

E. H. SAY

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MEMORANDUM On the conversation between the Foreign Minister of the Reich and the Japanese Ambassador, SATO, in the presence of Ambassador KURUSU and Consul General STAHER, 8 July 1940.

After a word of thanks for the hospitality shown by the German Government and congratulations on the victory of Germany over France, Ambassador SATO declared that just as in Europe the new order would now be brought about by Germany, Japan on her part had been exerting herself for three years to establish a new order in the Far East and in the South Seas. In these parallel efforts a very close cooperation between Germany and Japan seems to have been in operation. For three years Japan had been holding the attention of the English, the French, and the American Governments and thereby in a certain sense rendered Germany's task in the establishment of the new order in Europe easier. In this manner the Governments of both countries could mutually support each other.

As far as Soviet Russia was concerned, Japan was under the existing circumstances obliged to seek to maintain good neighborly relations with Russia, just as Germany was also obliged to maintain good relations with Russia. In this respect also Japan and Germany could cooperate.

About America, Ambassador SATO stated that Japan has drawn the attention of that country to herself since the beginning of the Chinese war and that she tied up the American fleet in the Pacific Ocean. It is Japan's opinion that America must not overstep her zone consisting of North and South America and must not intervene in European or Far Eastern matters. The pursuit of this principle is also in the mutual interest of both countries. Ambassador SATO closed his remarks by stressing anew the common interests of Germany and Japan and the necessity of their cooperation. This cooperation must also encompass economic matters.

In regard to China, Ambassador SATO added that Japan is at present putting forth strong endeavors to finish the Chinese war, which has lasted now for three years, in order to gain free hands. In this connection he pointed out that public opinion in Japan has become extraordinarily nervous in respect to Indo-China and the Dutch East Indies.

The REICE FOREIGN MINISTER noted with satisfaction Japan's wish to cooperate with Germany in all fields. He believed that German-Japanese cooperation in itself represented nothing new. He himself had been one of those who years ago had furthered this cooperation with KURUSU's predecessor, General OSHIMA, and it had already borne fruit for both parties. Germany had made noteworthy use of it in her fight for equal rights, whilst Japan had doubtless drawn considerable advantages throughout the whole period of her struggle for China down to the present day from the existence of a strong Germany. Without the existence of a re-strengthened Germany, Japan could not have been able to penetrate as deeply into English and other spheres of interest in East Asia as it has actually happened. The natural interest of both powers in cooperation arises from these facts.

Plans for a very close cooperation between Japan, Germany and Italy had already been taken into consideration some time before. They miscarried because - as appeared again from the latest speeches of Japanese statesmen - Japan was not interested in European concerns.

As a result of Germany's victory over France, a great revision in all factors of foreign policy would follow. He personally believed that in the future, further possibilities for friendly cooperation with Japan would exist in the framework of the New Order in Europe now taking shape. At the present moment he would say nothing of the details of the form which this cooperation was to take, as he was acquainted with the German intentions but not with Japan's political aims. He therefore asked SATO for a further explanation of the principles of the political line which Japan proposed to pursue. He would be especially interested to hear from the Japanese side what was their thought of cooperation with Germany, whether only in the economic sphere or in which other way.

Ambassador SATO replied that it was comprehensible that for outsiders the Japanese Policy had been difficult to understand. For nine years, that is, since the outbreak of the Manchurian conflict, Japan had been trying to orient her policy in a set direction, but had time and again subsequently been forced to moderate this new orientation somewhat. In regard to the new order in the Far East, for Japan it is above all a question of permitting a new China to arise with which it could have friendly relations. The solidarity between this new China and Japan would guarantee peace in the Far East. In order to achieve this aim, Japan had for several

years been fighting obstinately against the so-called regime from Washington which finds expression in the treaties of 1921, especially in the Nine Power Pact. This Washington regime did not give China and Japan but the Anglo-Saxons the predominance in the Far East. Japan did not, however, by any means wish to eliminate the foreigners from the Far East. Quite the contrary. It also wishes to concede an appropriate place to economic cooperation with Germany in China.

In its relations with America Japan must of course be very careful.

To the question of the FOREIGN MINISTER OF THE REICH as to what in reality then was the basic reason for the difficulties between Japan and America, SATO answered that this cause lay in the struggle of Japan against the system of the Nine Power Treaty. In this Japan was not fighting against the fundamental principles of this treaty. Politically, it was quite prepared to respect the independence of China. Economically it was likewise in agreement with the so-called principle of the Open Door. It did, however, wish to exchange roles and itself be the host while the other nations would be only guests in East Asia.

When the question by the Foreign Minister of the Reich concerning the deeper reasons for the difficulties which Japan was having with America was interpolated anew, SATO answered that the causes of friction with America lay less in the economic than in the humanitarian sphere. American sympathies were with China. America felt that she was in a way the protector of this country and wanted to extend her police power in the Pacific Ocean with the help of her superiority at sea. Under these circumstances Japan was at pains to end the war with China soon. SATO declared that he personally, perhaps in a certain sense in opposition to the Japanese military authorities, did not believe that Japan could march to Chungking. It was, therefore, necessary to seek a solution of the Chinese question on some other than on a military basis. For this reason Japan had supported the government of Wang Ching Wei and was prepared to conclude a generous agreement with it. Japan absolutely did not wish to meddle in Chinese affairs or force anything upon the Chinese, but on the contrary was prepared to negotiate with Wang Ching Wei on the basis of equality. If the Chinese were sensible, a result would doubtless be achieved, under which China would not lose face. In this case America would also perhaps gradually change its attitude and be more

friendly toward Japan. America's economic interests in China were not large, but just this fact alone did not absolutely tend to help clarify the situation. In view of the considerable economic interests of England in this area, an agreement could much more easily be made with her than with the Americans, who take an entirely different view of things.

At the conjecture of the Foreign Minister of the Reich that perhaps America was uneasy about the rising power of Japan and her ever more powerful fleet, and that the differences of opinion with that country were based on the fact that America, who up to now had been ruling alone in the Pacific Ocean, now found herself in the position of being forced to share this rule with Japan, SATO answered in the affirmative and added that the efforts of Japan in particular to achieve naval parity with America, and the fact that Japan was keeping the new additions to her fleet a secret had especially aroused ill feeling in America. For this reason, in particular after the entry of Stimson into the Government, Japan had to be very careful in regard to America in order not to provoke this country into taking severe measures against Japan. To be sure, America had already abrogated the commercial treaty, but an export embargo against Japan had not yet been instituted. Because of the supply of petroleum and iron, the Japanese were still exceedingly dependent on America.

The REICH FOREIGN MINISTER replied that he had always held the view that a strong policy also promotes the economy. It would always fare worse as a result of the formulation of a weaker policy. Germany has her own experiences in this sphere. At the time when she was politically weak and the governments at the time maintained that one had to give way for economic reasons, Germany had, in the end, obtained no economic advantages for her conciliatory behavior. Now Germany is strong and her trade is flourishing. She gets all she needs supplied from other lands in addition to all the economic alleviations such as credits and the like.

Even a few months ago Germany had been considered as an encircled country. But now England is as completely encircled as no other land in world history. In gold, which has streamed in such great amounts to America, Germany is no more interested. The German Reich in its thousand years existence would never again build anything on gold. In Germany gold has been dethroned and other countries would

be bound to follow this example. Now, when England is so menaced, the stores of gold had been transported from there to the United States, so that about 85-90% of all the world's gold might be found there. The result of that is that the United States at the end of the war will be choked by gold and goods and would be glad to sell to other lands, for example Japan, under favorable conditions everything that those lands needed.

Germany, economically, is as good as completely independent. Many things, which were previously imported are produced by herself or else she has found a substitute for them. After the war the European economic sphere will be completely independent. That does not mean that Germany no more desires any world trade. Quite the opposite! However this new world trade must run on the basis of the independence of the participating economic spheres and the exchange of surplus. The old world trade rested on the possibility, always, possessed by England, of blockading other countries and cutting off their raw material supplies. In the New World Order Japan in East Asia, Russia in Asia, Germany and Italy in Europe would have the power of decision and also in Africa would Germany and Italy particularly, perhaps with some other interested party, exercise predominance.

The Foreign Minister of the Reich then came to speak on the attitude of the South American countries. The South American states, which Roosevelt tried to link economically with North America, appeared to know that after the war the United States would not be able to import the South American raw products and already turned towards Europe in order to insure the export of their goods after the war. But whoever wishes to trade with Europe, must in the future turn towards Germany.

SATO replied that he, not being an economist, could not express any opinion on economic questions. If, however, the exchange of goods rested no longer on the gold basis, then one could not very well turn back to a free exchange of goods with the rejection of commercial arrangements with foreign bills of exchange and other trade barriers.

As far as the United States are concerned, Japan was, possibly, not impressed by the economic pressure as much as by the American fleet and had to be careful for that reason. Besides, the United States would not be able to remain neutral in the European conflict once she came into a conflict with Japan.

The Reich Foreign Minister admitted that the Japanese situation was difficult and that Japan had to orient her policy according to the opportunities of the situation. He stated moreover, regarding the gold question that it was not a question of Germany not possessing any gold, but that German economy would never again be dependent on gold, i.e., on international speculation.

As regards Russia, the Reich Foreign Minister referred to the efforts which he had made for some years past to influence Ambassador OSHIMA in the direction of an understanding between Japan and Russia. Germany concluded a lasting agreement with Russia and the interests of both countries were very clearly outlined by one another. He welcomed the efforts which Japan had also made, in the previous months, to come to an understanding for her part with Russia.

In conclusion, SATO put up one more question which he himself said was a little indiscreet. What does Germany think the future shape of Europe will be?

The Reich Foreign Minister replied that the German Government was only busying itself with one question at the moment, namely how is the war to be carried on and how is it to be brought to a victorious conclusion. For that reason he could not yet say much about the political future. The only thing that is certain is that the still remaining enemy of Germany - England - will be defeated.

Berlin, 9 July 1940.

Signed SCHMIDT
 Envoy

I, W. P. Cumming, being first duly sworn on oath, depose and say:

1. That I am an Attache of the United States Department of State on the Staff of the United States Political Adviser on German Affairs, and as such I am a representative of the Office of Military Government for Germany (U. S.). That in my capacity as above set forth, I have in my possession, custody, and control at the Berlin Documents Center, Berlin, Germany, the original captured German Foreign Office files and archives.

2. That said original Foreign Office files and archives were captured and obtained by military forces under the command of the Supreme Commander, Allied Expeditionary Forces, and upon their seizure and capture were first assembled by said military forces at a Military Document Center at Marburg, Germany, and were later moved by authorized personnel of said Allied forces to said central documents center, above referred to, and known as the Berlin Documents Center.

3. That I was assigned to said document center at Marburg, Germany, on August 15, 1945: and said captured German Foreign Office files and archives first came into my possession and control while I was stationed at Marburg, Germany, and that thereafter the same have continued in my possession and custody and under my control.

4. That the document to which this affidavit is attached is a true and correct photostatic copy of an original German Foreign Office document which was captured from said German Foreign Office files and archives, and which came into my possession and custody and under my control in the manner above set forth.

5. That said original document, of which the attached is a photostatic copy, is being held and retained by me in order that it may be examined and inspected by various interested agencies, and a photostatic copy of said original is hereby furnished and certified to because of the unavailability of said original for the reasons above set forth.

W. P. CUMMING

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Subscribed and sworn to before me this 23rd day of April 1946

G. H. GARDE

G. H. GARDE

Lt. Colonel AGD

Acting Adjutant General

OFFICE OF MILITARY
GOVERNMENT FOR GERMANY (U. S.)

AFFIDAVIT

I, Paul O. Schmidt, being first duly sworn on oath, depose and say:

1. That from 1923 to the collapse of the German Reich in May 1945, I was Chief Interpreter for the German Foreign Office, and as such was personally present and acted as interpreter and/or secretary at all important Foreign Office and other conferences between German Government leaders and representatives of foreign governments.

2. That in addition to being Chief Interpreter for the German Foreign Office as aforesaid, I was also after the year 1939 the Head of the Secretariat General of the German Foreign Office and that my latest government rank was that of a Minister in the German Foreign Office.

3. That while acting as interpreter and/or secretary at such meetings above referred to, it was my official duty to and I did take notes concerning the conversations that took place, and at the conclusion of each such meeting, I prepared from such notes a complete and detailed record of what was said and transpired at such meetings.

4. That the records prepared by me became the official German Government records of what was said and transpired at such meetings. That one copy of the record was filed with the Ministers Office Section of the German Foreign Office, which office acted in the capacity of secretary to said Foreign Office. That another copy of the record of each of such meetings was filed with the Private Secretariat of the German Foreign Minister. That a third copy of the record of each of such meetings was retained by me.

5. That said meetings, concerning which I made a record as aforesaid, were of historical importance and that such records were also prepared by me for the express purpose of maintaining and preserving a record of such meetings for historical purposes.

6. That the document attached hereto is a true and correct photostatic copy of the original record, prepared personally by me in the manner herein set forth and concerning a conference held on July 8th 1940 between the Reich Foreign Minister and the Japanese ambassador Sato in the presence of the ambassador K u r u s u and the Consul-General S t a h m e r.

7. That I personally attended and acted as interpreter and/or secretary at the conference last above mentioned and that the record prepared by me, and of which the attached document is a photostatic copy, is a true and accurate account of what was said and transpired at said conferences.

8. That I have been advised and am aware of the fact that the herein affidavit and the document attached hereto may be used in connection with the prosecution of Japanese War Criminals and make this affidavit freely and voluntarily and with knowledge of the above facts.

Dr. Paul O. Schmidt
PAUL O. SCHMIDT

Subscribed and sworn to before me at Nurnberg, Germany this third day
of May 1946

Smith W. Brookhart, Jr.,
Lt Colonel IGD O-508524