# WAR CABINET

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THREE-POWER DECLARATION REGARDING THE CONDUCT OF THE GERMAN AUTHORITIES IN POLAND.

Memorandum by the Secretary of State for Foreign Affairs.

ON the 30th January, 1940, the Polish Government suggested that a joint declaration should be made by the three Allied Governments protesting against the conduct of the German authorities in Poland. Negotiations have since taken place between the three Governments, which have been delayed by the desire of the Polish Government to introduce passages which might have committed the Allied Governments further than seemed desirable in regard to (1) the eventual punishment of war criminals, and (2) a possible commitment in regard to integral reparation to Poland.

2. A text was eventually drafted (column 1 of Annex) which met Polish requirements so far as possible without opening the way to any such undesirable misinterpretations. This text incorporated certain suggestions put forward by His Majesty's Governments in the Dominions, who have been consulted. It was communicated to the Polish and French Governments for their concurrence on the 3rd April.

3. The French and Polish Governments have meanwhile prepared a revised French text, an English translation of which forms column 2 of the Annex. Paragraphs 1–3 are identical with the original English text. Paragraphs 4 and 5 of the Franco-Polish text, which summarise the wrongs committed by the German authorities in Poland, differ on points of detail, the additions being underlined. The significance of the distinction between Poles and Jews (who are also Polish citizens) may hold the seeds of future trouble, as in the past Poland has sought by every means to promote the emigration of her Jews. But the distinction may be justified by the establishment of the so-called Jewish "reserve" and is perhaps acceptable. On the other hand, the reference to "territory which has always (de tout temps) been Polish" is not accurate (except perhaps in an ethnographical sense), since much of the territory in question was part of Germany for many years. It would be better if the phrase were reworded to read: "in Polish territory."

4. In paragraph 5 two changes of some importance have been made: (a) the words: "action of the German Government and of its agents" have been substituted for the words: "crimes committed by the German Government and their agents against the Polish population"; and (b) the word "Germany" has been substituted for "the German Government" in the last sentence. Both these alterations seem to be logical. Amendment (a) is no doubt intended to
cover the point that some of the crimes enumerated have been committed against the Polish State and not against the Polish population. As regards amendment (b), the French and Polish Governments agree in desiring to place the responsibility upon Germany rather than upon a Government which may well have disappeared when the moment comes for righting Polish wrongs. Both these amendments might, therefore, be accepted.

5. The declaration is intended (1) to concentrate world attention upon the iniquities of German conduct in Poland, (2) to demonstrate Allied solidarity, (3) to encourage the Polish population in Poland, and (4) to deter the German authorities in Poland from further excesses. The French and Polish Governments are anxious that it should be issued as soon as possible. It is therefore proposed to inform the French and Polish Governments that we concur in their revised draft subject to the words "in Polish territory" being substituted in paragraph 4 for the words "in territory which has always been Polish."

6. During the negotiations the Polish Government have intimated that they regard the last paragraph of the proposed declaration as a statement of principle, and not as a contractual obligation, and that they would not base any claim upon it vis-à-vis ourselves or the French Government in the future. I would suggest that we should obtain a formal assurance from the Polish Government to this effect before the declaration is issued.

H. 

Foreign Office, April 11, 1940.
ANNEX.

DRAFT DECLARATION ON GERMAN ACTION IN POLAND.

I.—Draft agreed with the Dominions.

1. His Majesty's Government in the United Kingdom, the French Government and the Polish Government have been profoundly shocked at the reports they have received of the crimes against person and property committed by the German authorities and forces of occupation in Poland.

2. These reports leave no doubt that the German Government, which opened the war on the 1st September, 1939, by brutal attacks upon the civilian population of Poland in defiance of the accepted principles of international law, are now bent on destroying not only the lives and property, but also the cultural and religious existence of the defenseless Polish population at present under their control.

3. Further, in violation of the Fourth International Convention of The Hague of 1907, Germany has gone so far as to incorporate in the Reich territories of the Polish Republic, although the war between Germany and the three Allied Powers is still continuing.

4. Wholesale executions of the civil population, deportations in circumstances of the most ruthless barbarity, the abominable treatment inflicted on members of the Jewish community, the settlement of Germans from outside Poland and the illegal confiscation for their benefit of the property of Polish individuals and of the Polish State, confiscations of property, the destruction and pillage of historical and artistic monuments, the closing of churches and the persecution of religion, clearly reveal a deliberate policy aiming at the complete destruction of the Polish nation.

II.—Polish re-draft agreed by the French.

1. His Majesty's Government in the United Kingdom, the French Government and the Polish Government have been profoundly shocked at the reports they have received of the crimes against person and property committed by the German authorities and forces of occupation in Poland.

2. These reports leave no doubt that the German Government, which opened the war on the 1st September, 1939, by brutal attacks upon the civilian population of Poland in defiance of the accepted principles of international law, are now bent on destroying not only the lives and property, but also the cultural and religious existence of the defenseless Polish population at present under their control.

3. Further, in violation of the Fourth International Convention of The Hague of 1907, Germany has gone so far as to incorporate in the Reich territories of the Polish Republic, although the war between Germany and the three Allied Powers is still continuing.

4. Wholesale executions, the deportation in circumstances of the most ruthless barbarity of the Polish population who have been driven from their homes, the settlement of German populations in territory which has always ("de tout temps") been Polish, the transfer, contrary to all legality, of property belonging to the Poles to these Germans coming from abroad, the confiscation of State and private property, the destruction and pillage of historical and artistic monuments, the deportation to forced labour in Germany of young Polish
I.—Draft agreed with the Dominions.

5. This conduct of the German authorities and forces of occupation is in flagrant violation of the laws of war, and in particular of The Hague Convention concerning the laws and customs of war on land; and His Majesty's Government in the United Kingdom, the French Government and the Polish Government desire to make a formal and public protest to the conscience of the world against the crimes committed by the German Government and their agents against the Polish population. They reaffirm the responsibility of the German Government for these crimes, and their determination to right the wrongs thus inflicted on the Polish people.

II.—Polish re-draft agreed by the French.

4. (a) In addition to the persecution of the Poles there is the atrocious treatment inflicted on the members of the Jewish community.

5. This conduct of the German authorities and forces of occupation is in flagrant violation of the laws of war, and in particular of The Hague Convention concerning the laws and customs of war on land; and His Majesty's Government in the United Kingdom, the French Government and the Polish Government, desire to make a formal and public protest to the conscience of the world against the action of the German Government and its agents. They reaffirm the responsibility of Germany for these crimes and their determination to right the wrongs thus inflicted on the Polish people.
WAR CABINET.

DIVERSION OF SHIPPING.

Report by the Minister without Portfolio.

I.

INTRODUCTION.

At their Meeting on the 11th April the War Cabinet invited me to examine, with the Ministers concerned, the points raised by the Minister of Shipping in the discussion and to report to the War Cabinet what, if any, amendments should be made in the Memoranda by the Minister of Transport and Lord Chatfield (W.P.(G)(40) 82 (Revise) and 83).

2. I have had the advantage of discussing these questions at a Meeting attended by the Ministers of Transport, Supply, Food and Shipping, the Permanent Secretary to the Board of Trade (representing the President), the Secretary to the Department of Overseas Trade and senior officers of the Departments concerned, as well as by officers of the Naval and Air Staffs.

3. The trend of the remarks made by the Minister of Shipping at the War Cabinet were to the effect that the estimate of the probable consequences of a diversion of shipping from the East to the West Coast were possibly too optimistic and that perhaps sufficient account had not been taken of the effect of a major diversion of shipping upon the trade of the country both generally and in reference more particularly to the export of coal to France.
4. His observations were not conceived as a criticism of the plan for the diversion of shipping, in the preparation of which his Department had co-operated, but were rather intended to set forth the concern felt by his Department, his predecessor, and himself, lest the War Cabinet should under-rate the risks involved in a diversion of shipping continued over a long period, and over-rate the power of the scheme to surmount them. He apprehended that the result of an unduly favourable estimate of the scheme might be that when the emergency arose, and they were asked to divert shipping, the War Cabinet might take their decision too readily and, in seeking to avoid an immediate danger, run into another which, on a long view, was even greater.

5. Lord Chatfield's general impressions on the scheme for the diversion of shipping are set forth in paragraph 11 of his Report (W.P.(6)(40)83) in the following terms:

"Probable effects of diversion.

11. While it is impossible to speak with any certainty in advance, the best judgment which one can form from the Minister of Transport's Report is, I think, that if the West Coast ports started at normal, the arrangements which have been worked out offer a reasonable prospect that the ports could stand a heavy diversion for, say, three weeks or so, before the difficulties of the position became acute. If, however, complete diversion were to last for a prolonged period, the result would be grave congestion in the West Coast ports. This does not mean that a state of unmanageable confusion would ensue. It is clear, however, that the rate of imports into the country would be seriously reduced, and shipping would be delayed. By degrees we should adjust ourselves to this slower rate of imports, and we should hope, after a time, with increasing experience, to effect an improvement on that rate."

This passage does not differ in substance from paragraph 28 of the Minister of Transport's Report (W.P.(6)(40)83(Revise)), on which it was probably based.

6. As I shall presently show, the difference between the Minister of Shipping and some of his colleagues is one of emphasis rather than of principle.
II. MILITARY ASPECTS.

7. As it is some years since I was closely associated with this question I thought it well to begin by hearing the views of representatives of the Air Staff and Naval Staff.

8. The appreciation of the Naval and Air experts as to the circumstances in which a diversion of shipping might have to be considered did not differ very much from the previous views of the Staffs, with which the War Cabinet are familiar. They did not wish the minds of my colleagues and myself to be influenced too favourably by the success hitherto achieved by the Fighting Services in protecting shipping and repelling raids. They pointed out that hitherto such raids had been conducted by relatively small forces directed against ships at sea. This afforded no clue to the consequences which might follow from continuous attacks by the very large bomber forces available to Germany if directed not only against our ships but also against our ports; attacks which, instead of being sporadic as hitherto, might become systematic and sustained for a long period of time.

In particular, Air Commodore Stevenson impressed upon us the difficulties of the defence in dealing with bombing attacks at night.

9. One point, to which perhaps I should draw the attention of the War Cabinet, was that large-scale attacks need by no means be confined to the East Coast ports. Bristol, Liverpool and Glasgow we were informed, are all liable to heavy bombing attack. To some extent this supports the thesis of the Minister of Shipping that the War Cabinet ought to exercise considerable caution in approving a diversion of shipping, for it would seem at first sight that ships would be not much safer in a West Coast than in an East Coast port. It has to be remembered, however,
that the voyage for an ocean-going ship to and from East Coast ports is much longer and more dangerous than in the case of ports on the West Coast.

10. Lord Chatfield's view of the military aspects of this question are expressed in the following extract from the Minutes of a Meeting he held on the 28th March:

"He did not believe that it was within the power of the enemy to sustain sufficiently intense air attacks on shipping or facilities at the East Coast ports for more than two or three months. During that period it would undoubtedly be necessary to accept a slower rate of imports and to be prepared for the "queueing up" of ships waiting to be unloaded."

11. It is a matter on which one person's view is almost as good as another's, because we have as yet no experience of a heavy and sustained attack. My personal impression does not differ much from Lord Chatfield's. Probably few of us believe that German attacks are likely to be so overwhelming, so continuous and so long sustained, that, irrespective of losses, wear and tear of machines, and weather, they can maintain attacks without intermission for an indefinite period. Equally few, if any, are likely to hold the view that the plans for a diversion can be so successful that, in the suggested emergency, they will enable us to maintain our imports and their internal distribution or our standard of living and war effort at the present level while the diversion lasts. As practical men, what we have done is to produce as good a scheme as we can, and what we have to do is to improve it continuously, and that also is in hand. I will therefore now turn to the scheme itself.
I have spent as much time as I could spare in examining, with the assistance of Mr. R.L. Tolerton, the Chairman of the Port and Transit Organisation, the plan of diversion that has been prepared and the machinery for carrying it out. The arrangements are described in the papers already submitted to the War Cabinet. It is sufficient to say that, as one would expect at this stage of the war, they are a great advance on the pre-war plans, with which I was familiar in former days. Moreover, the Port and Transit Standing Committee meets daily, and during the period of relatively static warfare the whole organisation has been carrying out, in comparatively slow time, the task which it would have to perform at a much more rapid tempo in the event of a decision to divert shipping. In the course of our meeting one or two constructive suggestions were made for preparations which would enable the plan to be brought into operation in more favourable conditions than at present.

The Minister of Shipping would like a strong effort to be made to clear the ports on the West Coast, so that if and when the emergency arises the quays and transit sheds will not already be overcrowded, as is liable to happen. In this connection the Ministry point out that the clearing of the port and not of the ship is always the bottle-neck in congestion of ports.

The ministers of Supply, Transport and Food are all prepared to do their utmost in assisting in this matter. Obviously the capacity of the factories or stores
to which goods have to be consigned is not unlimited. To take an extreme case, it is wasteful to send some consumable store, like meat, in quantities in excess of the storage capacity at its destination. And similar considerations arise in many commodities.

15. The Ministers concerned agree with me that the Port and Transit Standing Committee, which keeps a close day-to-day watch on the position at every port, should do its utmost to carry out the suggestion of the Minister of Shipping.

16. The Minister of Food raised a question as to the numbers of coal hoppers for the conveyance of grain. We agreed to refer that matter also to the Port and Transit Standing Committee.

17. In the event of a prolonged diversion of shipping it may become necessary to use the facilities of our ports more and more for the handling of essential imports and exports are bound to suffer. This will exercise a serious effect on the export of coal to France, as well as on the distribution of coal in this country. This is one of the risks which the War Cabinet will have to take into account in taking a decision either to divert shipping or to maintain the diversion indefinitely.

18. On a review of the Reports on Diversion of Shipping, (P.G.(40) 82 (Revis) and P.G.(40) 83), in the light of our discussion I see no reason to differ substantially from Lord Chatfield's summary, except that I should prefer to omit the last sentence of paragraph 11. The paragraph would then read as follows:

"(Probable effects of diversion.

11. While it is impossible to speak with any certainty in advance, the best
judgment which one can form from the Minister of Transport's Report is, I think, that if the West Coast ports started at normal, the arrangements which have been worked out offer a reasonable prospect that the ports could stand a heavy diversion for, say, three weeks or so, before the difficulties of the position became acute. If, however, complete diversion were to last for a prolonged period, the result would be grave congestion in the West Coast ports. This does not mean that a state of unmanageable confusion would ensue. It is clear, however, that the rate of imports into the country would be seriously reduced, and shipping would be delayed."

I do not believe that anyone can forecast what would happen beyond the first two or three weeks. It is quite possible, for example, that there would be intervals during which we were able to work through to the East Coast a certain number of convoys and to handle them at ports, only parts of which were out of action. Our decisions would have to be taken according to a situation which would be in a constant state of flux. I do not myself take an unduly pessimistic view of the situation, but I agree that the Minister of Shipping was right to warn the War Cabinet against excessive optimism.

IV.

SUPERVISION ON BEHALF OF THE WAR CABINET.

19. With the assent of the Ministers who took part in these discussions, I recommend the War Cabinet to charge one of its colleagues with the task of acting as a referee to whom they can appeal in any question of doubt or difficulty on which they feel that he can assist them.
From the foregoing paragraphs it will be seen that such differences as existed between those concerned in this matter were in emphasis rather than in principle. I feel sure that there is no risk, if ever there were such a risk, that the War Cabinet will under-rate the long-range dangers of wholesale and prolonged diversion. At the same time it is reassuring to all of us to know that there is in existence not only a carefully thought out plan which will at least tide us over an initial period of difficulty, but also an organisation capable of operating it.

My recommendations are as follows:

(a) That the War Cabinet should approve the plans for the diversion of shipping dealt with in W.P.(G)(40) 82 (Revise) and W.P.(G)(40) 83, subject to the above remarks.

(b) That the Port and Transit Organisation should continue its very important and valuable work in improving the plan, and that, in particular, it should give immediate attention to the recommendation of the Minister of Shipping set forth in paragraphs 13 and 14, and take up the question of grain transport mentioned by the Minister of Food (paragraph 16).

(c) That the War Cabinet should invite one of their colleagues to keep in touch with the work of the Government Departments concerned in this important question and act as a referee to whom Ministers can come for assistance in any case of difficulty.

(Initialled) H.

Treasury Chambers.
WAR CABINET.

THE ECONOMIC CONSEQUENCES TO THE ALLIES AND TO GERMANY RESPECTIVELY OF THE SEIZURE BY GERMANY OF DENMARK AND NORWAY.

Note by the Chancellor of the Exchequer.

I INFORMED the Cabinet at their meeting held last Wednesday (W.M. (40) 87th Conclusions, Minute 7) that I had suggested to the Ministers concerned that the Ministerial Committee on Economic Policy at its meeting that afternoon should consider in a preliminary way how far our economic policy was affected by the German occupation of Denmark and Norway. At the subsequent meeting of the Committee, each Minister explained how the work of his Department would be affected by the changed situation and contributed such information as his Department possessed as to the probable changes in the position of Germany. After a full discussion, it was agreed to invite Lord Stamp's Survey of Economic and Financial Plans to communicate with the Departments concerned and prepare, for the consideration of the Lord Privy Seal and myself, a preliminary statement setting out the economic consequences to the Allies and to Germany respectively of the seizure by Germany of Denmark and Norway.

2. On behalf of the Lord Privy Seal and myself, I now circulate the statement which we have received from Lord Stamp's Survey.

(Initialled) J. S.

Treasury Chambers, S.W. 1.
WAR CABINET

The Economic Consequences to the Allies and to Germany respectively of the Seizure by Germany of Denmark and Norway

Statement by Lord Stamp's Survey of Economic and Financial Plans

Richmond Terrace, S.W. 1
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THE ECONOMIC CONSEQUENCES TO THE ALLIES AND TO GERMANY RESPECTIVELY OF THE SEIZURE BY GERMANY OF DENMARK AND NORWAY.

I.—INTRODUCTORY.

At their meeting held on the 10th April, 1940 (E.P. (M.) (40) 10th Conclusions, Minute 6 (a)), the Ministerial Committee on Economic Policy agreed:

To invite Lord Stamp’s Survey of Economic and Financial Plans to prepare a concise preliminary statement setting out the economic consequences to the Allies and to Germany respectively of the seizure by Germany of Denmark and Norway.

The Committee further asked that this statement should be prepared in time to enable the Chancellor of the Exchequer, in consultation with the Lord Privy Seal, to circulate it to the War Cabinet not later than Saturday, the 13th April, 1940.

2. In the time at our disposal, we have only been able to deal in a rough and ready manner with many important aspects of the problem referred to us; and we should be glad to submit a more considered report on these questions at a later date. It would have been quite impossible in this short time to have completed our task without the close co-operation that we have received, from all the Departments concerned, at every stage of the preparation of the present document.

3. At the meeting of the Ministerial Committee, it was agreed that for the time being at least it must be assumed that not only Norway but also Sweden, Finland, and the three Baltic States are now cut off from the outer world; and that in consequence both their import and export trade must be regarded as having been brought under German domination. It was recognised that it may be possible for these countries to maintain a limited export trade through Narvik (when freed from German occupation) and perhaps through Petsamo.* But in preparing the present appreciation, we have proceeded on the assumption that the Allied Navies will treat seaborne imports to, and exports from, the Scandinavian and the Baltic States in precisely the same manner as they would imports to, or exports from, Germany.

4. It has been necessary also for us to make certain other assumptions. Of these, the following are the more important:

(a) that the Allied Governments will exercise their right of anger in respect of all ships flying the flags of the Scandinavian and Baltic States which they can seize;
(b) that the Germans will control the economy of Denmark and Norway (and of Sweden and Finland and the Baltic States as and when they may seize them) exclusively in their own interests and with utter disregard to the welfare of the inhabitants of these countries.

II.—ECONOMIC CONSEQUENCES TO THE ALLIES.

(a) Imports.

(i) Raw Materials and Manufactured Goods.

5. Our imports from Sweden, Norway and Finland consisted largely of raw materials, other than food, whilst our imports from Denmark were mainly food products. For the year 1938, of our total imports of raw materials and manufactured goods, 4.47 per cent. were from Sweden, 1.90 per cent. from Norway.

* We may also continue to obtain small quantities of flax from the Baltic States by way of Odessa.
0·36 per cent. from Denmark and 3·70 per cent. from Finland. Sweden supplied us with large quantities of iron ore, timber and wood pulp, paper and paperboard, and highly specialised types of iron and steel manufactures and machinery. Norway supplied iron-ore, aluminium, nickel, paper and paper-board and calcium carbide in significant quantities; and Finland paper and paper-making materials and timber. Since September last our imports of timber from the Scandinavian countries have been reduced to small proportions.

6. The commodities where we are likely to encounter difficulties as the result of the loss of the Scandinavian supplies, in the order of their importance in relation to our war effort, as assessed by the Ministry of Supply, are: (i) timber, (ii) iron-ore, (iii) special steels and ferro-alloys, (iv) aluminium, (v) wood pulp, (vi) paper, (vii) calcium carbide, and (viii) a group of much less importance, including arsenic, French chalk, graphite and hides and calf skins.

7. Some of the consequences of the restriction of supply of the more vital of these commodities may be briefly indicated:—

Timber.

In 1938 about 41 per cent. of our imports of softwoods came from Norway, Sweden, and Finland. Recent reports have been only about one-quarter of average pre-war imports. At the time of the invasion, our programme included purchases amounting to some 100,000 standards from Scandinavian sources, and representing about 10 per cent. of our imports as now planned. The loss of these imports will further complicate an already grave deficiency in this important raw material. Comparable losses are likely to be sustained in the case of plywood and pit props.

Iron-ore.

In the first year of the war, our import programme for iron ore from the Scandinavian countries amounted to 13 million tons, about one-quarter of our total ore import programme. It will now be necessary to bring this quantity of ore from more distant sources, for example, from Brazil and from West and North African ports. This will raise shipping difficulties because of the increase in the length of haul, which will be accentuated by the fact that much of the ore will require to be brought to North-East coast ports. Swedish ore has lately been reserved for use exclusively in our steel furnaces (as a reducing agent), and stocks amount to over three months' requirements. In course of time, it may be possible to adapt our own steel furnaces so as to facilitate the replacement of Swedish by ordinary British ores; in the meantime, Brazilian ores would provide a satisfactory, and African ores a fairly satisfactory, substitute for the special uses to which Swedish ore is now devoted. While there is no reason for undue alarm over the ore situation, it will be necessary to make immediate provision for increased imports from alternative sources of supply.

Special Steels and Ferro-Alloys.

Scandinavia is a very large producer of ferro-alloys and special steels, and has a considerable export surplus, much of which we had expected to purchase. Five-sixths of our imports of ferro-alloys were due to come from this source (chiefly from Southern Norway), and practically all of our imports of special steels (from Sweden). The difficulty in this case is one of foreign exchange rather than shipping; for the total tonnage involved is comparatively small (about 75,000 tons per annum), and there are abundant supplies in the United States and in Canada. The ferro-alloys might also be bought in some European countries such as Yugoslavia, but purchases of special steels can only be made in North America. Stocks of the ferro-alloys are in all the cases affected above four months' requirements. Special steels are already limited in supply, and imports from Sweden would have gone into rather specialised uses—notably the manufacture of ball-bearings.
Aluminium.

Norway would normally have provided us, in the first year of war, with some 10,000 tons of aluminium, equal to 14 per cent. of our total projected imports or 10 per cent. of our total planned supplies. The imports from Norway will not be easy to replace, since it might be difficult to secure further rapid acceleration of production in Great Britain and Canada. At present stocks of aluminium are little, if at all, greater than at the outbreak of war, but should serve to carry us over a short period of readjustment. Prompt action to make good the deficiency is particularly necessary in view of the special importance of aluminium to our war effort and of the rapid increase in requirements implied in the present programme.

Wood pulp.

About one-half of our wood pulp for industrial purposes comes from the Scandinavian countries, the chief alternative sources of supply being Canada and the United States. The disappearance of Scandinavian supplies would cause a large diminution in the supply of raw materials for the artificial silk industry. Practically the whole of the supply of wood pulp for paper-making is obtained from the Scandinavian States.

Paper.

Sweden, Norway and Finland were due to supply us in the first year of war with about half of our imports of paper (other than newsprint). It will be difficult to obtain paper from other sources, the alternatives being the Netherlands and North America, and any increase in the import of paper-making materials in order to meet the deficiency would throw a heavy burden on our shipping facilities. The cutting off of these supplies provides a suitable opportunity for the reconsideration of our whole policy with regard to paper imports and paper consumption.

Calcium Carbide.

Over three-quarters of our imports of calcium carbide, an extremely important raw material for certain industrial processes, such as oxy-acetylene welding, come from Norway. The main works is at Odda in the neighbourhood of Bergen. The deficiency can probably be made good from Canada, where there is a surplus capacity, or to a lesser extent from Yugoslavia. The cost of supplies to replace those of Norway, if taken wholly from Canada, would amount to $750,000. At present there are 5 to 6 months' stocks of calcium carbide in the United Kingdom.

8. In addition to these major commodities, the Scandinavian States provide us with a significant proportion of a number of strategic war materials, the total consumption of which may not be large, but any shortage in which might well constitute a serious bottleneck in production. The major part of the ball-bearings and roller-bearings imported into the United Kingdom were purchases from Sweden, although imports constituted only about one-tenth of home production. Finally, Sweden supplied relatively small quantities of very high quality machinery products, such as gauges and electric motors.

(ii) Food.

9. For the first year of the war food imports into the United Kingdom from Denmark were expected to reach £34 millions, from Norway £4-3 millions, and from Sweden about £2-2 millions. The total of £40-5 millions represented 9 per cent. of our total programme of food purchases abroad. The main commodities were bacon, butter, eggs and fish. Of the present consumption of bacon amounting to 8,500 tons per week, about 2,500 tons would have come from Denmark; but there is at present in this country a stock of 26,000 tons. When this is somewhat reduced, probably at the end of this month, no great hardship will be involved in a return to the original ration of 4 oz. per week. The position with regard to butter is similar. Against an average weekly consumption of 7,500 tons, we were expecting imports of some 1,500 tons per week from Denmark.
during the next three months. There is a total stock of 80,000 tons of butter in the country, and this could with advantage be reduced to 50,000 tons, after which the ration could revert from 8 oz. to 4 oz. per week. Imports of eggs from Denmark amount at present to about 17 per cent. of our total consumption, and from Scandinavian and Baltic countries taken together to about 23 per cent. We can temporarily replace some small part of this loss from the Netherlands and elsewhere, but there is almost certain to be a serious shortage of eggs in the autumn. Fish imports from Norway provide us with about 54 per cent., and from Denmark with about 15 per cent., of our total supplies; they are likely to be difficult to replace. It is not likely that any of the present season’s catch of whale oil by the Norwegian fleet will be lost to us. Moreover, our existing stocks amount to about 18 months’ consumption.

(b) Exports.

10. Our total exports to the Scandinavian and Baltic countries during the first six months of the war amounted to £22.5 millions, about 11 per cent. of all exports. The most important exports have been coal, coke, and manufactured fuel, amounting to £6.6 millions, and textiles, amounting to £5.2 millions. About 27 per cent. of our coal exports, 57 per cent. of our coke exports, 13 per cent. of our cotton exports, and 17 per cent. of our woollen exports were sent to these countries. The repercussions of the loss of these markets on our producing industries, while inconvenient in some cases, are not likely to be permanently injurious. The coal and coke sent to the Scandinavian market was derived mainly from the Northumberland and Durham coalfields. The export, like the domestic, demands for coal and coke have in recent weeks exceeded the supply; French industries are in urgent need of added quantities, and supplies from these coalfields would be suitable for their needs. In the case of the cotton exports, the Board of Trade anticipates some difficulty in disposing in other areas of the quantities to be released from the Scandinavian markets.

(c) Shipping.

11. The shipping tonnage of Norway, Sweden, Denmark, and Finland amounted in 1939 to 8.2 million gross tons; it includes a large tonnage of vessels built for special trades, such as tankers, refrigerated fruit boats, ships for the ore trade, and the Norwegian whaling fleet. Of the total Norwegian tonnage of 4.8 million gross tons, tankers accounted for 2.1 million gross tons. The total tanker tonnage of these countries (2.4 million gross tons) was over 20 per cent. of the world total in 1939, and compares with 3.3 million gross tons for Britain and the Dominions.

12. Under the Shipping Agreement the Norwegians undertook to make available to France and ourselves 144 tankers, having a capacity of 1.62 million deadweight tons. The remaining 105 tankers under the Norwegian flag have a capacity of 880,000 deadweight tons. Of the tankers promised to us under the Agreement 100 had been delivered at the time of the invasion of Scandinavia and the remainder had been nominated. In addition, we were at that time on the point of starting negotiations for the time-chartering of some further 40 or 50 tankers, which represented the whole of the remaining free supply of Norwegian tankers, since about 30 Norwegian tankers were operating for American charterers under pre-war long-term charters, and another 30 were required for the Scandinavian countries. At the time of the invasion of Scandinavia there was already a shortage of tankers in the Allied service; it is obvious, therefore, that if the Allies now fail to secure the full number of Norwegian tankers provided for in the Shipping Agreement we shall have difficulty in maintaining our existing stocks of petroleum, let alone improve them. If it should happen that the amount of Norwegian tankers of which we shall now be able to secure possession were to fall seriously short of that amount, the petroleum position both in this country and in France would quickly become such that both countries would be forced to draw upon their accumulated reserves to an extent which the Mines Department would regard as dangerous.
13. Our original import programme for goods other than petroleum products contemplated that some 13 million tons, or 28 per cent, of our planned imports for the first year of the war would arrive in foreign ships. Some of these imports would come in ships under time-charter to us; but it was always realised that the great bulk of the imports in question would come in ships engaged on voyages to British ports in the normal course of trade. The proportion of imports which has, in fact, come in ships under the Norwegian flag has, however, been less than the total Norwegian tonnage would have suggested; for a substantial quantity of Norwegian ships have been coming to this country in ballast to fetch coal; and their elimination does not diminish the pool of foreign ships on which we rely for the import of goods. About half a million deadweight tons of Norwegian and Danish tramp shipping is in, or in the neighbourhood of, ports in the United Kingdom and France; possession of these can be immediately obtained. This, however, represents only a fraction of the total tramp tonnage under these flags which has hitherto been bringing imports to British or French ports. Unless the amount of such tramp tonnage of which we obtain possession greatly exceeds this half million tons, we must expect a reduction in the number of Norwegian and Danish ships trading to this country and consequently in the volume of our imports. On the other hand, the fact that through the operation of the blockade the Scandinavian countries will no longer be able to receive imports by sea will release for trade with us and other countries ships of other flags which till now have been trading to Scandinavian ports.

14. The main repercussions on our shipping position of the German aggression in Scandinavia is to be found not in the diminution of Scandinavian tonnage trading to this country, but in the necessity imposed upon us of obtaining from more distant sources supplies hitherto drawn from Scandinavia. For example, iron-ore from Narvik will require to be replaced by iron-ore from Brazil and Northern and West Africa. The number of voyages that can be completed annually will be substantially less than those possible on the short North Sea route, even when account is taken of the exceptional delays encountered on this route in time of war.

15. No precise measurement of the factors discussed above is at present possible; but on balance we must expect to suffer a substantial loss in our capacity to import, and it is not unlikely that this loss may amount to as much as 2 million tons per annum or even more.

16. There is a further problem that may emerge, if we succeed in obtaining Scandinavian tonnage on a considerable scale. There is already a noticeable scarcity of certificated engineers available to man our own ships and some difficulty also in securing deck hands in adequate numbers. If it becomes necessary for us to provide crews for the Danish and Norwegian ships of which we may obtain possession, these difficulties may well become acute. Every effort should therefore be made to induce existing officers and crews of the Norwegian mercantile marine, who are strongly pro-Ally in sympathy, to continue to serve under our flag. We understand that it may not be desirable to adopt this course in other cases.

(d) Foreign Exchange.

17. The net effect upon our invisible exports and imports of the cessation of trade with the Scandinavian countries is very difficult to estimate. Our payments for shipping services are likely to be smaller. The saving will depend largely upon the extent to which tonnage is transferred to the British flag and freights are paid in sterling. The disbursements in foreign ports and some part of the wages of the crews will still require to be paid in foreign currencies; but the total payment to be made in difficult currencies will be greatly diminished. There will be some loss of earnings from marine insurance; but claims for shipping losses will be met in sterling rather than in foreign currencies, and such payments will in future be retained in London rather than transferred abroad. On the other hand, London has in the past provided a
market through which the Scandinavian countries have bought a large part of their imports. The loss of our earnings on this account, together with loss of earnings in respect of insurance (other than marine), commissions, and short-term interest, must be set against the savings in respect of shipping. Finally, there will be a small net loss in respect of investment income from the Scandinavian countries, estimated at some £1½ million.

18. The further effects upon our exchange position are likely to be more serious. The narrowing of the area within which trade will be possible will force us to concentrate our purchases to an even greater extent upon the North American countries, though in the case of foodstuffs it will be open to us to buy from long-distance sources. We are already using up our reserves of gold and foreign exchange at a very alarming rate, and increased purchases in United States and Canadian dollars would make our position even more serious. As our purchases in those countries increase, and their demands for our exports approach satiety, the difficulties of further increasing our exports are likely to become greater and the purchasing power of a given quantity of our exports is likely to become less.

19. Thus, foreign exchange considerations will very probably force us to diminish our food purchases in the North American countries as it becomes necessary to replace from thence those materials, formerly imported from Scandinavia, of which Canada and the United States afford the main alternative source of supply. If we are obliged to purchase these foodstuffs in more distant markets this will certainly aggravate the shipping position.

20. It is for this reason most important that before any action is taken to replace Scandinavian imports, the extent to which these imports have in the past served a real need (as contrasted, for example, with the denial of necessities to Germany) should be carefully scrutinised. If it should prove unnecessary to replace them in full, the loss of the Scandinavian sources of supply may be partially turned to the advantage of our exchange position.

(e) The position as regards France.

21. In total, the four Scandinavian countries were neither important sources of supply nor important export markets for France; in 1939 they took 3·2 per cent. of her exports and provided 1·9 per cent. of her imports (value figures).

22. The only important effect of cutting off imports is likely to be on supplies of wood pulp, of which the Scandinavian countries were responsible for two-thirds of France's supply. The French purchasing programmes for 1940 made provision for some imports of aluminium and special steels from Norway; these will have to be replaced by purchases in Canada and the United States.

23. The French export trade to this area was fairly diverse, and, except for some iron and steel chemicals sent to Norway and Sweden and oil cake to Denmark (40,000 tons in 1939), consisted largely of luxuries and semi-luxuries. Thus there will be no appreciable pressure on the Scandinavian countries by the cessation of French supplies.

24. Of considerable importance to France will be the opportunity of obtaining increased supplies of coal and coke from this country. At the moment there is a discrepancy of about 10 million tons between current requirements for coal and available supplies from French mines and from imports. The corresponding figure for coke is 400,000 tons. It is likely that these deficiencies will increase as the war effort develops. Our exports to the four Scandinavian countries amounted during the first six months of the war to about 5 million tons of coal and 1 million tons of coke; though these exports would in any case have been somewhat reduced in subsequent months. If those supplies which would have continued to go to Scandinavia could now be made available to France, we should be in a fair way to carry out our undertakings to the French Government. Among broader consequences, the increase in French steel output thus
made possible should make it unnecessary for France to buy steel in the United States, and leave a small surplus available for export to this country; to this may be added the present exports of steel from France to Scandinavia, amounting to some 250,000 tons a year.

III.—ECONOMIC CONSEQUENCES TO GERMANY.

25. The economic consequences to Germany of absorbing Scandinavia within her own system and of cutting off Scandinavia and the Baltic States from the rest of the world are undoubtedly favourable in the short run; but in spite of certain permanent gains, are likely, on balance, to be harmful in the long run.

(a) Short-term gains in relation to Germany's present deficiencies.

26. Germany's principal raw material deficiencies at the present moment are in respect of ferro-alloys and non-ferrous metals, petroleum products, rubber, textile fibres, and fats. There are stocks of all these materials in the territories which have been invaded. Most of them are small relatively to the German consumption, but those of the ferro-alloys and, to a less extent, those of the non-ferrous metals are large enough to be of importance.

(i) Raw materials.

27. The position as regards the principal groups of raw materials which will have fallen into the hands of Germany is as follows:

Ferro-alloys.

There are fairly large stocks of ferro-alloys in Norway and Sweden, including chrome, tungsten and manganese. The gain of these stocks by Germany would be a severe blow to us; for it was at this point that our blockade had hitherto proved most effective.

Non-ferrous Metals.

Germany will gain immediately certain stocks of copper and nickel; but these are not large in relation to her requirements.

Petroleum Products.

Stocks of petroleum products in Denmark amount to 198,000 tons, and in Norway to 272,000 tons, a total of 466,000 tons, of which 33,000 tons are lubricating oils, in respect of which Germany is especially deficient. There are, moreover, further stocks of 492,000 tons of petroleum products in Sweden.

Textile fibres.

There are stocks of textile fibres in Scandinavia, large in relation to the needs of these countries, but relatively small in relation to those of Germany.

(ii) Food-stuffs.

28. The Danish agricultural system is designed to convert feeding-stuffs, a substantial proportion of which is imported, into animal fats, whether in the form of butter or bacon. At the same time, Denmark is an importer of vegetable and marine fats for her own use.

29. It will probably be possible to maintain butter production in Denmark at the normal rate during the next six months, while the cattle will be feeding on grass, without the use of imported feeding-stuffs. Production of butter in Denmark during this period should exceed her normal consumption by the amount (a) which she would in any case have exported to Germany, and (b) which she would have exported to the United Kingdom. These may be estimated at 22,000 tons and 40,000 tons respectively. In addition, it should be possible in the
same period for Germany to increase her gain from this 40,000 tons to 50,000-55,000 tons by imposing on Denmark the German standards of rationing. At the end of the six months' period, there will be the normal seasonal fall in butter production, accentuated by the shortage of feeding-stuffs. From then onwards, Germany can look only for a small and diminishing gain in butter resources from Denmark.

30. With regard to bacon, the position is less clear. The surplus which would have been exported to the United Kingdom in the next six months would have been 70,000 tons, but this production can only be achieved if the feeding-stuffs are available. The exact extent of the stocks of animal feeding-stuffs is open to doubt; but they cannot exceed six months' supplies and, to judge from Denmark's efforts to increase imports during recent months, they are likely to be substantially less. The stock position needs to be judged also by reference to the practice in Denmark of using the home-grown foods during the winter, and relying mainly on imported feeding-stuffs during the summer months. The extent to which it will be possible to convert existing stocks of feeding-stuffs into fats must depend on the degree of control which Germany is able to exercise over Danish agriculture. If egg production is curtailed, and the replacement of the pig population neglected, it is conceivable that, even if Danish stocks of feeding-stuffs are appreciably less than six months' supply, she may be able to extract from Denmark a larger quantity of pig products than that country had been intending to export to the United Kingdom.

31. Even if, during the next six months, the Danish production of animal fats is not reduced as the result of the occupation, the Germans will not be able to secure for their own use the surplus which Denmark had intended to export to this country, unless they substantially curtail Danish consumption of fats of all kinds; for, in the meantime, Danish imports of margarine, oileseeds, and whale oil will be reduced by our blockade; and this should make it necessary for the Danes to consume a larger percentage of their home-produced fats than hitherto. Assuming that Germany succeeds in diminishing Danish fat consumption while maintaining Danish production, the relief which she will be able to secure for her immediate fat deficiency is relatively small. The total rationed consumption of edible fats in Germany and the territories in her occupation before recent events is estimated by the Ministry of Economic Warfare at 1.6 million tons per annum. Against this they calculate that the maximum gain in edible fats which Germany can look to secure from Denmark during the next six months will not exceed some 75,000 tons, even when account is taken of existing margarine stocks. According to the same estimate, Germany will be unlikely in the twelve months following to secure from Denmark supplies of fat in excess of the amount which she obtained there before the occupation. The relief to Germany will thus be no more than temporary in character.

(b) Long-term consequences.

(i) Gains.

32. The long-term consequences favourable to Germany likely to result from the control of Scandinavia may be summarised as follows:

(a) Germany would be relieved of all anxiety on the score of supplies of iron ore so long as she retained control of the Baltic and was able to draw supplies from the North Swedish mines; the limiting factor would then be the amount of ore which the Swedish ports and railways could handle;
(b) her timber supplies are also secure, but it is doubtful whether she was ever in difficulties in this respect;
(c) she would be assured of adequate supplies of pyrites if she had it in her power to transport supplies by sea along the Norwegian Atlantic coast;
(d) she would obtain some relief in respect of nickel and molybdenum;
(e) she would obtain the benefit of the use of the specialised steel industry of Sweden.
33. The gold reserves of Denmark and Norway amount to about £31-32 millions (Denmark £12-8; Norway £18-19 millions), while those of Sweden amount to about £41-42 millions. In each case, a proportion is held abroad. The Danish bank laws prohibit the holding abroad of more than a small amount of gold; and it may therefore be fairly assumed that the greater portion of the Danish gold reserve forms part of the German booty. The extent to which this booty has been, or may be, increased through seizures of Norwegian gold is not yet known. For a time, Germany should experience less difficulty in importing essential materials from abroad, but it would be a mistake to suppose that this windfall, even if subsequently increased by the acquisition of part of the Swedish gold reserves, would provide any substantial relief to Germany’s exchange problem.

(ii) **Losses.**

34. The main branches of Scandinavian economy cannot easily be adapted to the needs of Germany. Firstly, there will be no market in Germany for the huge addition to her supplies of timber and paper-making materials which the normal production of Scandinavia represents. Secondly, it will be impossible in the long run for Germany to maintain the pig and dairy farming of Denmark (and Sweden), if Scandinavian trade with the outside world comes to a stop. If deprived of their normal imports of marine oils, oilseeds, and maize and other cereals, these countries will not be able to supply even their own requirements, at any rate at their normal level. Germany may be able to depress the standard of living in the industrial sections of the Scandinavian population; but such reductions are notoriously difficult to impose upon an agricultural population.

35. Scandinavia is entirely dependent upon the outside world for its supplies of coal and coke, oil, and textile fibres. There is already a serious shortage of coal in Denmark. It may be possible for Germany to supply the coal and coke required for the occupied territories; but transport will constitute a serious problem. She will only be able to provide oil and textile fibres by still further curtailing her own consumption.

36. In the period immediately following the invasion of the Scandinavian countries, Germany stands to lose through the rapid consumption in military operations of her stocks of petroleum products. It will not be until later that she will be able to offset some of this loss through making use of the stocks of petroleum which she has seized in Denmark or may seize elsewhere. So far as petroleum is concerned the long-term effects on Germany’s economy are likely to be adverse, since without increasing her sources of supply, she will have increased her commitments both through the extension of military operations and by assuming responsibility for maintaining internal transport and agricultural output in the occupied territories.

37. Germany’s trade with Scandinavia has been hitherto one of her sources of foreign exchange convertible into dollars. This source will now be closed to her; and her power to import high-valued products through the U.S.S.R. or by way of the Danube may eventually be impaired, except in so far as she is able for a time to draw upon the gold reserves referred to in paragraph 33 above.

(iii) **Man-Power.**

38. In addition to the material resources now made available to her, Germany may be able to secure for her own use the skilled engineering and shipbuilding labour available in Scandinavia, and the plants in which they are employed so long as the necessary raw materials are available in these countries. Much of this labour and plant may be directly useful to Germany’s war effort. On the other hand, the task of reorganising the territories which Germany has now seized will throw a heavy strain on the German administrative machine which is already highly taxed.
IV.—SUMMARY OF CONCLUSIONS.

39. We summarise as follows the conclusions which, on the assumptions given (paragraphs 3 and 4) we have reached in regard to the probable economic consequences of the seizure of Denmark and Norway by Germany:

(a) THE CONSEQUENCES TO THE ALLIES

(i) the raw materials where we are likely to encounter difficulties as the result of the loss of the Scandinavian supplies, in the order of their importance in relation to our war effort, as assessed by the Ministry of Supply, are: (i) timber, (ii) iron-ore, (iii) special steels and ferro-alloys, (iv) aluminium, (v) wood pulp, (vi) paper, (vii) calcium carbide, and (viii) a group of much less importance including arsenic, French chalk, graphite, and hides and calf skins;

(ii) the main food-stuffs likely to be affected are bacon, butter, eggs, and fish; in the case of bacon and butter no great inconvenience will arise; for there are large stocks in the United Kingdom; when these are somewhat reduced, the rations of each can without serious harm revert to the original level of 4 oz. a week as previously contemplated; eggs—23 per cent. of our total supplies of which come from the Scandinavian and Baltic Countries taken together—are likely to be seriously short in the autumn, though some small part of our loss can temporarily be replaced from the Netherlands and other countries;

(iii) as regards British exports, no great injury is probable, though the Board of Trade anticipates in the case of cotton some difficulty in disposing in other areas of the quantities to be released from the Scandinavian markets; the freeing of the supplies of coal and coke hitherto sent to Scandinavian markets will be of definite advantage; for it should put us in a fair way to carry out our undertakings to the French Government;

(iv) it is too early as yet to form an estimate of the extent to which our shipping difficulties are likely to be aggravated; but it is clear:

(1) as regards tanker tonnage, that, if we and the French are not able to secure about the same amount of tonnage as had been arranged for prior to the invasion of Scandinavia, the petroleum position both in this country and in France will quickly become such that both countries will be forced to draw upon their accumulated reserves to an extent which the Mines Department would regard as dangerous;

(2) as regards tramp tonnage, that unless the amount of Scandinavian tonnage of which the Allies are able to obtain possession greatly exceeds the half million tons known to be in or near ports in the United Kingdom or France, the volume of our imports is likely to be substantially reduced; but the main effect on our shipping position will result from the necessity imposed upon us of obtaining from more distant sources supplies hitherto drawn from Scandinavia; no precise estimate is at present possible, but it is not unlikely that the net loss of imports from these several causes may exceed 2 million tons per annum;

(v) the cessation of trade and financial relations with the Scandinavian countries may diminish our foreign payments in respect of shipping payments, but it will reduce also the invisible earnings which we have hitherto secured from these countries, thanks to our close financial and trading relations with them; the loss of investment income is only about £1½ millions net;
(vi) the narrowing of the area in which trade will be possible will force us to concentrate our purchases on the North American countries; the increased difficulties with these currencies thus caused may force us to diminish our food purchases in those markets, and to buy more of them from distant sources, thus further aggravating our shipping difficulties; for these reasons it is most important that, before any action is taken to obtain from other sources, supplies which we had expected to receive from Scandinavia, the extent to which such imports served a real need should be carefully scrutinised;

(vii) as regards France, the adverse economic effects are not likely to be considerable; and in the matter of coal and coke are, as indicated in (iii) above, likely to be definitely advantageous.

(b) THE CONSEQUENCES TO GERMANY.

(viii) the short-term consequences to Germany are undoubtedly favourable; for, if she gains possession of the supplies of:

1. ferro-alloys and other important raw materials in Norway and Sweden;
2. fats in Denmark;
the Allied blockade is likely to suffer a temporary setback;

(ix) judged from a long-term standpoint the gains to Germany are less considerable and likely to be offset by losses in other directions;

(x) the long-term consequences favourable to Germany likely to result from the control of Scandinavia may be summarised as follows:

1. Germany would be relieved of all anxiety on the score of supplies of iron-ore so long as she retained control of the Baltic and was able to draw supplies from the North Swedish mines; the limiting factor would then be the amount of ore which the Swedish ports and railways could handle;
2. her timber supplies are also secure; but it is doubtful whether she was ever in difficulties in this respect;
3. she would be assured of adequate supplies of pyrites if she had it in her power to transport supplies by sea along the Norwegian-Atlantic coast;
4. she would obtain some relief in respect of nickel and molybdenum;
5. she would obtain the benefit of the use of the specialised steel industry of Sweden;

(xi) if, out of the total gold reserves of Denmark and Norway, which amount to £31-32 million (Denmark £12-8 million; Norway £18-19 million), Germany is able to secure the part which was not held abroad at the time of the invasion, and to a still greater extent if she is able to secure any considerable part of the total Swedish gold reserves of £41-42 million, her difficulties in importing essential materials will be temporarily eased, but it is unlikely that she will obtain thereby any substantial relief to her exchange problem;

(xii) the long-term consequences unfavourable to Germany are the following:

1. the main branches of Scandinavian economy cannot easily be adapted to the needs of Germany; the Danish agricultural economy depends upon imports of marine oil, oilseeds, and maize and other cereals from abroad; it will only be possible for Germany to continue to derive fats from Denmark if feeding-stuffs can be secured from sources accessible to Germany and the transport to Denmark provided; Germany may be able to depress the standard of living in the industrial sections of the Scandinavian population; but such reductions are notoriously difficult to impose upon an agricultural population;
(2) Scandinavia is entirely dependent on the outside world for its supplies of coal and coke, oil, and textile fibres; it may be possible for Germany to supply the coal and coke required; but transport will constitute a serious problem; she will only be able to provide oil and textile fibres by still further curtailing her own consumption; in the period immediately following the invasion of the Scandinavian countries, Germany stands to lose through the rapid consumption in military operations of her stocks of petroleum products; it will not be until later that she will be able to offset some of this loss through making use of the stocks of petroleum which she has seized in Denmark or may seize elsewhere; so far as petroleum is concerned the long-term effects on Germany's economy are likely to be adverse, since without increasing her sources of supply, she will have increased her commitments both through the extension of military operations and by assuming responsibility for maintaining internal transport and agricultural output in the occupied territories.

(3) Germany's trade with Scandinavia has been hitherto one of her sources of foreign exchange convertible into dollars; this source will now be closed to her; and her power to import high-valued products through the U.S.S.R. or by way of the Danube may eventually be impaired, except in so far as she is able for a time to draw upon the gold reserves referred to in conclusion (xi) above.

*Richmond Terrace, S.W. 1,*  
*April 12, 1940.*
IMMEDIATE.

The attached Memorandum by the Minister of Shipping will be considered at to-morrow's War Cabinet Item 4.

(Intd.) E.E. B.

14TH APRIL, 1940.
CONTROL OF NEUTRAL SHIPS.

Memorandum by Minister of Shipping.

REVIEW OF ACTION TAKEN AS REGARDS NORWEGIAN, DANISH AND SWEDISH VESSELS, AND OTHER VESSELS TRADING TO SCANDINAVIAN BALTIC AND ARCTIC PORTS, AND AS REGARDS OTHER CONTROL OF NEUTRAL TONNAGE.

Under the decisions of the War Cabinet as now being applied by the departments concerned, the position in regard to the control of neutral ships is as follows:--

SAILINGS TO SCANDINAVIA.

All sailings of Danish, Norwegian, Swedish, Finnish Estonian and Latvian ships to Scandinavian, Baltic and Arctic ports from United Kingdom ports or contraband bases are being suspended. No special instructions in this sense have been given as regards Lithuanian (negligible), Russian, or other neutral vessels.

DANISH VESSELS.

All Danish vessels are being detained and all are being put in prize, other than those chartered to the United States, Italy or Japan. These exceptions are required by the conclusions of the Cabinet of the 10th April. I suggest that the exceptions should now be withdrawn. If maintained, they would seriously lessen the amount of Danish tonnage which has been forced into our control.

I wish to point out also that there is no alternative to seizing the Danish vessels unless they are to remain immobilised by detention in our ports, for we could not, without prejudicing our position as regards other Danish
vessels, permit any of them to continue to sail under the Danish Flag; nor can we, without formally transferring title to the Allies by seizure, prevent the benefit of the vessels' trading accruing to their Danish owners and so to Germany.

At my instance, Broadcast messages have been sent out in Danish, addressed to Masters of Danish ships, informing them that their own and their Owners' interests will best be served by accepting Allied protection. They have been told that they will be treated as friends, and that compensation will be paid for the use of their vessels by the Allies. By these means and by similar information sent out through commercial channels I hope that we shall influence many of these vessels, which it may not be easy to intercept, to proceed to Allied ports. The latest development is the reported formation of a Committee of Danish shipowners in New York under the Chairmanship of the Danish Ambassador in Washington. I am awaiting advice from my representative in New York on the subject.

NORWEGIAN VESSELS.

Norwegian vessels are being detained in British ports and are being brought in from the high seas, whether they are chartered to neutrals or not. Efforts are being made through charterers, brokers, etc. to divert Norwegian vessels to British ports, and arrangements have been made whereby they are held covered in respect of Marine and War Risks on hull and machinery and similar risks on cargo, both in cases where they are at present in a neutral port and are diverted to an Allied port, and in cases where they are at present at sea and are instructed to proceed to their destination, if it is an Allied port, or to the nearest Allied port.

Messages have been sent to Norwegian ships warning them that broadcasts ordering them to go to Neutral ports issue from the German puppet Government. The Norwegian Minister in
London is endeavouring at my instance, to obtain authority from his Government to control Norwegian Shipping. At my invitation Mr. Hysing Olsen, the representative of the Norwegian Shipowners Association, who returned to London on Thursday from Amsterdam where he was en route for Oslo, has agreed to be joined in the exercise of such authority it it can be obtained.

A message purporting to come from the Association to-day advised Norwegian Masters to proceed to Neutral ports. If sent, it was no doubt sent under duress, and steps have been taken to try to counteract any impression that it is valid.

A large number of Norwegian tankers are under charter to Oil Companies, including the American Companies. Their detention at, or their diversion into, an Allied port will inevitably create shortages in the supplies of oil in the countries of destination. This will lead to increased demands for tanker tonnage for the purpose of making good loss of stocks in South America and elsewhere, probably in no short time at panic rates of freight. We may also find political embarrassments arise if the detention is long continued. The object of holding Norwegian vessels is that, in the event of Norway being over-run by Germany and making terms, the tankers will not be immobilised in neutral ports for the remainder of the war. It is thought, however, that in such a case the American oil interests at least would be sufficiently powerful to force Norwegian tankers taking refuge in United States or neutral or South American ports back into service, for the oil supplies of the world and the Oil Companies' business can scarcely be maintained without some assistance from Norwegian tankers. I suggest that orders might now be given that for the time being Norwegian tankers under charter to American Oil Charterers should be free to continue on certain voyages, and particularly to the Argentine and Uruguay.
We have, however, been warned that if such ships are once allowed to enter a Chilean port there is grave risk that the German Embassy will apply for a legal embargo against sailing.

The extent to which it is expedient to hold the Norwegian tonnage and especially the tankers is not an easy question to decide. We shall suffer in supplies and in price, through general increases in freight, on any vessels we do not absolutely control, if the scarcity of tonnage is aggravated. On the other hand, there is undoubtedly serious risk that some Norwegian vessels will become immobilised, possibly for a long period, if once they get to a neutral port.

It will not, however, be possible to maintain our own oil supplies without loading many of the Norwegian vessels which we do not control in neutral ports, American and Dutch. On the whole, I think that, unless the situation becomes much clearer in the next two or three days, we must consider taking the risk of allowing Norwegian tankers time-chartered to United States interests to proceed to limited destinations to be agreed in detail with the Foreign Office and Ministry of Economic Warfare, but not to Chilean, Mexican, Spanish, Italian or Japanese ports beyond any point (e.g. Gibraltar) at which they can with certainty be stopped.

For allied destinations, I think that Norwegian vessels should be allowed to proceed, under armed guard so as to prevent the master making for a neutral port.

This is already being arranged with the Admiralty and I am assured that every effort will be made by the Naval authorities to supply a sufficient number of small armed guards to prevent serious delays.

For this purpose it would be a great advantage if we could treat Abadan, as a port to which a vessel carrying an armed guard can be sent.

It may also be expedient to allow certain Norwegian vessels other than tankers, to proceed on certain neutral charters, and
these cases I propose to deal with on their merits but in a very cautious way.

**SWEDISH SHIPS**

In the United Kingdom, Swedish vessels are now being allowed to sail, unless they are bound for Scandinavian, Danish, Baltic, or Arctic ports.

Until the 13th April Swedish ships were being held up and prevented from sailing to any destination from British ports abroad through various obstacles being put discreetly in the way of sailing, but this embargo has now been removed with the concurrence of all the Departments concerned.

**ICELAND, GREENLAND AND THE FAROE ISLANDS.**

The few vessels registered in Iceland and Greenland are being detained for the moment in the interests of their own safety and will not be seized. The Faroese trawlers are no longer being detained.

**HOLLAND AND BELGIUM.**

Vessels now in the United Kingdom on passage to Holland and Belgium are being detained on contraband or other pretext, and sailings of British vessels to Holland were suspended by the Admiralty at noon on the 13th April. I feel that there are strong objections to allowing further ships to proceed to these countries and thus have any control over them which we might retain at all events for the next few days.

R.S.H.

7th April, 1940.
DIVERSION OF CIVIL FLYING BOATS FOR MILITARY DUTIES.
Memorandum by the Secretary of State for Air.

1. The War Cabinet on 14th March (War Cabinet 68(40)) considered a proposal put forward by my predecessor that the flying boats Cabot and Caribou - then on loan to the Royal Air Force - and the three new "G" boats of improved type, should be permanently diverted to the Royal Air Force for deep-sea reconnaissance.

2. The War Cabinet, after hearing the views of the other Departments interested in overseas air communications, agreed that:

   (i) for the time being, no further civil flying boats should be diverted for military duties; i.e. for the present Cabot and Caribou should continue in service with the Royal Air Force;

   (ii) the three "G" boats should be regarded as available for the North Atlantic service;

   (iii) All preparations should, however, be made to enable the "G" boats to be used by the Royal Air Force at short notice if necessary.

3. The state of preparedness of the "G" boats has been further examined and it appears that none of the three has yet obtained a certificate of airworthiness, passed acceptance trials or undergone operational trials. I am advised that there is no prospect of these boats being ready for a passenger-carrying service this year before the alighting terminals in North America become frozen over.

4. I have therefore had to consider whether Cabot and
Caribou should be released for the North Atlantic work. I have reached the conclusion that, having regard to our recent losses in Royal Air Force flying boats and to the increased need for long-range reconnaissances over sea as a result of recent developments, these two boats should remain with the Royal Air Force for the time being.

5. As regards the "G" boats, I feel that the change in the military situation requires that these boats should now be handed over for use by the Royal Air Force with instructions that they are to be adapted for Service use as speedily as possible.

6. The result of all this must be, I am afraid, to rule out the possibility of resuming the Atlantic service this year and in all probability we shall have to abandon it until after the war. I propose to keep the situation under close review and if it became possible at any time to restore any or all of these boats to civil employment, I should certainly do so.

7. I am most reluctant to make this recommendation to the Cabinet, but I do not see how it can be avoided in view of the urgent demands of the war.

(Initialled) S.H.

Air Ministry.
TO BE KEPT UNDER LOCK AND KEY.

It is requested that special care may be taken to ensure the secrecy of this document.

WAR CABINET.

TRADE NEGOTIATIONS WITH THE SOVIET GOVERNMENT.

Memorandum by the Secretary of State for Foreign Affairs.

MY colleagues will remember that the War Cabinet decided on the 29th March that I should explore the possibility of resuming trade negotiations with the Soviet Government on the lines which I described to the Cabinet. I now circulate a memorandum, which has been drafted in consultation with the Board of Trade and the Ministry of Economic Warfare, and which I would propose to hand to the Soviet Ambassador in reply to his memorandum of the 27th March. I consider it desirable for political reasons that His Majesty's Government should, in present circumstances show their willingness to respond to the advance made by the Soviet Government and to discuss trade matters with the latter, even though I realise that these discussions may not have very satisfactory results.

April 15, 1940.

H.

MEMORANDUM.

His Majesty's Government have had under consideration the suggestion recently put forward by the Soviet Government that trade negotiations might be resumed between Great Britain and the Soviet Union.

It will be realised that at the present time it is of paramount importance for His Majesty's Government so to adapt their economic policy as best to further their war effort. Any trade agreement concluded with a neutral Government therefore must be related to present war conditions. In particular, His Majesty's Government would wish to be reassured as to the amount of Soviet goods going to Germany and as to the destination of goods imported into the Soviet Union from abroad—i.e., that these were not destined for Germany, but for use in the Union itself.

His Majesty's Government would be glad to learn what concrete proposals for a trade agreement the Soviet Government would be prepared to make, having regard to the foregoing considerations.

April 15, 1940.
WAR CABINET

April 17th, 1940

Italian Oil Stocks

Memorandum by the Minister of Economic Warfare

I circulate herewith, a note in reply to four points raised in the discussion in the War Cabinet on April 4th on the subject of Italian oil stocks; (W.M. (40) 81st Conclusion minute 1); adding some further relevant information in my possession.

I. SIZE OF STOCKS

The total Italian stocks of oil, held in Italy, Sicily and Sardinia in recent years are believed to have been

<table>
<thead>
<tr>
<th>Date</th>
<th>Tons</th>
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<tbody>
<tr>
<td>Jan. 1st 1937</td>
<td>704,000</td>
</tr>
<tr>
<td>Jan. 1st 1938</td>
<td>833,000</td>
</tr>
<tr>
<td>Jan. 1st 1939</td>
<td>1,100,000</td>
</tr>
<tr>
<td>July 1st 1939</td>
<td>1,600,000</td>
</tr>
</tbody>
</table>

Soon after the outbreak of war Italy began to increase her rate of importation and by March 1st 1940, stocks had risen to over 2½ million tons. The composition of stocks is uncertain, and it is believed that they were made up as under:

<table>
<thead>
<tr>
<th>Type</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude</td>
<td>600,000</td>
</tr>
<tr>
<td>Fuel and Diesel</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Aviation Benzine</td>
<td>150,000</td>
</tr>
<tr>
<td>Motor Benzine &amp;c</td>
<td>580,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,580,000</strong></td>
</tr>
</tbody>
</table>

Additions to stocks during March were 80/100,000 tons, making the total stocks on April 1st about 2.7 million tons.

From forward orders placed by Italy, proposed increases in storage capacity, and other indications, it is clear that...
Italy intends still further to increase her stocks, and, if nothing intervenes to interrupt her present programme, she will, by the end of the year probably hold stocks of 3½ - 4 million tons.

The Cabinet has asked for information on the size of stocks held in Italy at the beginning of the Abyssinian campaign. From the report of the League of Nations Committee of Experts, the figure would seem to have been a minimum of 400,000 and a maximum of 800,000 tons - say 600,000 tons. In this connection it may be worth noting that the Italian Forces in Abyssinia consumed about 25,000 tons of petroleum a month during the last five months of 1935. The Forces engaged, were, however, not large compared with those which Italy might be expected to mobilise in a European war and the figure given does not include expenditure by the Navy or transports.

2. ITALIAN DOMESTIC CONSUMPTION

Consumption of petroleum products in Italy, including naval and commercial bunkers, has varied between 3 and 3½ million tons a year from 1935 to 1938. Of this total, about 1.2 million tons was accounted for by bunkers, naval and commercial.

Rations imposed since the outbreak of war, including efforts to induce Italian ships to bunker at non-Italian ports, have reduced the rate of consumption, including that of the Navy and Armed Forces in the Mother country to about 225,000 tons a month, or 2.7 million tons a year.

Were rationing to be enforced as strictly as in Germany, Italian minimum essential requirements in a first year of a European war may roughly be estimated at not more than

<table>
<thead>
<tr>
<th></th>
<th>Tons</th>
<th>Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navy</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Army</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Air Force</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>Civil</td>
<td>2.75</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.75</td>
<td></td>
</tr>
</tbody>
</table>

The accuracy/
The accuracy of this estimate depends upon the nature of the war waged, but, from what has been said above, it is clear that by the end of this year Italy may have built up a stock of petroleum products sufficient for at least a year of war.

3. LOCATION OF STORAGE CAPACITY

The latest information shows that the storage capacity in Italy, Sicily and Sardinia at the outbreak of war was about 2.9 million tons (including Government tanks of c.1.2 million tons). In addition, the Government is reported to be building tanks of a further 1.2 million ton capacity and has instructed importing Companies to build yet other tanks up to 800,000 tons capacity.

Known storage capacity in the Italian Colonies is:

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italian North Africa</td>
<td>70,000</td>
</tr>
<tr>
<td>Italian East Africa</td>
<td>120,000</td>
</tr>
<tr>
<td>Dodecanese</td>
<td>80,000</td>
</tr>
</tbody>
</table>

The location of tanks existing at the outbreak of war is known in some detail. They are chiefly at the principal ports, with others at refineries. 27% of the total capacity is at Adriatic ports, 23% in Sicily, 17% at Naples and 10% at Genoa and 10% at Savona. Looked at in another way, over 50% of the total capacity is to be found south of a line joining Naples to Bari and 36% north of a line joining Leghorn and Ancona.

The bulk of the new tankage to be erected by the importing Companies will be put up at the principal refineries:

- Venice
- Fiume
- Trieste
- Spezia
- Naples
- Bari
- Leghorn
- Milan

The location of the new Government tanks is not yet known, but that proportion of the new capacity intended to contain Benzine for the Army and Aviation Spirit for the Air Force.
Force is likely to be erected chiefly in Northern Italy. Any additional tanks for naval fuel oil will undoubtedly be erected at the principal naval bases.

4. **Italian Exports of Oil**

The balance of evidence available is against any considerable export of Italian oil to Germany since the outbreak of war. On the other hand there is direct evidence of a transit of certain quantities, probably of lubricating oil, to Germany via Trieste and Yugoslavia. About 300 tons left Trieste for Munich and Vienna during the last ten days of February and there is evidence of further shipments during April. It may, perhaps, be mentioned that the French put the leakage at a much higher figure, but have not yet been able to substantiate this.

Exports to Switzerland, Yugoslavia and Hungary have taken place, although, in granting export licences, the Italian Government broke its assurance given when a tanker reaches a contraband base, that the oil is intended for Italian domestic consumption only - a fact which the Italian Government has admitted - promising anew that further export contracts will only be made with the consent of His Majesty's Government.

This export to neutral countries of oil refined in Italy from imported crude is a means whereby Italy obtains free currency to pay for the chartering of neutral tanker tonnage (principally Norwegian) in order to increase the rate of import and, therefore, the rapidity with which Italian stocks can be increased. As Italy's imported crude is paid for largely in kind and her exports of refined products in free currency, the latter is available to meet the expenses of chartering.

Information at present available shows that Italy proposes to import during 1940 at least 1 million tons in non-Italian tankers. It is estimated that the cost of chartering this tonnage at present rates can be met by exporting as Benzine about one third of their total cargoes.

April 17th, 1940. (Initialled) R.H.C.
WAR CABINET.

SOVIET-GERMAN TRADE.

Previous References:
W.M.(40) 68, Minute 1.
W.M.(40) 77, Minute 1.

Memorandum by the Secretary of State for Dominion Affairs.

1. I think that my colleagues should see the attached telegram No. 155 of the 17th April (Annexure A) which I have received from the Government of the Commonwealth of Australia regarding the anxiety with which they view any measures on our part likely to be provocative to Japan.

2. This telegram follows upon a telegram No. 153 of the 16th April (Annexure B) of which also I attach a copy. The latter message was directed more specifically to the instructions which it was understood had been or were being issued to the Commander-in-Chief, China Station, with a view to the exercise of contraband control in the Far East as part of the measures recently agreed with the French Government in order to prevent goods likely to be of use in the prosecution of the war from reaching Germany through Soviet Russia. I attach copies of the telegrams (Circular D No. 123 of the 13th April and No. 124 of the 14th April) which were addressed to Dominion Governments on this matter (Annexures C and D).

3. My colleagues will appreciate that this attitude of anxiety on Australia's part is no new development.
It was expressed earlier this month in a message from Mr. Menzies which reached me through the High Commissioner for the Commonwealth in London on the 5th April, from which I attach the relevant passage (Annexure E). This message was sent in reply to a preliminary communication of the conclusions reached at the meeting of the Supreme War Council on the 28th March. But it may be recalled that earlier in the war, before a decision was reached by the Commonwealth Government to despatch an expeditionary force from Australia, it was necessary for us to reassure the Commonwealth Government as to our general relations with Japan and, indeed, to give them a specific assurance that in our view the political position in the Far East was such that the Commonwealth's safety would not in any way be jeopardised if an Australian force proceeded to the immediate theatre of war. Reference may also be made to the papers prepared for the visiting Dominion Ministers in November, 1939, (D.M.V. 39) 2 and 4. It was on the basis of the appreciation of the Far Eastern situation given in these documents that Mr. Casey, the Commonwealth Minister who was then in London, advised his Government in favour of the early despatch of the first Australian contingent.

4. It appears to be doubtful at present whether we shall be able to carry the Commonwealth Government with us in our proposed policy as outlined in Annexures C and D. These telegrams to the Dominion Governments were based upon telegrams sent by the Secretary of State for Foreign Affairs to H.M. Ambassadors at Tokyo and Washington, which did not contain instructions for immediate action but informed them of the measures to be taken against the Soviet Union and asked for their views upon the proposed negotiations with Japan and on certain parallel action to be taken in Washington.
5. I would suggest for the consideration of my colleagues:

(a) that the views of the Commonwealth Government and of the other Dominion Governments when they are received, should be carefully examined in conjunction with the replies expected from H.M. Ambassadors at Tokyo and Washington;

(b) that the orders which were about to be issued to the Commander-in-Chief, China Station, for the interception and diversion of neutral ships, should if possible be suspended for the present. This may, I assume, involve parallel action by the French Government;

and, given affirmative decisions on (a) and (b),

(c) that I should be authorised to inform the Commonwealth Government that our intentions are as at (a) and that action is being taken as at (b).

(Initialled) A.E.

Dominions Office.

17th April, 1940.
A.

CYPHER TELEGR.M.
COMMONWEALTH OF AUSTRALIA.

From the Government of the Commonwealth of Australia.
Dated 17th April, 1940. Received 10.19 a.m. 17th April.

IMMEDIATE.

No. 155 Most Secret.

In view of possibility of Allied Governments having to consider proposals involving the extension of war measures, especially in regard to economic warfare, we would ask to be informed immediately of important issues affecting the Far East, especially action likely to be regarded by Japan as provocative or discriminatory.

You will appreciate our anxiety to maintain stability in this region and we would like to be consulted beforehand on any such proposal in order to be given an opportunity of submitting our views before a final decision is reached. Ends.
IMMEDIATE.

No. 163. Most Secret.

Your telegram No. 123 Circular D of 13th April.

We are gravely concerned at the issue of orders to China Station to intercept ships destined directly or indirectly for Vladivostock, especially in the light of my telegram of 4th April which expressed our considered view that such action would be provocative and ineffective.

It would seem from reports issued by the Ministry of Economic Warfare that the major stream of traffic via Trans Siberian Railway emanates from American sources and action being taken would check minor stream only, as carried on mainly by Japanese and Dutch vessels voyageing along southern routes.

Further, the proposal outlined in your telegram No. 124 Circular D to negotiate an agreement with Japan to reduce export of vital commodities to Russia and Germany is out of harmony with the decision now in question and seems likely to be nullified at the outset.

From the broadest aspect it appears to my Government that the war is entering on the vital and critical stage when it is incumbent on us not to precipitate matters either with Italy, Russia or Japan. With the first two it can be assumed that a decision by them to participate will be quite outside Allied control, but with Japan the issue may well depend on our own conduct and actions.
Thus apart from the disquieting effect on the Australian position we feel that in general interest of the Allied effort that the gain to be achieved by interception and diversion of ships in the Far East is not commensurate with the risks involved. In this respect we are bound to say that the proposal for a negotiated agreement should in our opinion, be first put into effect and then if these negotiations in fact fail, further consideration can be given to the more drastic action of direct interception.

For these reasons we urge that orders already given be immediately reviewed before untoward incidents can occur. Ends.
CYPHER TELEGRAM.

CIRCULAR.

To the Governments of Canada, Commonwealth of Australia, New Zealand, Union of South Africa.

Sent 9.15 p.m., 13th April, 1940.

Circular D. No. 123. SECRET.

In connection with possibility of tightening up blockade against Germany we have examined, in consultation with the French authorities, the measures open to us in respect of control of imports into Asiatic Russia. We have reason to believe that it will shortly be possible for Germany to develop the importation of deficiency commodities of relatively high price and small bulk over the Trans-Siberian Railway and though we are ready to explore possibilities that may offer we feel unable to place any confidence in such assurances of non-re-export as may be forthcoming from the Soviet Government.

The immediate action open to us appears to be:

(a) the imposition of drastic restrictions on exports to Russia in so far as restrictions have not already been imposed;

(b) the interception and diversion for examination principally in Indo-Chinese ports of ships of all nations thought to be carrying cargo to suspect destination.

We are taking immediate steps in regard to both these courses of action.

As regards (b), orders have been sent to the Commander-in-Chief, China Station to intercept ships if possible south of a line 21° 21' north destined directly or indirectly for Vladivostok; Japanese ships from South East Asia, are in no case to be intercepted North of this
line and interception is not to be carried out within sight of the Japanese coast.

Similar instructions to the French Naval authorities have been given by the French Government.

It is hoped that in so far as restrictions do not already exist on the export to Russia of any goods of importance for the prosecution of war His Majesty's Governments in the Dominions will be prepared to take similar measures to those being taken here. We should of course be ready to advise in any case of doubt.
CYPHER TELEGRAM.

CIRCULAR.

To the Governments of Canada, Commonwealth of Australia, New Zealand and the Union of South Africa.

Sent 3.0 a.m. on the 14th April, 1940.

Circular D No. 124, SECRET.

My telegram of Circular D No. 123.

As immediate action open to us to prevent the acquisition by Germany of deficiency commodities via Asiatic Russia is of limited scope, His Majesty's Government in the United Kingdom, in consultation with French Government, consider that further endeavour should be made at once to overcome the practical difficulties in the way of making any system of control completely effective, i.e., through some sort of understanding with Japan to ensure her collaboration in the measures to be taken and some kind of understanding also with the United States.

2. We should thus wish to open negotiations with Japan for an understanding whereby she would undertake:

(a) to prevent commodities specified by us as being those most needed by Germany for war purposes from leaving Japanese territory or territory at any time under Japanese control for any Russian or German destination whether directly consigned to either of those countries or sent via a third state;

(b) being carried to any such destination on any Japanese controlled form of transport by sea, land or air.

(b) to take measures to restrain Japanese traders, etc., from taking part in or facilitating transactions likely to lead to the importation of those commodities either to Germany or Russia.
(s) to prevent the use of Japanese or Japanese controlled ports for the trans-shipment of such commodities destined for Germany or Russia.

3. In return, it is thought that we should have to consent to facilitate the acquisition by Japan of raw materials or other key commodities which she requires from British or French sources up to certain quantities which could be shown to be justified for her domestic requirements judged by her minimum imports during the last five years, less the amounts usually re-exported by her to Germany and Russia.

4. With a view to the successful conduct of these negotiations, it is proposed that we should temporarily place somewhat severe restrictions on the export to Japan of certain key commodities of which she is known to stand most in need, explaining our action to her on the grounds of military necessity and domestic needs. During our negotiations we should maintain contact with the French Government, whose negotiations, it is thought, should be parallel but not joint. Our negotiations would be conducted in London by the Minister of Economic Warfare in order that political issues extraneous to the economic questions involved should not be introduced.

5. Simultaneously, we should propose to make approaches (a) to the Chinese Government with a view to arriving at an understanding for the restriction of their exports to Russia under the Sino-Soviet Barter Agreement, and (b) to the Netherlands Government with a view to limiting the export of tin and rubber from the Netherlands East Indies to Vladivostok or to Deiren.

6. With a view to arriving at some sort of complementary understanding with the United States, we should propose to explain to the Administration what action is intended, the
reasons for it and why some measure of co-operation by the
Japanese is essential to this end. It would be made clear
that we have no intention of trying to secure Japanese
co-operation by any deflection from the line which we have taken
in regard to Japan's actions or intentions in China. While
the United States authorities may feel unable to go beyond the
maintenance of their present policy of moral embargo on certain
goods normally imported by aggressor nations, it is hoped that
they would be prepared to acquiesce in our negotiations with
Japan and, without withdrawing the assistance to our cause
which their embargo policy might represent, to acquiesce in
the limited supply by us of certain key commodities to Japan for
the special objects described above and to refrain from making
difficulties over the interception of United States ships or
cargoes bound for Vladivostock or Dairen.

7. In view of the urgency of the matter, details of the scheme
outlined above have been communicated to His Majesty's
Ambassadors at Tokyo and Washington with a view to obtaining
their advice as to probable reactions of Japanese and United
States authorities respectively if it is decided to make
official approaches on these lines. As soon as the Ambassadors' views have been received they will of course be communicated to you at once. Meanwhile, His Majesty's Government in the
United Kingdom would be very grateful for an early expression of the preliminary views of His Majesty's Government in

Canada,
Commonwealth of Australia
New Zealand
Union of South Africa

and or information whether the

Canadian
Commonwealth
New Zealand
Union

Government would be prepared to co-operate in the measures
proposed in paragraph 4 above for temporarily restricting the supply of key commodities to Japan in so far as restrictions to the quantities mentioned have not already been imposed. Principal commodities which we have in mind in this connection would be ferro-alloys, non-ferrous metals, scrap and pig iron, phosphates, rubber, wool, jute and jute bags, asbestos, mica and industrial diamonds.

We feel sure that the (Canadian  
Commonwealth  
New Zealand  
Union  ) Government

will appreciate the importance of treating this subject as most secret and of ensuring that our intentions are in no way disclosed.
Extract from message from the Prime Minister of the Commonwealth of Australia received through the High Commissioner for the Commonwealth in London, on 5th April, 1940.

(4) Contraband control in the Far East. I cannot understand how we can make a (tankers) contraband control effective in an ocean area in which one country of immediate (neighbourhood), that is, Japan has a marked naval superiority. As matter appears to me and to my senior colleague with whom I have discussed it, this control would tend to be provocative and ineffective in relation to Japan and the United States of America and might well turn out to be enforceable only against smaller countries like Netherlands East Indies who are our (friends). Having regard to the enormous transport problem of taking goods into Russia along trans-Siberian line we are strongly of opinion that contraband steps proposed are likely to achieve results incomparably smaller than risks which they would create. Perhaps you have some fuller information on these points than has been communicated to us. But having regard to fact that in despatching forces abroad we have increasingly assumed neutrality of Japan, there would be considerable uneasiness in Australia at adopting of any measures in the Far East which are calculated to bring us into conflict with Japan.
MEMORANDUM.

BY a conclusion of the 4th April, the War Cabinet invited the Secretary of State for Foreign Affairs to examine our whole policy in regard to Italy with particular reference to contraband control measures, in consultation with the Minister of Economic Warfare. A Committee was accordingly set up under the Chairmanship of the Parliamentary Under-Secretary of State for Foreign Affairs and consisting of representatives of the Foreign Office, the Ministry of Economic Warfare and other Departments.

2. Attached is a detailed analysis (Annex I) of the position as it presents itself to the Committee: it appears that we have a choice of adopting one of two policies:

(a) To make a further attempt to reach an agreement with the Italians, or
(b) To abandon any idea of reaching an agreement and instead to make our contraband control and economic warfare at least as effective in regard to Italy as a non-belligerent as in regard to minor powers as neutrals.

The choice between these two policies is as follows:

3. The first policy would not ensure Italy staying out of the war but would make it less likely that she would come in at an early date; at the same time it would
would make Italian stocks a temptation to Germany, prolong delay in the effectiveness of our blockade against Germany, and ensure that Italy would be stronger if she entered the war against us at a later date.

4. The second policy would definitely incur the risk of an early explosion on the part of Signor Mussolini, with all that this involves politically and strategically, but should on the other hand weaken Italy's capacity to participate in a war against us and should render our blockade of Germany more effective.

5. While the purely blockade point of view calls for the adoption of the second policy (alternative (b)), the political and strategical risks at this moment involved are not likely to be ignored.

6. In these circumstances it is clear that to adopt alternative (b) would land us into a position from which it would be difficult to retreat if things went badly in Scandinavia or elsewhere, whereas the adoption of alternative (a) in the manner suggested below would always leave us free to switch to alternative (b) if events caused us to feel confident that we could do so without untoward consequences.

7. For this reason it is recommended that for the moment alternative (a) be adopted cautiously and subject to the following overriding considerations:

(a) That we should give away nothing that would unduly increase Italy's war potential, whether materially or financially, and that we should endeavour to obtain an adequate quid pro quo.
(b) That we should in no circumstances give the Italians the impression that we were making advances which might be misinterpreted as a sign of weakness.
(c) That we should endeavour to bring the French Government into line with this policy.

8. In order to give effect to the foregoing, it is recommended that:

(i) So far as contraband policy is concerned, no approach should be made to the Italians over State Guarantees, but that we should show a readiness to examine any proposals they may make should they take the initiative in raising the matter with us; and that on our side we should seek to tighten up our control in an unostentatious manner by negotiating agreements with well-disposed concerns and by treating ill-disposed concerns with severity when justified by valid evidence.
(ii) The French Government should be approached with a view to better co-ordination in controlling the flow of war material from the British and French Empires to Italy.
(iii) An endeavour should be made to reach a conclusion in the negotiations now in progress to place an order for a number of merchant ships in Italy.
(iv) Instructions should be sent to the Treasury representative now in Rome authorising him to conclude a clearing agreement on the basis of accepting the fundamental points on which the Italians have insisted (see Rome telegram No. 350 (Annex III)), provided that the distribution of the proceeds of normal (as opposed to "special") purchases is not less favourable to us than the existing arrangements.
(v) The present guarantee facilities for Italian purchases of their requirements of coal should be continued for the time being up to the rate of 4 million tons a year provided that the arrears in payment are not considerably increased.
(vi) We should maintain or increase our purchases of horticultural produce in so far as we need such produce, since our purchases are likely to have a considerable political effect, and from the foreign exchange point of view lire purchases are preferable to dollar purchases.

H.
R. C.
ANNEX I

Relations with Italy, with particular reference to Contraband Control.

Since the outbreak of war in September the declared attitude of Italy has been one of "non-belligerency." This means at the lowest that Italy, although a declared Ally of Germany, takes no part in the conflict but does not disinterest herself from it or from the eventual peace settlement, and, meanwhile, seeks to secure economic advantages from both sides. The Italian Government have until recently carefully abstained from adopting any markedly favourable inclination towards either belligerent. During the past few weeks, however, there have been signs that Italy has been withdrawing from sympathy with the Allies (the breakdown of our own negotiations in February was the first definite sign of this) and has been gradually modifying her attitude in a sense favourable to Germany, probably as a result of the Brenner meeting. The chief tangible evidence of the latter development is the decidedly anti-Allied tone taken on by the Italian press and broadcasts, and, in particular, the support universally given by the Italian press during the last few days to the German aggression on Denmark and Norway. The possibility of an Italian move, e.g., in the Adriatic, should the Allies fare badly in the North and in the West, cannot be excluded.

2. An overt change in Italy's attitude dates from the visits of Herr von Ribbentrop and Herr Hitler to Italy, and is doubtless to be ascribed to German threats and success in persuading the Italian Government that it is to their interests to give Germany greater support than hitherto.

3. These developments, though symptomatic of the present Italian desire not to be drawn into a pro-Allied policy, need not necessarily be taken as an indication of an ultimate Italian intention to enter the war on the side of Germany, and, in particular, the pro-German tone of the Italian press may have been engineered, as has been done in the past, for technical purposes in order to increase Italian nuisance value abroad and counteract the swing of public opinion at home away from Germany.

4. Decisions in such matters still rest solely with Signor Mussolini. A question which at once suggests itself is whether the Duce can be certain of the support of the country if he decides to enter the war on Germany's side. Count Ciano and most of Signor Mussolini's expert advisers, including Marshal Badoglio, though not apparently all his other military advisers, are against war on Germany's side. The same is true of the King, of Catholic opinion and the opinion of the people as a whole, particularly in the industrial north. Signor Mussolini, on the other hand, can rely on the loyalty of the Fascist party, which, although it contains a minority who are critical of his leadership, consists to a great extent of young men who would unswervingly follow his lead whatever their private sentiments might be. Signor Mussolini would also have the powerful backing of the rural population in Italy, whose needs he has always been careful to foster. It is thus by no means safe to assume that Signor Mussolini would not be able to carry the Italian people with him in the event of a decision to enter the war on Germany's side, and this, no doubt, is a factor which is present in his own mind. On the other hand, the fundamental difficulties of Italy's strategic position remain, and these are not likely to be forgotten by Signor Mussolini. With the control of Gibraltar and the Suez Canal, Italy's overseas trade can be completely stopped; and the new African Empire would be a pledge in the hands of the Allies. Signor Mussolini is, therefore, not likely to cast in his lot with Hitler unless and until he believes that the Allies are on the point of collapse. Then he would undoubtedly wish to come in for his share of the booty.

5. In any case, the background against which the question of the expediency of reopening economic negotiations with Italy has to be examined is that of a country which, ostensibly at least, is being led by its dictator into an attitude of increasing unfriendliness towards the Allies.

* The implications of the conception of non-belligerency are by no means clear, and are examined in Annex II.

[21165]
6. The present position of our economic relations with Italy is unsatisfactory, since they are not governed by any positive policy. At present the application of contraband control in regard to Italy is satisfactory neither so far as Italy herself is concerned nor in relation with our policy towards other neutrals. Our control of contraband and enemy exports, in practice as applied to Italy, is becoming increasingly ineffective. Evidence of some leakage of imports through Italy is accumulating, and this leakage, according to current information, is likely to become more serious. Further, there is evidence of German exports passing through Italy on a considerable scale. Nor should we forget that imports into Italy have already improved her war potential since September 1939.

7. The Italian authorities, in matters of control machinery, have on the whole been not unhelpful, but we have been forced to adopt a régime in handling Italian ships and cargoes which has exposed us to the criticism in neutral countries that we have shown favour to Italy, as to other first-class Powers not engaged in the war, because we were frightened of them. In the absence of a decision to tighten up our contraband control as regards Italy, we lack the moral ground for tightening it elsewhere. Thus our contraband control policy towards Italy is to some extent the keystone of our general contraband policy.

8. Any further development of contraband traffic through Italy (and there is considerable evidence that Germans, Italians and neutrals alike are busy devising means to foster it) will inevitably create a source of supply which is likely to have serious strategic consequences. This leakage, actual and potential, should clearly be taken into account when considering the value to us of keeping Italy out of the war. The longer the present state of affairs continues, the greater the leakage and the more Italian stocks will accumulate, until a country which was admittedly not in a position a few months ago to be a serious opponent may well achieve that position.

9. The existing situation is thus unsatisfactory. It not only fails to satisfy the Italians, but also hampers our general policy of contraband control and seriously interferes with our economic warfare against Germany.

10. At the moment two alternative lines of policy appear to be open to us: either—

(a) To make a further attempt to reach an agreement with the Italians; or

(b) To abandon any idea of reaching an agreement and instead make our contraband control and economic warfare at least as effective in regard to Italy as a non-belligerent as in regard to minor Powers as neutrals.

It is assumed that, in coming to a decision as to which of these two policies should be adopted, His Majesty's Government will be largely influenced by the consideration as to which of the two is the more likely to contribute to keeping Italy out of the war. It is here relevant to observe that the Chiefs of Staff, in a memorandum of the 26th March on "certain aspects of the present situation," have given it as their opinion that "the intervention of Italy on the side of Germany would greatly complicate our difficulties," and have recommended that, if, as may be the case, Italy is at the cross-roads, "all possible steps should be taken to ensure that she moves in the right direction."

11. It seems to follow that—

(i) If it were decided to attempt to reach agreement, our object in doing so would be to build up for ourselves so favourable a body of opinion in Italy as to make Signor Mussolini entertain doubts as to his ability to carry his population with him should he desire to intervene in the war against us, though at the same time we should wish to keep her war potential as low as is possible consistently with the first objective.

(ii) If, on the other hand, it were decided to make our contraband control and economic warfare policy really effective, our object would be to increase our present pressure on Germany. It would at the same time be our object to prevent Italian war potential, which at its present level is thought to be insufficient for her entry into a major war, from reaching a point where Italy would be able to contemplate
this, subject always to the danger of taking any action which could successfully be represented as an economic "sanction" at a moment when this would be politically unwise.

12. Both these alternative policies present certain positive advantages. The first policy would seek to ensure Italian neutrality at this stage of the war, but would not obviate the certainty that after a longer or shorter interval Italy would have increased her effectiveness for war. This fact, however, would be counter-balanced to some extent by the growing strength of Turkey. The chief risk inherent in the alternative course would be that of provoking an immediate explosion on the part of Signor Mussolini, though it is by no means certain that such an explosion would occur so long as the state of Italian economic conditions remains as precarious as it now is, and a restrictive policy would certainly render it even more precarious.

13. These two alternative policies will now be examined in more detail.

Alternative A.

14. We have already tried negotiation and have failed. It may be instructive to examine the circumstances which led to this failure, since another attempt at agreement may be more successful if the negotiations are conducted on a different basis.

15. The ostensible, and probably chief, reason was because we insisted that the goods supplied by Italy should include a high proportion of war material. Any insistence on the supply of war material as such in the future is thus doomed to failure. It is debatable how far, apart from political considerations, an economic agreement without the supply of war material presents positive attractions, unless certain manufactured goods, such as ships, which we really need can be obtained. It is, however, clear that if we are to succeed in doing anything in the future, exchanges more limited in scale and scope than were contemplated in February are inevitable.

16. The second lesson to be learnt is that much concern and annoyance was caused in Italy by what appeared to be unnecessary delays and lack of co-ordination between different Government Departments here.

17. Lastly, we tried to combine a number of issues in a single negotiation which, as events showed, was bound to fail if any one element proved to be an insuperable obstacle.

18. It may be inferred from this that any resumed negotiations involving a wide range over the economic and commercial fields should be co-ordinated in London and between London and Paris, and should be conducted under a single direction (e.g., a Committee such as that which has met to prepare the present memorandum), which will allow of a greater efficiency in negotiation. This policy should aim at achieving so far as possible a combination of commercial exchanges with some limitation of Italian purchasing power and re-stocking, which might be effected by regulating the sale of raw materials from British and French domestic and Imperial sources. Even without applying the contra-band control machinery for this purpose we could at any rate limit the supply of essential raw materials from Allied sources. But it is useless to embark on this policy if the French pursue an unmethodical purchase policy and continue to seek to buy on the widest possible scale in Italy and to supply raw materials, some of them from British sources, the export of which to Italy we are engaged in trying to limit. French consent to this policy in its entirety would therefore be essential.

19. Our purchasing policy and that of the French, if this line is followed, should be directed to supplying our needs and at the same time to purchasing such goods as are likely to affect popular opinion in our favour. In this category are domestically produced agricultural products, the sale of which affects a large proportion of the peasant population, and the construction of ships, the labour content of which is sufficiently high to ensure a satisfactory level of employment in shipyards, &c.
20. In the application of our contraband control machinery, we should seek to eliminate measures which allow ill-disposed firms to profit and alienate the sympathy of well-disposed concerns. We should rather seek to favour well-disposed firms and treat ill-disposed firms with severity. It might further be necessary to consider accepting some form of State Guarantee, if the Italians proposed some system which appeared not less effective than the contraband control machinery in use at present. Whether the existing system were continued, or a State Guarantee system adopted, risk of leakages into or out of Germany and accumulation of Italian stocks must be faced.

21. This line, which we have called Alternative A, admittedly involves taking some risks. We should probably have to place orders for ships, possibly at rather high prices, and provide the raw material for their construction, with our eyes open to the possibility that this raw material might be used by the Italians for themselves if the general situation developed unfavourably between the United Kingdom and Italy.

Alternative B.

(To make our contraband control and economic warfare effective in Italy.)

22. This alternative policy would aim at reducing to a minimum Italy's value to Germany not only as a source of supply, but also as a possible belligerent on her side. In its practical application this policy involves the rigid enforcement of whatever contraband measures are available to us, including where necessary the imposition of forcible rationing.

23. So far as reducing Italy's war potential is concerned, action would be twofold. In the first place our object would be as far as possible to suspend the supply to Italy of all strategic raw materials from Allied sources.

24. The second way in which steps could be taken to reduce Italy's war potential is, to the extent that it is politically desirable and juridically defensible (see annex II), to use the machinery of contraband control, and particularly of rationing. The purpose of this would be to reduce Italy's imports of strategic raw materials to a level consonant with her immediate needs, thus preventing the further accumulation of stocks which, if they were not transferred to Germany at a later date, might well eventually be used against us.

25. The risks inherent in adopting alternative B are an immediate outburst of popular opinion in Italy which could be exploited by Signor Mussolini and might bring Italy into the war against us at an early date. It is not, of course, certain that such an outburst would result, or, if it did, that it would necessarily lead to Italian entry into the war. In this connexion it is worth noting that the feeling in the Industrial North is reported as growing less favourable to the Allies, due in part to failure to reap the benefits anticipated from some trade settlement. In any case it can safely be said that the immediate risks of Italy going against us are undeniably greater than if we were to adopt alternative A. On the other hand alternative B, if vigorously applied, might have the effect of maintaining Italian economy in a state in which active participation in a major war would be very difficult.

26. Whether we adopt alternative A or alternative B, it should be our object to deal with the negotiations about a Clearing Agreement and the export credit guarantee facilities in respect of coal for Italy in such a way as will, on the one hand, avoid unreasonable concessions which would strengthen Italy's war potential and at the same time weaken our own war effort, and, on the other hand, avoid a political explosion such as might result if we were completely to cut off the export credit facilities or to break off the clearing negotiations, without going as far as we reasonably can to meet the Italian views.

27. In giving special facilities for the export of United Kingdom coal to Italy, we are undoubtedly assisting Italy in a way which would make it easier for Signor Mussolini to go to war with us if he decides to do so. At the same time, contracts have been concluded to cover 4 million tons and, provided that the amount of coal shipped is kept within these limits, and that the delays in
payments do not increase considerably, it seems wiser to retain these special facilities for the time being rather than to provoke an explosion by cutting them off.

28. As regards the Clearing, the Italians are anxious to use as much as possible of their sterling for raw materials and to obtain our agreement to certain payments being made to Italy by France in the form of sterling, which can also be used for raw materials. The Italians insist that our "special" purchases must be separate from our "normal" purchases, and that the sterling paid to them in respect of special purchases shall be available for raw materials which can be purchased in sterling. Our object, on the other hand, is to secure that as large a part as possible of the Italians' sterling is used to cover their purchases of United Kingdom goods and their financial debts in the United Kingdom. Our special purchases represent raw materials, such as hemp, mercury and sulphur, and also ships. The Italians can probably find a ready sale for such goods, and it does not seem on the whole unreasonable that they should stipulate that we should pay them in sterling which can be used for raw materials. But we can reasonably insist that all, or nearly all of the sterling derived from our normal purchases should be used for United Kingdom goods (including both coal and a reasonable proportion of manufactured goods). Therefore no new arrangement should be made in regard to the proceeds of normal purchases which are less advantageous to us than the existing arrangements. If the Italians are prepared to make a clearing agreement without waiting to see how military and political events develop, they will probably be prepared to accept an agreement on the above terms. If, however, they are not prepared to make any reasonable clearing agreement for the time being, we can only suspend negotiations as quietly as possible in the hope that they can be resumed later on. Instructions on the above lines are, in agreement with the departments concerned, being sent to Mr. Playfair, the Treasury representative in Rome.

ANNEX II

Prepared by the Attorney-General after discussion with the Master of the Rolls, the Procurator-General, the Legal Advisers to the Foreign Office and the Minister for Economic Warfare.

(1) CONTRABAND control is directed to stopping contraband goods reaching the enemy. If the goods are consigned to a neutral port the justification for seizure and placing in Prize is presumed enemy destination. There is no legal basis in the rules of contraband for preventing goods reaching a neutral upon the ground that they will be used for increasing the stocks actually required for her own purposes, whatever those purposes may be.

A large increase of imports by a neutral adjacent to a belligerent may in many cases be regarded as raising a presumption that some of the increase is due to a passing on of some of the consignments to the enemy. The statistical evidence, though it may justify seizure, is in the absence of other evidence not a good basis for condemnation, as the Prize Court is concerned with the particular cargo. The fact that some cargoes are going to the enemy does not in itself show that the particular cargo is so destined, although if the increase is sufficiently great it may shift the onus of proof and place on the claimant the burden of showing that the destination is not enemy. The net result is that the ultimate legal sanction behind a forcible rationing system is unsatisfactory; nevertheless the existence of sufficiently large imports may well afford full justification for the seizure of cargoes and investigation. This would be greatly reinforced where there was evidence of leakage to the enemy and also where the neutral, as in the case of Italy, was known to be in especially close touch with him.

In the ordinary case of a country with a large increase in imports, it is therefore possible (legally) to detain, hold up, or seize cargoes for a time and prevent them in practice reaching their original destination. It must always be
remembered also that a rationing system can to a great extent be worked by indirect means such as arrangements with overseas exporters, refusal of navigation certificates, &c., which avoid the necessity for actual seizure in prize.

In principle, therefore, the possibility of rationing a country on a purely contraband basis need not, from a legal point of view, be ruled out.

(2) In the special case of Italy the practical point which arises may be thus explained. Italy has in practice submitted to our contraband control. If we seize a cargo in relation to which we have some evidence of enemy destination other than a mere inference from statistics, we have a practical answer to any diplomatic representations which may be made by Italy in reference to that cargo. If, however, the only ground upon which we detain the cargo is a statistical one, the answer to a diplomatic representation becomes more difficult. We might reply merely that we had reason to suspect enemy destination and that the matter must be decided by the Prize Court. This would be met in the more important cases by a statement that a guarantee had been given or would be given by the appropriate para-statal body or corporation, and this might lead to a difficult situation. If the seizure were followed by others, it would become clear to the Italians, who are extremely sensitive on the subject of sanctions, that we were endeavouring to limit her imports not because we had genuine reason to suspect enemy destination, but because we desired to do so on other grounds not connected with contraband control at all, e.g., limiting her war potential or putting economic pressure on her with a view to influencing her policy. This latter point is also one on which the Italians are very sensitive. In practice, therefore, the seizure of goods consigned to Italy on purely statistical evidence would probably lead to a difficult political situation which could not be met by pure advice, and the Italians would never accept a purely statistical explanation of our action. The result is that the question of applying to Italy a rationing system based on statistical considerations becomes, from a practical point of view, a political and not a legal one.

(3) The matter can be approached from a point of view not concerned with contraband. If one assumes that a declared neutral was building up stocks for the purpose at a later stage of coming into the war against us, control or stoppage of her imports for this purpose would have to be on political grounds. Such action might be regarded as proper under general international principles, but there would be no legal basis for a condemnation by the Prize Court as contraband. It would be an act of the Government to be justified on political grounds and, so far as International Law is concerned, would be a measure of restraint short of war, which might, of course, be treated by the country against which it was directed as a casus belli.

(4) The above is on the basis that Italy is to be regarded as a neutral. Also it is not, of course, dealing with goods originating in Allied territory, the trade in which is under our own control. The rationing of such goods can be effected by other means.

(5) Italy has declared that she is not a neutral, but a non-belligerent. This is a new expression invented by Italy herself for which there is no precedent in International Law or practice. Italy alone can explain what she means by it; failing any explanation by her, the only means of ascertaining her meaning is by drawing inferences from her behaviour. It might be pertinent to ask whether the expression means that she accepts the obligations of neutrality or, if not, what her position is. This might assist in the proof of presumed-German destination of cargoes, but the purpose of this paragraph is to consider the matter on wider grounds. Either the label which she has attached to herself, or her acts, might entitle us to treat her as in some middle region between neutrality and belligerency. Obviously in these circumstances no reasonable criticism could be directed against us merely for not treating her in all respects as a neutral. The political argument is clear, but the question arises whether this would afford any basis for applying Prize Court procedure to cargoes destined for her which it was not suggested had an enemy destination.

If a country adjacent to an enemy voluntarily allowed that enemy facilities in the prosecution of the war which was in breach of neutrality obligations, one might reach a stage when it would be justifiable to notify the world that her territory would for contraband purposes be treated as enemy territory. She could, of course, treat this as a casus belli. Short of this, Prize Court condemnation would have to be sought on wholly novel grounds. Though no doubt an
argument could be presented, it would, so far as one can predict, be unlikely to succeed. A country adopting or seeking to adopt this intermediate position could legitimately be asked to declare herself either a neutral or a belligerent. If she declined to declare herself neutral, she could on recognised grounds be treated as an enemy. Or measures of restraint short of war could be applied which she in her turn could treat as a casus belli.

ANNEX III.

Sir N. Charles to Viscount Halifax.—(Received April 11.)

(Rome, April 11, 1940.)

Following from Playfair:—

"My telegram No. 348.

"At the meeting to-day with Masi he said he had been unable to find a solution along the lines we wanted though he had worked hard to do so. He therefore had prepared counter-proposals as it would be necessary, first of all, to reach agreement on three points of fundamental importance.

"1. First point was the separation of special from normal purchases. Italy's need for raw materials was such that they must insist that payment for the former should go to the special account, subject perhaps to a percentage not above 15 per cent. or 20 per cent. going to the coal account. He was anxious if possible to raise the takings of coal for the rest [? of the year] from 100,000 tons a month to 150,000 tons.

"2. Secondly, he must insist on the transfer of account [? in] francs to the special account of sterling though an upper limit could be discussed.

"3. Thirdly, he said in spite of many attempts by himself and his colleagues he had been unable to arrive at a solution of clearing rate question which did not infringe the dollar principle which they could not break. He did not hide his sympathy with the idea: he desires to find such a solution, but said it must be ruled out on grounds of principle. He said, however, that he regarded the price problem as an internal one which Italy would have to deal with by means of export bounties according to her present policy.

"5. When I remarked that we, as a clearing country, did not get the benefit of the existing premium on free currencies, he said there were obvious grounds for distinguishing between us and the Balkans and that the system could be changed. It was wholly to their advantage to push normal exports to us.

"6. In view of your telegram No. 202 I did not answer the first two points, and further argument on the third seemed to me futile at least. I therefore informed him that I would convey his proposals to you and seek further instructions.

"7. I did, however, point out to him that no solution was likely to be acceptable to you which left so little for (c) and (d), and which at the same time gave an allocation for free sterling from a denuded clearing. I thought it certain that you would ask for increased allocation for the first two and probably that you would ask for abolition of the last which is a luxury item. Masi regarded the former question as one detail to be considered later, on the latter he said that the allocation was small and deprecated our negative attitude."
Reduction of Volume of British Shipping in Mediterranean.

Note by Minister of Shipping.

1. On 18th April, the Cabinet:-

"Invited the Minister of Shipping to consider whether, and if so, what measures should be taken at once to reduce the volume of British shipping passing through the Mediterranean, and to report to the War Cabinet".

2. The following action is actually being taken:-

Vessels sailing from Australia or New Zealand to the United Kingdom via Suez are from 19th April onwards to be routed via the Cape, except the fortnightly mail service from Australia, which will continue via Suez and carry any supplies for the Middle East Force. It may be necessary to send other ships from Australia to Egypt in order to carry the whole of these supplies.

Government stores outwards for the Mediterranean will be concentrated in as few vessels as reasonably possible particularly in the cases of vessels bound for East of Suez. Outward tramps in ballast from U.K. for Australia will proceed via the Cape. Other outward arrangements to remain as at present.

The action applies to British vessels or neutrals time-chartered to us.

Overseas Bunker Depots, coal and oil, affected by a diversion, will be stocked up.

3. The next steps which can be taken in order of priority would be:

(a) Liners sailing outward to Australia and New Zealand via Suez to be routed via Cape, except mail steamers.

(b) Liners, tramps and tankers proceeding to and from Far East, East side of India and East Africa to be routed via Cape.

The loss of time on these voyages would be:

<table>
<thead>
<tr>
<th>Destination</th>
<th>At 12 knots</th>
<th>At 9 knots</th>
</tr>
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<tbody>
<tr>
<td>To and from Far East</td>
<td>12 days</td>
<td>16 days</td>
</tr>
<tr>
<td>&quot; &quot; &quot; East side of India</td>
<td>14 &quot;</td>
<td>16 &quot;</td>
</tr>
<tr>
<td>&quot; &quot; &quot; West side of India</td>
<td>16 &quot;</td>
<td>22 &quot;</td>
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<tr>
<td>&quot; &quot; &quot; Persian Gulf</td>
<td>16 &quot;</td>
<td>22 &quot;</td>
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<tr>
<td>&quot; &quot; &quot; East Africa</td>
<td>9 &quot;</td>
<td>12 &quot;</td>
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If (a) or (b) were decided upon, a decision would also be required whether the order should apply only to ships which have not yet sailed, or to ships en route as well, so far as these are not in the Mediterranean.

Diversion of vessels loading on the West coast of India or in the Persian Gulf would lengthen the voyage by approximately 50%.

(c) Mediterranean.

Tramps bound for Mediterranean not to discharge or load East of Tunis unless taking Government stores to Egypt, Palestine or Turkey. This would cut out Italy, Malta, Danube and Egypt, but would allow loading of ore in North Africa.

Tankers not to load at Constanza or Haifa except for Egypt, or destinations East of Malta.

4. British ships and neutral vessels on charter to Ministry of Shipping might be bunkered so that they can be diverted via Cape if necessary without intermediate replenishments. This action would cut out cargo both outward and homeward.

5. British ships could be warned to avoid Italian ports on suitable pretexts.

6. Obstacles could be put in the way of Italian ships bound for Italy.

7. Any marked contraction in the volume of tonnage trading to or in the Eastern Mediterranean would, of course complicate the problem of supplying Malta, Palestine and Egypt and the movement of troops in that area.

8. Any complete diversion which was likely to last more than a week or two would seriously impair the fulfilment of our import programme and would make it necessary to consider at once a greater concentration on the short North Atlantic route and greater shipments of oil from the Gulf of Mexico and the Dutch West Indies.

R.S.H.

Ministry of Shipping.
WAR CABINET

RELATIONS WITH ITALY: COAL SUPPLIES

Note by the President of the Board of Trade.

With regard to the Memorandum by the Secretary of State for Foreign Affairs and the Minister of Economic Warfare - W.P.(G.)(40)109 - on relations with Italy, I circulate herewith, for the consideration of the War Cabinet, a Memorandum by the Secretary for Mines on the subject of coal supplies for Italy.

A.R.D.

Board of Trade.
Relations with Italy.

Coal Supplies.

Memorandum by the Secretary for Mines.

There are two comments which I think I ought to make concerning Paragraph 8(v) of W.P.(G)(40)109, which recommends that

"the present guarantee facilities for Italian purchases of their requirements of coal should be continued for the time being up to the rate of 4 million tons a year, provided that the arrears in payments are not considerably increased".

1. Unless we can achieve a substantial increase in coal output, or reduce home consumption, we shall not be able to supply coal to Italy at the rate of 4 million tons a year, except at the expense of French demands or of supplies to other important neutrals.

With a saleable output at the present rate of about 245 million tons a year, the margin for export cannot be estimated at more than 2.8 million tons a month.

The maintenance of exports to important neutrals (including Italy at 100,000 tons) would require 1.3 million tons a month; and with France now asking for 2.15 million tons a month, we are already in difficulty. Indeed, we have told the French we can supply only 1.5 million tons during May and they may bring the question of supplies in subsequent months before the Supreme Council for decision.

If the figure for Italy is to be 4 million tons a year, or, say, 330,000 tons a month, our difficulties with France and other neutrals will be enhanced.

2. I fear that the present guarantee facilities may prove inadequate. For the last two months the normal export guarantee of 75% has been increased to 90% for coal to Italy, and on this basis the trade have continued shipping. It is clear, however, that the trade is becoming increasingly nervous about the extent of its outstandings in Italy, and
they have now informed me definitely that in present conditions they cannot continue shipments to Italy after the end of this month unless the guarantee is raised to 100%.

I fear, therefore, that it is impossible in present circumstances to provide Italy with coal at the rate of 4 million tons a year, save at the expense of other markets which are vital to our war effort.

I understand, however that 100,000 - 150,000 tons a month is all that Italy now thinks that she can at present afford to buy from us, and all that she is likely to ask for.

G.L.

Mines Department,

22nd April, 1940.
WAR CABINET

The Control of Enemy Exports

Memorandum by the Minister of Economic Warfare.

I circulate herewith, for the information of the War Cabinet, a memorandum on the operation of the control of enemy exports.

R.H.C.

27th April, 1940.
I have recently had prepared in the Ministry of Economic Warfare a full report on the operation of the Enemy Exports control which was instituted by the "Reprisals" Order in Council of the 27th November, 1939. The report is long and I do not wish to trouble the War Cabinet with it. But in view of the importance of Enemy Exports control both for the success of the blockade and from the point of view of our relations with neutrals, I think that it may be useful to circulate for the information of the War Cabinet the present note summarising the main points which arise from the report referred to above.

From the strictly legal point of view, the operation of the control has given rise to little difficulty. In this respect the control of Enemy Exports presents fewer problems than that of Contraband, where the evidence of possible enemy destination is often conflicting and calls for a considerable amount of judicial appreciation. The question whether any goods are or are not enemy exports is usually a comparatively simple question of fact, though more difficulty is likely to be experienced - for example - over goods produced in neutral countries out of material supplied from Germany or goods in regard to which there is an enemy interest.

The main question in regard to the interpretation of the Order-in-Council that has emerged from the cases that have come before Lord Justice du Parcq's Committee so far is whether our control should apply to goods consigned by enemy-controlled firms in neutral countries as well as to goods originating from enemy territory.

This is a very complicated and technical question. The position is briefly as follows:
It is clear that the Reprisals Order-in-Council gives legal powers to place in Prize goods which are enemy property but not of enemy origin. At the same time some doubt has been felt as to how far His Majesty's Government intended that action should be taken against these goods. In view of the Prime Minister's statement in the House of Commons on the 28th November that the purpose of the Reprisals Order-in-Council was to stop German exports, the Ministry of Economic Warfare and the Enemy Export Committee have not felt that they ought to interfere with goods of enemy ownership, but not origin, unless these were closely allied with, and in some sense analogous to, exports from enemy territory, i.e. were exported by an enemy person or firm from a European country. The resulting position is that all goods of enemy ownership exported from Europe, even though not of enemy origin, have been regarded as subject to interference, but that enemy-owned goods proceeding to Europe (and not being contraband going to Germany) have been left alone, as also have enemy-owned goods passing between two countries outside Europe, e.g. between South and North America.

From the general standpoint of economic warfare it would be desirable to be able to discharge and place in Prize enemy-owned goods passing between neutral countries. Many German-owned firms located, for example, in the Dutch East Indies and in South America, export on a considerable scale to neutral countries. This traffic produces foreign exchange which is doubtless placed at Germany's disposal. There is also considerable evidence of Germans, for instance in South America, buying through the clearing local produce and selling it for free currency in another neutral country - in this way, converting credit in a clearing, which has strictly limited uses, into far more valuable free foreign exchange/
It is clear, therefore, that in the general interest of tightening our blockade it would be useful to extend the interpretation of the Reprisals Order-in-Council to cover enemy-owned goods moving inwards to Europe or between countries outside Europe. In present circumstances however, wholly successful results cannot be anticipated from the adoption of this policy for the following reasons:

(i) There are practical difficulties in extending the operation of the Order-in-Council in this sense to inter-American trade (there would of course be no physical difficulty as regards trade moving to Europe);

(ii) It is doubtful whether, in the case of an important commodity like rubber produce, a clear case of enemy ownership could be satisfactorily established.

(iii) In any case, the goods would probably be sold to a neutral owner before shipment and there would inevitably be difficulty in distinguishing between genuine and fictitious sales to neutral firms;

(iv) It would be necessary to exclude goods not on the contraband list destined for Europe. These are not numerous but include one important item, tobacco. They cannot be included because it has been agreed that the Reprisals Order-in-Council should not be used to extend the Contraband List indirectly. But if, say, German-owned tobacco destined for Germany cannot be stopped, it would be highly anomalous to stop German-owned tobacco destined for a neutral.

It follows that this policy, if adopted, can at present only be put into partial application. This course is open to objection. It means that we will incur the odium with the neutral countries concerned of extending our measures of reprisal without ourselves securing the full results of such action; and in particular it may have serious repercussions on/
on the working of our War Trade Agreement with the Netherlands Government.

In agreement with the Foreign Secretary and the Attorney-General, I propose to continue the present policy whereby all goods of enemy ownership that can fairly be regarded as analogous to an enemy export, even though not of enemy origin, are subjected to export control, and that this should be regarded as covering not only goods moving from Europe overseas but goods moving between two neutral countries in Europe. I propose for the present not to extend this policy so as to cover (a) enemy-owned goods on the contraband list coming from overseas and destined for neutral countries in Europe, or (b) to enemy-owned goods of any kind moving between two countries overseas. I should like, however, to reserve the right to bring this question before the Cabinet again at a later stage if it seems advisable and practicable to take further action in these cases.

While this is the only point of importance which has arisen as regards the interpretation of the Order-in-Council the administration of the Order and the treatment of claims for exemption have raised a great many difficulties. His Majesty's Government stated at the outset that the Order-in-Council would be applied leniently so as to take account of neutral interests; and very large numbers of applications for exemption have been submitted to the Committee for consideration. The Committee has gone very carefully into these applications and has worked out a series of conditions that would justify favourable consideration of special cases. The principal one, of course, is that of goods which were both ordered and paid for by neutral purchasers before the date of the Order-in-Council, but which were shipped after that/
that date. On the basis of these cases the Committee has been able to establish a certain number of principles which guide it in the administration of the Order-in-Council.

These principles are constantly under review by the Committee. For example, discussions have been taking place with the United States State Department which has pressed for this exemption of all goods ordered before the date of the Order-in-Council if payment was effected before the 31st December last and some concession may have to be made to meet bona fide cases of hardship.

Unfortunately, however, many of the applications for exemption have been put forward - on grounds which the Committee would not normally accept - by neutral Governments or by commercial interests in neutral countries which it is difficult for His Majesty's Government to ignore. The most important of these cases are:-

(1) Various cargoes of machinery and industrial equipment consigned to Japan.

The Cabinet agreed to release two Japanese ships sailing at the end of December on the understanding that from 1st January the Order-in-Council would be strictly enforced. The Japanese Government was so informed; but in fact it proved necessary to exempt two further ships with similar cargoes in February.

Soon afterwards the Japanese Government asked for exemption for a very large quantity of goods, the approximate value of which was stated to be some £13,250,000 and which were said to have been already ordered by the Japanese Government itself or by Japanese industries. Detailed applications were submitted for a large consignment of German dyestuffs weighing nearly 180 tons, described as 100% of German origin and admittedly not paid for. Subsequently the Japanese Government amended their proposals to ask that they should have exemption for eight more ships carrying all their German export requirements.
requirements, including those mentioned above, on the understanding that they would not ask for any further exemption from the Reprisals Order in Council during the rest of the war. It is clear that exemption on such a scale could not be granted in favour of Japan without making the position of His Majesty's Government vis-a-vis other neutrals extremely difficult.

(2) Armaments for Iran and Afghanistan.
Exemption has been granted in respect of a very large quantity of war material ordered by the Iranian Government and of machinery and other goods for the Government of Afghanistan, although they have not been paid for, purely on political grounds. The Government of Iran is now pressing strongly for exemption to be granted also for civil goods of an even greater value than the military stores.

(3) Exports by a neutral country to its Colonies.
A number of cases of goods consigned by neutral Governments to their overseas colonial administrations have come before the Ministry of Economic Warfare. Exports by the Italian Government to its overseas Empire are by special agreement allowed to pass without interference on the declaration that these exports are Government property, on the understanding that the proportion of goods of German origin among such shipments is kept as low as possible. In the case of goods sent to their colonies by the Belgian and Netherlands Governments, the Ministry of Economic Warfare asks for applications for exemption to be sent through diplomatic channels with details of origin etc. So far the Netherlands Government has refused to comply with this procedure and has merely notified us that goods of such and such an origin have been shipped. Up to the present we have maintained our principle vis-a-vis the Netherlands Government by occasionally placing in Prize token consignments of goods of declared German origin.

(4). Exports
(4) **Exports consigned to other neutral Governments.**

In other cases, e.g. consignments of machinery, rolling stock etc., from Germany to various Governments particularly in South America, exemption has been asked for on the ground that the goods are necessary for the economic development of the countries concerned and that they could not be obtained elsewhere. Most of these claims have been refused, exemption being granted only in cases of particular hardships and provided that the major part of the payment has already been made.

(5) **Exports paid for in blocked marks.**

The United States Government has asked for exemption of all goods that are paid for in blocked marks. In principle, it is difficult to contest the reasonableness of such a claim, provided that the goods are paid for in marks which were owned by the neutral importer before the outbreak of war; but in practice it is extremely difficult, if not impossible, to admit exemption on this ground without opening a very wide door for the continuance of German exports. Many countries have Clearing arrangements with Germany on which they have favourable balances; and, if they were allowed to use these balances, the German export trade would continue with almost undiminished vigour for a very long period. Moreover, it would be very easy for the Germans, by collusion, to put blocked marks at the disposal of the purchaser, which he could use for further exports from Germany, against payment of the counter value to an account of the German Government in some neutral country. Discussions are still proceeding with the United States of America and it may be possible to exempt some individual cases where the evidence is water-tight, but it would be impossible to admit any general exemption under this head.

Finally, I should add a word of warning as to the
actual efficiency of our control and in particular as regards enemy exports shipped via Italy. The Certificate of Origin system is the basis of control of enemy exports and it is essential for this purpose that our Consuls should be provided by the exporters with all the evidence required to establish that the goods to be exported are in fact of neutral origin and that there is no enemy interest involved. Moreover, they should have freedom to refuse a Certificate of Origin when they are not satisfied as to the genuine neutral nature of the goods. These conditions do not prevail in Italy where the responsibility is to some degree delegated to the Provincial Councils and our Consuls are not in a position to obtain the necessary evidence. As a result, the large majority of the reports of evasion of our control refer to shipments from Italy, and there is no doubt that the evasion through this channel is considerable.

It will be seen that Lord Justice du Parcq's Committee has no easy task in dealing with these administrative questions; and I hope that the action taken by the Committee will be approved by the Cabinet. If, however, we are not to be faced with accusations of applying our control to countries or interests which are not strong enough to resist us, while relaxing it in favour of those who are able to create trouble, every effort should be made to tighten up the control, and as far as possible to avoid any further extension of exemption on purely political grounds.

April 27th. 1940.

R.H.C.
At the meeting of the War Cabinet held on April 23, it was agreed that as an interim measure the Press and the B.B.C. should not publish news of shipping losses by enemy action for the next three days, and it was left to the Admiralty to bring before the War Cabinet the question of withholding from publication in future items of news (such as particulars of sinkings of ships by enemy action) which might be of value to the enemy.

At present news of shipping losses by enemy action is released for publication immediately, except when there is some special reason for withholding publication. In addition, the Admiralty issue for publication on Tuesday in each week a statement giving the numbers of British, Allied and Neutral ships lost by enemy action in the seven days ending on the preceding Sunday, and giving also the name and tonnage of each British ship lost with the date of loss.

For the future, we should propose that publication of losses of ships by enemy action shall be confined to a weekly statement, seven days in arrear, giving the numbers of British, Allied and Neutral ships lost, with the total tonnage for British ships, but not the name, the tonnage of each ship, the date or the cause of loss.

Since the usual weekly statement would have been issued on Tuesday, April 30, the change of policy will need to be announced on or before that date. It is proposed that the announcement....
announcement be made in answer to a question in Parliament and be in the
following sense:—

"The Allied forces have inflicted very extensive losses on
German shipping during the recent operations, but I am unable to
give an indication of the total figure, since the enemy has been at pains
to suppress all news of his losses.

I have reviewed our own policy in this respect. Prompt
announcement of our shipping losses may convey to the enemy valuable
intelligence of the efficacy of any particular operation against shipping.
In future, news of losses of our shipping will be confined to a weekly
statement, made seven days in arrear, giving the number of ships sunk and
their total tonnage. As the House will be aware, our recent losses have
been small."

W.S.C.

Admiralty, S.W.1.
April, 26th, 1940.
Reduction of Volume of British Shipping in Mediterranean.

Note by Minister of Shipping.

1. On 18th April, the Cabinet:

"Invited the Minister of Shipping to consider whether, and if so, what measures should be taken at once to reduce the volume of British shipping passing through the Mediterranean, and to report to the War Cabinet".

2. The following action has actually been taken:

(1) From 19th April onwards, vessels sailing from Australia or New Zealand to the United Kingdom via Suez have been routed via the Cape, except the Mail service from Australia, which will continue via Suez and carry any supplies for the Middle East Force. It may be necessary to send other ships from Australia to Egypt in order to carry the whole of these supplies.

Government stores outwards for the Mediterranean are being concentrated in as few vessels as reasonably possible, particularly in the cases of vessels bound for East of Suez. Outward tramps in ballast from United Kingdom for Australia proceed via the Cape.

(2) From the 27th April, under instructions received from the War Cabinet,

(a) Liners sailing outward to Australia and New Zealand via Suez are being routed via Cape, except mail steamers,

and

(b) Liners, tramps and tankers proceeding to and from Far East, India, the Persian Gulf, and East Africa are being routed via Cape. The question is raised in 3(1) whether this should apply to mail steamers both out and home.

The loss of time on these voyages will be:

```
To and from Far East ............ 12 days   16 days
    "    East side of India    14 days   18 days
    "    West side of India    16 days   22 days
    "    Persian Gulf ....... 16 days   22 days
    "    East Africa .......  9 days    12 days
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Diversion of vessels loading on the West coast of India or in the Persian Gulf lengthens the voyage by approximately 50%.

The action applies to British vessels and so far as practicable to neutral vessels chartered to us.
The decisions under (2) are being applied not only to ships which have not yet sailed but to all vessels en route which have not passed Gibraltar or Aden.

3. Overseas Bunker Depots, coal and oil affected by a diversion, are being stocked up.

4. British ships and neutral vessels on charter to Ministry of Shipping are now being bunkered so that they can be diverted via Cape. This action will shut out a substantial volume of cargo both outward and homeward.

5. The next steps which could be taken, in order of priority, would be:

(i) To apply the foregoing decisions to mail steamers or alternatively to hold them at Gibraltar, Port Said or Aden.

(ii) Vessels bound for Mediterranean not to discharge or load East of Tunis unless taking Government stores to Egypt, Palestine or Turkey. This would cut out Italy, Malta, Danube and Egypt, but would allow loading of ore in North Africa.

(iii) British ships or neutrals chartered to us could be warned to avoid Italian ports on suitable pretexts.

(iv) Obstacles could be put in the way of Italian ships bound for Italy.

(v) The final step would be to turn back westward all ships west of Tunis and to turn back eastward all ships east of Malta (subject to detailed Admiralty instructions) and to order all ships under British control to clear from Italian or Adriatic ports.

6. Any marked contraction in the volume of tonnage trading to or in the Eastern Mediterranean would, of course, complicate the problem of supplying Malta, Palestine and Egypt and the movement of troops in that area.

7. Any large-scale diversion which is likely to last more than a week or two will seriously impair the fulfilment of our import programme and make it necessary to consider at an early date a greater concentration on the short North Atlantic route and greater shipments of oil from the Gulf of Mexico and the Dutch West Indies with consequently larger demands for dollar exchange.

8. We have been in touch with the French Mission here and the information so far is that the French have taken no action.

R.S.H.

Ministry of Shipping,
27th April 1940.
WAR CABINET
CONTROL OF ALIENS
Memorandum by the Home Secretary.

1. At their meeting on the 21st March, 1940 (D.C.O.S. (40) 13th Meeting Minute) the Deputy Chiefs of Staff recorded the following conclusion, inter alia:

"Suggested that the question of adopting a stricter policy regarding the control of aliens should be examined with a view to determining whether this would reduce the risks of sabotage, and consequently permit a reduced scale of protection for Vulnerable Points: and that this suggestion should be referred for consideration to the Civil Defence Committee".

2. The risk of interference with the war effort of the country by any disaffected or hostile persons among the civilian population is a matter to which much attention has been given by the Home Office in consultation with M.I.5 and the police; and there appears to be no likelihood that measures for the control of aliens, whatever form those measures might take, would materially affect the need for guarding vulnerable points. Potential risks to these points do not arise merely from persons of foreign nationality. Acts of sabotage may be committed by British subjects, including Irish extremists, extremists amongst British Communists or Fascists and persons who, though born in the United Kingdom and therefore possessing British nationality, are of foreign origin and associations.
Moreover, it would obviously be impracticable to intern all aliens who are nationals of friendly or neutral states, and agents sent by the enemy into this country are perhaps more likely to be found amongst the non-enemy aliens than amongst persons of German or Austrian nationality. Accordingly, even if all Germans and Austrians were interned, there would still be need of adequate protection for points where acts of sabotage would cause grave interference with essential services and with the production of munitions.

3. Although, however, the control of aliens has, in my view, little relevance to the guarding of vulnerable points, it is, I think, desirable that the general question of control of aliens - a question on which public feeling is easily excited and misunderstandings easily arise - should be discussed. The question concerns (I) aliens who are nationals of friendly and neutral states, and (II) Germans and Austrians.

I. NON-ENEMY ALIENS.

4. Apart from those who are resident in this country, there are aliens allowed to enter the country for short visits, especially visits for trade purposes. If the question could be considered solely from the point of view of security, it would no doubt be desirable to reduce to a minimum the number of these visiting aliens, but the importance of maintaining our trade relations makes it desirable to grant facilities for such visits, subject, of course, to a careful check by means of the visa system and by close examination of passengers arriving at ports.
5. Special precautions are also taken with regard to the crews of neutral ships arriving at our ports. At certain ports arrangements are made to prevent foreign crews from landing, but there is no possibility of preventing them picking up such information as is obtainable by observation from their ships of what is going on in the ports.

6. As regards resident aliens, they are required to register with the police, and a careful watch is kept on any activities which give grounds for suspicion. Some non-enemy aliens have been interned under Defence Regulation 18B. This Regulation can be used in any case where the Home Secretary has reasonable cause to believe (a) that the person is of hostile origin or associations or has been concerned in acts prejudicial to the public safety etc. and (b) that by reason thereof it is necessary to exercise control over him.

7. For the purpose of reducing the risk of information being conveyed to the enemy, certain ports and the surrounding areas have also, at the request of the Admiralty, been declared protected areas. The Order relating to these areas provides (1) that no alien who is not ordinarily resident in such an area may come into such an area, either for a visit or for the purpose of residence, without the permission of the police, and (2) that the Home Secretary may order the removal from such area of any alien resident in the area, whatever the nationality of the alien. Every alien resident in a protected area has been required to furnish the police with particulars about himself and his reason for wanting to continue to reside in the area. The police have been instructed to examine these cases carefully and to divide them into two categories - (a) those...
about whose reliability they feel no doubt, and (b) those with regard to whom they think the question of removal from the area ought to be considered. The cases of all aliens in the latter category are to be considered by Regional Committees appointed for the purpose, and the Committees will advise the Home Secretary whether the removal of an alien is desirable on security grounds. These arrangements for protected areas apply equally to Germans and Austrians and to aliens of other nationalities.

II. GERMANS AND AUSTRIANS.

8. In the days immediately preceding and immediately following the outbreak of war, many Germans were allowed to return to their own country. It was agreed by the Service Departments that the addition of these people to the German manpower would make little difference and that it was better to let them go than to impose on this country the burden of interning, guarding and feeding them. Except, therefore, for a very small number of men who were detained because their special technical qualifications might be useful to the enemy, those Germans and Austrians who wished to leave the United Kingdom were allowed to do so, and the result was that a large proportion of those Germans who had Nazi sympathies were eliminated from our alien population.

9. Before the outbreak of war, M.I.5 had prepared a list of some 700 Germans who were known to be Nazi adherents or had been suspected of pro-German activities. Of these, some went back to Germany before the outbreak of war, and the remainder were interned immediately. The number so interned was about 300.

10. As regards the remaining Germans it was known that a large proportion of them were refugees, and that the remainder
included many people with long residence here, who had thrown in their lot with this country, a number of them having British-born wives and British-born children. My predecessor in office decided that any general measure of internment of such persons on the mere ground that they possessed German or Austrian nationality was unnecessary on security grounds and inexpedient on grounds of general policy. In 1915 when wholesale measures of internment were adopted, the position was very different from that obtaining in 1939. Before the outbreak of war in August, 1914, there had been no effective control over the entry of aliens into this country and no requirement that aliens should register themselves with the police. Consequently comparatively little was known about the alien population and there had been no check on the purposes for which Germans had been allowed to visit or settle in this country. Since 1914 there has been a provision that no alien shall land in this country without the permission of an Immigration Officer, and in order to obtain permission it is necessary for the alien to show some sufficient reason for being allowed to come into the United Kingdom. Although the control of passenger traffic has not, of course, eliminated the possibility of Germans or other aliens coming here for purposes different from their ostensible purposes, it has at any rate prevented the settlement in this country of large and unknown numbers of Germans who may be anxious to assist the enemy.

11. While, however, it was decided that there should not be a policy of general internment, it was felt that the information available to the Home Office and to M.I.5 ought to be supplemented by an individual examination of the case
of every German and Austrian over the age of sixteen in the United Kingdom. For this purpose men of legal experience were appointed to act as local tribunals, and these local tribunals, after interviewing the individual aliens and hearing all that was known about them, including information given by the police, classified them into three groups: Category A - those who were ordered to be interned; Category B - those who were exempted from internment but not from certain special restrictions on movement and on the possession of certain articles, such as cameras, telescopes, etc; and Category C - those who were exempted both from internment and from the special restrictions.

12. The result of the examinations conducted by the local tribunals was as follows:

- 569 were interned;
- 6,782 were exempted from internment but not from the special restrictions; and
- 64,244 were classified as friendly or neutral aliens and exempted both from internment and from the special restrictions.

Of the 73,353 examined by the tribunals, 55,457, or 75%, were classified as refugees.

13. Does the small number of those interned indicate either (a) that the instructions given to the tribunals by the Home Office were unduly favourable to the alien, or (b) that the tribunals were lax in their examinations and decisions?

14. (a) The instructions given to the tribunals by the Home Office made it clear that internment was not to be limited to persons against whom prejudicial evidence could be produced.
On the contrary, the tribunals were told that in all cases the onus lay on the alien to satisfy the tribunal that he could properly be exempted from internment. It was pointed out in the Home Office instructions that amongst the Germans and Austrians there might be "men or women of good character who, if they acted in a manner prejudicial to this country, would do so with a sense of duty and loyalty to their own country", and that good character was by no means a reason for exempting them from internment. The tribunals were specifically instructed that, in cases of doubt, the doubt should be resolved in favour of national security.

15.(b) Examination in the Home Office of a number of cases reviewed by the tribunals suggests that in general they did their work with care and with a bias towards internment in doubtful cases. Indeed in some of the cases where internment was ordered by the tribunals it has subsequently been shown on a further examination by the Central Advisory Committee on Internment cases, of which Mr. Norman Birkett is Chairman, that the suspicions which influenced the tribunal were baseless and that the alien can safely be released.

16. Nevertheless, in case the local tribunals may have failed in any cases to impose proper measures of control, arrangements have been made for a further review. Regional Committees have been appointed for each of the twelve Civil Defence Regions and these Committees have been instructed to carry out a further review for three purposes:

17. First, they are to review all cases of Germans and Austrians placed in Category B, that is the intermediate category, of persons exempted from internment but not exempted from the special restrictions. The tribunals, by
placing these aliens in an intermediate category, have indicated that their cases present elements of doubt, and review by the Regional Committees will furnish the Secretary of State with a second opinion. The Regional Committees will be able to revise the classification in either direction and to order, if they think fit, either that the alien shall be interned, or that he shall be exempted both from internment and from the special restrictions.

18. Secondly, the police have been told to bring before the Regional Committees for further review any German or Austrian placed by the tribunals in Category C (i.e. exempted both from internment and the special restrictions) if, as a result of fresh information or for any other reason, they doubt the alien's reliability from a security point of view.

19. Thirdly, as regards protected areas, the Regional Committees will review all aliens, whether they are of enemy nationality or nationals of a neutral state, about whom the police feel that it is doubtful whether, from a security point of view, the alien should be allowed to continue to reside in the protected area.

20. These examinations first by the tribunals and later by the Regional Committees are designed to supplement and not to be in substitution for direct administrative action by the Home Office. If any information becomes available to the Home Office as a result of reports from the police or from M.I.5 showing, to the satisfaction of the Secretary of State, that a German or Austrian ought to be interned, orders for his internment can and would at once be given.

21. Having regard to the abovementioned arrangements and
considerations, what further measures can be taken in the direction of "a stricter policy regarding the control of aliens"? If this suggestion means that a larger number of Germans and Austrians should be interned, on what basis is that larger number to be selected? Unless it be suggested that Germans and Austrians should be interned merely because they possess enemy nationality and without regard to what is known about them individually, about their disposition towards this country, and their reasons for being in the United Kingdom, no justifiable basis for an increase in the number of internees can be found. Obviously no decision that a purely arbitrary proportion of Germans and Austrians should be interned could be justified. Nor would the internment of an arbitrary proportion without regard to the characters and circumstances of the individuals have any value for security purposes.

25. The choice for the Government is between (a) the policy of individual examination on the lines hitherto adopted, or (b) a policy of wholesale internment, or at any rate the internment of specified categories, on the basis that the possession of German or Austrian nationality, irrespective of what is known about the individual, is a reason for internment. The objections to the latter course are obviously grave. Such a course would be wasteful of manpower, both by immobilising a substantial number of persons required to guard and manage the internment camps and by depriving this country of the services of the well-disposed aliens who are willing to assist the national effort by joining the Pioneer Corps or by placing their technical qualifications and experience at the service of the country
in industry where there is a shortage of skilled workers. Moreover, the internment of persons to whom this country has offered asylum from Nazi oppression would offend large sections of public opinion in this country, and would be difficult to reconcile with our policy of trying to secure support from such sections of German opinion as may be opposed to the Nazi creed.

24. The effect on world opinion, and particularly on American opinion, of a policy of wholesale internment of Germans and Austrians is a consideration to which my colleagues will no doubt attach considerable importance. At the beginning of this war, the American Government made representations to the belligerents expressing the earnest hope that the belligerent Governments would find means of avoiding the general practice followed in the last war of interning civilian enemy aliens. His Majesty's Government, in a reply dated the 24th November last, welcomed the intervention of the American Government in this matter and, in declaring their readiness to adhere to a policy designed to spare innocent persons unnecessary suffering, announced their decision not to resort to wholesale internment of enemy aliens as was done in the last war, but instead to adopt a policy of individual examination. Similar assurances were given by the German Government, which pledged itself that no mass internment of British civilians would take place and that the internment of British civilians would be ordered by the competent authorities only after careful examination of the individual case. In communicating the German pledge to His Majesty's Government, the American Embassy, in a note
dated the 21st February last, said that the American Government "hopes that the accord reached will establish a permanent precedent for international law which will stand as a future example of the humane treatment to be accorded civilian enemy aliens in cases of belligerency".

25. The Home Office is fully conscious of the need for maintaining the closest watch over the aliens in this country and for interning all Germans and Austrians about whose reliability doubt may be felt. Internment is not limited to cases where something specific can be proved against the alien but is applied to all Germans and Austrians who cannot satisfy careful investigators that they can safely be left at large. If a high proportion of them can pass this test, it is submitted that it would be wrong to reverse the policy merely on the ground that the number left at liberty is large.

J.A.

HOME OFFICE.
WAR CABINET.
MAN POWER AVAILABLE FOR THE ARMED FORCES.

Memorandum by the Lord Privy Seal.

1. At their first meeting held on 26th April, 1940, the Committee on Recruitment for the Armed Forces considered a memorandum by the Minister of Labour and National Service on the man power available for the Armed Forces and on the scope of the next Proclamation for the calling up of further age-groups.

2. Up to the present, age-groups 20-27 have been made liable for service by Royal Proclamations and the last of these age-groups is due for registration on 25th May next. The points on which a decision is now required are as follows:

(1) The present method of obtaining men for military service is to register successive age-groups and call up those who are not reserved under the Schedule of Reserved Occupations. Should this procedure be continued up to higher age-groups, or should the persons in the lower age groups who are protected by the Schedule of Reserved Occupations be combed out, thus deferring for some months the calling up of age-groups from, say, 30 onwards?

(2) Assuming that the existing method is to continue, should the next Proclamation cover the whole of the remaining age-groups covered by the National Service (Armed Forces) Act (i.e. the age-groups 28-40, inclusive and 18-19); or should it be limited to cover say the age-groups 28-36 inclusive?

The composition and terms of reference of the Committee are given in Annex II of this paper.

R.F.(40)2 issued as Annex I to this Paper.
3. As regards the first point, the Committee considered that it would be wrong at this stage to withdraw trained men from industry for enlistment in the Forces so long as there are still men in the higher age-groups not reserved for industry by the Schedule of Reserved Occupations. They therefore recommend that the present method of registering and calling-up successive age-groups should be continued.

4. As regards the second point, the Minister of Labour and National Service wishes the Proclamation to cover at least eight age-groups, in order that he may be in a position to meet any unexpected extra demands from the Army during the calendar year without having recourse to a fresh Proclamation. We agree that a Proclamation registering and calling up the next eight age-groups is necessary.

5. The question whether it is desirable to go further and to include in the Proclamation the age-groups of 18 and 19, and the age-groups up to and including 40, turns mainly on psychological and political grounds. Such a Proclamation might be regarded as an earnest of our determination and as likely to have a good effect in Allied and neutral countries. Further, it would give the men in the later age-groups, and their employers, long notice of their liabilities. On the other hand, to proclaim age-groups over 36 might cause a measure of unsettlement which is unnecessary and is best avoided, more especially seeing that the older men are unlikely to be called up for at least another 12 months. There is the further consideration that a Proclamation covering men aged up to 40 might have repercussions on the Schedule of Reserved Occupations, and might lead to a demand that the younger men protected by the Schedule should be combed out. This would be unfortunate from the point of view of our war effort. We therefore favour the view that the next Proclamation should cover men aged up to 36 inclusive, but not men above that age.
6. Two points of detail arise:

(i) The oldest age-group already proclaimed is the group born in 1912 (described as the 27 age-group). If it is now decided to call up the next eight age-groups, that is, those born in the years 1911-1904 (both inclusive), it will be necessary to proclaim the age-groups 28-36, since the Proclamation takes effect from the date of signature, and on the date of the next Proclamation nearly half those born in 1904 would be 36 years of age.

(ii) In order to ensure the steady call up of men as they reach the age of 20, it will be necessary to proclaim the 19 age-group for registration purposes only.

7. In discussion of this matter the view was advanced that, having regard to the immense importance in our war effort of the proper allocation of man-power, it would be desirable as a preliminary to a review of the whole position, that statistical discussions should be initiated forthwith between the Departments concerned. Steps are being taken accordingly.

8. The Committee's main recommendation is thus that the next Proclamation should cover the next eight age-groups, that is, the men born in the years 1911-1904 (both inclusive). These age-groups would normally be described as groups 28 to 35.

(Initialled) K.W.

Richmond Terrace, S.W.1.
MAN-POWER AVAILABLE FOR THE ARMED FORCES.

Memorandum by the Minister of Labour and National Service.

1. I circulate this memorandum in order that my colleagues may be enabled to take stock of the position regarding the man-power available for the Armed Forces.

2. The procedure is for age groups within the limits 19-41 laid down in the National Service (Armed Forces) Act to be made liable for service by Royal Proclamations. The men in specified age groups are then required to register on prescribed days and are, in due course, medically examined and called up for service. Up to the present, the age groups 20-27 inclusive have been made liable for service. The age groups 20-27 inclusive have been registered (the age group 25 on 6th April). The age group 26 is to be registered on 27th April, and the age group 27 on 25th May.

3. The position as regards the six age groups 20-25 inclusive already registered can be given with sufficient accuracy as follows:

| Estimated total male population 20-25 inclusive | 2,156,000 |
| Classes not registered: | |
| Men already in the Armed Forces | 436,000 |
| Others not required to register and men failing to register | 120,000 |
| Total number registered | 1,600,000 |
Reserved under Schedule of Reserved Occupations or otherwise 490,000
Voluntary enlistment into the Armed Forces after registration 60,000
Conscientious Objectors 30,000 580,000
Balance ... ... ... 1,020,000
Medically graded III and IV ... ... 135,000
Available for calling upuali
ted medically graded I and II) ... ... 885,000
Available for posting to the Forces only as Service tradesmen ... 235,000
Available for posting to the Forces for general service 650,000

The 235,000 men available for posting to the Forces only as Service Tradesmen form a pool from which recruits are drawn as and when required to meet the demands of the Forces for tradesmen over a long period. The supply of men available for general service is thus the determining factor in deciding the frequency with which further age groups have to be registered and called up.

4. The age groups 20-25 have therefore yielded the following men (medically graded I and II) for service in the Forces:

Men already in the Forces before their age groups were required to register 436,000
Men who have voluntarily enlisted after registration but before date of calling up 60,000
Men available for posting or already posted under the compulsory recruitment scheme -
   (a) as Service tradesmen only 235,000
   (b) for general service 650,000

1,381,000

5. Some deductions from the number of 650,000 given as available for general service have to be made owing to postponements on account of hardship and other miscellaneous causes amounting, in total, to 50,000. For the most part these deductions are, however, temporary. On the other hand it has to be borne in mind that, although the
the Forces have, up to the present, taken only men in Medical Grades I and II the Army and Air Force will shortly be taking a limited number of Grade III men.

6. There are still 17 age groups remaining to be registered. Two of these age groups will, however, consist of persons aged 18 and 19, and it will be recalled that an undertaking was given in Parliament by the Secretary of State for War that men would not be called up for service until they had reached the age of 20 unless this was considered imperative in the national interest. In the following paragraphs, therefore, separate figures are given for the age groups 18 and 19. Men reaching the age of 20 become available for service and are thereafter registered; the figures relating to them are included in the figures for the remaining higher age groups 26-40 inclusive. A corresponding deduction has been made from the 40 age group to exclude those men who will have reached the age of 41 before they can be called up for service.

7. For the age groups 26-40 (including the men reaching the age of 20 but excluding the men reaching the age of 41), the position is approximately as follows, though there is necessarily a considerable margin of error in the figures:

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Total Male Population</th>
<th>Classes Not Registered</th>
<th>Expected Registrations</th>
<th>Reserved Under Schedule of Reserved Occupations or Otherwise</th>
<th>Conscientious Objectors</th>
<th>Balance</th>
<th>Medically Graded III and IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated total male population (age groups 26-40 inclusive)</td>
<td>5,574,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classes not registered:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men already in the Armed Forces</td>
<td>720,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others not required to register and men failing to register</td>
<td>300,000</td>
<td>1,020,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected registrations</td>
<td>4,554,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved under Schedule of Reserved Occupations or otherwise</td>
<td>2,768,000</td>
<td>2,854,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conscientious Objectors</td>
<td>86,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>1,700,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medically graded III and IV</td>
<td>350,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Available for calling up, i.e., medically graded I and II (including voluntary enlistments after registration) ... ... ... 1,550,000

Available for posting to the Forces only as Service tradesmen ... 120,000

Available for posting to the Forces for general service ... ... 1,230,000

8. For the age groups 18 and 19 the corresponding figures are estimated as follows:

<table>
<thead>
<tr>
<th>Classes not registered:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men already in the Armed Forces</td>
<td>100,000</td>
</tr>
<tr>
<td>Others not required to register and men failing to register</td>
<td>40,000 140,000</td>
</tr>
<tr>
<td>Expected registrations</td>
<td>650,000</td>
</tr>
<tr>
<td>Reserved under Schedule of Reserved Occupations or otherwise</td>
<td>60,000</td>
</tr>
<tr>
<td>Conscientious Objectors</td>
<td>10,000 70,000</td>
</tr>
<tr>
<td>Balance</td>
<td>... ... ... ... ... ... 590,000</td>
</tr>
</tbody>
</table>

Medically graded III and IV ... ... ... ... ... ... 60,000

Available for calling up i.e., medically graded I and II (including voluntary enlistments after registration) ... ... ... ... ... ... 530,000

Available for posting to the Forces only as Service tradesmen | 150,000 |

Available for posting to the Forces for general service | 380,000 |
9. In the age groups 20-40 inclusive the estimated total male population is 7,730,000. Of these 3,258,000 are reserved by the Schedule of Reserved Occupations or otherwise. In addition, 1,022,000 are not available for the Forces for various reasons. The net result is that these age groups are estimated to yield a total of 3,450,000 men medically graded I and II for service in the Forces made up as follows:

- Men already in the Forces before they are due to be called up under the compulsory recruitment scheme: 1,215,000
- Men available for posting or already posted under the compulsory recruitment scheme:
  - (a) as Service tradesmen only: 353,000
  - (b) for general service: 1,880,000

Some 300,000 men in the 20-25 age groups have already been posted and it is expected that about 70,000 men in the 26-40 age groups will volunteer. This leaves, therefore, 1,510,000 men available for posting for general service from the 20-40 age groups. At any one time from 50,000 to 75,000 of these will not be immediately available owing to temporary postponement on hardship and other grounds.

10. The intake into the Armed Forces must depend on the size of the Forces to be raised and maintained, and this must depend on the man power and other resources needed to maintain a Navy, Army and Air Force of a given magnitude. It is important to note that the larger the Forces, particularly in this age of mechanised Armies, the greater

* These include blind men and cripples, men medically graded III and IV (some of the Grade III men will, however, be called upon for service in the Army), men exempt under the National Service (Armed Forces) Act (Ministers of Religion, Dominion Nationals, etc.), Conscientious Objectors, men abroad, vagrants and defaulters.
is the number of men required to equip and munition them. We are ultimately driven back on the problem of the proper allocation of the man power of the nation. This, however, would go beyond the scope of the present paper, but I may point out that provision of man power for the maintenance of supplies for the Forces, for the export trades and for the civilian population is made to the extent of 3,258,000 men in the age groups 20-40 who are reserved under the Schedule of Reserved Occupations (see paragraph 9 above) in addition to the men below and above military age and the women who can be employed in industry.

11. From the narrower standpoint of recruitment to the Forces the rate of intake must depend on the prevailing military situation and the general progress of the war. Since the outbreak of war the average intake into the Forces under the National Service (Armed Forces) Act has been approximately 50,000 men per month. This figure particularly in regard to Army demands has, however, recently shown a tendency to increase and the Navy and the Air Force have only recently begun to absorb men regularly. If serious fighting develops it is possible that about 70,000 men will be required under the compulsory recruitment scheme each month for general service in the Navy, Army and Air Force. If, however, there is no serious fighting, the monthly figure may be as low as 45,000 for several months.

12. For the purpose of deciding whether the present proportions of recruitment out of total man power are sufficient we need only consider the position which will arise if the monthly intake of men for general service is at the estimated maximum of 70,000, since this is the most unfavourable assumption from this point of view.
On this basis the estimated supply of about 1½ million men for general service would cover a period of some 20 months, i.e. till the end of the year 1941. There are, however, a number of uncertain factors, in particular the effect of the Schedule of Reserved Occupations and the medical fitness of the later groups; moreover if the Services continue to find it necessary as in the past to call on Grade I men at a faster rate than Grade II men, this will accelerate exhaustion of the classes. For these reasons I do not think that with a monthly intake of 70,000 for general service we can safely place the exhaustion date later than the early summer of 1941.

13. The further sources which will be available are the 18 and 19 age groups, the age groups over 40 (for which further legislation would be required), and the men at present reserved by the Schedule of Reserved Occupations.

14. The immediate question is, however, whether we should shortly look to classes of men at present reserved by the Schedule so as to defer for some months the calling up of the age groups in the late thirties.

15. My judgment of the situation is that it is of the first importance at the present time to give industry every assistance in increasing the output of war material meeting the needs of the primary industries, i.e., agriculture and the mines, and in supplying the export markets and meeting necessary home needs pending the training of further hands. We should, I think, be making an error in withdrawing trained men from work of national importance in order to enlist them in the Forces, so long as there are still men in the higher age groups not
reserved for industry. The Schedule of Reserved Occupations is under constant review and is amended from time to time to meet the changing needs of the Forces and of industry. I might add that my Department is undertaking a regular review of the individual men classified as reserved, in order to ensure that men are not treated as reserved unless they continue to follow a reserved occupation.

16. I accordingly recommend that we should watch events and in the meantime continue to call up men in the successive age groups on the present plan.

17. The 27 age group which is the last covered by the Royal Proclamation of the 1st January will, as stated in paragraph 2 above, be registered in 25th May. A further Proclamation at the end of May or the beginning of June will accordingly be necessary in order to render further age groups liable for service. This further Proclamation should cover at least the eight age-groups 28-35 inclusive. The alternative to be considered is that of proclaiming the whole of the remaining age-groups 28-40 and 18-19 (with a suitable explanation of the special position of the 18-19 age groups). In favour of this alternative it may be said that it would be an earnest of determination and would give to later age groups (and their employers) long notice of their liabilities: on the other hand it may be thought that in the case of the age groups over 35 unnecessary and undesirable and unsettlement would be caused by proclaiming this now. I should be glad to know the views of my colleagues on this point.

(Intd), E.B.

Ministry of Labour and National Service.
ANNEX II.

[Signature]

WAR CABINET.

RECRUITMENT OF THE ARMED FORCES.

APPOINTMENT OF MINISTERIAL COMMITTEE.

The Prime Minister has appointed a Committee comprising -

The Lord Privy Seal (Chairman),
The First Lord of the Admiralty,
The Secretary of State for War,
The Secretary of State for Air,
The Minister without Portfolio,
The President of the Board of Trade,
The Minister of Labour and National Service,
The Minister of Supply,
or their representatives -

to consider the position in regard to the Proclamation, registration, and calling up of further age groups during the year 1940.

A Paper setting out the present position on this matter will be circulated shortly.

(Signed) E.E. BRIDGES.

Secretary to the War Cabinet.

Richmond Terrace, S.W.1.
30TH APRIL, 1940.

WAR CABINET.

THE POSSIBILITY OF SUPPLYING FOOD TO NORWAY.

Note by the Chairman of the Committee on Co-ordination of Departmental Action.

1. At their Meeting on the 27th April, 1940 (W.M.(40) 105th Conclusions, Minute 3), the War Cabinet agreed:

"That at the meeting of the Committee on the Co-ordination of Departmental Action to be held that morning, at 12 noon (see Minute 6), the Departments concerned should be invited to constitute a small sub-committee to examine and report urgently on the possibility of our providing food supplies for the civilian population in those parts of Norway under our control."

2. The Committee on the Co-ordination of Departmental Action accordingly appointed a Sub-Committee under the chairmanship of Sir Henry French, with representatives of the Foreign Office, Treasury, Admiralty, War Office, Ministry of Economic Warfare and the Ministry of Shipping. The Report of this Sub-Committee has now been received and is circulated herewith.

(Signed) H.J. WILSON.

Treasury Chambers,
Whitehall, S.W.1.
SECRET.

Reference:
I.W.E.(40) 2nd Mtg.

THE POSSIBILITY OF SUPPLYING FOOD TO NORWAY.

Report of Sub-Committee of War Cabinet Committee on Co-ordination of Departmental Action.

1. The Committee of the War Cabinet on Co-ordination of Departmental Action agreed, at a meeting held on Saturday, 27th April, 1940, to invite a sub-committee (under the chairmanship of Sir Henry French, with representatives of the Foreign Office, Treasury, Admiralty, War Office, Ministry of Economic Warfare and Ministry of Shipping) "to consider and report on the question whether it would be practicable to supply food for the civilian population in Norway if it were decided in principle that this was desirable".

2. On Monday, April 29th, 1940, the Sub-Committee met, its membership (list attached) including a representative of the Dominions Office in addition to the representatives mentioned above.

The Chairman put before the Sub-Committee the text of the following message sent by the Commander-in-Chief of the Norwegian Army on April 25th to the Norwegian Minister in London, M. Colban, which had been communicated by M. Colban to the Secretary of State for Foreign Affairs on April 26th and which had been the occasion of the discussion at the meeting of the Committee on Co-ordination of Departmental Action on April 27th mentioned above:-
"As we have now given up the districts which yield most and have mainly mountainous districts left, our supply of foodstuff will soon be exhausted. We therefore ask Legation to apply to the proper authorities requesting that food and fodder be sent to the country in the course of the coming two weeks.

RUGE."

The Sub-Committee considered that this message implied a request for foodstuffs, not only for the use of the civilian population of Norway, but also for the military. It decided, therefore, not to confine itself rigidly to the letter of its terms of reference but to consider the problem of food supplies for Norway as a whole.

Besides the message from the Norwegian Commander-in-Chief, the Sub-Committee had before it two other despatches. The first, dated April 26th, from the British Minister in Stockholm, drew attention to the needs of the civilian population in Norway and urged that an attempt should be made to meet those needs. Supplies from Sweden were not available owing to enemy action in interrupting road communications. The second despatch, received on April 27th, was from the British Consul at Tromsø to the Norwegian Legation. It mentioned the need of additional food supplies for Northern Norway, especially of flour, margarine, cake, meals and grain.

3. As regards the practicability of supplying foodstuffs for the Norwegian Army, the Sub-Committee understood that the British military authorities were anxious to build up reserves of food supplies in addition to those already at their disposal in Norway and that such claims must be a first charge on any supplies that could be shipped in the near future.
The Sub-Committee agreed that any foodstuffs which it might be decided to send for the use of the Norwegian Army should take the same form as supplies despatched for the use of the British Army in Norway and should be regarded as a responsibility of the War Office. The distribution of such supplies inside the country would need to be undertaken by the Norwegian authorities. Insofar as additional supplies were made available for the Norwegian Army, the pressure on local food supplies would be relieved and the civilian population might to that extent benefit.

The remainder of this report refers to the problem of supplying food for the civilian population in Norway.

4. It was assumed that there would be no question of sending foodstuffs to Southern Norway as these would be likely to fall into German hands.

The representative of the Ministry of Economic Warfare stressed the undesirability of allowing any foodstuffs to reach Southern Norway, even through the agency of Relief Organisations.

5. It was agreed that to ship foodstuffs to the Narvik area and to ports north of Narvik was prima facie practicable. There was likely, however, to be difficulty in unloading stores and in the distribution of them to the population.

6. The size of the civilian population in parts of Norway not controlled by the enemy was not known. The population of the four northernmost provinces of Norway, Finnmark, Troms, Nordland, Nord-Trondelag, numbers some 437,000; and in the area further south (to Fogne Fjord, near Trondheim) there is an additional population of some 340,000. An outside figure, therefore, for the population in question would be 800,000. The Sub-Committee
had no information as to the practicability of distributing among this population such foodstuffs as might be landed in the Narvik area and north thereof.

7. It was agreed that foodstuffs of suitable kinds could be made available in sufficient quantities to make full use of any transport facilities that could be supplied. In particular, flour (including yeast), canned meat, margarine and/or butter could be found, if necessary.

The most convenient method, however, of sending foodstuffs to Norway might prove to be by the despatch of Norwegian vessels containing foodstuffs which are at present sheltering in British ports. The Ministry of Shipping had detailed information concerning the cargoes of such vessels and the position of other Norwegian vessels now at sea. If it were decided that certain of these vessels should proceed to Northern Norway, the Ministry of Shipping would welcome the opportunity of persuading the owners of the other Norwegian vessels in British ports to discharge their cargoes, a course which at present the owners seemed unwilling to take.

8. It was agreed that so long as the supply of foodstuff to Norway from the United Kingdom was on a small scale, no difficulty was likely to arise in regard to the means of payment for them. Under the terms of the existing Payments Agreement between the two countries, funds were available to the credit of Norwegian nationals. It was therefore assumed that the Norwegian Government would have no difficulty in paying from its own resources for foodstuffs supplied to Norway from the United Kingdom.
If Norwegian vessels originally destined for Southern Norway were despatched to the North, care must be taken that no payments made in respect of their cargoes should accrue to Norwegian nationals in parts of Norway now under enemy control.

9. **Summary of Conclusions.**

(a) It is assumed that no food supplies will be allowed to enter Southern Norway or any part of the country now under enemy control.

(b) Transport of foodstuffs to the Narvik area and north thereof would be prima facie practicable though difficult.

(c) Insofar as facilities for transport and landing are available, foodstuffs of suitable kinds can be supplied from United Kingdom sources.

(d) The simplest method of sending food supplies might be by the despatch to Northern Norway of Norwegian ships containing suitable cargoes at present sheltering in British ports.

(Signed) H.L. FRENCH.

(Chairman).

28th April, 1940.
Sub-Committee of War Cabinet Committee on Co-ordination of Departmental Action.

The following were present at the meeting of the Sub-Committee on April 29th, 1940, at 11.30 a.m. in the Ministry of Food:—

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Henry French (Chairman)</td>
<td></td>
</tr>
<tr>
<td>Sir Quintin Hill</td>
<td></td>
</tr>
<tr>
<td>Mr. S.W. Hood</td>
<td>Ministry of Food</td>
</tr>
<tr>
<td>Mr. G.R. Oake</td>
<td></td>
</tr>
<tr>
<td>Mr. J.M. Addis</td>
<td>Foreign Office</td>
</tr>
<tr>
<td>Mr. R.G. Hawtrey</td>
<td>Treasury</td>
</tr>
<tr>
<td>Captain O.L. Gordon R.N.</td>
<td>Admiralty</td>
</tr>
<tr>
<td>Captain Ralph Edwards, R.N.</td>
<td></td>
</tr>
<tr>
<td>Colonel J. Reckitt</td>
<td>War Office</td>
</tr>
<tr>
<td>Mr. T.H. Brand</td>
<td>Ministry of Economic Warfare</td>
</tr>
<tr>
<td>Mr. G.V. Hole</td>
<td>Ministry of Shipping</td>
</tr>
<tr>
<td>Mr. P. Liesching</td>
<td>Dominions Office</td>
</tr>
<tr>
<td>Mr. J.P.R. Maud (Secretary)</td>
<td>Ministry of Food</td>
</tr>
</tbody>
</table>
WAR CABINET

30th April, 1940.

SURVEY OF EMPLOYMENT.

RESULTS OF THE ENQUIRY CONDUCTED IN APRIL, 1940.

Memorandum by the Minister of Labour and National Service.

I circulate herewith a paper giving the results of the first Census of persons in employment, relating to the engineering, motor and aircraft and shipbuilding and ship-repairing trades in the first week of April, 1940.

The next set of returns will be for the first week of June and will cover the rest of the metal industries (except metal manufacture), instruments and apparatus, chemicals and explosives. The next subsequent quarterly returns will be for the first week of September and will cover the textile and allied industries.

(Intd.) E.B.
SURVEY OF EMPLOYMENT.

Results of the Enquiry conducted in April, 1940.

1. Returns by employers under the Factory Undertakings (Records and Information) (No.1) Order, 1940, giving information as to the number of workpeople employed in June 1939 and in the first week of April 1940 have been collected in respect of the following two groups of industries:

A. General, electrical, marine and constructional engineering, and construction and repair of motor vehicles and aircraft; and

B. Shipbuilding and ship-repairing.

The figures in the returns relate to operatives and exclude managers, foremen, clerks, typists, commercial travellers, salesmen and salaried persons generally.

2. The following table summarises the information obtained from the enquiry (a few returns are still awaited but they will not affect the results materially):

<table>
<thead>
<tr>
<th>Sex and age group</th>
<th>Number of workpeople employed by firms who rendered returns</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week ended 17th June, 1939</td>
<td>Week ended 6th April, 1940</td>
</tr>
<tr>
<td>Men 21 and over</td>
<td>803,241</td>
<td>880,045</td>
</tr>
<tr>
<td>Youths and boys under 21</td>
<td>219,822</td>
<td>244,449</td>
</tr>
<tr>
<td>Women, 18 and over</td>
<td>54,612</td>
<td>72,311</td>
</tr>
<tr>
<td>Girls under 18</td>
<td>16,282</td>
<td>19,022</td>
</tr>
<tr>
<td>Total of above</td>
<td>1,093,957</td>
<td>1,215,827</td>
</tr>
<tr>
<td>Admiralty Establishments</td>
<td>27,506</td>
<td>34,881</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,121,463</td>
<td>1,250,708</td>
</tr>
</tbody>
</table>

This percentage of 11.5 probably understates the increase because in cases where firms have changed over to this class of work between the two dates their workpeople in June 1939 are, in general, included in the total for that date.

3. The total number of persons aged 14-64 of the classes included in employers' returns, who were in employment at 12th June, 1939, as estimated from the working of the unemployment insurance scheme, was approximately 1,123,000.
The returns are equal to 99.8 per cent of this figure and the increase of 11.5 per cent gives a total increase of about 129,000, thus raising the figure of 1,123,000 to 1,252,000.

4. The following table shows the estimated number of insured persons aged 14 - 64, of the classes included in the employers' returns, who were in employment in this group of industries at June of each year since 1935 with the increases in each year and the percentage of insured persons unemployed at the beginning of each year:

<table>
<thead>
<tr>
<th>Date</th>
<th>Estimated number in employment</th>
<th>Increase in year</th>
<th>Percentage unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per Cent</td>
<td>Number</td>
</tr>
<tr>
<td>June, 1935</td>
<td>772,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>&quot; 1936</td>
<td>873,000</td>
<td>100,500</td>
<td>13.0</td>
</tr>
<tr>
<td>&quot; 1937</td>
<td>991,500</td>
<td>118,500</td>
<td>15.6</td>
</tr>
<tr>
<td>&quot; 1938</td>
<td>1,018,000</td>
<td>26,500</td>
<td>2.7</td>
</tr>
<tr>
<td>&quot; 1939</td>
<td>1,123,000</td>
<td>105,000</td>
<td>10.3</td>
</tr>
<tr>
<td>April, 1940</td>
<td>1,252,000</td>
<td>129,000</td>
<td>11.5</td>
</tr>
</tbody>
</table>

It will be seen that the number added during the ten months June, 1939 to April, 1940 is greater than that in any of the previous yearly periods shown in the table while the percentage rate of unemployment is now at a very low level.

5. The following table gives the increases between June, 1939 and April, 1940 (exclusive of Admiralty establishments) in each of the Ministry of Labour and National Service administrative divisions. The rate of expansion has been most marked in Wales but the largest numerical increase has occurred in the North Western Division where the rate of expansion has also been well above the average for the country as a whole.
<table>
<thead>
<tr>
<th>Division</th>
<th>Number employed</th>
<th>Increase</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June, 1939.</td>
<td>April, 1940.</td>
<td>Number</td>
</tr>
<tr>
<td>London</td>
<td>169,750</td>
<td>185,945</td>
<td>16,193</td>
</tr>
<tr>
<td>Eastern</td>
<td>52,999</td>
<td>58,997</td>
<td>5,998</td>
</tr>
<tr>
<td>Southern</td>
<td>74,336</td>
<td>85,968</td>
<td>11,632</td>
</tr>
<tr>
<td>South Western</td>
<td>57,856</td>
<td>66,063</td>
<td>8,207</td>
</tr>
<tr>
<td>Midlands</td>
<td>202,903</td>
<td>219,047</td>
<td>16,144</td>
</tr>
<tr>
<td>North Midlands</td>
<td>73,506</td>
<td>86,507</td>
<td>13,001</td>
</tr>
<tr>
<td>North Eastern</td>
<td>96,826</td>
<td>105,128</td>
<td>8,302</td>
</tr>
<tr>
<td>North Western</td>
<td>177,147</td>
<td>204,751</td>
<td>27,604</td>
</tr>
<tr>
<td>Northern</td>
<td>66,703</td>
<td>73,980</td>
<td>7,277</td>
</tr>
<tr>
<td>Scotland</td>
<td>99,386</td>
<td>112,979</td>
<td>13,593</td>
</tr>
<tr>
<td>Wales</td>
<td>12,045</td>
<td>16,464</td>
<td>4,419</td>
</tr>
</tbody>
</table>

### Shipbuilding and repairing industry. - Great Britain.

Detailed figures for men, boys, women and girls are not available for this industry in respect of June, 1939, and the comparison between that date and April 1940 can therefore be made only on the basis of the total number employed at the two dates. Very few women and girls are employed.

The following table gives the figures for private shipyards and Admiralty dockyards:

<table>
<thead>
<tr>
<th>Division</th>
<th>Number employed</th>
<th>Increase</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June, 1939.</td>
<td>April, 1940.</td>
<td>Number</td>
</tr>
<tr>
<td>Private shipyards</td>
<td>105,245</td>
<td>149,977</td>
<td>44,732</td>
</tr>
<tr>
<td>Dockyards</td>
<td>24,055</td>
<td>25,355</td>
<td>1,300</td>
</tr>
<tr>
<td>Total</td>
<td>129,280</td>
<td>175,330</td>
<td>46,050</td>
</tr>
</tbody>
</table>

The numbers shown as being in employment at June 1939 agree closely with the estimates made in connection with the working of the Unemployment Insurance Act. The figures show that a remarkable expansion has occurred in the past ten months and the numbers employed are now larger than at any date in the last 16 years for which comparable figures are available.
WAR CABINET

Extension of the Reprisals Policy to any New Enemy.

Memorandum by the Minister of Economic Warfare.

I request the views of my colleagues on the subject of the application of the Reprisals Order in Council to the export trade of any new enemy which might at some time in the future be allied to Germany.

2. The Reprisals Order automatically applies to exports from any territory invaded and occupied by Germany, the exports becoming in effect German exports. But it may be arguable whether the Reprisals policy can properly be applied to the export trade of a new enemy, since at the outbreak of war it would be unlikely to have committed any of the illegalities which led to the application of the policy to Germany.

3. If the illegalities had ceased, it might clearly be difficult to justify the extension of the policy to a new enemy. So far from having ceased, they have been continued in an aggravated form and are clearly part of the settled method of waging the war to which the new enemy will have made itself a party. It is also clear that whether the new enemy commits illegalities itself or not, it will clearly be reaping the benefit of those committed by its ally. In the last war the Reprisals policy was applied to all enemy countries although it was only Germany that had committed the illegalities at sea that led to its adoption. It is true that these countries were, for the most part, already the allies of Germany, but it does not appear to make any substantial difference whether the association exists at the time or is brought into being later.
later provided the illegalities are continuing. In either case common cause is made with the enemy and common treatment seems justified.

4. In practice it is evident that any foreign exchange earned by the new enemy through its exports would go to support the general enemy cause.

5. Finally, where the new enemy was linked to Germany by a common land frontier or by routes over which we could not exercise contraband control German exports would certainly be shipped in the guise of the exports of the new enemy, and the administrative difficulties inherent in any attempt to distinguish between the exports of the two enemy countries would be virtually insuperable.

6. I accordingly recommend that the Reprisals policy should be applied to the new enemy. This would necessitate a further Order-in-Council which would recite the grounds of the extension.

7. I should add that the Secretary of State for Foreign Affairs and the Attorney-General have concurred in my proposals.

(Initialled) R.H.C.
SECRET
W.P.(2)(40)120.
1ST MAY, 1940.
WAR CABINET.

DEFENCE ORGANISATION.

Note by the Prime Minister.

I have been examining, in consultation with the
Ministers in charge of the Service Departments, the existing
arrangements for the consideration and decision of Defence
questions, and I circulate for the information of my colleagues
a Memorandum describing certain modifications which it has been
decided to make in these arrangements forthwith. The
modifications have been agreed to by the three Service Ministers.
With the approval of the First Lord of the Admiralty, Major-
General H.L. Ismay, C.B., D.S.O., has been appointed to the
post of Senior Staff Officer in charge of the central staff
which, as indicated in the Memorandum, is to be placed at
the disposal of the First Lord. Major-General Ismay has
been nominated, while serving in this capacity, an additional
member of the Chiefs of Staff Committee.

(Intd.) N.C.

10, Downing Street,
S.W. 1.
DEFENCE ORGANISATION.

In order to obtain a greater concentration of the direction of the war, the following modifications of present arrangements will take effect.

The First Lord of the Admiralty will continue to take the Chair at all meetings of the Military Co-ordination Committee at which the Prime Minister does not preside himself and in the absence of the Prime Minister will act as his deputy at such meetings on all matters delegated to the Committee by the War Cabinet.

He will be responsible on behalf of the Committee for giving guidance and directions to the Chiefs of Staff Committee, and for this purpose it will be open to him to summon that Committee for personal consultation at any time when he considers it necessary.

The Chiefs of Staff will retain their responsibility for giving their collective views to the Government and, with their respective staffs, will prepare plans to achieve any objectives indicated to them by the First Lord on behalf of the Military Co-ordination Committee, and will accompany their plans by such comments as they consider appropriate.

The Chiefs of Staff, who will in their individual capacity remain responsible to their respective Ministers, will at all times keep their Ministers informed of their conclusions.

Where time permits, the plans of the Chiefs of Staff with their comments and any comments by the First Lord, will be circulated for approval to the Military Co-ordination Committee and unless the Military Co-ordination Committee is authorised by the War Cabinet to take final decision, or in the case of disagreement on the Military Co-ordination Committee, circulated to the War Cabinet.
In urgent cases it may be necessary to omit the submission of plans to a formal meeting of the Committee, but in such cases the First Lord will no doubt find means of consulting the Service Ministers informally and in the case of dissent the decision will be referred to the Prime Minister.

In order to facilitate the general plan outlined above and to afford a convenient means of maintaining a close liaison between the First Lord and the Chiefs of Staff, the First Lord will be assisted by a suitable central staff (distinct from the Admiralty Staff) under a Senior Staff Officer who will be an additional member of the Chiefs of Staff Committee.
SUGAR RATIONING
Memorandum by the Minister of Food.

1. The question of rationing sugar was before the Cabinet on 6th December, 1939, (W.M. (39)106th Conclusions). The Cabinet decided to ration sugar for domestic consumption as from 8th January, 1940, at 12 ozs. per head. Supplies of sugar for manufacturing purposes were reduced as from 1st February, 1940 (1st April in the case of the Brewers) by percentages varying between 25% and 75%, the details being as set out in the attached Statement I. The Cabinet was informed that to maintain this distribution the supplies of sugar available from the Empire and from the home crop would have to be supplemented by the purchase of 300,000 tons of foreign sugar, a step which was agreed and has been carried out.

2. In January the programme of sugar shipments was amended at the instance of the Ministry of Shipping so as to spread Empire purchases over a longer period. To fill the gap a proposal was made to purchase an additional 100,000 tons of foreign sugar.

3. The Chancellor of the Exchequer has agreed to the purchase of 50,000 tons, but he has suggested that a further drain on foreign exchange assets should be avoided by making additional cuts in the supplies of sugar allocated to manufacturing purposes such as chocolate, confectionery, and miscellaneous manufactures (e.g. ice cream) and possibly by reducing the sugar ration to H.M. Forces.

4. The Cabinet was informed in December that the stocks considered essential to ensure orderly distribution were 400,000 tons raw and refined, 280,000 to 300,000 tons being regarded as the minimum safety stock. The stock at the end of December, 1939, was 360,000 tons (refined value) and by the end of March, 1940, it had declined to 280,000 tons. Until a few days ago it was contemplated that if the remaining 50,000 tons of foreign sugar were not purchased, stocks would fall by the end of September, 1940, to the low level of 260,000 tons and would be at minimum safety levels. Cable advices now received
indicate a further shortage in the British West Indies crop of 80,000 tons, so that if the present sugar ration is maintained and the 50,000 tons of foreign sugar are not forthcoming, stocks at the end of September, 1940, will be down to 200,000 tons, assuming that the whole arrivals programme is realised without shipping losses or delays.

5. Sugar stocks are essential both in the form of refined sugar to maintain the flow of sugar distribution and also as raw sugar to maintain the refining process. A stock figure at the end of September of 260,000 tons might well have involved not only unemployment and intermittent working at refineries, and also a risk of failure to maintain the sugar ration over the whole country. A figure of 200,000 tons converts these risks into certainties.

6. I have considered whether the position could be met by cuts in manufacturing supplies and in the Services ration on the lines suggested by the Chancellor of the Exchequer. For the reasons indicated in Statement II I cannot recommend a further cut in supplies to brewers, or manufacturers of jam, bottled and canned fruits, chocolate, mineral waters etc., or candied peel. The only other substantial users are the confectionery trade, the cake and biscuit trade, the bakers (already cut by 40%) and the miscellaneous users (ice cream, jellies, coffee essences etc.,) which have been cut by 50% on pre-war usage. A further cut of 10% of pre-war usage for these groups would save about 47,000 tons in a full year, or say 16,000 tons in the four months June - September.

7. The ration to H.M. Forces (21 oz. per week at home and 24½ oz. per week abroad) is high and is being reduced to some extent, but a reduction to say 16 oz. at home and 20 oz. abroad would only save about 10,000 tons in a full year or 3,000 tons in four months.

8. A further saving of 25,000 tons in a full year or 8,000 tons in four months might be made if supplies of sugar to catering establishments for serving with hot drinks were withdrawn.

9. Even, however, if all these cuts were imposed on 1st June, I should still be some 25,000 tons short of the amount required to bring stocks at the end of September up to minimum safety level (250,000 tons) and this figure allows no margin for shipping losses or delays.
10. The conclusion is that a further purchase of foreign sugar is unavoidable unless the domestic ration is reduced. Because of the "broken farthings" problem and of difficulties of packing there is no halfway house between a ration of 12 ozs. per week and a ration of 8 oz. A reduction of this amount would save 274,000 tons in a full year, or say 68,500 tons in the three months July - September.

ii. A reduction in the domestic ration would be unpopular. Sugar has been rationed for three months only, but more complaints have been received regarding the quantity of the sugar ration than in regard to any other rationed commodity. Moreover, a reduction in the sugar ration would lead to a larger consumption of bread, and this would mean increased consumption of a subsidised food (wheat and flour) as compared with sugar which yields a substantial revenue to the Exchequer.

The reduction in the domestic consumption (as compared with normal) as a result of the present rationing is approximately 25%. If we give only 8 oz. this means a reduction of approximately 50% and already there are signs of the cry being raised that we are sacrificing the people's food for the benefit of the brewing industry. My colleagues are more competent than I am to judge the importance of this issue politically.
## STATEMENT I.

### ALLOTMENT OF SUGAR TO MANUFACTURERS

<table>
<thead>
<tr>
<th>Trade</th>
<th>Estimated annual PRE-WAR REDUCTION NET DOMESTIC USAGE</th>
<th>PRESENT REDUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Drugs 5,302</td>
<td>1. Drugs 5,302</td>
<td></td>
</tr>
<tr>
<td>5. Brewers 72,034</td>
<td>5. Brewers 72,034</td>
<td>30</td>
</tr>
<tr>
<td>6. Chocolate 100,000</td>
<td>6. Chocolate 100,000</td>
<td>30</td>
</tr>
<tr>
<td>7. Other Confectionery 170,507</td>
<td>7. Other Confectionery 170,507</td>
<td>40</td>
</tr>
<tr>
<td>8. Cake and Biscuits 106,061</td>
<td>8. Cake and Biscuits 106,061</td>
<td>40</td>
</tr>
<tr>
<td>10. Still outstanding (Estimated) 20,000</td>
<td>10. Still outstanding (Estimated) 20,000</td>
<td>40</td>
</tr>
<tr>
<td>(Ice Cream, Jellies, Coffee Essences, Custard Powder, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Candied Peel 8,248</td>
<td>15. Candied Peel 8,248</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong> 966,110</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
STATEMENT II.

Trades where no further cut is recommended.

1. JAM MANUFACTURE. Present cut 30%.

2. BOTTLING AND CANNING. " " 50%.

These trades must play an important part in the preservation of the home fruit crop, and it would be premature to cut their sugar supplies until the size of the fruit crop can be estimated.

3. BREWERS. Present cut 30%.

Revenue considerations are involved. The sugar can to some extent be replaced by barley but it requires 2 tons of barley to replace 1 ton of sugar.

4. CHOCOLATE MANUFACTURE. Present cut 30%.

The Government has large cocoa commitments and is confronting a possible loss of £2 - 3 millions on the present crop of West African cocoa. It would be uneconomic to cut sugar supplies to this trade for the present, and so not only decrease supplies to consumers but also increase the loss on West African cocoa.

5. MINERAL WATERS AND SUNDRY BEVERAGES. Present cut 63%

6. CANDIED PEEL. Present cut 75%.

These trades have already suffered very heavy cuts and very pressing representations have been made by them for larger allotments.
WAR CABINET.

SURVEY OF EMPLOYMENT (ENGINEERING, MOTOR AND AIRCRAFT GROUP).

W.P. (G.) (40) 118.

NOTE BY THE FIRST LORD OF THE ADMIRALTY.

THIS Report suggests that in this fundamental group, at any rate, we have hardly begun to organise man-power for the production of munitions.

In E.P. (M.) (39) 51 it was estimated that a very large expansion, amounting to 71.5 per cent. of the number engaged in the metal industry, would be needed in the first year of war. Actually the engineering, motor and aircraft group, which covers three-fifths of the metal industry and which is discussed in this survey, has only expanded by 11.1 per cent. (122,000) between June 1939 and April 1940.* This is less than one-sixth of the expansion stated to be required. Without any Government intervention, by the mere improvement of trade, the number increased as quickly as this in the year 1936-37.

Although 350,000 boys leave school each year there is an increase of only 25,000 in the number of males under 21 employed in this group. Moreover the proportion of women and young persons has only increased from 26.6 per cent. to 27.6 per cent. In the engineering, motor and aircraft group, we now have only 1 woman for every 12 men. During the last war the ratio of women to men in the metal industries increased from 1 woman for every 10 men to 1 woman for every 3 men. In the first year of the last war, July 1914 to July 1915, the new workers drafted into the metal industries amounted to 20 per cent. of those already there (E.P. (M.) (40) 8). In the group under survey, which may fairly be taken as typical of the whole metal industry, only 11 per cent. have been added in the last ten months.

W. S. C.

May 4, 1940.

* Admiralty Establishments, in which employment has increased by nearly 27 per cent., have not been considered here, as no figures for the different types of labour are given.
I regard it as essential that our gold and foreign exchange resources should not be reduced by such measures as the purchase of 50,000 tons of foreign sugar to meet a temporary emergency.

Both we and our Allies, the French, have an excessively unfavourable balance of trade and are using up our reserves at a rate which threatens exhaustion before the end of the third year of war.

It was against this background that I felt bound to ask the Ministry of Food for further cuts in the amount of sugar allocated to manufacturing purposes, such as chocolate, confectionery and miscellaneous manufactures (e.g. ice creams). I also suggested some cut in the ration of those serving with His Majesty's Forces, which I understood to be 21 oz. at home and 24 oz. abroad, as compared with the civilian ration of 12 oz.

The Minister of Food advances a number of reasons why such measures as this (some of which are being adopted) would not remove the necessity of reducing the domestic ration to 8 oz.

It is true also that since I last considered the matter, the position has become more difficult in that the West Indian crop will be 60,000 tons less than was then anticipated.

I do not wish to contest the Minister's considered view that, failing the import of 50,000 tons of sugar, it will be necessary to reduce the ration to 8 oz. But I must express the conviction that, when we have to choose between reducing our consumption of sugar and expending a considerable amount in foreign exchange which inevitably brings nearer the day when our resources become exhausted, the right course is to do without this sugar in whatever way is technically best and to effect this economy in foreign exchange.

(Initialled) J.S.
WAR CABINET.

ERECTION OF A BROADCASTING STATION NEAR THE EAST COAST.

Note by the Chairman of the Military Co-ordination Committee.

The War Cabinet at their meeting on the 4th April, 1940, had before them a Memorandum by the Minister of Information (W.P.(G)(40) 92) submitting a proposal for the erection of a broadcasting station near the East Coast.

2. After discussion the War Cabinet:

(1) Gave general approval to the proposal set out in W.P.(G)(40) 92 for the erection of a high-power broadcasting station near the East Coast.

(2) Invited the Military Co-ordination Committee to consider this proposal, with special reference to the points raised in the discussion, to take any necessary decisions, and to report their conclusions to the War Cabinet.

3. Before the matter was considered by the Military Co-ordination Committee it was examined inter-departmentally, and as a result of discussions between the Air Ministry and the Ministry of Information it has been agreed that the station should not commence to broadcast while there is a danger of air attack without the prior sanction of the War Cabinet. This disposes of one of the Air Ministry's objections to the scheme.

W.M.(40) 81st Conclusions, Minute 3.
4. The only other points raised by the Secretary of State for Air in the discussion in the War Cabinet related to the height of the masts of the station and its distance from the coast. The B.B.C. are looking for a suitable site, and when this has been found the Ministry of Information will consult the Air Staff regarding the height of the masts and the general suitability of the site proposed. The War Office also desire to be informed of the site chosen in order to ensure that no undue interference will be caused to their intercepting stations. On this account the site should be at least 50 miles from Chatham and Barnet.

5. The Ministry of Supply consider that any question of supplies of raw materials for the project could be dealt with through the normal machinery of the Priority organisation.

6. In these circumstances the Committee have authorised the Ministry of Information to proceed without further delay with the plans for the erection of the station, subject to:

(i) The approval by the War Office and Air Ministry of the site, when chosen, and to that of the Air Ministry for the height of the masts.

(ii) The satisfactory settlement through the Priority organisation of any question of the supply of the raw materials required.

(Initialled) W.S.C.

Richmond Terrace, S.W.1.
MEMORANDUM BY THE CHANCELLOR OF THE EXCHEQUER

The Committee on Economic Policy at their meeting (E.P.-M.(40) 12th Meeting) on Friday, 3rd May, discussed the French coal requirements, and their bearing on the domestic position, on exports to other destinations and on shipping.

The French representatives on the Anglo-French Co-ordinating Committee asked for the supply of 2,000,000 tons a month from the United Kingdom. In informal discussion this demand has been reduced to 1,700,000 tons, with, in addition, 50% of such additional coal as we might obtain through increased production. 1,500,000 tons of this is to meet the current consumption of metropolitan France, 150,000 tons for the French Empire, and the remaining 50,000 tons for rebuilding stocks. So far, it has proved impossible for us to reach our present "target" figure of 1,500,000 tons.

The discussion at the Economic Policy Committee brought out the following points:

(1) In peace time, France had bought only some 600,000 tons a month from us. The Minister of Shipping doubts whether the French port facilities can handle a larger amount than 1,500,000 tons. If we are to ship more than that quantity we must use large vessels, whose diversion to the French Atlantic ports will delay their round voyage from the United Kingdom and take by some ten days on the average - with a corresponding reduction in our total importing capacity.

(2) If the French are to receive more than 1,500,000 tons, our sales to other markets must be correspondingly reduced. I was obliged to point out to the Committee the serious results, from the Treasury point of view, of reducing our sales, e.g. to Argentina, and the Ministry of Economic Warfare and the Board of Trade, for various important reasons, strongly deprecated restrictions in our exports to countries such as Italy, Greece, Egypt, Spain, Portugal and Switzerland. The Foreign Office regard as very serious reductions in our coal exports either to South America or to Portugal, Egypt, and other countries.
Additional coal for export can only be found quickly by reducing the programme for building up stocks at home during the summer. It had been intended to raise the stocks of public utility undertakings to an average of 10 weeks supply. To meet the extra French demand would mean that stocks can only be built up to an average of 8 weeks supply. If this risk is to be taken, it is for consideration whether the coal so made available could not best be used for other export purposes.

These difficulties as regards supplying France and finding coal for export to other countries have arisen although the present estimates allow only some 100,000 tons a month for Italy, as compared with 750,000 tons contemplated early in the year, and assume that 752,000 tons a month intended for Scandinavian countries will not be required.

British coal production is now at the rate of some 245 million tons a year, compared with an output of 227 million tons in 1938. It is stated that French domestic production of coal has increased by about 40 per cent. The Secretary for Mines expects our output to increase, but not so as to afford any relief to the immediate programme.

The Committee agreed that the question raised issues of policy which must be referred to the War Cabinet.

(Initialled) J.S.

Treasury Chambers, S.W.1.
1. The seriousness of the small increase of 11.1% in employment in the engineering, motor and aircraft industry referred to in W.P.(G)(40)118 lies in its implication for the future and cannot be exaggerated. This increase is a balance after the loss of men to the forces which will be less, though still serious, as the Schedule of Reserved Occupations is wider for later age groups. But the gross intake in these industries is only of the order of 20% in ten months.

2. The Survey covers the principal field of armament employment and it might have been expected that this group of industries should have been able to attract, with comparative ease, a substantial increment of metal workers from outside the whole group of metal industries. Such workers outside the industry are 20% of the total number of metal workers.

3. The Ministry of Labour do not state what increase there has been in the number of skilled workers but there is clear evidence of a present shortage of skilled labour and it is alarming that immediate skilled labour supplies have already been nearly exhausted by a total labour intake of 2% per month which is only twice the rate of intake in 1936 and 1937.

4. The increase in armament production has of course been well in excess of 11% and it is clear that there has been a considerable transference of labour within this group on to armament work. As a rough estimate, at least 40% of the output of these industries is for the Ministry of Supply alone and there is a clear limit to further internal transference since Air Ministry employment is increasing and export trade must be maintained.

5. There must be a rapid acceleration in the intake into the engineering industries, there will otherwise be severe repercussions on the production of armaments which it is hoped to achieve by the end of the second year of war. Of necessity in such plans it has been assumed that additional labour will be available as it is required. The position will rapidly become more serious. New machine tools which are now coming into production on a single shift will soon have to be working on two and three shifts. In the manufacture of shell components alone an increase of nearly ten times the present rate is being planned which will mean an additional direct employment of some 250,000. Tank output is planned to increase to four times the present rate by 1942 with further increases later. The engineering group is not the only one which will increase, explosive production will increase to five times the present rate by the end of the second year of war. Seven filling factories will operate in addition to the present three.

6. This expanding programme depends upon labour (both skilled and unskilled) being available on a considerably increased scale to man new factories and new plant as they are ready for production.

(Initialled) E. L. B.

The Adelphi, W.C.2.

I.55
1. In the conclusions of the War Cabinet at their meeting on 24th April, the Minister of Shipping was invited to furnish a report on the extent to which Norwegian tanker tonnage was being brought under Allied control, with special reference to the extent to which such tonnage is still being used to meet Italian requirements.

2. Under the Norwegian Shipping Arrangement, 145 tankers (including 47 already so used on pre-war charters) were to be made available on time charter for the use of the Allies. Of these, 6 have been caught in Scandinavian ports, 1 taken by the Norwegian Authorities for special service, and 2 have not so far been nominated, but these deficiencies have been made good by 9 extra ships chartered under the arrangement, which can thus be regarded as practically complete. The Allies have now chartered 150 Norwegian tankers on scheme terms and 126 have actually been delivered.

3. The following is a brief summary of the employment of the remaining 95 Norwegian tankers, so far as it is ascertainable:

- 12 detained or captured by the enemy in Scandinavia (including 6 due to be delivered under the scheme).
- 11 owned by American oil interests under the Norwegian flag.
- 34 chartered to American oil interests for varying periods.
- 3 chartered for Peru.
- 4 time chartered to Japanese interests.
- 5 chartered for South American voyages.
- 1 on Portuguese charter.
- 2 on Norwegian Government Service.
- 23 various (most of these charters will soon expire).

Total 95

4. At the time of the invasion, there were 15 Norwegian tankers (included in the foregoing numbers) loaded, loading or on charter to load for Italy. Of these 5 have been cancelled by the Norwegian authorities and the cancellation of another is under
consideration. Three further vessels, due to discharge in Italy, are chartered for Switzerland, but have been diverted to Marseilles.

The tankers trading to Italy have been or are being put under requisition by the Norwegian Government and the Norwegian authorities are arranging to allot them to the Allies for later voyages. Those already loaded for Italian destinations, of which there were 9, are being allowed (in accordance with War Cabinet decision) to discharge in Italy in pairs, after which they will not be permitted to continue on this service. The ultimate destination of all such cargoes is examined by the Contraband Control before vessels are allowed to proceed.

5. In order to protect the status of Norwegian vessels in neutral ports, the Norwegian Government have informed us that they intend to requisition their whole mercantile marine and, in consultation with the Ministry of Shipping, this will be done in stages, special priority being given to tankers. The effect of this requisition is to break the existing charters. Obviously this power of taking ships out of their present service must be used with discretion, after an investigation of the needs of all countries concerned, in particular United States coastwise traffic, and traffic between the oil producing areas and South America. It should also be possible by this means to exercise more control over the carriage of oil to Japan than has been possible hitherto.

6. Over and above the tankers, the Norwegian whaling fleet, consisting of 10 whaling factories, will almost immediately be available for the conveyance of petroleum products during the summer months. Most of them should also be available next winter since even if it be decided (and a decision will shortly be taken) that any whaling expeditions under either Norwegian or British control need proceed to the Antarctic next winter, the expeditions will be few.

7. Until a full survey of the world situation is made and the reasonable needs of neutral charterers have been assessed, it will not be possible to indicate how much additional tonnage which the Allies may secure in the new circumstances. It will also be necessary to take care not to exercise the power of diversion in such a way as to cause neutral tankers (e.g. those under the Panama flag), now trading in the Allied interest, to be withdrawn and placed on routes which might find themselves deprived of Norwegian tonnage.

R.S.H.

MINISTRY OF SHIPPING.
WAR CABINET

ATTITUDE OF EIRE.

Memorandum by the Secretary of State for Dominion Affairs.

1. The members of the War Cabinet will be interested to see the attached memorandum by Sir John Maffey, the United Kingdom Representative to Eire, giving an account of the interview which he had with Mr. de Valera on May 10th in regard to the attitude of the Eire Government towards the German attack on the Low Countries.

2. Since then I have received a further telegram from Sir John Maffey, a copy of which is also annexed. The detailed question of the supply of arms equipment for Eire is being taken up as a matter of urgency with the Departments concerned, but the telegram is of some general interest as indicating the attitude of Mr. de Valera. I have approved Sir John Maffey's return to England tonight, as he proposes, for discussion.

DOMINIONS OFFICE,
16th May, 1940.
In view of the grave news of the German invasion of Belgium and Holland I thought it appropriate to call at once on Mr. de Valera. I told him that I had received no instructions from my Government to ascertain his attitude towards these events and that it was probably easier for both of us to ventilate our thoughts without any formal approach to the new problems created. I had come at once because - if I could presume to offer advice - it was always easier to take a step when the reasons for it were obvious and while public opinion was in a receptive mood. Promptitude averted the possibility of differing counsels and clouded issues. It was obvious that these new aggressions by Germany made it necessary for him to reconsider his position in relation to the Allied cause. It was indeed a fateful moment in the history of his country and I trusted that we should find Ireland in her natural place, namely, no longer neutral in the cause of freedom.

Mr. de Valera at once invoked the old bogey of Partition. If things had worked out according to his plan the nation would have been in a united Ireland and his freedom of action and the spirit of the people would be totally different. As things were, he had a difficult internal situation and though, no doubt, there was a lot of pro-Ally feeling in the country, there was also a great deal of feeling of another sort, and there could be no disguising the fact that adherence to the British cause would create a grave situation. It was no use asking the people in Ireland to fight on behalf of freedom when freedom was denied in a portion of Ireland owing to the influence of an uncompromising minority.

This talk on Partition ran its normal course and I will not repeat the arguments and counter-arguments for they are stale. I said that the twenty-six counties might have achieved their present liberties in a chapter of antagonism and bitterness, but that the only hope of solving the remaining problems was by goodwill. England had shown
shown great generosity in her dealings with the twenty-six counties. Mr. de Valera did not demur to this but said "I cannot understand why Mr. Chamberlain does not tell Craigavon to fix up his difficulties with us and come in. That would solve the trouble". I said "If the partition question were solved to-day would you automatically be our active Ally?" He replied "I feel convinced that that would probably be the consequence". I said that the question was obviously only an academic one as in wartime no attention could be given to the solution of such questions. However, I record his rejoinder as an indication of Mr. de Valera's line of thought. He added that it was far from being his wish to exploit our difficulty to his own advantage. His attitude remained the same in all conditions.

I told Mr. de Valera that his view on a grave crisis in world affairs was from too narrow an angle. Here was a maniacal force let loose in the world. It was not a time to talk of Anglo-Irish disputes which in the fullness of time would be peacefully liquidated. I might have come to him to-day with my French, Belgian and Dutch colleagues. He would know what they would have said. Where did Ireland stand to-day? Why not send an Irish Brigade to France? Surely the soul of Ireland would be stirred etc., etc., etc.

But we always travelled back to the old prejudice, to Partition, to the bitterness in the hearts of the active and extremist elements. I suggested that with clear leadership the adventurous spirits would respond to a better call. But Mr. de Valera held to his narrow view. He seems incapable of courageous or original thought and now on this world issue and in every matter he lives too much under the threats of the extremist. Temperamentally he has a bias that way himself. More robust elements in his Cabinet have stiffened him on the executive side.

I said that surely he would no longer be able to tolerate the presence of a German legation in Dublin. The story of German intrigue and Quislingism in neutral countries had a lesson for him. He said that it would create grave difficulties for him internally.
if he were to take action against the German legation.

He said the proper policy for Sire was to be strong in her own house. She needed to be well armed. We had blocked that. I explained that this was not the case. He said that his Government were undoubtedly inadequately armed for the proper control of the subversive elements. I said that he was wrong in attributing our failure to supply arms to suspicion. Our need for arms of all kind was paramount. That was the whole answer. However, efforts were being made to help. At the same time I must point out that it was not very attractive to us to send weapons into a country where a German legation has facilities for intrigue. Developments in the theatre of war would throw more work into the ports and harbours of Eire. The British Navy is safeguarding Irish interests. There was need for realism in facing the problems which would arise.

It was not a satisfactory conversation but I thought it better to have it, and to have it at the first moment possible, and without any glazing over of hard and unpalatable facts. Mr. de Valera was not prepared for it and if the conversation has served no other purpose it has revealed to his mind the fact that a new and graver situation has developed presenting him with vital problems in his leadership of the country. Unfortunately, he is a physical and mental expression of the most narrow-minded and bigoted section of the country. In all circumstances great difficulties surround the path of the leader here, but Mr. de Valera is not a strong man and his many critics here know that fact well. Nothing is more characteristic than his tendency to surrender always to the extremist view and to the extremist menace.

However, before I left he said that patience was necessary.
things would move slowly but that they might move in time. People would learn to realise what a German triumph would mean. He was making a speech tomorrow in Galway and would see what could be said on that subject.

(Signed) J.L. MAGEEY.

DUBLIN,
10th May, 1940.
IMMEDIATE.

No. II. SECRET.

Mr. de Valera asked me to see him at a late hour to-night in order to tell me that in the light of the experience of Holland he viewed with great concern the prospect of similar contacts being made from Germany with the disaffected elements in Eire by air or otherwise. As is well known there has been great delay in fulfilling the requirements of Eire in arms equipment and now he feels that the strengthening of the hands of the Government to face the new dangers is a matter of extreme urgency and also a matter of moment directly affecting the interests of the United Kingdom. I gather that machine guns are the foremost requirement but I am going into the question of details with the Defence Authorities here to-morrow. I have not failed to point out the strain on our resources at this time. But I trust that the question of assisting this country at this moment will be considered with full (corrupt group) of the fact that it implies a move against a common enemy and the consequences of that are unpredictable. I can hardly overstress the importance of doing all that is possible without delay. In order to show my sympathy with Mr. de Valera's difficulties I propose unless otherwise instructed to cross to London arriving Friday morning 17th. I can then report more fully on the conversation I have had here and can find what can be done. I will try and send further compact details before I leave and I should be most grateful if preliminary steps could be taken by the Dominions Office to facilitate progress.
Joint Memorandum by the Secretary of State for War and the Minister of Labour and National Service.

1. In a memorandum of 13th March, 1940, to the War Cabinet on the supply of labour for the British Expeditionary Force (W.P.(G)(40) 73) the Secretary of State for War indicated the serious shortage in the numbers of the Auxiliary Military Pioneer Corps in France for such labour work for the Army and the Royal Air Force as concreting in forward areas, constructing roads and railways, preparing sites for and constructing aerodromes, constructing accommodation for personnel and stores, and handling and storing the vast quantities of munitions and other stores and supplies transported to and accumulated in France.

2. The position has now become much more serious, and the necessity for action is vital and urgent. The need for such labour in France has recently become more urgent, partly as a result of the military situation and partly as a result of the withdrawal by the French Government of French labour which was being used to assist in the work for the E.E.F. This French labour has been withdrawn owing to the acute shortage in France of unskilled labour. In fact, the French Minister/
Minister of Labour, when he visited this country a fortnight ago, pleaded for British help for the labour work for the French Army. We feel that it is essential to bring the A.M.P.C. immediately up to sufficient strength to enable it to provide all the labour required for the B.E.F. Labour is also required for the North Western Expeditionary Force. On estimates prepared before the present active phase of the war, a labour force of at least 105,000 by the end of the year is required; of these only about 27,000 have been recruited up to date. But we feel that, in view of the labour shortages in France and as a gesture to our Ally, we should go further and increase the Corps to an extent that will enable us substantially to assist the French Army. Accordingly we suggest we should aim at obtaining a Corps of at least 150,000 by the end of the year. This we think would be a valuable indication at this time of Great Britain's determination.

3. It is anticipated that it will not be possible to obtain more than 5,000 a month by voluntary enlistment during the next two or three months; after that it will gradually decline, and it is estimated that not more than about 11,000 will be obtained by this means by the end of the year. It is clear, therefore, that the intensified recruiting campaign for volunteers in the age groups 35-50 will not produce the men required. Other methods must accordingly be adopted.

4. The methods available for obtaining the men in the numbers necessary are:

(a) To allow young men in the age groups 18-19 to enlist voluntarily into the A.M.P.C.

(b) To apply compulsion to the unemployed who are suitable for service in the A.M.P.C.

(c) To obtain Chinese volunteers.

(d)
(d) To apply compulsion to men of allied nationality and friendly refugees of German and Austrian nationality in the age groups 20-50.
(e) To proclaim and call up the 40-41 age group.
(f) To call up men under the National Service (Armed Forces) Act for the A.M.P.C.

5. As regards (a), it might be thought that some political difficulty arises from Mr. Hore-Belisha's assurances given to the House of Commons on 3rd September, 1939, during the passage of the National Service (Armed Forces) Act. These assurances were (i) that it was not intended to call up men under 20 until "very late in the day"; (ii) before sending out of the country any man called up under the Act when under 20 an explanation would be given to the House and (iii) that men voluntarily enlisted would not be sent overseas under the age of 19. Apart from this, there is a difference of opinion as to the numbers that would volunteer, and doubts have been expressed as to whether the work would be suitable for them, although we think these doubts are ill-founded.

Furthermore, the French Minister of Labour pressed on us the importance of sending older men to France for labour work. He emphasised that to send young men would create a very bad impression as all the young Frenchmen have been called up for combatant duties.

6. There are not the same objections about allowing men in the 18 and 19 age groups to volunteer for the Home Defence Battalions and thus release men from this Corps for the A.M.P.C. The political difficulty also does not arise in connection with this proposal, which accordingly we recommend should be adopted.
7. As regards (b), (c) and (d), there are obvious difficulties in each method. The application of compulsion to aliens is attractive, but it is questionable whether, particularly at the present time and in view of recent experience in connection with the "Fifth Column", the risk involved should be taken. The position is, however, being examined to see if a practicable and safe scheme can be devised.

8. As regards (e), the proposal would be to proclaim the 40 age group and call them up, oldest first, as soon as possible. It is estimated that this age group would yield about 50,000 men. The merit of this method is that, as under the existing law this age group will, by the time they are likely to be required in the ordinary way, have become 41, they will therefore have passed out of liability to be called up, the man-power for the Armed Forces would not be encroached upon. On the other hand, it is likely to raise political difficulties if a high age group, such as 40, is called up before the younger age groups, even although it is for non-combatant duties. Moreover, the country has been led to expect that the present method of going up the scale would continue, and to jump suddenly to the 40 age group would cause not only considerable inconvenience but possibly some dismay.

9. As regards (f), sufficient men in the proclaimed age-groups have been registered and medically examined to enable the requirements of the A.M.P.C. to be fully met, in addition to the requirements of the Armed Forces for combatant units. If this proposal were adopted, men would be called up in the ordinary way and posted to the A.M.P.C. for 6 months after which they would be transferred to combatant units. This method is the easiest and the quickest for obtaining the men required and has the additional advantage of hardening the men for 6 months before they are required for ordinary Army training. Moreover, it would cause less inconvenience than
any other method, as it only involves a small increase in the rate of calling up. It should be emphasised that the additional numbers involved would not otherwise be called up, as equipment is not available for training them. The advantages of this method seem so clear that we have no hesitation in recommending that the War Office, while continuing their campaign for volunteers, should obtain the additional men they require for the A.M.P.C., including sufficient to render effective aid to France, by increasing their demands for men called up under the Armed Forces Act.

10. Our recommendations are, therefore:

(1) That the strength of the Auxiliary Military Pioneer Corps should be brought up to at least 180,000 by the end of the year, to enable it to provide all the labour force required for the British Expeditionary Force (including the Royal Air Force) and the North Western Expeditionary Force and to render substantial assistance to the French Army.

(2) That the War Office should continue their intensified campaign for volunteers in the age groups 35-50.

(3) That the additional numbers required should be obtained by calling up men under the Armed Forces Act and retaining them in the Auxiliary Military Pioneer Corps for 6 months before transferring them to combatant units.

(4) That an appeal for volunteers aged 18 and 19 for the National Defence Force should be issued to enable other men in that Force to be released for the Auxiliary Military Pioneer Corps.

(5) That the examination of the question of compulsorily enlisting aliens should be pursued.

17th May, 1940.

A.E.

E.B.
WAR CABINET.

DISPERSAL OF PERSONS RESIDENT IN THE IMMEDIATE NEIGHBOURHOOD OF SPECIFIC TARGETS.

Note by the Lord President of the Council.

I circulate for the consideration of my colleagues a memorandum prepared for the Prime Minister by the Home Secretary. The Prime Minister referred the memorandum to me and asked me to consider the question with which it deals as well as the general question of the further evacuation of children and make a recommendation to the Cabinet. I propose to deal with both these matters orally at an early meeting.

(Intld.) N.C.

Richmond Terrace, S.W.1.
1. I have considered, in consultation with the other Ministers responsible for Civil Defence measures, the suggestion that steps should be taken at once to secure that persons living in close proximity to certain types of target likely to be selected by the enemy for precision bombing shall leave their homes and secure other accommodation in areas at least one thousand yards distant from the target.

2. In the first place, it is agreed that in present circumstances there can be no question of compulsory removal of persons resident within a radius of one thousand yards from these targets. Secondly, my colleagues and I are unanimously of the opinion that any appeal to persons within these areas to remove themselves and their families voluntarily to alternative accommodation outside the danger zone would not meet with any appreciable response until air attacks on this country, involving loss of civilian life, have actually occurred. It is true that within the last few days there have been some signs that members of the public are beginning to realise the danger of air attack; but all our experience in organising the planned evacuation of school children satisfies us that even in the areas most likely to be attacked public opinion has not yet reached the stage at which any considerable number of people would respond to an invitation to move away from the neighbourhood of specific targets. We therefore recommend that no attempt should be made to arrange for a voluntary dispersal of population from the immediate neighbourhood of specific targets until there has been such an attack on this country as will bring home clearly to people resident within those areas the dangers to which they are exposed.

3. The Government evacuation scheme already provides for the removal from the evacuation areas of school children whose parents are willing to allow their children to go to the comparative safety of the reception areas. It has been agreed that this scheme should not be put into operation until air raids on this country have begun, and the scheme has been deliberately made flexible so that it could be applied, either to all evacuation areas, or only to those which have actually been, or are likely to be, attacked. It is contemplated that if attacks develop on any particular type of target orders will at once be given for the evacuation of school children from all the evacuation areas which contain targets of that type.

4. We therefore recommend that, if the enemy begins precision bombing on specific targets, the first step should be to set in motion the pre-arranged scheme for the ordered evacuation of school children from all evacuation areas containing targets of the type selected for attack. We recommend further that, as soon as the evacuation of the school children from these areas has been completed, arrangements should at once be put in hand to secure the dispersal of the remainder of the civilian population resident within one thousand yards of the targets by the following means:

(a) Persons resident within that area should be warned that it is desirable that they should find other accommodation outside the area as soon as possible.
(b) Those who can do so should make private arrangements.

(c) For others the local authority should make provision, either by billeting on other householders or by requisitioning empty houses.

(d) Where recourse is had to billeting, every endeavour should be made to get billets by agreement; but the local authority would be authorised to billet compulsorily if the need arose.

(e) Payment to receiving householders would be made at the rate of 5/- a week for each adult and 3/- a week for each child. These figures have been mentioned to the Treasury, who would raise no objection. Lodging only would be required; any arrangements for board would be a matter for agreement between the parties.

(f) Where the local authority requisitioned empty houses, the cost of requisitioning and of any necessary equipment would be recouped by the Government.

(g) It would not be practicable to recover from the persons evacuated any contribution towards the cost of accommodating them, whether in billets or in empty houses.

MINISTRY OF HOME SECURITY.

16th May, 1940.
1. At the Meeting of the War Cabinet on the 15th May, reference was made to the possibility that there might be 'Fifth Column' elements in this country who might co-operate with the enemy in the event of any airborne or seaborne invasion of these Islands. The Prime Minister invited the Lord Privy Seal and the Minister without Portfolio to collaborate with me in considering, in the light of recent experience in Holland, whether any further precautions should be taken in respect of enemy aliens or other groups of persons in this country who might be considered likely to co-operate with enemy invaders in the event of an invasion (W.M.(40) 123rd Conclusions, Minute 15).

The Lord Privy Seal and the Minister without Portfolio have reviewed the whole problem, in consultation with me, and at their request I am submitting, for consideration by the War Cabinet, the following statement of the conclusions which we have reached. I have their authority to say that they concur in the terms of this memorandum.

2. I have taken steps to obtain such information as I can about the nature of the assistance given to the German invaders of Holland by persons previously established in that country. I have discussed this matter with Sir Neville Bland, and I have also had the advantage of a long interview with the Dutch Minister of Justice, a civilian official of that Ministry and two Dutch military officers. While it is clear that the German troops arriving in Holland, whether by parachute or by troop-carrying aircraft received invaluable assistance from persons resident in the country, my Dutch informants were very emphatic that for the most part this help was given, in accordance with a pre-arranged scheme, by Nazi Germans resident in Holland. They had no evidence that such assistance had been given by the refugee element in the German resident population, and they said that comparatively little help had been given at any rate until a late stage, by Dutchmen who were members of the N.S.B. (the Dutch Fascist Party).

In these circumstances I think it is important to bear in mind the difference between conditions in Holland and conditions in this country. In Holland there had been an
open frontier with Germany and up to the very moment of
the invasion free communication between the two countries
in accordance with a Treaty which gave the Germans
a right of free access to Dutch territory. In our
case there has for the last twenty-five years been a
strict control over the entry of all aliens, and during
the last nine months there has been no intercourse
whatsoever between Germany and this country. In
Holland there were 100,000 German residents, many of whom
were strong supporters of the Nazi cause and members, no
doubt, of the Nazi Party. In this country the Nazi
Party organisation was broken up at the outbreak of war,
and those members of it who had not already returned to
Germany were immediately interned. There are about
78,000 Germans and Austrians in this country, but the
great bulk of these are refugees from Nazi oppression
who are bitterly opposed to the German regime in Germany.
They have been carefully examined by tribunals specially
appointed for the purpose, and as a result of this
examination about 600 were ordered to be interned. The
remainder were divided into two classes—(a) Category B;
those about whom the tribunals felt some doubt and
decided that, while they need not be interned they should
comply with the certain special restrictions imposed on
enemy aliens by the new Aliens Order; and (b) Category C;
those as to whom the tribunals were satisfied that they
were wholly friendly to this country and could safely be
allowed to remain at liberty subject only to the
restrictions applicable to neutral aliens. There are
about 64,000 men and women in this Category C.
3. In considering the possibility of "Fifth Column"
action in this country, we have reviewed the disposition
of a number of different groups which might be suspected
of subversive activities; and I propose in this
memorandum to deal briefly with each of these groups.
4. Germans and Austrians. Widespread investigations
by the Intelligence Service have not revealed any evidence
of any plan for obtaining, in the event of invasion,
assistance from Germans and Austrians in this country:
but it has been thought expedient, as an additional
measure of precaution, to take the following action
with a view to disorganising any such plan which might
exist:

(a) I have already interned all male Germans
and Austrians between the ages of 16 and 60
who were resident in the Counties on
the East and South-East coast from
Nairn to Hampshire; i.e. in a zone
marked out by the Military Authorities
as an area of possible military
operations.
I have also interned all male Germans and Austrians between the ages of 16 and 60 who had been placed by the local tribunals in Category B in whatever part of the country they were residing. (These had previously been exempt from internment but liable to the special restrictions applicable to enemy aliens).

If there was any pre-arranged plan by which invaders were to be helped by Germans resident in this country, such a plan will have been disorganised completely by the measures already taken.

To those Germans and Austrians who have already been interned there will be added from day to day under the existing procedure any men or women whose conduct gives ground for suspicion.

5. If, in addition to the measures already taken, wholesale measures of internment were adopted as regards those who have been put in the C Category (i.e., exempted both from internment and from the special restrictions) these would have to be based on the principle that all Germans and Austrians, including women, are potentially dangerous, regardless of the classifications in which these people have been put after examination by the Tribunals and Regional Advisory Committees. There are very strong and obvious objections to wholesale measures of internment. In the present state of public opinion wholesale measures would be accepted and indeed welcomed in many quarters, but it is almost inevitable that in a short space of time there would be a sharp re-action of opinion. If thousands of women, including pregnant women and women with young children, were subjected to the conditions of barrack-room life in some sort of internment camp, there would soon be a public outcry against this treatment of persons of whom the great majority are refugees and most are individually known to British subjects who are convinced of their friendliness. The loss to the war effort, by the internment of many thousands of people who are rendering useful service in various capacities, would also be great.

6. If further measures of internment are to be taken, the next step would be to intern the 5,000 German and Austrian women who have been placed in Category B by the Tribunals, i.e. exempted from internment but not from the special restrictions.
7. **Italians.** There are about 19,000 Italians in this country, of whom 7,700 are women and 11,300 are men.

About 1,800 of the male Italians are known to be members of the Italian Fascist Party. Lists of all these people have been prepared and issued to the police, and should war break out with Italy instructions would be given for their immediate internment. At the same time about 300 persons would be interned who, though possessing British nationality, have also Italian nationality or are of Italian origin, and are known to be members of the Italian Fascist Party.

As regards the remaining Italians, it is proposed in the event of war to intern the males between the ages of 16 and 60 who have been resident for less than ten years in this country.

In addition, all Italians, both men and women, will in the event of war become enemy aliens and will be subjected to the special restrictions in the Aliens Order which limit the movements of persons from their registered address, and prohibit the possession of cameras, motor cars, etc. except with the special permission of the police.

8. **Czech Refugees.** Among the refugees who came from Czechoslovakia are some possessing German nationality. These are being treated like other Germans. Those who are Nationals of the former state of Czechoslovakia are not enemy aliens, but Nationals of a friendly country. Some of them have joined the Czech Legion; many others are anxious to help the Allies, and in recent months employment has been found for many of them, particularly on the land.

9. **There are among the Czech refugees Communists who, like the British Communists, are opposed to the war, but there is no information to suggest that these persons would be likely to assist the enemy.** The Czechs are divided into numerous political groups. Some of these groups are violently hostile to other groups and members of each group are prone to denounce their political opponents. Care therefore must be taken before accepting many of the allegations made by Czechs about other Czechs.

The present policy is to intern (under the new provision in the Aliens Order which gives the Home Secretary power to detain persons who would, but for the war, be liable to deportation) any Czechs who are unreliable or of questionable character or who engage in undesirable political activities.

10. **British Fascists.** Although the policy of the British Union of Fascists is to oppose the war and to condemn the Government, there is no evidence that they would be likely to assist the enemy. Their public propaganda strikes a patriotic note. Nevertheless, lists have been prepared of the leading people in the organisation, in case at any time information should be available suggesting that the organisation is likely to be used either to assist the enemy or to impede the war effort of this country in such a manner that it is necessary to suppress its activities entirely. Before such persons could be detained there would have to be information in each case to satisfy the Home Secretary under Regulation 18B of the Defence Regulations that there is reasonable cause to believe that the individual was of hostile origin or associations or that he had recently been concerned in acts prejudicial to the public safety or the defence of the realm, or in the instigation of such acts.
In my view it would be a mistake to strike at this organisation at this stage by way of internment of the leaders. Apart from the fact that there is no evidence on which such action could be justified, it is to be born in mind that premature action would leave the organisation itself in being and other leaders could be appointed to take the place of those who had been apprehended. In my view we should hold our hand for the moment, but if at any time we have good reason to believe that the B.O.P.'s are on the point of taking action in support of the enemy, we should then intern forthwith the leaders whom we have previously marked down. Swift action taken then would have the effect of paralysing the organisation at the appropriate moment.

11. **Communists.** While the Communist Party are opposing the war, in pursuance of the policy of the Comintern, there is no indication at present that they have been given instructions to take action that would be likely to assist a Nazi victory. Their line is that the workers in German, France and the United Kingdom, ought to oppose the 'Capitalist' Governments of these countries with a view to bringing to an end a war between 'the rival robber bandits of Britain, France and Germany'.

Lists have been prepared of the leading individuals in the Communist Party and in the local branches of the Party, in case at any time it should become desirable to take drastic action; but the information available about each of these individuals is not of such a character as to justify their internment under Regulation 18B of the Defence Regulations on the ground that they "have been concerned in acts prejudicial to the public safety or the defence of the realm".

12. The immediate danger from the Communists arises, not from any desire on their part to help the Nazis, but from their policy of provoking and fostering industrial discontent. We have examined this aspect of the problem in consultation with the Minister of Labour, and we are strongly of opinion that, save in quite exceptional cases, it would be inexpedient to seek to apply penal sanctions against shop stewards or others who are suspected of having fostered industrial disputes for ulterior motives. In most cases of this kind the dispute arises from grievances which, though they may have been magnified, are none the less real; and action taken against the steward or other person would be likely to arouse considerable ill-feeling among the workers. We think it preferable that an attempt should be made to deal with difficulties of this kind through existing labour machinery; and the Minister of Labour has suggested that he should be given full information of any such cases which may come to his notice in order that he may take such action as is open to him to bring about an improvement in conditions in the particular industry or factory concerned.

13. **I.R.A.** The work of the police in breaking up the I.R.A. organisation has been very successful. About 100 persons have been convicted and most of them sentenced to long terms of imprisonment. In addition 167 persons have been expelled from Great Britain. There have been
no outrages since the 16th March, 1940, and recent
information shows that those members left in the country
have difficulty in making contact with leaders in Eire
and are without instruction in the making of explosives.
The possibility of further sporadic trouble cannot be
ignored, but the organisation cannot now be regarded as a
serious menace.

14. **Eire.** Although it falls outside the scope of
this memorandum we think it right to refer to the
possibility of "Fifth Column" activities in Eire. The
number of enemy aliens now proceeding to Eire from this
country is negligible; but we have heard unconfirmed
reports that Germans are finding their way there by sea
through ports on the West Coast of Ireland.

It might well be easier for the enemy to arrange
for "Fifth Column" co-operation in Eire in the event of
his intending to establish a footing there and we suggest
that the Departments concerned might be invited to
consider as a matter of urgency whether any further
measures should be taken to ascertain whether Germans
are in fact penetrating into Eire by the direct sea routes
and to prevent the possible formation of a "Fifth Column"
in that country.

(Intld) J.A.

**HOME OFFICE.**

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**Richmond Terrace, S.W.1.**
Dutch and Belgian War Refugees.

10th May, 1940.

Memorandum by the Home Secretary.

I desire to bring before the War Cabinet the question of the reception of war refugees from Belgium and Holland. Before the invasion of Belgium and Holland, plans had been prepared, with the approval of the Civil Defence Committee, for the reception of a number of refugees. At that time it was contemplated that this country might have to take up to 100,000 persons coming direct to this country from Holland and Belgium and we had agreed with the French authorities that we would take 100,000 coming to this country via France, but our plans also provided for the reception if called upon to do so, of an additional 100,000 from France, making a total of 300,000 refugees in all.

The plans contemplated that the 100,000 refugees coming direct to this country from Belgium and Holland should be diverted to ports on the West coast, where the landing of the refugees would be regulated in such a manner as to enable the Authorities on shore to make a careful examination of the individual cases and to provide for their accommodation. As regards the refugees coming to this country via France, the French Authorities were requested to conduct a preliminary examination of the individuals on French soil, to supply each person with a "carte d'identité", and to regulate the flow of refugees from France to this country in convenient batches.

These plans have, to a large extent, broken down, because the liners which were to have conveyed refugees from Belgium and Holland direct to this country are no longer available, and the shipping which is available cannot be sent to the West coast ports, because it is needed for a shuttle service between this country and the Continent. As a result, a large and unregulated number of refugees is coming to South coast ports direct from France and Belgium and is causing congestion, both at the ports and at the reception centres in London.

The French have now represented that, in view of the comparatively small numbers which this country has had to receive direct from Holland and Belgium, we should now agree to undertake to receive from France a larger number of refugees than the original plan had provided for viz 100,000. The Foreign Office have told the French that this country would be prepared to take 200,000 refugees direct from France, but the Foreign Office expect the French to bring the stronger pressure on us to receive an even larger number of refugees than 200,000. It is understood that there are, at the moment, on French soil some 500,000 refugees from Belgium, who are seriously interfering with the conduct of military operations.

The first question on which a decision by the War Cabinet is required is whether the interests of this country justify us in implementing the undertaking recently given to the French to accept as many as 200,000 refugees from France, and whether if the French, as expected by the Foreign Office, ask us to receive
more than 200,000, we should enter into any further commitments.

In considering this question, account must be taken of the fact that the registered alien population of this country before the war amounted only to some 240,000 persons, so that an influx of another 200,000 Belgian refugees would nearly double the resident alien population.

If machinery existed for a careful examination of the refugees with a view to preventing the entry of undesirables or Fifth Columnists, it would be possible to contemplate the doubling of the alien population with greater equanimity. The essence of the problem is to relieve the French as soon as possible of the undesirable burden of refugees on their soil, who, it is understood, are interfering with military operations, but if refugees are admitted to this country quickly in very large numbers, the authorities responsible for security cannot guarantee that among them there will be none who are ill-disposed.

Moreover, it is somewhat of an anomaly to take elaborate precautions against Germans and Austrians in this country, who have been carefully sifted and about whom a good deal of information is available, while at the same time we admit a large number of foreigners, of whom we know nothing.

On the other hand, account must be taken of the military considerations. It has been represented that Fifth Columnists in France behind the fighting zone may be liable to do more harm than they could do in this country.

If the Government decide that our undertaking to France must be implemented, and that military considerations make it imperative to relieve the French of a substantial portion of the refugees now on French soil, I hope that it will not be necessary to agree to receive more than a total of 200,000 refugees from France. The flow of these refugees to this country must be regulated so as to prevent a clogging of the machinery for interrogating them and providing them with accommodation, and it is estimated that the maximum intake is of the order of 10,000 a day.

Whatever numbers we agree to receive from France, I propose to make certain arrangements with a view to reducing the risks to security, of which the following are the more important features, namely:

1. To secure the services of some 100 Belgian Sureté and Police Officers to assist in interrogating the refugees on arrival in this country.

2. To make arrangements whereby on arrival at ports in this country, the refugees are taken under escort to accommodation, where they can be temporarily detained for examination by immigration officers and the Security Services, in collaboration with the Belgian officers.

3. To make an Order subjecting every refugee who has arrived in this country since the 10th May, to certain special restrictions, which at present apply to "Enemy Aliens": these restrictions limit freedom of movement and prohibit the possession of certain articles, such as cameras, maps, telescopes etc. without the permission of the Police.

The next question for consideration is whether we should not stipulate that no refugee should be sent to this country from France unless the
French authorities have undertaken a preliminary examination, with a view especially to considering whether he could not properly be required to return to his own home. It seems however the representations made by the French authorities as to the grave difficulties with which they are confronted, that the delay, which any arrangements for examination on French soil would cause, would result in hampering to a still greater extent the military operations.

Apart from the question of security, there is considerable difficulty in obtaining accommodation for any considerable number of refugees. Approaches have been made to the Government of Eire, with a view to their agreeing to take a certain proportion of the refugees, and a message has been received at the Dominions Office that the Eire Government are prepared to receive at least 1,000 refugees.

Among the refugees who remain in this country, there will be many who could be usefully employed, including particularly those who have had experience in agricultural work. Arrangements will be made to obtain, in the course of the examination of the refugees on their reception here, information as to their aptitudes for different employment so that the best possible use can ultimately be made of the services of those who are allowed to remain in this country.

J.A.

Home Office.
WAR CABINET.

ATTITUDE OF THE GOVERNMENT TO THE POLITICAL DEADLOCK IN INDIA.

Memorandum by the Secretary of State for India.

I wish to consult the War Cabinet as to the answer to be given to two questions on India which have to be answered in the House of Commons on 23rd May. The questions and the proposed answer are given below.

(Intd.) L.S.A.

India Office, S.W.1.

MR. BENN: To ask the Secretary of State for India, whether he can indicate the attitude of His Majesty's present Government towards the problems facing them in India. [Thursday, 23rd May].

MR. HARVEY: To ask the Secretary of State for India, whether, in view of the recent encouraging pronouncements of Mr. Gandhi and Pandit Jawaharlal Nehru, he is able to make any statement about the political situation in India; and whether any measures have yet been taken to promote a small conference of representative Indian leaders of all parties to agree upon the next steps towards a solution of the constitutional deadlock. [Thursday, 23rd May].

Proposed Answer.

I am glad to have this early opportunity of explaining, so far as I can within the limits of an answer to a question, the attitude of the Government to the present regrettable political deadlock in India. The attainment by India of fair and equal partnership in the British Commonwealth is the goal of our policy as it was that of the late Government. We recognise, as my predecessor made clear in his speech of 18th April, that it is for Indians themselves to play a vital part in devising the form of Constitution best adapted to India's
conditions and to India's outlook. The promise already given that the present scheme of the Act of 1935 and the policy and plans on which it is based are to be open to re-examination at the end of the war necessarily implies discussion and negotiation and not dictation. We have no desire to delay any of the steps that may pave the way towards an agreed settlement that will take account of the legitimate claims of all communities and interests. On the contrary we have been and are most anxious to make our contribution towards such a settlement. The difficulty at this moment lies not in His Majesty's Government but in the acute cleavage of opinion which has developed in India itself affecting issues fundamental to the character of her future Constitution and even to the approach to the problem.

I refuse to regard that cleavage as necessarily unbridgable. Even if no agreement on the major issue is immediately in sight I cannot think that it is beyond the resources of Indian statesmanship to find at any rate such a provisional accommodation as would admit of the resumption of office with general consent by Ministers in the Provinces and the appointment to the Governor-General's Executive Council of representative public men on the basis already offered. I believe that such a solution of the present deadlock, provisional no doubt, but still easing the way to eventual agreement, would be eagerly welcomed by the overwhelming body of Indian public opinion. I am loath to believe that in the situation which faces the whole civilised world today the readiness to make some approach towards agreement will not be forthcoming on the part of Indian statesmen. India has from the outset made manifest her sympathy and support for the Allied cause and her anxiety to lend to that cause all the aid in her power. That those who have been most concerned to stress India's domestic claims should now, in the words reported as having been used a day or two ago by Pandit Jawaharlal Nehru, set their regard for India's honour even in front of those claims is sincerely appreciated by His Majesty's Government.

The Viceroy, with the approval of His Majesty's Government has spared no effort to bring the parties together and to endeavour to find a basis for progress which would be generally acceptable. His own readiness to help in any way he can remains unabated. It is the sincere and earnest hope of His Majesty's Government that in these circumstances existing differences may be put aside and that the leaders of the great political parties in India will come together in agreement in support of the common cause.
WAR CABINET

ARMING OF THE POLICE

Memorandum by the Home Secretary.

1. The police are a civilian force, normally unarmed, and only a minority of the members of the regular and auxiliary police forces are at present trained in the use of firearms.

2. Even in the existing situation the main body of the police must remain available for the performance of normal police duties, for most of which the carrying of arms is unnecessary and undesirable. There is, however, a large number of men - approximately 10,000 full-time policemen and many thousands of part-time Special Constables - now employed in guarding vulnerable points against sabotage.

3. As regards the risk of enemy landings by parachute, the functions of the police should in the main be confined to -

   (a) observing, and reporting to the military authorities, the presence of parachutists; and

   (b) preventing attempts at sabotage or other acts of violence by isolated individuals and overpowering and arresting the individuals where possible.

4. There are accordingly, certain particular purposes for which it would be proper and desirable to take steps immediately to arm the police, namely -

   (a) Guarding vulnerable points against sabotage, as far as this is undertaken by the police.

   (b) Protecting important police stations against attempts to seize them by enemy raiding parties, whether parachutists or not. For this purpose selected members of the staffs of the stations should be armed.

   (c) Armed motorised patrols employed in parties of from two to four men, especially in rural districts and at the approaches to important towns.

   (d) Armed Police posts should be established, where men can be spared, at bridges or other key points with a view to controlling movements on the road, and holding up individual parachutists attempting to reach their rallying point or to approach particular objectives, e.g. for purpose of sabotage.
5. Beyond the functions referred to in the preceding paragraph, there remain certain tasks such as -

(a) overpowering formed parties of parachutists. This it is suggested is a matter for the military authorities or the Local Defence Volunteer units.

(b) Protecting points of importance other than police stations which might form primary objectives for parachute parties and are not now scheduled as vulnerable points for specific protection e.g. railway stations, local telephone exchanges and many power stations. This appears to be a task to be undertaken primarily by units of Local Defence Volunteers formed either from the general force or on the basis of local units from the staffs of the establishments concerned.

It is submitted that both of these functions are outside the proper scope of the police.

6. The police are already in possession of a certain number of arms, including (a) arms - mainly revolvers or automatics - held as part of normal police equipment for occasional use e.g. in arresting dangerous criminals, and (b) a limited number of rifles and service revolvers lent by the War Office for use by the police employed at ports or in protecting certain vulnerable points.

7. The numbers of arms now held by the police would fall far short of those required for the duties enumerated in paragraph 4, and it has been provisionally estimated that for these purposes an additional 12,000 rifles and 10,000 revolvers would be required. Whether these numbers are needed will, however, depend to some extent on the development of the Local Defence Volunteer corps; if this corps is in a position at an early date to relieve the police of any considerable proportion of their protective duties, the numbers could be proportionately reduced.

8. I should be glad if I might have the authority of the War Cabinet to issue instructions to the police to proceed on the lines indicated in this memorandum, so far as the arms available to them permit.

J.A.

Home Office.
WAR CABINET.

DEMOlITIONs IN HOLLAND.

Note by First Lord of the Admiralty.

I circulate for the information of my colleagues the attached tabular statement showing the demolition which the parties despatched from this country to Holland were intended to achieve and what was actually accomplished. They appear to have done magnificent work under the most difficult conditions.

A.V.A.

ADMIRALTY, S.W.1.
25th May, 1940.
A tabular statement of demolitions intended and actually carried out at Amsterdam, Rotterdam, Ymuiden and the Hook is set out below.

<table>
<thead>
<tr>
<th>Demolitions intended</th>
<th>Demolitions carried out</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMSTERDAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80,000 tons of oil</td>
<td>80,000 tons of oil</td>
<td></td>
</tr>
<tr>
<td><strong>ROTTERDAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(South Bank)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>365,000 tons of oil</td>
<td>265,000 tons of oil</td>
<td></td>
</tr>
<tr>
<td>(North Bank)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>98,000 tons of oil</td>
<td>41,000 tons of oil (approx.)</td>
<td>Tanks not destroyed by demolition parties but subsequently seen ablaze. Approximately 15,000 tons of Whale Oil remaining. 42,000 tons of other oils.</td>
</tr>
<tr>
<td>Demolitions intended.</td>
<td>Demolitions carried out.</td>
<td>Remarks.</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>31 Coast Defence Guns.</td>
<td>Guns destroyed.</td>
<td></td>
</tr>
<tr>
<td>Light &amp; Power Station.</td>
<td>Main Power House for North and Middle Lock blown up.</td>
<td>Gates of lock are handworked.</td>
</tr>
<tr>
<td>Dredgers.</td>
<td>Two Machinery Houses to North Lock blown up.</td>
<td>Effectively blocked except against light craft in fine weather.</td>
</tr>
<tr>
<td>Navigational Aids.</td>
<td>One Machinery House to Middle Lock blown up.</td>
<td></td>
</tr>
<tr>
<td>Floating Dock.</td>
<td>Entrance to small lock blocked by two tugs and stone ballast</td>
<td></td>
</tr>
<tr>
<td>Railway Station and Rolling Stock. (See remarks column).</td>
<td>emptied between double gates of lock.</td>
<td></td>
</tr>
<tr>
<td>Block the Channel.</td>
<td>South Channel blocked by one merchant ship and 1 trawler.</td>
<td>Effectively blocked except against light craft in fine weather.</td>
</tr>
<tr>
<td></td>
<td>Main entrance to harbour between breakwaters blocked with one</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,000 ton merchant ship and one trawler.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Main control board of Ironworks blown up and structural</td>
<td></td>
</tr>
<tr>
<td></td>
<td>damaged done.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Merchant ship sunk alongside the ironwork quay.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>One small and one medium floating dock sunk in fish harbour.</td>
<td></td>
</tr>
<tr>
<td>Demolition intended.</td>
<td>Demolitions carried out.</td>
<td>Remarks.</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Coast Defence guns.</td>
<td>Coast Defence Guns, destroyed.</td>
<td>All charges placed for destruction of quays, cranes, etc. but order received by telephone on no account to fire them.</td>
</tr>
<tr>
<td>Railway station and rolling stock.</td>
<td>Railway station points and rolling stock blown up.</td>
<td>No ships available.</td>
</tr>
<tr>
<td>Mine and Torpedo Store.</td>
<td></td>
<td>Northern arm of breakwater breached by torpedo.</td>
</tr>
<tr>
<td>Navigational Aids.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric power station.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sink ships in Fairway.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**YUDDEN (Cont'd).**

The following miscellaneous craft sunk:
- Floating crane.
- 2 Harbour Launches.
- 4 motor drifters.
- 2 tugs.
- 1 large coal lighter.
- 1 dredger.
- Several hoppers.

**The HOOK.**

Northern arm of breakwater breached by torpedo.
WAR CABINET

ACTION TO BE TAKEN BY THE B.B.C. IN THE
EVENT OF AN AIR RAID ON THIS COUNTRY.

Memorandum by the Minister of Information.

1. The present instructions to the B.B.C. are laid down in C.I.D. Paper No. 1584/B dated August 4th 1939. Briefly, the arrangements provide:

(a) that on the instructions of Fighter Command Headquarters given direct to the B.B.C., the B.B.C., may be required temporarily to close down all the existing transmitters in this country, with the exception of those carrying the Overseas Service on short wave-lengths;

(b) that when all transmitters are thus closed down they may not be re-opened until Fighter Command Headquarters give permission direct to the B.B.C., except on receipt of instructions on the direct line from the Central War Room to the B.B.C., to re-open for short periods in order to broadcast announcements of special importance.

(c) By decision of the Cabinet these broadcasting periods must not be longer than 2 minutes each and must occur irregularly at intervals of not less than half an hour, the first such period to be at least half an hour after the initial order to close down.

2. The B.B.C. Security Measures Committee, which is a reconstitution of "Document C" Sub-Committee of the C.I.D. and includes representatives of the Ministry of Information, Air Ministry, War Office, Home Security, Cabinet Offices and B.B.C., met recently to consider the modification of these instructions in the light of:

(a) The War Cabinet decision that the C.in C., Home Forces should be authorised to instruct the B.B.C. to broadcast instructions to troops in the event of parachutists landing in this country. (War Cabinet 120th Meeting, 13th May, Item 3).

(b) The fact that it is no longer intended that operational orders should be issued from the Central War Room.

3. The Committee recommend that with the single exception of the C.in C. Home Forces, the arrangements approved by the Civil Defence Committee last week should be strictly adhered to, even in time of an emergency such as an air raid. These arrangements were that all official broadcast announcements were to be communicated to the B.B.C. by the Ministry of Information on behalf of the Government Department from which they originate, and the B.B.C. are under strict instructions to accept no communication whatever for announcement from any other Government Department except the Ministry.

This means that if in a time of emergency the Prime Minister or any other member of the War Cabinet should wish to give instructions to the B.B.C. to issue an announcement, that announcement should be conveyed through the Ministry of Information and not direct.
4. I ask the War Cabinet to confirm this recommendation and to give me the authority at my discretion to instruct the B.B.C. to re-open transmitters for short periods as envisaged in 1 (b), provided the conditions under 1 (c) are observed.

5. The Committee also considered the risks of enemy interference with B.B.C. broadcasts and I am circulating separately their report in full for the information of the War Cabinet.

D. C.
Proposal by the Government of India to raise additional troops.

Memorandum by the Secretary of State for India.

I circulate the attached telegram dated the 18th May No.1046 from the Government of India. Although the telegram arises out of correspondence that has taken place on the question of support for Afghanistan against possible Soviet aggression, it will be seen that the additional units which the Government of India now propose to raise, or at any rate a substantial part of them, might be available for operations in other theatres and that the Government of India have themselves had this in mind.

Briefly, the Government of India propose to provide forces amounting in terms of Infantry to some 6 Divisions for the primary purpose of dealing with Soviet aggression, though some part of them would be available for other purposes as just indicated if the Soviet menace remained quiescent. They propose to raise the additional troops (estimated as regards Infantry at 18 battalions) required to supplement their existing forces to provide the necessary total. They are prepared to bear the initial cost of raising these troops and of equipping them so far as this can be done from their own resources. They are further prepared to bear the recurring cost of maintaining them on the understanding that if any portion of these forces are called upon for service overseas they would become a liability of His Majesty's Government. In the latter case the completion of their equipment to the higher External Defence troops scale would also be the responsibility of His Majesty's Government in accordance with the existing policy.

Thus, it will be seen that His Majesty's Government could give the Government of India the confirmation for which they ask to go ahead with the raising of the units. Headquarters, etc., mentioned in paragraph 3 of the Government of India's telegram, without assuming any fresh liability other than that for some equipment, the release of which would rest with the Priority Committee here. It will be noted, however, from paragraphs 5(e) and 9 of the telegram that the question of dollar exchange arises; and on this I am separately approaching the Treasury.

I request sanction to inform the Government of India that their action in starting to raise the troops mentioned in paragraph 3 is approved and, subject to Treasury concurrence, to authorise them to proceed with the purchase of the necessary Mechanical Transport. This, I feel assured, will be a valuable step forward towards enabling India to pull her weight yet more fully in the present struggle.
This telegram has reference to sub-paragraph (c) of paragraph No. 6 of our telegram No. 1016, May 15th, 1940. We there stated that given certain assistance from His Majesty's Government we might be able to prepare in India the land forces required; we wish to implement our plans for first phase of support to Afghanistan and other forces referred to in sub-paragraph (a) of same paragraph.

2. After a rapid review of the whole of our resources in men and equipment and after making due provision for the security of India in these altered circumstances we now confirm that on certain conditions we shall be able to raise and prepare additional forces required by spring of 1941 subject to what is stated in paragraph No. 7 of my telegram No. 1016.

3. The net additional forces to be raised and prepared are broadly speaking (a) 18 Infantry Battalions, (b) 3 Field Regiments, (c) Sappers and Miners and Signal units for 6 divisions, (d) Force, Divisional, Brigade, and L. of C. Headquarters for whole force, (e) base organisations for whole force, (f) medical and supply arrangements for whole force, (g) formation of 1 mobile brigade (trucked), (h) about 100 M.T. sections totalling about 3,000 vehicles with some sort of repair organisation, (i) considerable expansion in schools of all sorts for purpose of training officers and all specialised units as well as special arrangements for training large numbers of personnel required for static A.A. artillery defence.

4. The implementing of these measures will absorb our entire energies for at least a year and would represent our maximum and in our opinion most useful and most suitable war effort on military side for whatever purpose (whether for Russian menace or for any other object) during that time.

5. Conditions referred to in paragraph 2 above are (a) that an immediate start should be made, (b) that serious administrative delays, which are inseparable from constant reference to His Majesty's Government for sanction to individual measures, should be eliminated, (c) that extensive resort to improvisation will be made in India in order to make the maximum possible use of all our local resources and equipment without running undue risks, (d) that a certain amount, but not a great deal, of armament and technical equipment should be made available to us by His Majesty's Government and (e) that we should be given sufficient dollars to enable us to purchase in America our minimum requirements particularly for M.T.

6. The first of these two may be considered together. It will be evident from our last telegrams on this subject, read in particular with paragraph 4 of this telegram, that measures (namely those described in paragraph 3 above) which are within our maximum present capacity to prepare in order to protect India from Russian menace, and such measures as would represent our maximum military war effort in any case and for whatever purpose are co-extensive and identical. Under terms of recent financial settlement with His Majesty's Government governing incidence of the whole expenditure in India, protection of India from Russian menace would be considered to be a joint war measure. Various methods of
apportioning attendant expenditure devised, but in any case we would have been willing to bear an equitable share of it. We feel political India also would be prepared to accept as a reasonable charge on Indian revenues as large a share as she could afford of whatever measures were deemed necessary to protect her from Russian aggression. Bearing this in mind and remembering also that measures proposed in this telegram, although representing India's maximum war effort for time being, do not cover all measures necessary to counteract Russian menace (because for one thing they do not include air forces nor A.A. defence, and for another all these measures cover only first phase of operations that would be eventually necessary) we have come to the conclusion that we would be fully justified, and would be supported by Indian opinion, in offering to pay for all measures referred to in paragraph 3 above in so far as those measures can be executed by ourselves. We will revert to this question in a later paragraph, but, for the present, this decision automatically fulfils first two of our conditions because, subject to your confirmation, we are now issuing orders necessary to implement our proposals in paragraph 3 above, and because financial control over consequent expenditure will be exercised in India under our own powers. In adopting this course we have in mind great pressure under which Imperial departments are now labouring and unfairness of adding to their task and most important fact, even if Russian menace should not materialise, our efforts will not be wasted, but will be at disposal of His Majesty's Government for other theatres of war. This fact should involve no difficulty with Indian political opinion because, under existing financial plan, His Majesty's Government will pay for whatever further troops she uses overseas, and also because His Majesty's Government will presumably not so denude India of troops (except in last resort) as to leave her with no protection at all against Russian menace or to remove underlying justification for charge, namely that expenditure now proposed is being incurred on India's own defence.

7. The third condition in paragraph 5 above dominates the whole programme. It means of course that the new units to be raised will be necessarily on a low scale of equipment. It also means that if His Majesty's Government remove the additional forces we are now creating for service outside India we shall be left with a permanently weakened army for our own protection because we shall be unable to equip any replacements. We feel however that this risk must be run. It will be only a temporary risk because in due course as the supply position at home improves we presume that increasing quantities of equipment can be released for India.

8. We will address you separately in due course concerning our minimum requirements under the fourth condition in paragraph 5 above and can only hope that His Majesty's Government will be able to meet us in this matter.

9. The last condition in paragraph 5 is of great importance and unless it is fulfilled our efforts will be largely rendered nugatory. As you are aware our supply of M.T. from England has been fixed at 600 chassis per month and no further production can be placed at our disposal at present even for Trout and its replacements owing to shortage of raw materials. It seems to us essential that the American market for M.T. should be now opened to us both for vehicles for Trout and also for the additional 100 M.T. sections which our present proposals require. It is impossible as yet to give any firm outside estimate of amount of dollars we should need but this
will be furnished to you in due course. For present purposes a minimum of 7 and a maximum of 10 million dollars may be taken. We request authority to place orders on Indian importers for M.T. chassis up to this amount.

10. To revert to the financial aspect of these proposals which we left in paragraph 6 above. Proposals in my telegram 1016, May 15th, may be classified for purposes of this paragraph as follows: (a) provision of 14 additional squadrons of air force, (b) provision of 3 mobile A.A. artillery regiments complete, (c) provision of pieces for static A.A. which is designed to protect military objectives and L.O.C. within India, (d) provision of a certain amount of technical equipment from home, (e) the rest of the proposals including the raising, training and improvised equipping of additional land forces and ancillary services and raising of 100 M.T. sections. Our own estimates (which should be treated with the greatest reserve) of rough cost of these items at pre-war prices are - for item (a) 10£, half of 21, crores of rupees capital and 6 or 7, half of 12 or 14, crores rupees recurring including 100% reserves and peace wastage only. For item (b) we cannot estimate. For item (c) 6, half of 12, crores rupees capital and about half-a-crore of rupees, half of one, recurring. For item (d) we can frame no estimate. For item (e) 13, half of 26, crores of rupees capital and 12½, half of 25, crores recurring in a full year. We are offering to pay for the last of these items and consider that whatever previous views have been expressed as to best or most logical method of apportioning cost of Russian menace between the two Governments, His Majesty's Government might reasonably agree to provide the remaining forces and equipments in items (a) to (d) at their expense. The division of cost would thus be on a (9 required) administrative basis, which method of division, although not essentially logical, would be highly convenient and efficient from a practical point of view. Should any of the forces in item (e) be taken for overseas theatres, then, under existing plan, incidence of their cost would of course fall on British Exchequer. It has been explained in paragraph 4 above that implementing of measures in item (e) will represent India's maximum war effort for some time to come. Similarly, the payment for these measures represents as great a financial effort as we can make without resorting to borrowing on a scale which might precipitate serious political reactions.

11. You will recognise that we shall have to justify this expenditure before Indian opinion as representing an equitable share of immediate measures necessary to safeguard India from Russian aggression. We do not anticipate any insuperable difficulties in doing so. We ourselves feel, and we have no doubt that a large element in the country would agree, that this expenditure has a further justification, namely, that India should put forth her immediate maximum military and financial effort in common cause. Nevertheless, the Russian menace and Indian apprehensions regarding it, seem to us to provide a most favourable opportunity for initiating these efforts with minimum political opposition.

12. In addition to the measures described in paragraph 3 above initiating the scheme, train at our cost, personnel for a further 2 Indian air force squadrons. It is hoped that personnel will be fully trained within 18 months. The political popularity of such measure will be great and it will, we hope, be of general assistance in due course.
WAR CABINET

RELATIONS BETWEEN THE MINISTRY OF INFORMATION
AND THE B.B.C.

Memorandum by the Minister of Information.

I have discussed with the Chairman and Director-General of the B.B.C. what degree of control can appropriately be exercised by the Ministry of Information over the B.B.C. The B.B.C. have accepted this and will continue to accept general guidance from this Ministry and will bow to our decisions after having made their observations. We are now providing fuller and more authoritative guidance. Sir Allan Powell and Mr. Ogilvie said they would gladly accept any directions whether general or particular on all matters which the Minister considered to be in the national interest. They have agreed that no broadcasts of political importance will be arranged without my approval, and the existing liaison between the Ministry and the B.B.C. will be developed so that a greater degree of control can in future be exercised. Mr. Ryan, Controller of B.B.C.'s Home Division is going to attend our policy meetings every morning and Mr. Ogilvie will attend twice a week at the meetings at which I am present. The director of our Broadcasting Division, Mr. Wellington, will attend analogous meetings at the B.B.C.

It has been arranged, in agreement with the other Government Departments concerned, and with the approval of the Civil Defence Committee, that the B.B.C. will publish no official announcements except those received from the Ministry (apart from instructions received from the C-in-C, Home Forces, in the form of operational orders in the event of parachute attack - see War Cabinet Minutes of 17th May (120th Meeting) item 3). I am reporting separately to the Cabinet on these and other security measures in the event of air attack in this country (W.P. (G) (40) 116). These arrangements came into force on the morning of Saturday, 18th May, and should preclude a repetition of the hoax message which was sent out on May 13th. I have also made arrangements to provide Broadcasting House with an armed guard, and have requested the Secretary of State for War to provide anti-aircraft defence for broadcasting stations in this country - a most urgently needed precaution, which I hope he will be able to provide with the least possible delay.

I intend to make a practice of broadcasting myself fairly frequently, in order to comment upon and explain the news.

I would also urge my colleagues to make use of the radio. This applies to all Ministers who have any communication to make to the public, but especially to those in charge of Service Departments. The public are
anxious to hear the fullest possible accounts of the operations of war, whether from speakers of the highest authority or from officers and men who have themselves been eye witnesses of the events they describe. The enemy have not neglected their opportunities in this field. It would be much to the national advantage if Service Ministers recognizing this new development of broadcasting as an important element of warfare would instruct their Departments to exploit its possibilities to the full in co-operation with the Ministry and B.B.C.

Initialled D.C.
Proposition by the Government of India to raise additional troops.

Memorandum by the Secretary of State for India

In view of the urgent recommendation of the Viceroy that we should be in a position to make a public announcement without delay of what additional military help India is giving at this grave juncture, I have authorised the Government of India to proceed with raising the additional troops. A copy of the telegram which I have sent to the Government of India is appended.

INDIA OFFICE. L.S.A.

TELEGRAM from Secretary of State to Government of India, Defence Department, dated the 24th May 1940.

2514

Your telegram No. 1046 May 18th. I agree to your issuing orders immediately to implement measures enumerated in your paragraph 3 except sub-paragraph (h) dollar exchange which must be examined by Treasury. Your proposals for training additional personnel for Indian Air Force as in your paragraph 12 also approved. You will realise that provision of armament and technical equipment by His Majesty's Government as in your paragraph 5(d) must depend on general strategic situation.
WAR CABINET

ACTION TO BE TAKEN BY THE B.B.C., IN THE EVENT OF AN AIR ATTACK ON THIS COUNTRY

Note by the Minister of Information

I circulate for the information of the War Cabinet the Report by the B.B.C. Security Measures Committee to which I referred in my Memorandum W.P. (G) (40) 136.

D.C.
Report to the Minister of Information by the

Action to be taken by the B.B.C. in the
event of Air Attack on this Country

1. The present instructions to the B.B.C. are laid down on C.I.D.
   Paper No. 1584/B dated August 4th, 1939 — see paragraphs 20 & 21 of Document
   'C', issue 5, enclosed with that paper, a copy of which is enclosed as
   Appendix I to this Memorandum. Briefly, the arrangements provide:

   (a) that on the instruction of Fighter Command Headquarters given direct
       to the B.B.C., the B.B.C. may be required temporarily to close down all
       the existing transmitters in this country with the exception of those carrying
       the Overseas Service on short wave-lengths;

   (b) that when all transmitters are thus closed down they may not be re-
       opened until Fighter Command Headquarters give permission direct to the B.B.C.
       except on receipt of instructions on the direct line from the Central War Room
       to the B.B.C. to re-open for short periods in order to broadcast announcements
       of special importance.

   (c) By decision of the Cabinet these broadcasting periods must not be
       longer than 2 minutes each and must occur irregularly at intervals of not
       less than half an hour, the first such period to be at least half an hour
       after the initial order to close down.

1. Instructions from C.-in-C., Home Forces,
in the event of Parachute Raids.

2. On the 13th May, 1940 the War Cabinet had before them proposals by the
   Secretary of State for War regarding the methods to be employed for dealing with
   parachute attacks. The third of these proposals was as follows:

   "(iii) The third measure for which authority was asked was that if parachutists
       were landed in this country the C.-in-C., Home Forces, should be authorised to
       instruct the B.B.C. to broadcast instructions to troops. This involved some
       departure from the previous decision that the B.B.C. should not broadcast at
       times when air attack was being made against this country".

   These proposals were approved by the War Cabinet subject to further
   consideration being given to the points raised in discussion.

3. As this decision stands it means that the C.-in-C., Home Forces has
   the right to over-ride at any time and to any extent the instructions given
   by Fighter Command Headquarters to the B.B.C. to close down all transmitters.
   This is obviously a matter of grave concern to the Air Staff and it is under-
   stood that representatives of the Air Staff, War Office and Home Forces are
   proposing to meet in an endeavour to arrive at a compromise which will ensure
   that the power given to the C.-in-C., Home Forces, shall be used in such a way
   as to involve the smallest amount of departure from the policy already approved
   by the Cabinet in the interests of Air Defence. In particular it is understood
   that Home Forces agree that instructions to be given direct to the B.B.C. in
   this way shall be confined to operational orders to troops arising out of an
   actual or threatened landing of parachutists in this country.

4. The Ministry of Information and the B.B.C. are not concerned with the
   proposed discussions between the Service Departments. But in the meanwhile,
   and pending any further decision by the Cabinet, the Minister of Information has
   given definite instructions to the B.B.C. to act in accordance with the
   instructions received from the Commander-in-Chief, Home Forces.

This Committee is a reconstitution under the direction of the Ministry of
Information, of the Sub-Committee of the Committee of Imperial Defence known
as the "Document C" Committee which reported to the C.I.D. in August 1939
(C.I.D. Paper No. 1584/B). It includes representatives of the Ministry of
Information the Air Ministry, the War Office, Home Security, Cabinet Offices
and B.B.C. with the Deputy Secretary of the Ministry of Information as Chairman.
Responsibility for seeing that instructions given in this way are confined to urgent operational orders must rest with G.-in-C., Home Forces. It is not possible for the B.B.C. to distinguish between one kind of instruction and another.

5. It should be noted that between the hours of 0.30 and 5.45 a.m., the B.B.C. stations are closed down. When a transmitter is closed down it takes from 15 to 20 minutes to start it up ready to transmit a message. It is however possible to keep a transmitter running without radiating, and in that case a message can be transmitted within, say 3 minutes of notice being given to the engineers. The extra cost is in the neighbourhood of £50 a night, but the saving of those 12 odd minutes is, thought to be well worth the money. The matter being urgent, the Minister with the approval of the Treasury, has instructed the B.B.C. to keep their transmitters running all night henceforth pending any further directions.

II. Any other instructions of an Urgent Nature.

6. When the report of the Document 'C' Committee was prepared in August last it was assumed that operational orders might be issued, in the event of an air raid, from the Central War Room. It is understood that it is no longer intended that any operational orders should be issued from the Central War Room and that it is not expected that any such orders will be broadcast on the instructions of any other person or body than the G.-in-C., Home Forces.

7. On this assumption, with the single exception of G.-in-C., Home Forces, it is proposed to adhere strictly, even in time of an emergency such as an air raid, to the arrangement approved by the Civil Defence Committee last week under which all official broadcast announcements are to be communicated to the B.B.C. by the Ministry of Information on behalf of the Government Department from which they originate, and the B.B.C. are under strict instructions to accept no communication whatever for announcement from any other Government Department except the Ministry.

8. Pending confirmation by the War Cabinet, instructions have been given to the B.B.C. to act accordingly. It will be observed that this means that if in time of emergency the Prime Minister, or any other member of the War Cabinet, should wish to give instructions to the B.B.C., to issue an announcement, that announcement should be conveyed to the B.B.C. through the Ministry of Information and not direct.

9. It is recommended that the authority of the War Cabinet be obtained for the Minister to give instructions to the B.B.C. at his discretion to re-open the transmitters during any closed-down period in order to broadcast announcements of special importance provided that the conditions laid down by the Cabinet (see para. 1 (c) above) are observed.

At the request of the First Lord of the Admiralty, the Minister has agreed that, under normal conditions, the Hydrographer's Navigational warnings to mariners may continue to be communicated direct to the B.B.C., subject to a proper check by the latter on the authenticity of the message. But this exception cannot be allowed when all transmitters are closed down owing to enemy raids. If at such a time the Admiralty wish to send a message of this kind they must ask the Ministry of Information to transmit; the B.B.C. will refuse to accept it otherwise. The Ministry's action will then conform with para. 9 below.
III. Risk of Enemy Interference.

10. There is a grave risk that, at any time when all the B.B.C. transmitters in any one of the Home Service Groups are closed down, the enemy may seize the opportunity to broadcast on one of our Home Service wavelengths, from Hilversum, or some other powerful station near this country, false news or announcements to United Kingdom listeners, purporting to issue from the B.B.C. itself. It must be assumed that the enemy announcer will be able to disguise his voice so as to be thought to be one of the regular B.B.C. announcers.

11. There appear to be no technical means of preventing the enemy from doing this, except by keeping our own transmitters going continuously. But that would be a reversal of the air defence policy which was carefully thought out before the war and has been acted upon ever since, and at this stage at any rate it cannot be recommended.

12. The problem therefore is how to minimise the effect of the assumed enemy action. This has been carefully considered by the departments represented on the Committee. The following points should be noted:

(a) It is conceivable that one or all of our transmitters may be closed down continuously under the orders of Fighter Command H.Q. for a very considerable period, possibly many hours.

(b) The enemy may have two alternative purposes in mind. First, he may hope to create panic and confusion by conveying false news or false instructions. Secondly, he may hope that by doing so he will induce us to start up our transmitters in order to jam his broadcast and thereby will obtain direction-finding assistance at the moment when it would be most helpful to his raiding aircraft.

(c) In any warning or instruction which we may give to the public it is desirable;

(i) to avoid using language which will create a general distrust of B.B.C. announcements;

(ii) not to show our hand to the enemy or to suggest his weakness in our organisation. It may not, however, be possible to avoid this latter risk altogether.

(d) It is understood that during daylight on a cloudless day the additional direction-finding assistance that would be given to an enemy raider by keeping the transmitters on during a raid would be negligible. It is hoped therefore that the Air Ministry will be willing to give instructions to Fighter Command H.Q. that under such conditions they shall not order the B.B.C. to close down transmitters.

(e) Between midnight and 6.45 a.m. most listeners normally turn off their receivers. It must be assumed however that many will turn them on in time of a raid.

(f) The problem therefore relates to (i) daylight hours, whenever there is cloud or mist; (ii) hours of darkness until 12 midnight; (iii) the following hours for a limited number of listeners only.

13. It is understood that the Air Ministry are now prepared to agree that, in the event of the enemy attempting to broadcast on one of our wave-lengths while we are off the air, the B.B.C. may re-open their transmitters in order to issue a very brief message of warning to home listeners, to be repeated at quite short intervals, provided that

(a) the message occupies not more than half-a-minute; and

(b) it is repeated at irregular intervals of not less than (say) 3 minutes.
The message should be a spoken warning, in a form to be agreed between the B.B.C. and the Ministry beforehand; its delivery in this way will have the effect of jarring, but should be more effective, although only a comparatively few listeners will understand what is said.

It may be that the enemy will be provoked by this to jam our own broadcasts later, but we must take that risk.

This concession by the Air Ministry will be of great help. Even if only a few listeners are able actually to understand what the B.B.C. announcer says when he interrupts, the interruptions will serve as a warning to listeners that something is wrong and that they should act with great caution.

14. The action which the Committee recommend is as follows:

(i) That the Minister of Information should broadcast immediately a carefully-worded warning in which the public will be reminded of the enemy technique in this respect, with examples from Poland, Norway, Holland and Belgium.

It should be explained to them that, in the event of serious air-raids in this country, it may be necessary for the B.B.C. to "fade cut" their programme suddenly, without any warning, perhaps in the middle of an item. If that should happen, listeners must take it as a warning, and must be on their guard against enemy attempts to deceive them in the interval before the B.B.C. resume their continuous programmes. Listeners may be reminded, in particular, that between 0.30 and 6.45 a.m. there is no B.B.C. programme, and that no announcement whatever is or will be made by the B.B.C. to the public between those hours. (There may be some announcements, but they will not concern the public, who should ignore them.)

(ii) That the B.B.C. should advise the Duty Room Officer of the Ministry of Information henceforth whenever one complete group of transmitters is closed down by order of Fighter Command.

(iii) That the B.B.C. should establish a listening post forthwith, to listen for enemy interference on British wave-lengths. If this should be detected,

(a) the Duty Room Officer of the Ministry will be immediately informed and will in turn inform the Minister of Information.

(b) The listening post will at the same time inform the Senior Control Room Engineer, and Programme Assistant, B.B.C. The former will immediately, without waiting for further instructions, open up all transmitters, under the conditions described in para. 13 above, for a series of brief announcements by the Programme Assistant in the agreed form, to be continued at irregular intervals as long as the enemy interference lasts.

(c) This procedure will not apply during the "dead" hours between 0.30 and 6.45 a.m., since listeners will already have been informed that no B.B.C. announcements whatever will be made to the public in those hours.

(d) In the event of C.-in-C., Home Forces, giving instructions to the B.B.C. to broadcast an operational order to troops while the enemy is occupying our wave-lengths, his instructions must have precedence over those deliberate interruption of the enemy broadcast. It may not be easy for the Home Forces instructions to be heard under such conditions, and it would be well that they should be repeated. An excess over the 2 minutes limit is less likely to be dangerous while the enemy is also broadcasting.
(iv) That the position be further reviewed after the first occasion on which such enemy interference occurs, in order to decide what further precautions, if any, should be taken.

15. It has been suggested that as an additional precaution, the B.B.C. should, whenever all transmitters are closed down, send out Home News on a short-wave length such as 49 metres, which is now used partly for broadcasting to European countries and partly for the Empire Service. Although only a very few – perhaps not more than 10% of U.K. receiver sets can be tuned so as to receive this wave-length, it would be possible to arrange that a number of important focal centres, such as Town Halls, police, Regional Commissioners and the Regional Information Officers of this Ministry, should be equipped with sets capable of receiving such a wave-length, and should be instructed secretly to tune in to it during an air-raid. It appears that transmitters on such low wave-lengths are not likely to be used by the enemy for direction-finding purposes, and messages could, therefore, be sent out on it continuously during a raid. On the other hand its use for this purpose will disturb the Overseas Service. The B.B.C. have been asked to look into the question further before it is decided to adopt it.

16. The Committee cannot advise that these precautions are entirely satisfactory. The enemy may lead from several alternative cards in his hand and if he plays skilfully it will be difficult to forestall him entirely when air raids first begin. It will, therefore, be necessary to review the position immediately after the first occasion on which he uses this technique in order to see what further action may have to be taken.

Signed on behalf of the Committee

A. F. Waterfield.

23rd May, 1940.
MEMORANDUM BY THE CHAIRMAN OF THE COMMITTEE ON LEAKAGE OF INFORMATION

On 3rd May the Committee on Leakage of Information decided on a test check on a certain proportion of the letters from Great Britain to Eire and Northern Ireland, on the understanding that the letters would be subjected to scrutiny but not to censorship. The check was to be operated for a period of one week and the results to be reported to the Committee. The Secretary of State for Dominion Affairs informed the Government of Eire of the measures proposed. The necessary warrant was furnished by the Home Secretary and the latter informed the Government of Northern Ireland.

2. The general results of the first two days of the check, which was applied to 20% of the letters passing from Great Britain to Northern Ireland and Eire, indicate that some 160 letters contained fairly important indiscretions on such subjects as the position of aerodromes, anti-aircraft defences, the position of units, arrangements by Irish soldiers to desert, the presence of I.R.A. or German sympathisers in this country, and the evacuation of a Government Department.

3. At the urgent request of the Minister of Information the Committee on Leakage of Information have now agreed:

(i) that censorship as well as examination of outgoing letters should be permitted;

(ii) that the percentage of letters examined should be increased above 20% to the highest figure that can be achieved; and

(iii) that there should be examination, as distinct from censorship, of letters coming from Eire and Northern Ireland to this country.

4. I wish to report for the information of the Cabinet that the above extensions of the previously approved arrangements are now in operation.

(Signed) HANKEY.

55, Whitehall, S.W.1.
Revolutionary Movements Ordinance

Memorandum by the Secretary of State for India

The Cabinet on 27th October 1937 approved in principle the draft of an enactment called the Revolutionary Movements Ordinance to provide the authorities in India with powers, for dealing with revolutionary movements, which had been found useful in previous Civil Disobedience campaigns in India or were suggested by experience elsewhere. This approval was not given in relation to any actual or anticipated menace at the time but as a precaution against a possible emergency; and it was arranged that, if the occasion arose, the matter should be referred again to the Cabinet (if in session) before the Ordinance was enacted.

The Viceroy has now asked for the contingent approval of the Cabinet for the issue of the Ordinance if and when the occasion arose, without the necessity of having to refer to the Cabinet when the time came. His object is to avoid any delay that might inevitably occur if the Cabinet were otherwise pre-occupied at a time when an emergency arose in India requiring the immediate enactment of the Ordinance.

The Viceroy has to be prepared for the possibility of revolutionary movements arising from a variety of causes - not only a Civil Disobedience campaign which, though it may be suspended, is still the avowed policy of Congress - but also from the possible activities of other bodies such as the ex-terrorists or the Khaksars - a body of Muslim extremists who have recently given trouble leading to violence - or from the ever-present menace of communal trouble. Moreover, though, if the Congress launch a Civil Disobedience campaign, Mr. Gandhi would doubtless attempt to give it a non-violent character, its existence would nevertheless encourage violent and revolutionary movements, prompted by others, by creating conditions favourable to their success.

We have also to consider that violent elements may take advantage of any deterioration in the military situation to disturb the public peace and to interfere with India's war effort.

I hope that it may yet prove unnecessary to use the Revolutionary Movements Ordinance, but I am convinced that the Viceroy is right in desiring that in present circumstances all the emergency powers which have been prepared should be available for use, if necessary, without any avoidable delay. I would therefore suggest that I should be given authority, without further reference to the Cabinet, to permit the Viceroy to enact this Ordinance in any emergency in which he and I are satisfied that the necessity for it has arisen.

L.S.A.

INDIA OFFICE.
WAR CABINET.

DEVELOPMENT OF TIMBER PRODUCTION IN THIS COUNTRY AND FRANCE.

Memorandum by the Minister of Supply.

I circulate a note which has been submitted to the British and French Prime Ministers by M. Monnet, the Chairman of the Anglo-French Co-ordinating Committee, upon the subject of developing home supplies of timber.

The Shipping situation is going to render it almost impossible to supply the minimum essential requirements of the two countries, unless production from French sources (which are removed from the war zone) is restored, and that from sources in this country greatly developed. We are taking strong steps in this country to develop production at all costs, but France can of course make a far larger contribution from her more extensive forests. The limiting factor is labour, which will have to be imported, and M. Monnet's proposals are directed to secure that the labour is procured for the two countries and employed to the fullest possible extent.

I agree with his proposals and recommend them to the Cabinet. The proposals concern other departments as well as the Ministry of Supply and, if they are approved, the necessary contacts will be made. I understand that the Army Council have agreed that skilled workers from the British Dominions for work in France should be enrolled in military Companies under their control.

(Intld.) H. M.

Ministry of Supply, W.C.2.
ALLIED TIMBER REQUIREMENTS.

NOTE TO THE BRITISH AND FRENCH PRIME MINISTERS
BY THE CHAIRMAN OF THE ANGLO-FRENCH CO-ORDINATING
COMMITTEE.

The original estimated requirements of the Allies for timber of all kinds for 1940 were 15 million tons. This figure indicated the absolute minimum to which requirements could be reduced, as economies in the uses of timber were pushed to their furthest limit. Even with the utmost economy, however, certain timber requirements are not being met. Thus, for example, it is stated that the French Authorities are able to provide only half of the mining timber required by coal mines in France, while it is impossible for France to fulfill the promise to provide 60,000 tons of pitprops per month to South Wales. Further the B.E.F. are able to obtain only 50% of their requirements of round wood.

The seriousness of this situation has been increased by the invasion of the Low Countries and the intensification of the war. The requirements of the Allies are thereby considerably increased; there are increased needs of timber for fortifications, a possible need for civilian use in the event of aerial bombardment, and increased requirements in various other directions.

It must also be remembered that the normal source of timber imports of the United Kingdom and France is Russia and the Baltic countries. With supplies from these countries now cut off, more distant sources have to be used, and this involves a marked increase in the need for shipping and foreign exchange.

The matter has, however, become even more serious than this with the new German offensive. There is likely to develop a serious limitation of the capacity of British and French ports, with France having fewer ports and Allied ports being liable to bombardment. There will thus be a vital need to restrict as much as possible those imports which can be restricted, so as to allow of the imports of essential supplies which can not be produced by the Allies.

As the Allies are thus faced with an exceedingly serious situation in regard to their timber supplies, a special meeting of the Anglo-French Co-ordinating Committee was called and held a number of sessions attended not only by the representatives of the Anglo-French Executive Committees for Timber and Shipping, but also by representatives of the Directorate of Works and Fortifications, B.E.F., the Service Militaire des Bois de guerre, the British Timber Control and the Forestry Commission. The report of this meeting is attached. It shows that the present rate of production by the Allies could be more than doubled, from 5½ million to 11½ million tons a year. This increase in production would reduce the gap between native supplies and essential requirements from 10½ million to 4½ million tons a year, and thus secure a very considerable economy in shipping and foreign exchange. It would also, to a large extent, safeguard the vital supplies of mining timber and softwoods, in which the situation is most acute, by eliminating sea risks. The new developments in the war, which will inevitably increase the demand for timber and further endanger the supply of imports, emphasise the need for immediate action to increase home production. Such action depends on obtaining considerable
additional supplies of labour and machinery. The Committee realises that this course presents some difficulties but it does not regard these as at all insuperable.

In the light of the conclusions of the report, I suggest that the War Cabinets of France and Britain should consider the question as a matter of urgency and take the following decisions:

1. Approve a recommendation that home production of timber in France and the United Kingdom should be increased forthwith to the maximum.

2. Approve the felling programme suggested in the attached report.

3. Direct that all possible assistance should be given by British and French Departments concerned for the provision of the necessary labour and equipment.

Should the two Governments take these decisions, I recommend that they should also direct that a special Anglo-French Committee should be set up with the duty of ensuring their implementation and of keeping this question of French and British timber production constantly under review. I suggest that this Committee should have a full-time Chairman and that its members should consist of representatives of the French Ministry of War, Service Militaire des Bois de Guerre and the Ministry of Labour, and of the British War Office, Ministry of Supply and Forestry Commission.

(Signed) JEAN MONNET.

21st May, 1940.
BRITISH AND FRENCH TIMBER REQUIREMENTS AND PRODUCTION

(Report of a special meeting of the Anglo-French Co-ordinating Committee on 9th and 10th May, 1940).

Before the War, consumption of timber in France and the United Kingdom amounted to approximately:

Tons: (1,000's)

- France: 6,800
- United Kingdom: 12,000
- Total Pre-war consumption: 28,800

These requirements were met in France from native timber (with the exception of imports of about 1,000,000 tons), whilst home production in the United Kingdom amounted to only about 500,000 tons and virtually the entire requirements of the United Kingdom were, therefore, supplied from abroad. In particular 70% of United Kingdom imports of softwoods, which accounted for half the total consumption, came from Scandinavia, Russia, and the Baltic countries.

Supplies from Russia and the Baltic countries are now cut off and the possibility of supplies from other sources is severely limited owing to considerations of shipping and finance. The following table of anticipated consumption in France and the United Kingdom has been drawn up with these considerations in mind and cannot, therefore, be said to represent even the minimum requirements for military and essential civil purposes:

<table>
<thead>
<tr>
<th></th>
<th>French Forces and internal consumption in France</th>
<th>B.E.F.</th>
<th>Total present requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,780</td>
<td>6,000</td>
<td>13,780</td>
</tr>
<tr>
<td></td>
<td></td>
<td>280</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>16,000</td>
</tr>
</tbody>
</table>

It should be further emphasised that the above table was drawn up before the invasion of Holland and Belgium. In view of this development it is considered that requirements for the B.E.F. should now be estimated at 500,000 tons for 1940, and that an increase in the requirements of French Forces will be inevitable owing to the extension of the Front. Further, wide scale bombing of British and French towns would entail a large increase in essential civil requirements in both countries.
It should be explained that the comparatively small difference between pre-war consumption and reduced war-time requirements in France, as revealed in the above tables, is due to the very large requirements of timber for the Western Front.

Production of native timber before the War amounted approximately to:-

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons (1,000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>7,000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,500</strong></td>
</tr>
</tbody>
</table>

Owing to mobilisation, production in France is now running at the rate of only about 4 million tons per annum. It is estimated, however, (see table annexed) that, looking at the question solely from the point of view of the capacity of the French forests, this production could be increased to 9 million tons per annum.

In the United Kingdom, it is estimated that 6½ million tons of mining timber and 6½ million tons of sawn soft woods could be made available in all by drastic felling. Since, however, the mining timber would be less seasoned than imported timber, the 6½ million tons represent the equivalent of only just over 3 million tons of imported timber. Allowing for this conversion, production could be increased from the present rate of nearly 1½ million tons to 2½ million tons a year.

The development of a programme of production on this scale in the two countries is, however, dependent on two factors, namely the supply of labour and the supply of machinery.

As regards labour, the position in the two countries is as follows:-

1. In the United Kingdom all skilled foresters are already employed and 8,000 Newfoundlanders brought in since the outbreak of war are at work. In order to increase the rate of production to what is considered the practical maximum, it is estimated that 10,000 additional skilled workers and 5,000 additional unskilled workers will be required. Whilst all this labour should be made available as soon as possible, 3,000 of the skilled workers are most urgently required to fulfil the present production programme for 1940, of 1,800,000 tons (the equivalent of 944,000 tons of imported timber) of mining timber and 325,000 tons of sawn softwoods. Though the present rate of production fulfils expectation, a considerable leeway has to be made up from the winter months, when bad weather seriously handicapped production.
In France, all skilled foresters who are not mobilised are being employed as well as a certain number of Spanish refugees. A certain amount of Portuguese labour is being obtained, but, in order to achieve the programme outlined above, it will be necessary to obtain an additional 17,000 skilled and 51,000 unskilled workers.

It will thus be seen that, in order to achieve the maximum production of which the British and French Forests are capable, it will be necessary for the two countries to import a total of 27,000 skilled workers and 56,000 unskilled workers. As regards skilled workers, whilst it may be possible to obtain small numbers from Finland, Portugal or Norway, it is clear that it will be necessary to rely mainly on the British Dominions of Canada, Australia and New Zealand. As regards the unskilled workers, it is anticipated that the 5,000 required for the United Kingdom can be provided from home sources, but that the 51,000 required for France will have to be imported.

It is the general opinion that skilled workers from the British Dominions for work in France can only be furnished in the form of military companies. This is not necessarily the case in respect of skilled workers provided from the Dominions for work in the United Kingdom, but in that case, too, it may be possible for a large proportion to come as military companies. It is suggested, therefore, that it should be the responsibility of the British War Office, in consultation so far as may be necessary with the British Forestry Commission to make the necessary arrangements with the British Dominions Office and the Foreign Office for every effort to be made to secure the provision from the Dominions of the skilled workers required both in the United Kingdom and France. Whilst exact details would have to be worked out later, it is further suggested that Dominions Forestry Companies for service in France should be organised and equipped by the British War Office and that the timber felled by them should be used to supply requirements of the B.E.F. and of France, any surplus being used for the requirements of the United Kingdom.

It will of course be the responsibility of the British Ministry of Labour to provide the 5,000 unskilled workmen for the United Kingdom. As regards the 51,000 unskilled workers for work in France, it is suggested that the French Ministry of Labour should be responsible, and obtain as necessary the assistance of the competent French or British Departments in obtaining labour from the French or British Empires or from Foreign Countries. Whilst all this labour is urgently required, it should be noted that the greatest urgency is the need for skilled workers, since additional unskilled workers cannot be used unless the additional skilled workers required to train and direct them have already been obtained.

It is important to note that in both France and the United Kingdom, the additional labour required would need a very substantial amount of additional machinery, though some progress could be made by the use of certain mills not at present producing to capacity. In general, it may be considered that any Forestry Companies which it may be possible to raise in the British Dominions should come equipped with their own machinery.
The following are the main conclusions to be drawn from the situation described above:

1. It is essential that home production of timber in the United Kingdom and France should be increased to the maximum.

2. This involves not only a drastic felling programme in both countries, but also the supply of additional labour and machinery.

3. The total additional labour required in both countries is 27,000 skilled workers and 56,000 unskilled workers. Of these, only 5,000 unskilled workers required in the United Kingdom can be found in the Home Countries.

4. Whilst the unskilled workers required from abroad, can be obtained from a number of different sources, the majority at any rate of the 27,000 skilled workers can only be provided by Canada, New Zealand, and Australia.

5. The need for the skilled workers in the absence of whom additional unskilled workers could not be effectively used, is a matter of extreme urgency.
## BRITISH AND FRENCH TIMBER POSITION, 1940

*(Thousands of Tons)*

<table>
<thead>
<tr>
<th>Reduced requirements</th>
<th>All Types</th>
<th>Softwoods</th>
<th>mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>France and B.E.F.</td>
<td>6,000</td>
<td>3,330</td>
<td>3,135</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8,000</td>
<td>3,120</td>
<td>3,088</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,000</strong></td>
<td><strong>6,450</strong></td>
<td><strong>5,223</strong></td>
</tr>
<tr>
<td>Present Rate of Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>4,000</td>
<td>1,500</td>
<td>1,540</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,470*</td>
<td>5,470</td>
<td>325</td>
</tr>
<tr>
<td><strong>Deficiency</strong></td>
<td><strong>10,530</strong></td>
<td><strong>4,625</strong></td>
<td><strong>2,838</strong></td>
</tr>
<tr>
<td>(Reduced Requirements)</td>
<td><strong>(16,000)</strong></td>
<td><strong>(6,450)</strong></td>
<td></td>
</tr>
<tr>
<td>Possible Rate of Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>9,000</td>
<td>3,500</td>
<td>2,800</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,500*</td>
<td>11,500</td>
<td>800</td>
</tr>
<tr>
<td><strong>Deficiency</strong></td>
<td><strong>4,500</strong></td>
<td><strong>2,150</strong></td>
<td><strong>1,223</strong></td>
</tr>
</tbody>
</table>

\* Production of British mining timber calculated as the equivalent of imported timber.

**Note:** The "Reduced Requirements" are the original estimates and include no provision for the additional needs resulting from the invasion of Belgium and Holland.
1. In my Memorandum W.P. (G) (14) 136 of 24th May, I asked the War Cabinet (paragraph 4) to agree that, with the single exception of instructions to troops broadcast on the direction of the Commander in Chief, Home Forces, the arrangements approved by the Civil Defence Committee in the previous week (namely that all official broadcast announcements should be communicated to the B.B.C. by the Ministry of Information on behalf of the Government Department from which they originate) should be strictly adhered to, even in an emergency such as an air-raid.

2. The War Cabinet approved this proposal, with a reservation which is not now relevant.

3. The original object of this arrangement was to make one Department responsible for checking the accuracy of these announcements in order to prevent any fake messages from reaching the B.B.C. in future. At the time I did not myself intend, and the War Cabinet probably did not intend either, that this approval should confer on the Ministry of Information any responsibility for the content of announcements which other Departments might wish to have broadcast.

4. There is at present however no assurance that the various departmental announcements will be made to conform with the general policy of H.M.G. at the time. The broadcast word speeds in a flash around the whole country and to other countries beyond; it reaches an immensely wider public, both at home and abroad, than any other form of publicity; once spoken, it cannot be recalled. It is easy to imagine what confusion might be caused by the lack of any co-ordinating machinery. I am satisfied that it is necessary that proper provision should be made, with Cabinet authority, for co-ordinating departmental announcements with general policy, and I ask the War Cabinet to delegate this editorial responsibility to myself, because:

(a) the Ministry of Information is the only Department which, under the decision already taken, is in a position to take such action by reason of having all the necessary material at its disposal;

(b) the principal aspects of general policy with which it is desired to secure co-ordination of the various departmental policies are those which particularly concern this Ministry, namely the maintenance of national morale; the maintenance by means of publicity of Anglo-French goodwill; the effect on public opinion in neutral countries, and especially in the U.S.A. and in the Empire; and the relations of Government with the Press and the B.B.C.
(c) the Ministry of Information, having the latest news from all quarters at its disposal, is in a unique position for judging whether any last minute developments necessitate change in the departmental proposals.

(d) The technical problems arising out of the special war-time relations of Government with the Press and the B.B.C., are matters which are less familiar to other Departments, and the experience of this Ministry has already shown how easy it is for them to be overlooked. Moreover the special requirements of the spoken word in broadcast announcements can best be met here. It may often be desirable to issue announcements in different forms for broadcasting and the Press.

6. For these reasons I ask for authority to co-ordinate and if necessary edit, and generally to control the issue of all official announcements, intended to be broadcast, subject to the following conditions which I hope will remove any fear on the part of Ministers lest the authority for which I ask should be arbitrarily exercised:

(i) if the Ministry desire to make any alteration in the terms of an announcement, it shall notify the originating Department before the announcement is made, giving as long notice as possible, and explaining the reasons for which the alteration is proposed.

(ii) if the officials directly concerned cannot agree, the matter shall be referred to the responsible Ministers or the Permanent Heads of the Departments.

(iii) if the subject matter of the announcement is service operations, the decision shall rest with the responsible Department.

(iv) if not, then (a) if the changes proposed relate to matters for which the Ministry of Information is responsible, the final decision shall rest with this Ministry; (b) in all other cases the final decision shall rest with the originating Department.

7. To save time, and prevent wasteful enquiries, I recommend that it shall be an instruction to all Government Departments that in issuing announcements they shall add a statement that "in the drafting of this announcement, the necessary co-ordinating action has been taken with the following Departments..." The Ministry of Information would then take no further steps to co-ordinate action unless either:

(i) its own policy were concerned; or

(ii) it was aware, from recent information at its disposal, of developments which rendered further co-ordination desirable.

6. There remains the case of decisions taken by the War Cabinet itself, or one of its Standing Committees, regarding public announcements. So long as I am present at the meeting when these matters are discussed, no difficulty will arise. In case however such a decision should be taken during my absence, I ask that it may be a standing instruction to the Secretary of the Cabinet or Cabinet Committee that the decision shall be minuted as subject to the Minister of Information being satisfied as regards those aspects of policy for which he is responsible.
9. Since all official announcements intended to be broadcast are also issued to the Press, and vice versa, the effect of these recommendations is to make me responsible, to the extent defined, for the issue of all Government announcements.

10. Finally, there is the question of Ministerial speeches. I venture to think that it would be advantageous if all Ministers, other than Members of the War Cabinet, would be good enough to send me a draft of their broadcast speeches in advance, in order to give me an opportunity of drawing their attention to any point on which I may feel that amendment or omission would be desirable from the standpoint of this Ministry.
WAR CABINET

COMPULSORY CENSORSHIP

Memorandum by the Minister of Information.

1. NATURE OF THE PROBLEM.

It has been suggested that a scheme should be designed to ensure that nothing shall be published in the Press of this country which deals with military matters until after it has been passed by the Censor. This cannot be ensured under the existing Censorship system.

The problem of preventing the publication of uncensored information of value to the enemy is not in fact confined to military information in any recognized sense. Under modern conditions it ought to be faced that there is little that occurs in this country, including trade, technical and industrial information of all kinds, knowledge of which is not useful to Germany. To take one example, current weather conditions, information as to which permeates all sorts of local and sporting news, are a military subject from the point of view of the Air Ministry. It is obvious, therefore, that the net ought to be cast very wide.

It is the earnest wish of the authorities in France that some form of compulsory Censorship should be introduced into this country. Probably it is not fully appreciated in France that, even with compulsory Censorship in this country, the treatment of censorable news in the two countries would continue to show substantial divergence owing to the different public reactions to be considered.

2. SCOPE OF THE PROBLEM.

(a) There are 11 London daily papers, of which the three evening papers produce different editions throughout the day.
(b) There are 133 Provincial daily papers, of which only about 10 have London offices.
(c) There are nearly 760 London, Provincial and suburban weekly newspapers in Great Britain and Northern Ireland.
(d) There is also a very large number of weekly or monthly periodicals, each of which may at any moment publish some information of value. These run into several hundreds; or many thousands, if publications such as parish magazines are included.

3. THE PRESENT SYSTEM.

The system which has been in operation since the beginning of the War depends on voluntary submission by newspapers to the Censorship of any matter which they intend to publish on War subjects. Such matter is censored by a body of Censors in London (representing a total strength of 50/60). By this means comparatively effective Censorship is exercised over the following:
(a) The London dailies and Sunday papers.
(b) The big Provincial papers with London offices.
(c) The important News Agencies, who distribute the news in the country from London.
Only a modicum of submissions is received from the ordinary Provincial Press. This is largely due to the length of time involved in sending matter up to and receiving it back from London in time to go to Press. Much War news is therefore printed in the country without submission. But this has not resulted in serious defects of security for the following reasons:

(a) Provincial dailies take the great bulk of their War news from Agency news which has already been censored in London; while the weeklies' news is generally out of date.

(b) All the papers have Defence Notices and frequent instructions from the Censorship to guide them, which they are genuinely anxious to give effect to. In fact, the Provincial Editor generally errs on the side of caution.

(c) Certain big syndicates controlling Provincial papers get their syndicated news censored in London, e.g., Allied Newspapers, Northcliffe Newspapers, Westminster Press.

**WHAT THE PRESENT SYSTEM ACHIEVES.**

The fundamental weakness of the present system is that there is no effective sanction at all for breaches of Censorship Regulations. Submission to Censorship is voluntary; it is no offence to ignore the censoring of matter, even if submitted; and the only relevant offence which has been created by the Defence Regulations is the offence of publishing information which would be likely to be useful to the enemy in connection with the War, (Defence Regulation 3). Since this is the only thing which is forbidden, and since the offence is hedged about with a proviso that the offender may show that the publication was not "likely to prejudice the defence of the realm or the efficient prosecution of the War", the Censors' function hitherto has been confined, on the instructions of the Government, to stopping matter which, if published, would be an offence under this Regulation. A good deal of matter has therefore to be passed by the Censorship on military subjects, which it may well be undesirable to publish, but which the newspaper editor concerned, if challenged, could easily show to have been available to the enemy authorities from other sources than this paper. An example of this is the passage in the "Evening Standard's" article on the vulnerability of the Birmingham and Liverpool waterworks. This was passed by the Military Adviser to the Censorship on the ground that it contained nothing that the Germans did not obviously know already. Moreover, the Censorship is quite without right or power to require that matter is not to be published on any such general grounds as that it is inaccurate, or exaggerated, or misleading, or injurious to public morale. Since the War began there has never been a prosecution of a newspaper under Defence Regulation 3. It has been allowed to become a dead letter. This has happened in spite of several urgent appeals from the Censorship authorities to Service Departments that if what they require of one paper is ignored by that paper or another they should support their security requirements by a prosecution.

Within these limits the newspapers have, on the whole, cooperated in making the system of voluntary submission moderately successful. But, without effective sanctions, it can never secure anything like 100 per cent Censorship of military matters. The Press is organized on a basis of intense and high-speed competition and any advantage gained with impunity by one paper through carelessness or deliberate breach of Censorship Regulations is immediately followed up by the rest and enforcement is imperilled on the next occasion.
A new Defence Regulation could be enacted to the effect that no news on a list of prohibited subjects is to be published anywhere without having first passed the Censor. It would then become an offence to publish any item of such news without authority, however much or however little it may assist the enemy. There are, however, serious objections to this method which must be noted.

(i) It means multiplying the staff of Censors many times over. Not only will they have a great deal more material to deal with from the newspapers already effectively censored, but there will be a great deal of material, much of it, of course, quite innocuous, produced in the Provinces and Scotland which will need censoring. It would be necessary to institute Regional Censorships, and very roughly, 300 Censors would be required for this work, that is, five or six times the present staff. Regional Censorships necessarily impair the uniformity in the treatment of news which can be achieved by a central Censorship.

(ii) New Censors have to be found and trained. It is difficult to keep up even the present numbers with satisfactory recruits. A Censor's work is obviously responsible work and they are not highly paid. In fact, the pay rates correspond with those of a newspaper sub-editor. There is no doubt that it would be the work of months to find and create the additional organization for this purpose.

(iii) Lack of Service advice. The constant supervision which the Service Departments maintain in London would become impossible if the Censorship were divided into Regions. This would throw a heavy responsibility on the Censors and tend to "block" most news owing to their playing for safety. Incidentally, Service Advisers who are not in constant touch with their Departments are not much better informed than Censors as to the safe or the dangerous in news.

B. COMPULSORY SOURCES.

This system would prohibit the publication of any matter on a list of defined subjects except official communiqués, news distributed by the big News Agencies (whose material would all be censored before distribution) and any additional matter broadcast by the B.B.C. Such a system involves very arbitrary treatment of the Press and cuts right across its present individualist and competitive system.

It has the following considerations to recommend it:

(i) It could be brought into operation on short notice, since it requires no additional staff of Censors.

(ii) Unlike the first alternative, it could in fact be worked under conditions of seriously impaired communications. It avoids the weakness of instituting a system of compulsory Censorship and then failing in an emergency, when news is eagerly sought for, to implement the system by providing means whereby adequate Censorship of the Country's Press would be possible.
It is subject to the following objections:

(i) On all important matters each newspaper's news would be uniform. They would lose individuality and the background of informed explanation and discussion of current War news.

(ii) News Agencies do not, generally speaking, serve weeklies. Arrangements will have to be made for making their services generally available and for the Government protecting the maintenance of their services as a direct responsibility.

(iii) Such a rigorous limitation of news might have the effect of creating in the public a feeling of mystification and panic. This is the view of the newspapers.

6. The disadvantages of each of the systems outlined in the previous paragraph raise the question whether it is not possible to find some system which is free from the greatest objection to either. The principal objection to compulsory Censorship is the elaborate machinery required to censor the Press of the country. The principal objection to the system of compulsory sources is the rigidity and uniformity which it imposes upon the whole Press. These objections might be met by the institution of a -

7. CENSORSHIP BOARD.

If a Board could be set up to give Censorship directions, which should be binding upon the newspapers, the whole work of actually passing newspaper material through the Censorship could be abolished; and yet, provided the directions were observed, the newspapers, apart from using the compulsory sources, could publish their independent material from other sources. Anything, no matter what its subject, would be permissible, so long as it did not infringe the directions.

(a) After eight months' experience of Censorship work there is no overwhelming difficulty in producing a code of what might and what might not be said on War subjects, so far as general directions go. In fact, much of the work on matter now submitted for Censorship consists in applying just such general rules; and the papers should be able to do this work for themselves.

(b) The general directions would naturally be extremely rigorous. It would be the duty of the Board, meeting twice a day, to notify the Press (over the P.A. wire) of ad hoc directions or modifications on particular subjects of current news.

(c) The Board should consist of a representative of each Service Department and Home Security, two members of this Ministry and two Press representatives (men in active Press life). It is essential that the Service representatives should be officers of high rank enjoying complete discretion on the part of their Department. One of the greatest difficulties of conducting the Press Censorship has been the fact that the Service Departments have not deputed officers of high authority to supervise the Censorship.

(d) The Board's directions, to be effective, must be made legally binding, and they must be supported by effective and rapid penalties, ranging from fine to suspension. The power of the Board to give directions with regard to such matters as criticism must be expressly negatived.

8. If the idea of a Censorship Board meets with the approval of the War Cabinet, I would propose to take immediate steps to put it into operation.
WAR CABINET

MINISTERIAL BROADCASTS

Memorandum by the Minister of Information

The late Government decided that the responsibility for arranging a series of Ministerial broadcasts at regular weekly or twice-weekly intervals should rest with the Lord Privy Seal.

Under present conditions it may be necessary to arrange at very short notice for broadcasts by Ministers upon matters of the greatest urgency. It may easily happen that several Ministers would wish to broadcast on the same night and it is clearly necessary that the duty of co-ordinating these arrangements should rest with a responsible Minister of the Crown rather than with the B.B.C.

Further, it seems to be essential that the responsible Minister shall be the Minister who is personally responsible for the control of the B.B.C. in time of war and whose staff is in immediate contact with the B.B.C. and aware of the multitude of technical factors which have to be taken into account before it is decided when and under what conditions it is best to broadcast.

I therefore ask the War Cabinet to decide that the responsibility for co-ordinating all the arrangements for Ministerial broadcasts and for deciding which Minister shall have priority and at what time and for how long any Minister who wishes to broadcast shall do so shall rest henceforth with the Minister of Information.

I understand that this arrangement is acceptable to the Lord Privy Seal.

D.C.
Supply of Irish Labour.

Memorandum by the Home Secretary.

I annex a memorandum signed by the Parliamentary Under Secretary of State in his capacity as Chairman of the Overseas Committee, disclosing a situation which appears to call for immediate decision.

J.A.

HOME OFFICE.
The present policy is to restrict all unnecessary travel and in particular to limit travel from Ireland to Great Britain to persons who desire to come here on work of national importance.

In applying this policy difficulty has been experienced in deciding what measures of security should be adopted in dealing with the large volume of Irish labour which is required for agriculture and other industries.

The really urgent problem is the question whether facilities should be given to enable agricultural workers to come to this country from Eire. At the moment there are some one thousand Eire citizens waiting outside the offices of the United Kingdom Permit Office which has been set up in Dublin with through tickets booked for them by their prospective employers. Many of these people are penniless and unless some decision is reached forthwith it is feared that these disappointed Irish citizens may cause disorder with adverse effect on the maintenance of good relations between the two countries.

There is an acute shortage in this country at this moment of workers for lifting the potato crop in Scotland. Hitherto most of the workers have been imported from Eire, and this is the only satisfactory source of supply, since the accommodation available for persons engaged in potato-lifting in Scotland is of a very primitive character and non-Irish labour would not tolerate the conditions obtaining. Apart from political difficulties which might be caused by the compulsory employment of refugees in this class of work, the farmers themselves have a prejudice against the employment of alien labour, and in present circumstances there is little likelihood of the military authorities agreeing to allow soldiers to be employed for this purpose.

The Department of Agriculture for Scotland represent strongly that some decision must be taken immediately since if Irish labour is not available there is every likelihood that a considerable part of the early potato crop in Scotland will be lost.

On the other hand, the Security Services represent strongly that in the present time of crisis and in view of the danger of invasion, it is most undesirable that any special facilities should be given to large bodies of Irishmen to come to this country, since there is a risk that such persons may be used as semi-combatants to assist an enemy invader. It is urged that no machinery can be devised to provide an adequate safeguard against dangerous persons coming here since it is impossible to obtain and maintain an adequate check on persons who are brought to this country in large numbers. The Security Services also represent that if the imported Irish labour was in fact trustworthy and not of a semi-combatant character there is every likelihood that in the event of invasion there would be an immediate exodus of these people back to Ireland, so that their services would be lost.
The question to be decided is whether the importance of obtaining a supply of agricultural labourers, not only for the potato harvest in Scotland, but for harvesting operations generally in Great Britain as a whole, outweighs the risks from the security point of view of the influx of a large number of unvetted persons from Eire.

If, as a matter of policy, it were decided that the national interests required that the supply of labour from Eire should not be discontinued, the Overseas Travel Committee suggest that a scheme on the following lines should be brought into operation forthwith:

1. So far as the potato-lifting industry in Scotland is concerned, it is suggested that the persons interested in the harvesting of the crop (who are for the most part potato merchants and have a representative association) should send over agents to Dublin for the purpose of recruiting workers from Eire. It would be necessary for the agents to arrange for the persons so recruited to be supplied with an Eire Travel Permit Card which bears on it the photograph of the holder and the cost of which is 5/-.

2. Persons so recruited and supplied with a Travel Permit Card would then apply to the United Kingdom Permit Office in Dublin for a visa.

3. The United Kingdom Permit Office would grant a visa to any such applicant provided that his name was not on the suspect list, and would mark the visa in a manner to indicate that the holder was proceeding to Great Britain for agricultural work exclusively.

4. The agents sent to Eire would arrange for the persons recruited to come in groups, and they would give an undertaking that these groups would be kept together at or in the neighbourhood of the farms where they would be employed.

5. On the arrival of such workers in this country it would of course be the responsibility of the employer to see that unemployment books were obtained for them. These books would be marked with letters indicating that the holders would be engaged in the agricultural industry, and in accordance with the Order recently made under the Emergency Powers (Defence) Act, 1940, they would be unable to take employment in this country other than agricultural employment without the permission of an Employment Exchange.

6. As regards persons from Eire who desire to come to this country for agricultural work not in organised bodies but as individuals, it is proposed that a visa should not be issued to them unless they are in possession of an Eire Travel Permit Card and produce concrete evidence that they have a definite offer of employment from a farmer in this country. Where the United Kingdom Permit Office in Eire has any doubt as to the bona fides either of the individual or of the offer of employment, reference would be made to London for the necessary enquiries to be made.

7. It is proposed that a visa should not be given to any person in Eire unless he is recruited by agents of the agricultural industry as a member of an organised gang or unless he can produce satisfactory
evidence that he has a definite offer of employment from a farmer in this country.

8. In order to provide an effective sanction for the carrying out of these Orders it would be necessary to amend the new Defence Regulation under which leave to land from Ireland may be refused so as to enable conditions to be attached to the leave to land in this country.

It cannot be claimed that a scheme on these lines will remove all risk of dangerous persons coming to this country in the guise of agricultural or farm workers, but the Committee have been unable to suggest any other means of enabling a supply of workers from Eire to be maintained if it is decided as a matter of policy that recruitment of labour from Eire cannot be discontinued in the interests of national food supply in time of war. It is estimated that in a normal year the number of seasonal agricultural workers coming to this country from Eire is of the order of ten thousand, consisting of men, women and young persons of both sexes who may remain in this country for periods up to six months.

O.F.

13th June, 1940.
WAR CABINET.

PLANS FOR PARTIAL EVACUATION OF CERTAIN EAST COAST TOWNS.

Memorandum by the Minister of Home Security.

1. At the request of the Home Defence Executive, the Ministry of Home Security is working out plans for the evacuation on threat of invasion of a substantial proportion of the population of the coast towns in East Anglia and Kent. The towns affected are -

Great Yarmouth
Lowestoft
Harwich
Aldburgh
Southwold
Felixstowe
Clacton
Frinton and Walton
Southend
Margate (including Westgate and Birchington)

Broadstairs
Ramsgate
Minster
Sandwich
Deal
Dover
Folkestone
Sandgate
Hythe.

2. The object of the evacuation is primarily military. It is to secure that the movement of troops in repelling the invasion is not impeded by crowds of refugees on the roads. Recent experience in the Low Countries and France has shown how seriously military movements may be hampered in this way. The evacuation would of course also serve the substantial advantage of saving life among the civilian population and would canalise the inevitable rush of people from points threatened by invasion.

3. Something has already been done to reduce the population in these areas. Evacuated children have been removed and a proportion of the native children (37,000 out of a total of 75,000) have been taken away under a voluntary
scheme of evacuation. There is also a fairly substantial voluntary exodus, at any rate from the Kent coast towns. It may be practicable to make arrangements for some other special categories of persons to be removed before the threat becomes imminent. Nevertheless, it remains true that a very large proportion of the population must be expected to be still in these towns at a time when an invasion threat becomes imminent, and their presence constitutes a serious military problem.

4. The plans which are being formulated provide for the transport by rail at the Government expense to reception areas in the outskirts of London and in the Midlands of about 60 per cent of the present population. No evacuation by road would be permitted once the emergency arose. The scheme is being prepared on the basis that it might have to be put into operation at from 12 to 24 hours' notice and that the evacuation itself should be completed within 48 hours from the departure of the first train. The plan must therefore be put into operation at least two to three days before the emergency develops.

5. In the case of an industrial town such as Great Yarmouth, which contains some factories engaged on important war work, it would be undesirable that essential workers should leave with the rest of the population. The invasion might never materialise or be repelled; and meantime serious interruption of production would have taken place. If this is accepted, it is necessary to work out what proportion of the remainder of the civil population in Yarmouth ought to remain in order to keep essential industries and essential services going. Attempts in the past to determine which workers in a community should be regarded as essential have always been fraught with difficulty, and it will probably be necessary to lay down that all persons in employment in places such as Yarmouth must remain, and that evacuation should be confined to women not engaged in essential industries, children, and the aged and infirm.

6. In a town such as Margate, which has no essential industries, the right course will probably be to allow all the inhabitants to go with the exception of certain Government employees (such as G.P.O. telephone and engineering staff), the Local Authority and its servants, police, fire brigade, civil defence services, public utility undertakings and so forth.

7. It is contemplated that the Government would specify for local guidance certain broad categories - those who should stay, and those who should go. In the case of categories scheduled to remain, power should be given to the Regional Commissioner, in conjunction with the Government Departments and Local Authorities concerned, to authorise the departure of individuals where the national interest is better served by departure than by retention. The whole of certain categories, e.g. retail distributors and certain professions would clearly not be needed for the reduced population, and
the Ministry of Labour might be desirous of removing to other parts of the country workers engaged in certain essential industries. The same consideration would apply to certain Government Departments.

8. The scheme will be compulsory, both as regards those who should go and those who should stay; but in enforcing a compulsory scheme grave difficulties arise. It is proposed that, while the scheme must be compulsory in form, discretion should be exercised in its application, e.g. a wife might be allowed to remain with her husband but that the evacuation of children should be enforced.

9. The scheme has been discussed confidentially with the other Government Departments concerned and with the Police and Local Authorities. Local Authorities who would be responsible for receiving and providing billets for the refugees have been told to get ahead with their preparations, even if they involve some public disclosure of the fact that provision is being made for another wave of evacuees. The reception authorities have not, however, in any case been told that the refugees whom they have to receive are coming from the East Coast towns. The authorities on the East Coast have been placed under a more stringent ban of secrecy, although Chief Constables have been authorised to reveal the plan so far as is necessary to the subordinate ranks in their forces.

10. The maintenance of a ban on the public disclosure of plans at the evacuation end will severely hamper the Department in working out its arrangements:

(i) To identify the persons who should go and those who should stay is virtually impossible, unless public disclosure is allowed. With full disclosure the whole position can be thrashed out locally.

(ii) If there is no public indication before the event of the identity of those who should stay, it will be extremely difficult to bring the scheme into operation in an orderly fashion in the few hours that would remain before evacuation commences.

(iii) If the plan remains confidential and members of the public do not know what is expected of them, they have no opportunity for making private arrangements of one kind or another in anticipation of evacuation. These private arrangements will make the movement less abrupt and increase greatly the orderly nature of the movement. Similar considerations apply to banks and other institutions which will have to do a good deal of preliminary planning if evacuation is not to result in complete chaos in their arrangements.
11. Objections to the disclosure of plans based on the ground of increased apprehension and disquiet have now virtually disappeared, as the country has been told by Ministers and through Sir Hugh Elles' broadcast that invasion is a contingency against which the country must prepare.

12. Authority is accordingly sought for public disclosure of the general character and scope of the plans for the evacuation of the East Coast towns referred to in paragraph 1.

J.A.

MINISTRY OF HOME SECURITY.
TO BE KEPT UNDER LOCK AND KEY.

It is requested that special care may be taken to ensure the secrecy of this document.

WAR CABINET.

THE ARAB STATES AND PALESTINE.

Memorandum by the Secretary of State for Foreign Affairs.

THE accompanying memorandum deals with a question of great importance for our position in the Middle East, about which the War Cabinet gave directions as recently as last February, but which I think it right to bring up once again in view of the recent developments in the Middle East.

I hope I shall have the approval of my colleagues for the policy suggested therein, which has the support of the Secretary of State for the Colonies and which is, I am convinced, essential if serious dangers are to be avoided.

Foreign Office, June 12, 1940.

MEMORANDUM.

IN May 1939 His Majesty's Government adopted a policy, now commonly called the "White Paper" policy, which they regarded as constituting the best practical solution of the Palestine problem which was possible in the absence of direct agreement between the Arabs and the Jews. According to this policy, Jewish immigration was to be limited to 10,000 a year for five years, with the addition of 25,000 refugee immigrants; no further immigration to be permitted after the five-year period unless the Arabs of Palestine were prepared to acquiesce: the sale of land by Arabs was to be regulated: and changes of a constitutional nature were to begin as soon as peace and order in Palestine were sufficiently restored. The object of these changes was the establishment of an independent Palestine State at the end of ten years if various conditions designed to safeguard the Jewish National Home and British strategic interests were fulfilled.

2. Since then Jewish immigration has been controlled in accordance with the White Paper, and regulations known as the Land Transfers Regulations have been enacted. But so far no constitutional developments have taken place. This is because His Majesty's Government have never yet felt that the moment had come when "peace and order" were "sufficiently restored."

3. The question of continuing the White Paper policy was considered by the War Cabinet some months ago as the result of suggestions from Zionist quarters that it ought to be suspected because of the war.
4. As a result telegraphic instructions were sent to Lord Lothian on the
17th February, 1940, as to the line he should take with the American Zionist
leaders. This telegram contained the following passage:

“For your own information, our reason for this substitution (for earlier
instructions) is that whilst we have not withdrawn from the policy stated
in the White Paper, we are anxious not to arouse fresh controversies by
a public reassertion of our position which might be considered provocative.”

5. As a corollary to the instructions to Lord Lothian, His Majesty’s
representatives in the Arab States were told that while they should leave no
enquirer in any doubt that His Majesty’s Government intended to proceed with
the White Paper policy, they should so far as possible avoid references to this
subject and leave the actions of His Majesty’s Government to speak for
themselves.

6. Hitherto this procedure has worked well enough, but recently the
situation in the Middle East, and particularly in Iraq, has grown much worse
as the result of constant German successes, culminating in the drive to the
Channel ports. German and Italian propaganda has for a long time past been
actively exploiting Arab sentiment about Syria and Palestine. German success
has made this propaganda effective. What is more, it has made it matter, for
the Arabs have largely lost confidence in the ability of the Allies to protect them
and wish above all to be on the winning side.

7. It is against this background that an appeal which has now been
received from General Nuri-as-Said, the Iraqi Minister for Foreign Affairs
and one who may be regarded as sincerely deploring the growing anti-British
feeling, must be considered. He explains that the Iraqi Government are deeply
concerned about public feeling in Iraq concerning Palestine and the manner
in which propaganda has been able to exploit that feeling, and goes on—

“as a complement to the measures which are being taken by the Iraqi Govern­
ment themselves to defeat enemy trickery, His Majesty’s Government, and,
if possible, the French Government as well, should issue a clear and
unambiguous pronouncement guaranteeing immediately, or at least at the end
of the war, the execution of promises already given for the organisation of
self-government in Palestine and Syria.”

8. This presumably means that His Majesty’s Government ought to repeat
their intention of carrying out the White Paper, adding, as a point of detail,
that even if they cannot take the first steps up the constitutional ladder while
the war lasts, they will, at any rate, do so when the war ends. Or it may mean
that we ought to give an assurance that the safeguards referred to in paragraph 1
above will not be used as an excuse to deny its independence to Palestine at the
end of ten years. But whatever it may mean, I do not recommend, no matter
what apparent grounds of expediency there may be, that we should make any
new promise about Palestine to the Arabs, or for that matter to anyone else.
Apart from anything else I do not think it would necessarily pay. It might
merely encourage those Arabs who think they can use our present difficulties
to secure further concessions.

9. But while I do not suggest that we should say more than that we mean
to do what we have already said we would do, I am sure we cannot say less. It
may seem absurd that the Arabs should constantly doubt whether His Majesty’s
Government mean to carry on with the White Paper policy, but the fact remains
that they do, partly because the German wireless keeps telling them that His
Majesty’s Government have no intention of doing so. We are in effect asked,
and we shall continue to be asked, whether the present Government mean to carry

(*) See Annex.

(*) The French and Syrian Governments signed a treaty in 1936 whereby Syria would
receive independence on the model of Egypt and Iraq. The French Government have not yet
ratified that treaty, and regard the question of its ratification as indefinitely adjourned while
the war lasts. Although they doubtless mean to ratify the treaty one day, they would be most
reluctant to make any pronouncement on the subject now. Anything of the kind would be a
new promise (see paragraph 5). At the same time they will not mind what we say about
Palestine. In fact they would be dismayed if they thought His Majesty’s Government likely
to abandon the White Paper.
it out or not, and we must answer either "Yes" or "No." To say "No" would probably be fatal, and would not only cause grave reactions throughout the Moslem world, but also reopen the chapter of disorder in the Middle East which in large measure was closed by the White Paper policy.

10. I therefore recommend that in reply to General Nuri's enquiry the following answer should be given:—

"The policy of His Majesty's Government for Palestine continues to be that laid down in the White Paper of May 1939. So far as the provisions of the White Paper relating to immigration and land sales are concerned, these matters are already being regulated in accordance with those provisions. So far as constitutional development is concerned, His Majesty's Government have not so far been able to regard peace and order as sufficiently restored for the first step to be taken, that is to say, for Palestinians to be appointed to take charge of some of the departments of the Administration. Nor do they think it likely that this step can be taken while the present war continues. But they hope and expect that when the war is ended conditions in Palestine will quickly permit the various stages of constitutional development to follow one another on the lines which the White Paper lays down."

11. In making this recommendation I do not overlook its probable effect on the Zionists. But so far as the merits of the question are concerned I believe that it will be kindest to the Zionists in the long run to tell them the truth finally and plainly now, for, as I said when this problem was discussed in January, I do not think any Government of this country will, in fact, be able to do more for the Zionists than is done in the White Paper. So far as mere expediency is concerned, things have changed since January. The Arab world is now in a dangerous state, while it is clear that the American attitude towards the war (which is the point on which stress was laid in the January discussions) is swayed for better or worse by arguments and emotions over which the Zionists cannot hope to exercise any but the smallest influence.

June 12, 1940.

ANNEX.

Viscount Halifax to the Marquess of Lothian (Washington).

(No. 252.)
(Telegraphic.) Extract.

1. MY telegram No. 16 [of 4th January: Palestine].

His Majesty's Government have now decided to authorise the High Commissioner for Palestine to issue regulations controlling sales of land by Arabs to non-Arabs as contemplated in white paper of May 1939. In my immediately following telegram I am communicating to you an outline of these regulations. Following paragraphs of this telegram contain material for your use in explaining situation to Dr. Brandeis and his friends, if you think this desirable. It seems to us that courtesy may require this explanation in view of the terms of their telegram of 15th November, but you may think it unnecessary and undesirable to make such an approach to them. This material will, in any case, enable you to deal with any other Jewish representations. It should be substituted for observations contained in my suspended telegram No. 948, of which no public use should be made. For your own information, our reason for this substitution is that, whilst we have not withdrawn from the policy stated in the white paper, we are anxious not to arouse fresh controversies by a public reassertion of our position which might be considered provocative. You should not, in any event, give following information to Dr. Brandeis or others until day before the Land Regulations are being published in Palestine, and then only for
their confidential information, and not for publication. If Dr. Weizmann is in or near Washington, I should be grateful if you could convey same to him confidentially. I will let you know as soon as possible date of publication of Land Regulations, which will be in near future.

2. It is generally recognised that the outbreak of war has projected into international affairs new considerations of paramount importance. In the opinion of His Majesty's Government, the fate of civilisation hangs on the issue of the war, and the German treatment of Jews shows conclusively that a happier future for world Jewry depends on the victory of the Allies.

3. Recognition by the people of Palestine of these tremendous issues and of the fact that Jews and Arabs have a common interest in the defeat of Nazi Germany has brought about a cessation of strife and new disposition to co-operate in that country. His Majesty's Government are anxious not to disturb this state of affairs, and they would have preferred it, if it had been possible, to postpone for the duration of the war any action in Palestine which might tend to revive political controversy.

4. But the land situation presents a special problem of exceptional difficulty and urgency. The status quo is not being maintained, for sales of land are still proceeding without regulation, and, as will be shown, the situation is being continuously altered in a way which is likely to present His Majesty's Government before long with a state of affairs calculated to prejudice gravely prospects of agreement between Jews and Arabs.

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SECRET.
W.P.(G)(40)150.
14TH JUNE, 1940.

WAR CABINET.
SECURITY OF WHITEHALL AREA.

Note by the Secretary of the War Cabinet.

As from this morning, arrangements have been made for the Horse Guards Parade and Downing Street to be closed to the general public.

Ministers and others having business in this area will be able to enter through a barricade at the Whitehall end of Downing Street, through the Horse Guards Arch, or through the opening in the barbed wire fence opposite the Guards Memorial on the West side of the Parade ground.

Passes will be issued which will admit the holders through the barricade in Downing Street to Nos. 10, 11 and 12. These will be sent as soon as possible to all Ministers.

Apart from Ministers, the issue will be restricted as much as possible; but any applications for passes for permanent officials who have frequent need to visit Nos. 10 or 12 should be made to the Private Secretary at No.10.

Foreign Office passes will admit the holders through the barricade in Downing Street. The barricade, when finally established, will not block access to the Colonial Office.

Any pass issued by one of the offices adjoining the Parade ground will admit the holder through the Horse Guards Arch or the gate in the barbed wire fence opposite the Guards Memorial.

Any person not holding a pass who has bona fide business at any office, including No.10, from which public access is barred by these arrangements should state the facts to the police on duty, when arrangements will be made for admission.

(Intd.) E.E.B.

Richmond Terrace, S.W.1.