

MR. KNUDSEN: Yes, sir; that is right.

DR. LAMB: In other words, he [the small business man] will have to find the subcontractor?

It is the reverse of these methods which must be followed if there is to be any hope of achieving the President's huge arms goals this year. Instead of buying individual items, the government must *organize* industry for production; and instead of relying on the individual small business man to find himself a subcontractor of a subsubcontractor who is willing to give him a small piece of the arms job, production boards must break down the blueprint into bits and pieces and hand them out directly to small business.

From a long talk I had with Senator Truman, who understands the need for this approach to the problem, I gathered that Nelson himself was thinking in these terms. And Nelson indicated as much when he spoke of setting up a one-man boss for each industry to handle conversion. But here again, as in the WPB alias OPM itself, results cannot be obtained so long as the same type

of men, dollar-a-yearlings and army-navy bureaucrats, must be relied upon to carry out the orders. Nelson is likable, intelligent, and well-intentioned, but too trusting. Thus he has handed over Floyd Odlum's subcontracting duties to Harrison, who has the big business point of view, and he picked Edsel Ford's brother-in-law, Ernest Kanzler, as one-man boss of the automobile industry. In these two moves the business-as-usual crowd won precious victories. Odlum was a failure, but he had men around him who couldn't be trusted to keep orders away from little business. His powers are in "safe" hands now. The Kanzler appointment means that the automobile industry will be able to handle conversion in its own way in its own time and eliminates the "danger" of labor participation in management. Yet the secret of reforming the arms effort lies in bringing labor and small business into full participation in the work of production boards in every area and every industry. It will not be reformed by changing one dollar-a-year man for another. Nelson hasn't even changed the dollar-a-year men.

Our Debt to the Dutch

BY HALLETT ABEND

ON FEBRUARY 2, 1940, a diplomatic conflict began between Japan and Holland which was of utmost importance to the United States. On that date Japan made its first move toward demanding special trade privileges in the Netherlands East Indies, and for more than sixteen months thereafter kept applying pressure against the Dutch authorities for greatly increased supplies of rubber, tin, and oil. The Dutch suspected that Japan wanted these vital materials to facilitate further conquest in the Far East and to reshipe to Germany. The Dutch said that existing economic relations could continue, that Japan could purchase as great a proportion of the products of the East Indies as it had averaged during the preceding five years. Japan was not satisfied and kept pressing for further concessions, and the Japanese press began to publish editorials about the "manifest destiny" of the empire beckoning from the south. When, last June, the pressure was relaxed and Japan met diplomatic defeat with pretended good grace, the Dutch felt certain that the next step would be war. In six months their forebodings were realized. But they had won precious time for us as well as for themselves.

The High Commands of the United States army and navy blanch now when they consider how doubly desperate the situation would be today in the Far East if the Dutch had yielded to Japan's threats in June of last year. There would have been Japanese planes on all their land-

ing fields on December 7, and Japanese ships in all their harbors. Thousands of Japanese reservists, disguised as laborers, traders, or fishermen, would have infiltrated into the islands between June and December and would have smuggled in ammunition. British North Borneo offers an example of what would have happened on Java, for there 2,000 supposedly Japanese fishermen suddenly appeared, clad in the uniforms of military police and heavily armed. The Japanese would have been able to seize the oil wells, tin mines, and power plants before they could have been destroyed. Soerabaja would have been made useless as a base for the united navies under Admiral Thomas C. Hart, and the route from Australia to Singapore would have been closed the first week of the war.

Instead of yielding, the East Indies prepared their defenses feverishly and therefore were far from powerless when December 7 arrived. Their fleet had been at sea, prepared for war, for eight days. Within three weeks their submarines and planes sank more than a score of Japanese troop transports and destroyers off the coasts of Luzon and the Malay Peninsula.

During the period of negotiation the East Indies were in no position to fight, and it devolved upon two stout-hearted, wise, and patient men to play a masterly game. Jonkheer A. W. L. Tjarda van Starkenborgh Stachouwer, the Governor General of the Netherlands East Indies,

and Dr. Hubertus Johannes van Mook were playing perilously for time against a wily, greedy, and impatient foe. Every week was precious, for every week their preparedness program advanced farther.

His Excellency Tjarda van Starckenborgh Stachouwer is descended from a long line of Dutch aristocrats, and before the war was one of the largest landowners in Holland. For generations his forefathers have held positions of trust at court, and have had in large part custody of the fortunes of the ruling house. At one time he was on the staff of the Netherlands legation at Washington, and his wife is of a wealthy Baltimore family.

H. J. van Mook, by contrast, is the son of two Amsterdam school teachers. He was born in Semarang, Java, obtained his early education in the Indies, and then studied in Holland. He began his career as an assistant in the police department of Batavia. Later he was appointed to a seat in the Volksraad, or Parliament of the East Indies, and as late as 1934 was editor of a radical bi-weekly called *De Stuw*. He was in the United States in 1936 as the chief delegate from the East Indies to the conference of the Institute of Pacific Relations.

The demands which the Japanese government made upon these two men are amazing in their effrontery. Here they are, published in full for the first time: (1) the right of unrestricted immigration to the East Indies for all Japanese; (2) the concession for a cable, Japanese owned and operated, to run from the island of Yap to Batavia; (3) unrestricted fishing rights for Japanese among the islands of the Netherlands East Indies, which cover an area as large as the continental United States; (4) unrestricted rights to operate coastal shipping lines between ports of the East Indies; (5) unrestricted rights to operate air lines between the islands of the East Indies and to have branch lines to Japanese lands and possessions, also the right to acquire air fields; (6) unrestricted rights to explore the islands and to develop mineral and oil resources; (7) definite pledges to allot to Japan large percentages of East Indies exports of rubber, tin, oil, quinine, and other supplies vital in time of war, taking in payment large imports of Japanese factory products; (8) the establishment of jointly owned and managed industrial enterprises, docks, warehouses, and hydroelectric developments.

These are the terms of an arrogant conqueror. They were coupled with threats of direct action to bring about the fulfilment of Japan's "divine mission in East Asia" if they were rejected. Except that they did not include provisions for Japanese naval, military, and financial "advisers," they were strangely reminiscent of the outrageous demands which Japan made upon China in 1915—the infamous secret Twenty-one Demands.

The situation for the Dutch was almost desperate. The collapse of their government in Holland and Britain's exposed position after Dunkirk left Batavia no alterna-

tive but to temporize. At Bandoeng, the army headquarters in Java, were 750 heavy machine-guns—but no ammunition. Near Batavia were 20 tanks. There were trained crews to operate 400 tanks, but Britain had to keep all it could make, and we were turning out almost none in 1940. The Dutch were short of rifles, had an inadequate supply of munitions, and were pleading with Washington for bombers and pursuit planes.

Late in August of 1940 Japan appointed its Minister of Commerce and Industry, I. Kobayashi, head of a special delegation to the East Indies. The mission arrived in Batavia on September 12, and except for a few economic experts, was made up of army and navy men. "Evidently they expected to move right in," the Governor General told me.

A fortnight after the Kobayashi mission reached Batavia came the formal announcement that Japan had become a full ally of Germany and Italy. When negotiations got under way, the only important demand which Kobayashi insisted should be granted immediately was for a greatly increased supply of oil and gasoline from Borneo and Sumatra.

Van Mook prepared a caustic reply declaring that the East Indies government was not running an international filling station. The Governor General toned the wording down to a polite reminder to Japan that the government owned no oil wells but permitted certain companies to produce oil under concessions. The baffled Japanese found they would have to deal with American- and British-owned producing companies, and these corporations said, with politely regretful phrases, that most of their output was already contracted for long ahead.

Kobayashi liked heavy luncheons. He liked plenty of hot rice wine with his meals. Often he would go sound asleep during the talks and even snore. Loudly. Then, he would awaken with a jerk, pound the conference table with his fist, and make outrageous and insulting threats. The Japanese delegates were often aghast. More than once they asked their Netherlands hosts to expunge records of Kobayashi's awakening remarks from the official minutes of the meetings. Outwitted and sweating, Kobayashi returned to Japan on October 22.

Kenkichi Yoshizawa, an experienced diplomat, succeeded Kobayashi. Yoshizawa started out briskly enough. Arriving at Batavia three days after Christmas, 1940, he declared he was "the last of the negotiators."

The Dutch had to keep in mind that any sharp move might precipitate a Japanese attack, and the United States and Great Britain were then in no position to give the East Indies adequate aid. So they dragged the negotiations along.

On May 22, 1941, the Japanese presented a "final" written memorandum covering their "minimum" demands. The Dutch made a "final" written reply on June 6. Then came a lull of ten days, after which Yoshizawa

made a formal demand for a final personal hearing by the Governor General himself. Van Mook replied that His Excellency was not a negotiator but the ruler, by proxy, for the Queen. Finally it was agreed that this "final" meeting was to be technically between the van Mook and Yoshizawa groups, but that it would be in the presence of the Governor General.

Yoshizawa was brief, but he practically delivered an ultimatum. Van Mook also was brief—his speech was a heated and utter rejection of the Japanese demands. Then the Governor General diplomatically took up the Japanese demands and point by point rejected them.

It would not be right to hamper the development of valuable elements of the population by being too liberal in the admittance of foreign workers and foreign interests, he said. Moreover, it had become a traditional policy with the Netherlands government to show no discrimination against any friendly power, and privileges granted to one must be granted to all. The Indies had reached such a stage of domestic development that further assistance was not needed, except from the mother country.

The amount of business to be done would not justify a new cable to Japan. Radio and wireless in the islands were efficient and adequate for all needs, coastal shipping was adequate, and the air lines had been "amply developed by Netherlands enterprises." As to air lines, he added, being sweetly reasonable, the Netherlands would consider proposals for reciprocal agreements—well knowing the Japanese would not permit Dutch-controlled lines to land planes on Japanese territory.

Yoshizawa was stunned. He looked around at the expressionless faces of the members of his own delegation. Then the "last negotiator" backed down. He said to the assemblage that he was sorry to have failed in a great mission for the first time in his life. He bore no ill-will, he said, and as a gesture of amity he would then and there buy 100,000 tons of the sugar the Dutch had been unable to sell. So ended the great saber-rattling bluff—in a sugar deal. To this day officials in Batavia are puzzled by Yoshizawa's backdown. His government must have approved in advance; must have had its reasons, as yet inscrutable.



IT'S A LIE! WE'RE NOT RETREATING—JUST ADVANCING BACKWARDS

"They could have conquered us with ease in 1940," said the Governor General the last time I saw him. "They thought they could come at any time and have us as dessert, after a full meal in Indo-China and Thailand. But they waited too long. Now we are ready to fight, not talk."

Allied losses in the Far Pacific have been so serious that today we distil cold comfort by recalling that Japan's victories have cost it very dear. Had the Dutch given Japan the demanded concessions in the East Indies, those victories would have been attained at less than half their subsequent cost. Such cheap victories would have greatly prolonged the war, and would have made the difficulty of our ultimate triumph much greater.

"Those funny Japanese and their funny ideas," van Mook said to me on one of my last evenings in Batavia. "They threatened us, actually told us that we *must* join their so-called co-prosperity sphere. Later, they said, the United States would be forced to join, and then America, Japan, and Holland would rule the world. They dis-

missed Britain and Germany from their calculations for the future, saying that both would be exhausted and utterly powerless after the war."

The Governor General's last words were of a different tenor. We had sat silent for a time after a long talk. Then, across the wide lawns, from the distant and dusty street came a clanking rumble to break the peace of the great palace. We rose together and walked to one of the windows. Down the road rolled a long line of field artillery, trucks, small armored cars.

"Look at that spectacle," His Excellency exclaimed. "This country's total resources and savings are being spent on guns, ships, planes, bombs, tanks. It will take a generation or more for these 70,000,000 people to amass again the wealth which we are spending now so willingly upon preparedness. And all because of Hitler's frenzy, Mussolini's vanity, and Japan's greed. We must all fight this evil thing together, and win such a victory, regardless of the cost, that it can never occur to mankind again."

Why Argentina Balked

BY HUGO FERNANDEZ ARTUCIO

THE beautiful ideal of continental solidarity has been torn to shreds at the conference at Rio de Janeiro to the open satisfaction of the Axis powers. This sinister task has been performed by Dr. Ruiz Guiñazú, Minister of Foreign Affairs of Argentina, fervent admirer of the Franco regime in Spain and public prophet of a totalitarian victory in the present war. As this article is being written, reports from the Brazilian capital clearly indicate that the Argentine government will stubbornly adhere to the dictum laid down by the president of the delegation just before the conference began: Argentina, he said, would oppose any interpretation of continental solidarity that might entail going to war against the Axis.

The position of Acting President Castillo is no less clear-cut; after the protracted struggle of the first week of the conference it must be evident to the most optimistic or gullible that even if some compromise formula is ultimately agreed to, the present Argentine government will never whole-heartedly cooperate with the rest of the hemisphere in a vigorous anti-Nazi policy. Whatever concessions Dr. Castillo may make in words, he cannot be expected to abandon, even under the strongest pressure, a policy which is part of a continuing, calculated political plan embracing the internal organization and control of Argentina as well as its relations with its neighbors and with the Axis powers.

Proceeding with deliberate and systematic steps, the Acting President has gradually suppressed all those civil rights through which the majority of the people of Argentina might express their profound feeling of solidarity with the United States and the anti-Axis cause in general. First, without any constitutional authority, he dissolved the municipal council of Buenos Aires, which served as an effective instrument of the popular will. Immediately after that he suspended the guaranties for the elections of December 7, opening the way for one of the most scandalous electoral frauds ever known in the Americas. Later, when the United States was treacherously attacked by Japan, Dr. Castillo prohibited the nation-wide pro-Ally organization, *Acción Argentina*, from holding the more than 2,000 meetings that it had called throughout the country to express the sympathy and support of the people of Argentina for their northern neighbor. As a finishing touch, the Acting President shed his last pretense of democracy by prohibiting a unique meeting in honor of President Roosevelt, convoked not by representatives of the boisterous and agitated public but by the most conservative personalities of the democratic Argentine bourgeoisie, such men as the former Minister of Foreign Affairs, Dr. Julio A. Rocca, and the Nobel peace-prize winner, Dr. Saavedra Lamas.

It was to effect these repressions that Castillo declared