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DEPARTMENT OF STATE

Memorandum of Conversation

CONFIDENTIAL

DATE: December 18, 1944

SUBJECT: U. S. Commercial Interests in Thailand

PARTICIPANTS: Major Herman Scholtz, U.S.Army, attached to OSS
Mr. Willoughby, CP

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Major Scholtz was the owner and manager of the largest American commercial firm operating in Thailand immediately before the war. His company handled the bulk of American goods imported into that country. After returning to the United States on the first Gripsholm, he entered the Army and has been detailed to the OSS. Recently he returned from a tour of duty of the China-Burma Theatre (presumably for OSS).

~ Dec. 18.

Major Scholtz, whom I had known in the East, called at my request. I explained that the Division is getting together available information on various countries as to unsatisfactory treatment of American goods or American nationals before the war, and I asked him if he would give us the benefit of his experience doing business in Thailand. He confirmed the view which we obtained from other quarters that there was little or nothing the United States could legally object to. He said that the only difficulty that he had had with Thai regulations was in conforming to a requirement that accounts be kept in the Thai language. He agreed, however, that it was not unreasonable for the Thai Government to enforce such a requirement. He agreed with my observations that it

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it would be the small Chinese shopkeeper who would have the greatest difficulty in keeping accounts in the Thai language.

We discussed briefly the tendency in recent years in Thailand to develop state-owned and state-operated companies which through one means or another have the effect of forcing private business out of the country. (American oil companies, chiefly the Socony-Vacuum, but to a small extent the Cal-Tex, were, as I recollect, forced out of business several years before the war.)

Major Scholtz said that his work in the China-Burma Theatre had brought him into contact with the British and that he had observed that they were making thorough preparations to re-establish their economic interests in Thailand as soon as possible; that British business men familiar with Thailand were being given high rank and groomed for military government, and foreign service officers were being returned to London for training in preparation for their return to Thailand.

CP:Willoughby:MB

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