

6. Hull enquired what view other Governments would be likely to take of this kind of suggestion which, he thought at best if Japanese were really seeking for a way out and for new policy, might lead to a wider settlement and at the worst would have effect of gaining valuable time. He thought that from point of view of China it would be of considerable value to Chiang Kai-shek to have menace to Indo-China removed.

Hull emphasized that the United States Government have as yet taken no decisions and were anxious for comments or suggestions from other Governments before doing so, for they might at any moment find themselves confronted with necessity for prompt action. Although he thought there was an outside chance of something coming out of it, he was not hopeful.

7. His Majesty's Ambassador informed Hull in reply of contents of my telegram Circular M. 375.

Dutch Minister emphasized importance of any concession in matter of oil, on which Hull observed any oil supplied would need to be strictly limited and, in his opinion, should not include highest grade. In any case, if Japanese were allowed any oil from the United States, it would take a month for them to fetch it.

8. Subsequent to foregoing conversations, Hull suggested to His Majesty's Ambassador that representatives of Governments concerned might be given authority to take decisions on amount of economic relief which their Governments would be willing to concur in giving to Japanese on basis suggested. He felt general situation to be critical and one that might not permit delay involved in reference to Governments on all points.

9. His Majesty's Ambassador considers that Hull has in mind limited and probably temporary arrangement only, designed to hold position for conversations on wider issue to proceed. These include general Pacific settlement, settlement between China and Japan and attitude of Japan under Tripartite Pact. He thinks question as Hull sees it is whether the United States should proceed to try and effect some temporary arrangement or should continue to stand out for some larger settlement, and that Hull, impressed by desirability of gaining time, favours attempt at former. State Department are considering what might be lines of an all-round Pacific settlement, but Hull realizes that this is not yet practical politics, and if and when time comes, would naturally have to be discussed with other Governments concerned.

10. Chinese Ambassador expressed fullest confidence in Hull and admitted that it would be a great relief to have Japanese menace from Indo-China withdrawn, but he made points that:

- (a) Under this plan, Japan would remain free to prosecute the war in China.