

The Secretary of State to the Minister in Finland (Schoenfeld)

WASHINGTON, January 30, 1940
—8 p.m.

Your 49, January 25, 9 a.m.

(1) As you undoubtedly know, the Export-Import Bank has agreed to lend up to \$10,000,000 to Finland for the purchase of goods. It is definitely understood that these goods were outside the category of arms, munitions and implements of war. The Department is informed that the commitments so far made against this loan are in the neighborhood of \$3,000,000.

(2) Following the President's letters of January 16 a Senate bill providing for a loan of \$60,000,000 to Finland was amended by the Senate Committee on Banking and Currency by eliminating any specific mention of Finland and by providing for an increase of \$100,000,000 in the revolving credit fund of the Export-Import Bank. The bill as amended further provides that the aggregate amount of loans to any one borrower outstanding and authorized at any one time shall not exceed \$30,000,000; and that no loans shall be made from the fund in violation of International Law as interpreted by the Department of State, or for the purchase of arms, ammunition, or implements of war.

The amended bill has already been favorably acted upon by the Committee on Banking and Currency and is now before the Senate Committee on Foreign Relations. Pending final action upon this bill and consideration of the situation by the Federal Loan Administrator there is no justification for any speculation as to the amount of Government financing which eventually may be made available to Finland.

(3) In regard to the question of what restrictions, if any, would be imposed upon a loan to Finland it is impossible for the Department to give you definite advice at this time. No official encouragement so far as I am aware has been given Finland to expect Government credits except as might be authorized by Congress on a line with the general policy of this Government in such matters. Sympathy with Finland has been widespread in the United States and has been manifested in many ways, including those mentioned in our 218, December 29, 5 p. m., but the situation with regard to loans is as stated in the second paragraph of the President's letters of January 16.

(4) Procopé [Finnish Minister in Washington] has of course emphasized the military significance of an unrestricted loan and the political significance of financial assistance.

(5) With regard to gasoline, available records do not show that petroleum products of any kind including gasoline were exported to the Soviet Union during December and January to date. 883,530 barrels of gasoline were exported to the Soviet Union during September, October and November, all of which went to Siberia and none of which was aviation quality. Heavy shipments of gasoline to Siberia during the autumn are not unusual. In addition two barrels of laboratory quality aviation gasoline was sent to the Soviet Union.

The Department has moreover as announced in the Radio Bulletin of December 20 taken steps to discourage the delivery of plans, plants, manufacturing rights and technical information required for the production of high quality aviation gasoline to countries the armed forces of which are engaged in bombing civilian populations from the air.

Steps have also been taken as announced in the Radio Bulletin of December 15 to discourage the delivery to such countries of aircraft, aircraft armament, aircraft engines, aircraft parts, aircraft accessories, materials essential to airplane manufacture (including molybdenum and aluminum) and aerial bombs or torpedoes.

(6) In your discretion the substance of paragraph numbered 5 may be given to the press provided it is not directly attributed to the Legation or to any American governmental agency.

HULL

Source: Foreign relations of the United States. Diplomatic papers. 1940. Volume I. General. (ACTIVITIES OF THE SOVIET UNION IN E A S T E R N EUROPE, AND SOVIET RELATIONS WITH THE BELLIGERENT POWERS). Department of State, Historical Division, Bureau of Public Affairs, 1959. (*University of Wisconsin Digital Collections*)