167; Brazil, 140; Netherlands, 120; Argentina and Uruguay, 95; Morocco, 88; Portuguese East and West Africa, Guinea and Rio Muni, 87; Japan, 86; United States, 85; Norway, 83; Portugal, 79; Sweden, 72; Netherlands and East Indies, 70; Ecuador, 69; Persia, 56; Greece, 50; Philippines, 44; Peru, 41; Chile, 35; Bolivia, 22; Cuba, 10; Central America, 5; Paraguay, 3; Colombia, 1.