

EXHIBIT NO. 77

TELEGRAM RECEIVED

MG

This message must be closely paraphrased before being communicated to anyone. (BR)

Peiping via N.R.

Dated August 31, 1940.

Rec'd 9:35 p.m.

Secretary of State,  
Washington.

*9/4  
St. James to  
Director*

*File 11  
W*

300, August 31, 3 p.m.

Mr. A. T. Sterling, Far Eastern correspondent for the CHICAGO DAILY NEWS, returned last week from home leave in the United States spending some days in Japan and Manchuria before coming here. As Mr. Sterling is an experienced and able observer the Embassy asked him to prepare a statement of his impressions and a summary thereof is respectfully submitted below as of interest to the Department.

(Begin summary) Returning to Japan and Manchuria after an absence of four months I noticed many striking changes. Japan is moving toward totalitarianism at a faster pace than at any time since the commencement of the China hostilities. The Yantai Government which was a neatly balanced arrangement of pro-Anglo-American and pro-Nazi influences has been followed by a regime based on the expectation and hope of an early German victory over Great Britain.

(END OF SECTION ONE)

SMYTH

ENB

*69000  
note  
762,94  
711,94  
141,94*

894.00/951

F/FG

MG

This telegram closely paraphrased before being communicated to anyone. (BR)

**TELEGRAM RECEIVED**

Peiping via N.R.

Dated August 31, 1940.

FROM

Rec'd 11:59 p.m.

Secretary of State,  
Washington.

300, August 31, 3 p.m. (SECTION TWO)

This <sup>(\*)</sup>has made no secret of its intentions to profit in every possible way from that victory, if it comes. Four months ago Japanese agricultural interests, businessmen and liberals were still acting as a brake against precipitate acts of aggression and opportunism, but these elements have been momentarily submerged under the current wave of pro-Axis enthusiasm. Japan has gone frankly and starkly "realistic".

Germans in Tokyo, and they are numerous, are nevertheless not entirely satisfied with the pace at which Japan is turning toward the Axis, rapid though it seems to outsiders. German newspaper men with whom I have talked complain that the Japanese seem prone to delay decision until they are quite certain of ultimate German success. They claim that German diplomats have pointed out to the Japanese that the quicker they make some kind of a deal, the more generous the Germans will be in the

Page 2, No. 300 from Peiping, Section two.  
in the final reckoning.

I was not able to learn whether the Germans want the Japanese as active allies in the European conflict or whether they are simply seeking some kind of a diplomatic alignment which would give the Japanese a free but independent hand against the British in the Far East.

(END SECTION TWO)

(\*) Apparent omission. SMYTH

SMB

## TELEGRAM RECEIVED

MG

This telegram must be closely paraphrased before being communicated FROM to anyone. (BR)

Peiping via N.R.

Dated August 31, 1940.

Rec'd 1:45 a.m. Sep. 1

Secretary of State,  
Washington.

300, August 31, 3 p.m. (SECTION THREE)

In any case German newspaper men told me that the most important factors in any possible arrangement between Germany and Japan would be: (one) definite assurances concerning the future German stake in the China market which Germany regards as of great importance; (two) some satisfactory solution of the East Indies and other South Sea problems in which Germany has a deep interest especially economically; and (three) utilization of the Japanese as a means of keeping the United States constantly worried and preoccupied with Pacific problems so that Germany would have a freer hand in Europe.

Very few of the Germans with whom I have talked are pro-Japanese at heart and some are doubtful of the extent to which the Japanese could help them. Most of them however, recognize that at <sup>worst</sup> ~~best~~ the Japanese would have a certain nuisance value and Germany would therefore like to make <sup>allies of</sup> ~~use of~~ them. The Germans foresee of course that

Japan's

Page 2 No. 300, from Peiping (Section Three)

Japan's exclusionist policy in the Orient will be applied to all white people including themselves in the long run if and when Japan becomes strong enough to enforce it.

(END SECTION THREE)

SMYTH

EMB



Washington, D.C., August 12, 1904

Dear Mr. [Name]:

I have the honor to acknowledge the receipt of your letter of the 10th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

Very respectfully,  
[Signature]

TELEGRAM RECEIVED

23

This message must be  
closely paraphrased be- FROM  
fore being communicated  
to anyone. (BR)

Peiping via N.R.

Dated August 31, 1940.

Rec'd 5:50 a.m. Sept. 1

Secretary of State,  
Washington.

300, August 31, 3 p.m. (SECTION FIVE)

In view of Japan's extremely difficult position I believe that she is in no position at the present time to wage a successful war alone against the United States or Russia although with allies her position would of course change. I feel sure, however, that the majority in Japan are extremely desirous of avoiding a conflict with the United States. I might add that on my recent visit to the United States I was struck with the number of people who mistakenly believe that any strong show of strength by the United States would automatically plunge the United States into war. The trouble is that the Japanese know we feel this way and are making the most of it by flourishing the war scare in our faces. Actually I believe the Japanese have no intention of fighting us except as a last resort; in the face of this attitude I believe that firmness is the soundest and safest  
American



Page 2 No. 300 from Preiping Section Five.

American Naval policy. The risks involved are much less than is commonly supposed in the United States. Of course if Great Britain is defeated then we can expect the Japanese to become more belligerent.

(END SECTION FIVE)

SMYTH

EMB

## TELEGRAM RECEIVED

MG

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closely paraphrased be-  
fore being communicated FROM  
to anyone. (BR)

Priping via N.R.

Dated August 31, 1940.

Rec'd 5:45 a.m. Sept. 1

Secretary of State,  
Washington.

300, August 31, 3 p.m. (SECTION SIX)

The Japanese appear to be so confident of a German victory and are so hopeful that such a victory would permit them to realize their ambitions in Asia that it appears quite useless for the United States at the present time to suggest any halfway measures of appeasement or friendship. In fact the reception that has been accorded such ideas recently by the Japanese press shows that the tendency is to interpret them as signs of fear and weakness. No form of appeasement short of American recognition of the Japanese created new order in the Far East would satisfy the Japanese at this time. It is obviously pointless to attempt to reason with the Japanese until the course of events in Europe becomes clear. If Great Britain holds out against Germany contrary to present Japanese expectations Japan will then have to reconsider her whole policy for Japan today is a nation whose policy is dictated solely by expediency. (End Summary)

(END)

Page 2, No. 300 from Peiping (Section Six.)

(END OF MESSAGE).

Sent to Department. Repeated to Chou King, Shanghai.

Code text by air mail to Tokyo.

SMYTH

FMB