AGENDA.

FOREIGN AFFAIRS.

1. THE SITUATION IN THE FAR EAST AND IN THE MEDITERRANEAN.

Note by the Deputy Secretary to the Cabinet covering draft Notes of a Meeting of Ministers held on 2nd September, 1937.
C.P. 208 (37) - already circulated.

Note. At the above meeting of Ministers the following questions were specifically reserved for consideration by the Cabinet.

(a) The attack on H.M. Ambassador to China. The question of the withdrawal of H.M. Ambassador from Tokyo in certain events.

(See draft Notes of meeting of Ministers, pages 9-11, and in particular Conclusion (2) on page 11.)


(See draft Notes of meeting of Ministers, page 16).

(c) The situation in the Mediterranean. The question of giving to both sides in Spain the opportunity of examining ships to verify their national character.

(See draft Notes of meeting of Ministers, pages 17-26, and in particular Conclusion (2) on page 26).
(d) Relations with the Salamanca Government.

Memorandum by the Secretary of State for
Foreign Affairs.
C.P. 207 (37) - already circulated.

(See also draft Notes of Meeting of Ministers, page 27).

2. THE PRESENT PHASE IN ANGLO-ITALIAN RELATIONS
AND THE QUESTION OF THE FINAL RECOGNITION OF ITALIAN
SOVEREIGNTY IN ABYSSINIA.

Memorandum by the Secretary of State for
Foreign Affairs.
C.P. 210 (37) - circulated herewith.

3. FOREIGN SECRETARY’S SPEECH AT ASSEMBLY OF LEAGUE
OF NATIONS: GENERAL ECONOMIC SITUATION AND REPORT
OF RAW MATERIALS COMMITTEE.

Memorandum by the Secretary of State for
Foreign Affairs.
C.P. 209 (37) - circulated herewith.

(Signed) R.B. HOWORTH,
Deputy Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.,
5th September, 1937.
CONCLUSIONS of a Meeting of the Cabinet held at
2, Whitehall Gardens, S.W.1., on WEDNESDAY,
the 8th SEPTEMBER, 1937, at 11.0 a.m.

PRESENT:
The Right Hon. Neville Chamberlain, M.P.,
Prime Minister. (In the Chair).

The Right Hon.
Sir John Simon, G.C.S.I.,
G.C.V.O., O.B.E., K.C., M.P.,
Chancellor of the Exchequer.

The Right Hon.
Sir Samuel Hoare, Bt.,
G.C.S.I., G.B.E., C.M.G., M.P.,
Secretary of State for Home Affairs.

The Right Hon.
The Earl De La Warr,
Lord Privy Seal.

The Most Hon.
The Marquess of Zetland,
G.C.S.I., G.C.I.E., Secretary of State for India.

The Right Hon.
Sir Thomas Inskip, C.B.E.,

The Right Hon.
L. Hore-Belisha, M.P.,
Secretary of State for War.

The Right Hon.
Walter Elliot, M.C., M.P.,
Secretary of State for Scotland.

The Right Hon.
W.S. Morrison, M.C., K.C.,
M.P., Minister of Agriculture and Fisheries.

The Right Hon.
Sir Kingsley Wood, M.P.,
Minister of Health.

The Right Hon.
E.L. Burgin, M.P.,
Minister of Transport.

Sir R.B. Howorth, K.C.M.G., C.B. ................. Deputy Secretary.
1. The Cabinet had before them a Note by the Deputy Secretary (Paper C.P. 208 (37)) covering the draft Notes of a Meeting of Ministers held at the Foreign Office on Thursday, 2nd September, 1937, for the examination of certain urgent questions which had arisen in connection with recent developments in the situation in the Far East and in the Mediterranean. At this Meeting four questions had been specifically reserved for consideration by the Cabinet.

The Cabinet were reminded by the Secretary of State for Foreign Affairs that when the Meeting of Ministers had discussed the question of the attack on His Majesty's Ambassador in China it had been agreed inter alia that the question of the withdrawal of our Ambassador in Tokyo should be reserved for the decision of the Cabinet at their Meeting on September 8th, when the Cabinet could reach a decision in the light of further developments and information (see Conclusion 2 on page 11 of Notes of Meeting, Paper C.P. 208 (37)).

Since the Meeting of Ministers an interim reply had been received from the Japanese Government (for the text of which see Appendix I). This interim reply could not in the view of the Secretary of State be regarded as satisfactory, and if the final reply of the Japanese Government was similar in character to their interim reply the final reply would have to be regarded as unsatisfactory. Sir Robert Craigie had been so informed, and we had also expressed to him the hope that the Japanese final reply would not be unduly delayed. The Secretary of State suggested
that the Cabinet might wish to consider what action should be taken in the not improbable event of the Japanese final reply proving unsatisfactory.

The Prime Minister thought that examination by the Cabinet of the procedure to be followed in the event of the Japanese final reply proving unsatisfactory would be valuable. At the Meeting of Ministers on the 2nd September it had been assumed that the final reply of the Japanese Government would by now have been received. In the events which had happened all that we had got at present was an interim reply which, while friendly and conciliatory in tone, was undoubtedly unsatisfactory. The reply intimated that the Japanese investigations had so far failed to produce any evidence to establish that a Japanese aeroplane had been guilty of the outrage, and that in these circumstances it was still impossible to determine whether or not any responsibility for the incident rested with the Japanese Government. The interim reply added insult to injury by suggesting that in order to prevent the recurrence of such an incident we should co-operate with the Japanese authorities on the spot by giving them notice in advance when British subjects proposed to enter a danger zone. It looked very much as if the Japanese were adopting the same dilatory and unsatisfactory attitude which they had taken up in the Keelung affair.

He (the Prime Minister) did not believe that the Japanese Government dared to go further in the direction of giving us satisfaction in view of the violent manner in which the Japanese military and naval elements would react. It should be observed
in particular that the Japanese had so far failed to tender any apology, and to undertake suitably to punish those responsible for the attack, two of the requirements contained in our Note to the Japanese Government of the 28th August, 1937.

He (the Prime Minister) had been considering the suggestion that our Ambassador in Tokyo should be withdrawn in the absence of any satisfactory reply, and he wished to suggest to the Cabinet an alternative proposal which he had had no opportunity as yet of discussing with any of his colleagues. He assumed that the Cabinet would agree that we could not simply acquiesce and do nothing, but the difficulty that he foresaw about withdrawing our Ambassador from Tokyo was that such action would not seriously injure Japan, and would moreover leave the situation entirely unliquidated. Should we withdraw our Ambassador the time would come in the future when it would be necessary that he should return to Tokyo. It was most improbable that in the interval the Japanese Government would give us the satisfaction we were demanding, and we should then be placed in a humiliating and embarrassing position. In order to avoid difficulties of this kind he proposed that the action to be taken should consist of two parts. In the first place we should answer the final reply of the Japanese Government (assuming that reply to be unsatisfactory) in stinging terms, to the following effect:

We had received their final reply with disappointment and regret. Having regard to the undoubted
fact, as proved beyond question by evidence in our possession, that this outrage had been committed by a Japanese airman, we could not understand the failure at once to comply with our reasonable and moderate demands. As the Japanese Government did not feel able to take this course, in this second case where a British subject had been subjected to gross outrage by persons in the service of the Japanese Government, we did not consider that it was consonant with our own dignity to press them further in the matter, as apparently in matters of this kind Japan was unable to attain to the normal standards observed among civilized peoples. In this way the incident could be closed by us with dignity and without loss of prestige.

Secondly, he (the Prime Minister) thought that an announcement should be made very soon after the despatch of our reply to Japan to the effect that in view of the grievous injuries sustained by His Majesty's Ambassador and the possible prejudice to his future health resulting from the outrage, the Government had decided to make a compensatory grant to him of £5,000. Such action would relieve the mind of the Ambassador from undue anxiety.

If we proceeded on these lines, the incident would be liquidated in a way which he thought public opinion would approve, and it would be unnecessary to consider further the question of withdrawing Sir R. Craigie from Tokyo.
The Secretary of State for India was of opinion that the Japanese would only pay attention to force, or to the display of force. Rebukes, however strongly worded, would have no effect upon them and would certainly not deter them from committing further outrages.

The Minister of Health favoured the line suggested by the Prime Minister and doubted whether the Japanese would be much impressed by the withdrawal of our Ambassador from Tokyo. Moreover, the difficulty regarding the Canadian Minister in Tokyo would remain.

The Secretary of State for Dominion Affairs said that the position in regard to the Canadian Minister presented no immediate difficulty. The Canadian Minister had been spending his leave in Victoria, British Columbia, and had been due to return to Japan on 4th September. He had been instructed by the Canadian Government to postpone his return indefinitely. Should it be decided to withdraw Sir Robert Craigie it would be very quickly realised in Japan that the Canadian Government, by postponing the return of their Minister to Tokyo, were keeping in step with us. He thought that the difficulty of getting the Ambassador back once he had been withdrawn was a very grave one, and it would be every bit as embarrassing and difficult for the Canadian Government to allow their Minister to return if he was withdrawn as it would be for us in the case of H.M. Ambassador.

The Secretary of State for the Colonies thought that a profound sensation would be caused in Japan if we were to brand the Japanese as not coming up to ordinary civilised standards.
The Secretary of State for Foreign Affairs agreed and warned the Cabinet that the Japanese might, on receipt of a Note of the kind contemplated by the Prime Minister, decide to sever diplomatic relations with us. It was very difficult indeed correctly to assess Japanese mentality but there was no doubt that they would attach great importance to our withdrawing our Ambassador. There were, of course, precedents for withdrawing Ambassadors, and no insuperable difficulties had been found in other cases in resuming normal diplomatic relations. In a year's time the whole situation in the Far East might have been profoundly altered, possibly to the detriment of the Japanese, who might then be much more anxious for our friendship than they were at present.

He was in full agreement with the Prime Minister's suggestion that a pecuniary grant should be made to Sir Hughe Knatchbull-Hughessen. He did not think that any decision on the question of withdrawing our Ambassador need, as yet, be taken by the Cabinet.

The Prime Minister agreed that no decision need be taken that day.

Some discussion then took place as to whether we could regard as satisfactory anything short of full compliance with the three requirements in our Note of August 28th. In this connection the Secretary of State for Foreign Affairs drew attention to the following passage in his telegram No. 284 of the 7th September to Sir R. Craigie:

"Expressions of regret accompanied by disclaimers of responsibility do not approximate to an apology, though I agree that regret coupled with admission of responsibility (Your telegram No. 360) would meet the case."
The view was expressed that it would be unwise for us to insist on the punishment of the actual perpetrators of the outrage, and that in any case it would be very difficult to insist on our second requirement, namely, suitable punishment for those responsible for the attack, as it might well be argued that the ultimate responsibility lay with those who had decided on warlike operations in China.

The Prime Minister suggested that if the Japanese Government admitted responsibility and tendered their apologies and regrets but added that after further exhaustive investigations they had failed to identify the airmen who had committed the outrage, that we should accept as satisfactory a reply on these lines.

The Secretary of State for Foreign Affairs agreed but was emphatically opposed to Sir Robert Craigie being informed at present that we were prepared to make any concession on our original demands. If we appeared to be weakening it would be impossible for Sir Robert Craigie to negotiate any satisfactory settlement.

The Lord President of the Council agreed that it was unnecessary at this stage for the Cabinet to decide whether our Ambassador to Tokyo should be withdrawn or not. He hoped that a communication could be sent to Sir Robert Craigie emphasising the strong feelings of the Cabinet on the subject. If we then received a final reply from the Japanese containing expressions of regret it would be possible for Sir Robert Craigie to start negotiations with a view to getting the best possible settlement.

The Prime Minister feared that if we embarked on negotiations the matter would drag on interminably and he thought that we should endeavour to reach some decision at the earliest possible moment.
The Minister for Co-ordination of Defence agreed but hoped that it would be possible to avoid anything of the nature of a ultimatum. He would not therefore ask for a final reply by any fixed date, but would give the Japanese two or three weeks.

The Secretary of State for Foreign Affairs pointed out that in his telegram No. 358 of 7th. September to Sir R. Craigie he had asked that the Japanese final reply should not be delayed for more than a week or so.

The Prime Minister thought that the position might be summed up as follows. The Government were in no way seeking a quarrel with Japan. On the contrary they would like to reach an amicable settlement of this incident on the basis of the moderate and reasonable request already made to Japan. It was impossible to reach any decision until the final reply from Japan was received, and in any case the Cabinet were not prepared to decide that our Ambassador at Tokyo should be recalled if that reply was unsatisfactory without further consideration. In the meantime the Secretary of State for Foreign Affairs would examine the alternative procedure which he (the Prime Minister) had suggested earlier in the discussion. The Prime Minister added that the Cabinet agreed in principle with his suggestion that some £5000 should be awarded to Sir Hughs Knatchbull-Hugessen and that Sir Hugh should be informed privately of this decision.

The Secretary of State for War said that he was entirely in favour of making this grant to Sir Hugh Knatchbull-Hugessen, but suggested that it might be desirable for the precedents to be examined as it was possible that the award to Sir Hugh might give rise to other claims.
The Cabinet approved the course to be taken in regard to this question as set out in the Prime Minister's summing up of the position given above.
2. With reference to the Conclusions on pages 1 to 11 of the Draft Notes of the Meeting of Ministers held on the 2nd September, 1937 (C.P. 208 (37)), the Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P. 212 (37)), copies of which were handed round at the Meeting.

The Secretary of State for Foreign Affairs pointed out that his Memorandum raised two main points. The first point, which was discussed in paragraphs 1 to 7 of the Memorandum, related to the action which had already been taken in regard to the verification by Japanese warships of the right of a British ship to fly the British flag. The second point, which was discussed in paragraphs 8 and 9 of the Memorandum, concerned the question of what action should be taken in the event of the Japanese taking further steps against British shipping other than the mere verification of their right to fly the British flag. With regard to the first question, we had not as yet informed the Japanese Government of our decision, for the reasons set out in the Memorandum.

The view was expressed that it would be impracticable to carry out the agreed formula in paragraph 2 of C.P. 212 (37) without telling the Japanese what was proposed, and that the best line to take might be to tell the Japanese that we will tolerate verification of British registry, notwithstanding that this meant granting them a right which they could not properly claim in the circumstances now existing.
In this connection the Chancellor of the Exchequer pointed out that at the Meeting of Ministers on the 2nd September it had been clearly understood that we were making these concessions to the Japanese in return for undertakings on their part that their interference with British shipping would be strictly limited in the manner proposed.

The Secretary of State for Foreign Affairs pointed out that since the Meeting on September 2nd we had learnt that the United States Government was strongly opposed to the Japanese being informed of the agreed formula.

The Prime Minister thought that if nothing was said to the Japanese, and interference with British shipping continued, the tendency would be for the Japanese to proceed from one improper kind of interference to other and more improper kinds. He preferred, therefore, notwithstanding the American objections, to inform the Japanese Government that, while we did not admit that they had any rights in the matter, we would agree to verification of British registry on the terms and conditions set out in the formula. At the same time it should be borne in mind that whatever decision was reached in the matter in regard to British shipping in Chinese Waters would have to be applied to British shipping in similar circumstances in the Mediterranean.

In the course of discussion the Cabinet were informed that while certain of the Government's advisers were opposed to the Japanese being informed
of the formula, the First Sea Lord strongly favoured the information being given to the Japanese. In this connection it was pointed out that the addendum to the formula, relating to our reservation of the right to claim compensation for damage sustained by the owners of British ships delayed or stopped under the procedure, would have little or no meaning if the Japanese were not informed of it.

Some discussion then took place in regard to the question of ships recently transferred to the British Register. It was pointed out that in the absence of any definition in the formula it would be very difficult, if not impossible, for the Japanese to know where the line could be drawn between a British and a non-British ship. The best course might be to inform the Japanese that, while we were entirely opposed to abuse of the British flag, we intended to extend the fullest protection in our power to genuine British ships; that a British ship was a ship on the British Register; and that the formula must be interpreted accordingly.

The Secretary of State for Foreign Affairs said that he was advised that grave difficulties might be anticipated in the case of ships owned by British subjects of Chinese race having dual nationality. In the case of such ships the Japanese would allege that it was impossible without exhaustive examination to decide whether such ships were British or not and that this could not be done by mere verification of the flag on the spot.
The President of the Board of Trade doubted whether there was any substance in this suggestion. A ship was either on the British Register or it was not, and this must be the criterion.

The Prime Minister thought that the general view of the Cabinet favoured the communication of the formula to the Japanese Government.

The Secretary of State for Dominion Affairs agreed, and stated that the Dominions concerned had all agreed to the procedure proposed, and that those most interested had expressed their readiness to adopt the same procedure.

The Minister of Agriculture and Fisheries referred to the second paragraph on page 2 of C.P. 218 (37), and suggested that difficulties might be avoided if the matter could be treated on general lines in a statement of Government policy regarding misuse of the flag which would be applicable both to the China Seas and the Mediterranean.

The Minister for Co-ordination of Defence observed that our system had throughout been based on the principle of getting as many ships as possible onto the British Register. The paragraph to which the Minister of Agriculture and Fisheries had referred needed clarification, in that it made no reference to the important fact that a ship could only be placed on the British Register if the principal place of business of the owner was in British territory.
The Prime Minister pointed out that the paragraph in question was concerned simply with the question of fact whether the ship was a British ship or not. It was not concerned with the question of possible fraudulent registration.

The President of the Board of Trade informed the Cabinet that he would be most strongly opposed to any suggestion that the existing rules and regulations regarding the registration of British ships should be materially altered.

The Secretary of State for War pointed out that both the Japanese and General Franco objected to the very easy procedure under which ships which were in no real sense British ships could get onto the British Register. Morally there was much to be said for their complaints, and if the matter was not fully investigated and remedied it must give rise to many embarrassing incidents.

The Prime Minister thought that this aspect of the question could more conveniently be discussed when the Cabinet considered the situation in the Mediterranean.
The Secretary of State for Foreign Affairs warned the Cabinet that the second point discussed in paragraphs 8 and 9 of his Memorandum raised further difficult questions. He had learnt that morning that the Chinese Government were likely to appeal to the League of Nations under Article 17 of the Covenant. This was the Article which dealt with cases of disputes between a Member of the League and a State which is not a Member of the League. It was most unlikely that Japan would accept an invitation of the League to accept the obligations of Membership, and in that event the provisions of Article 17 of the Covenant would come automatically into operation. It had been ascertained that France and other Powers were most anxious to avoid the difficult situation which might thus arise. The questions discussed in the concluding paragraphs of his Memorandum were technical and difficult, and the best way to handle them might be to refer them to a Cabinet Committee for consideration.

The Prime Minister expressed the view that it would be a great mistake to tell the Japanese in advance what action we proposed to take in the event of their taking measures against British shipping of a more drastic character than was contemplated in the formula. As regards possible action on our part, he enquired whether consideration had been given to the possibility of reinforcing our naval strength in the Far East.

The Secretary of State for Foreign Affairs thought that this matter might be examined by the proposed Cabinet Committee.
The Chancellor of the Exchequer suggested, and the Cabinet agreed, that words such as "suspected of not being entitled to fly the flag" should be substituted for the words "suspected of being an imposter" in lines 2 and 3 of the formula in paragraph 2 of C.P. 212 (37).

After further discussion, the Cabinet agreed:

(1) That the formula amended as suggested by the Chancellor of the Exchequer should be communicated to the Japanese Government.

(2) That a Cabinet Committee composed as follows:

The Home Secretary (In the Chair),
The Secretary of State for Foreign Affairs,
The Secretary of State for Dominion Affairs (or Representative),
The President of the Board of Trade,
The First Lord of the Admiralty,
The Minister for Co-ordination of Defence,
The Attorney-General,

should meet to examine the question of the Japanese taking further steps against British shipping than the mere verification of the right of British shipping to fly the British flag and of the measures to be adopted in such an event.

The Committee should also consider the possible reinforcement of British naval forces in the Far East, and, should it be thought necessary or desirable to send such reinforcements, to advise as to the kind of reinforcements which could be contemplated.

The Committee to hold their first Meeting at 2, Whitehall Gardens, immediately after the conclusion of the adjourned Meeting of the Cabinet that afternoon, and Ministers to be at liberty to bring to that Meeting such officials or advisers as they might think fit.

(3) That, in the event of the Chinese Government appealing to the League of Nations under Article 17 of the Covenant, the Secretary of State for Foreign Affairs and his colleagues at Geneva should be at liberty to deal with the matter as they thought best.
3. With reference to the Conclusion on page 16 of the Notes of the Meeting of Ministers held on the 2nd September, 1937, relative to the suggestion for a Meeting of Powers signatories of the Submarine Protocol of 1936, the Cabinet had before them the following memoranda circulated by the Secretary of State for Foreign Affairs. Owing to shortage of time it was not possible for these memoranda to be circulated prior to the Meeting:

(1) Paper C.P. 211 (37) being the record of a Meeting held at the Foreign Office on September 5th, 1937, and containing suggestions as to the proposals to be put forward by H.M. Government at the forthcoming Mediterranean Conference (for the text of this document see Appendix II).

(2) Paper C.P. 213 (37), being a memorandum by the Secretary of State for Foreign Affairs containing proposals worked out by the Admiralty and the Foreign Office as to the measures which H.M. Government might take in conjunction with any other Powers who are willing to co-operate in putting an end to the sinking of merchant ships in the event of Italy and Germany refusing to attend the proposed Mediterranean Conference, and it then becoming necessary to contemplate the circumstance of a smaller Conference and probably also the modification of the type of proposals to which the Conference, as thus restricted, might be expected to agree. (For the text of this Memorandum see Appendix III).
The Secretary of State for Foreign Affairs informed the Cabinet that there had been a somewhat acrimonious controversy with the French Government on the subject of the Powers to be invited to the suggested Mediterranean Conference. In the first instance the French Government had suggested that the Valencia Government should be invited but not the Italian Government. He (the Secretary of State) had argued that neither of the two Spanish Governments should be present at the Conference which should be attended by the Mediterranean Powers, including of course, Italy. Ultimately the French Government agreed that the Valencia Government should be excluded; that the Italian Government should be invited, but that the Soviet Government, which had had ships sunk in the Mediterranean, should also be invited. He had done his utmost to persuade M. Delbos to modify his demand that the Soviet Government should attend the Conference and had pointed out that if Russia was included, Germany would also have to be included. M. Delbos had stated that the matter had been considered by the French Cabinet and that if we insisted on the exclusion of Soviet Russia the position would become extremely grave and France herself would be unable to attend the Conference. In these circumstances he had felt bound to acquiesce in an invitation being sent to Soviet Russia, provided Germany was also asked. The Secretary of State pointed out that although his discussions with M. Delbos had taken place on the telephone there has been no leakage of any kind, and it was of very great importance that there should be no disclosure of these differences between the two Governments.
The Secretary of State then informed the Cabinet as to conversations he had had with the French and Italian Charge d'Affaires in London. He had impressed upon the latter the very great importance of Italy being present at the Nyon Conference. While the Italian Charge d'Affaires appreciated the arguments used, he had indicated that the Italian Government was apprehensive that if they went to Nyon, Soviet Russia would take the opportunity of repeating the accusations about the sinking of Russian ships by Italian submarines. He (the Secretary of State) had argued that by refusing to go to Nyon Italy would be merely playing the Russian game. The Chargé d'Affaires had then enquired whether if Italy went to Nyon we would give an undertaking that Russia would make no reference to past events. He (the Secretary of State) had pointed out that it was quite impossible for him to give any such undertaking, but that it was our earnest hope that the Conference would concern itself with the future and not with the past, and that we should do everything in our power to this end. H.M. Ambassador in Rome had expressed the view that ultimately Italy was likely to attend the Conference.

M. Cambon, the French Charge d'Affaires, had informed him that the French Government regarded the Conference as being mainly concerned with technical matters. He had then proceeded to indicate the attitude of French Ministers towards non-intervention. M. Blum favoured the continuance of non-intervention and thought that another attempt should be made to persuade both sides in Spain to withdraw volunteers. The French Government were very much concerned at the presence of
four senior Italian Generals with General Franco's Forces. With regard to Abyssinia, M. Chautemps was favourable to a clearing up of the position, but took a pessimistic view of any progress being made while the Mediterranean difficulties continued. If the Nyon Conference proved successful the present attitude of the French Government towards the Abyssinian problem might change.

The Secretary of State added that up to the present no reply to the invitation to attend the Nyon Conference had been received from the Italian and German Governments. It might be expected that those Governments would act together in the matter.

The Secretary of State then briefly explained to the Cabinet the scope of his two memoranda (C.P. 211 (37) and C.P. 213 (37)). C.P. 211 (37) was based on the assumption that Italy would be present at the Conference and contained suggestions as to the line to be taken with the two Spanish Governments and the measures to be taken by the Powers themselves. An agreement on the basis of the proposals contained in C.P. 211 (37) would be highly satisfactory.

The suggestion was made that even if Italy was not present at the Conference it would be possible to inform her of the conclusions reached by the Powers participating in the Conference with a view to her acceptance of these conclusions.

The Secretary of State for Foreign Affairs agreed, and thought that in this event Italy might be approached through the diplomatic channel. This, however, should be done before the Conference had
reached any final conclusions, as otherwise Italy would complain that she was being presented with a fait accompli.

The Prime Minister suggested that it might be found possible to inform Italy in advance of the Conference of what was proposed. He was very anxious indeed to avoid a situation in which the Great Powers became grouped into blocs.

The Secretary of State for Foreign Affairs explained that while the Admiralty could not guarantee that the proposals contained in C.P. 213(37) would work smoothly and satisfactorily there was little doubt that in practice this would be so.

The Prime Minister drew attention to the suggestion on page 3 of C.P. 213 (37) that:

"The Russian Navy might at the same time be asked if they were prepared to watch any area in the Aegean".

He thought that this was a very dubious proposal.

Attention was also drawn to other references to the possibility of Russian naval ships operating in the Mediterranean.

It was pointed out that it might be difficult to insist on the exclusion of Russian naval ships from the Mediterranean having regard to the numerous attacks that had been made on Russian merchant ships in those waters. While there would be no objection to naval vessels belonging to Italy and Yugo Slavia participating in the arrangements, it was recognised that in practice such participation would be unlikely to serve any useful purpose.

General agreement was expressed with the view of the Prime Minister that the proposal that Russian naval ships should participate in the arrangements was open to serious objection which would be mitigated, to some extent, if Powers like Turkey and Yugo Slavia.
participated in the scheme.

The Prime Minister then drew attention to (iii) on page 4 of C.P. 213 (37):—

(iii) This instruction extends to any submarine in the vicinity of a position in which a merchant ship has recently been attacked or sunk.

General agreement was expressed of the view that this went too far, as it would cover the sinking of an innocent submarine which might by chance have been in the vicinity of the attacked merchant ship but which had had nothing to do with the incident. It was pointed out that the proposals on page 4 of C.P. 213 (37) were not in final form and were in any case for the information of Ministers only. It was suggested that there might be added to (iii) something to the effect that if the submarine remains submerged this will be taken as prima facie evidence that she was responsible for the incident. In reply to enquiries, it was pointed out that the proposals now under consideration covered the scheme for the verification of the flag (see, for example, paragraphs on pages 1 and 2 of C.P. 211 (37) under heading "Verification of Flag").

In this connection, the Secretary of State for Dominion Affairs observed that it was possible that difficulties in regard to this matter might be raised by New Zealand and by the Irish Free State. The Irish Free State have ships trading to the Mediterranean which fly the Irish Free State flag. He would like a few days in which to clear up the position in regard to these Dominions.

Attention was drawn to the wording of (iv) on page 4 of C.P. 213 (37), and it was agreed that the
wording of this passage should be amended to read:

(iv) The above instruction shall remain in force until changed, but will be reviewed monthly.

The Cabinet agreed:

Subject to the amendments and alterations raised in the discussion and noted above, to approve the proposals contained in Papers C.P. 211 (37) and C.P. 213 (37) respectively as the proposals to be put forward by His Majesty's Government at the forthcoming Mediterranean Conference to be held at Nyon.
4. The Prime Minister thought that General Franco had a legitimate grievance if merchant ships belonging to the Valencia Government could by a technical device get themselves transferred to the British Register and so become entitled to British naval protection. The recent cases of the S.S. Woodford and the S.S. Burlington were cases in point. He fully agreed that there could be no question of such ships being generally struck off the British Register. Still less was he prepared to summon Parliament for the passage of legislation to amend the existing law. Had the Board of Trade considered the matter, and if so with what result?

The President of the Board of Trade doubted whether the particular ships which had been referred to were really very good examples. These two ships had recently been transferred from the Greek to the British flag, and had by so doing merely transferred themselves from the flag of a country which could not to a flag of a country which could protect them. He was much relieved to hear that no change of the law relating to Registration was contemplated. Two steps had in fact been taken. (1) The arrangements under which provisional registration could be granted by Consular Officers abroad had been terminated, and all applications must now be considered in London. Under this new procedure dubious applications could be hung up, and this no doubt acted as a powerful deterrent. (2) There were a few cases in which it was doubtful whether the conditions of registration had in fact been complied with, and if on investigation this was established the ships would be removed from
It was recently particular desirable to avoid the removal of tonnage quite a number of tankers had been removed from the British Register and this was a serious matter as we had no big reserves of this kind of tonnage.

The First Lord of the Admiralty doubted whether the argument based on general policy had much force in the case of ships of the kind in question. Such ships never came to British ports, and in the event of war they would leave the Register.

The President of the Board of Trade reminded the Cabinet that in 1914 one of our first steps had been to pass legislation preventing ships from leaving the British Register. He undertook to examine a suggestion that ships now in possession of "provisional certificates" should be instructed by our naval vessels to proceed to a British port, to have their certificates verified and if satisfactory to have them made permanent.
5. The Cabinet agreed that the Representatives at the forthcoming Nyon Conference should be the Secretary of State for Foreign Affairs, the First Sea Lord of the Admiralty, and the Permanent Under Secretary of State for Foreign Affairs.
6. The Prime Minister informed the Cabinet that he had invited the Secretary of State for Dominion Affairs to go to Geneva to assist the Secretary of State for Foreign Affairs, particularly in regard to matters such as consultation with the Dominion Delegates at the Assembly.

The Secretary of State for Dominion Affairs said that he had accepted the Prime Minister's invitation, but would be unable to be at Geneva before Monday, September 13th, as he would be Minister in attendance at Balmoral from September 8th to September 11th.
The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P. 207 (37)) proposing an exchange of Agents with the Salamanca Government. The proposal was that we should inform General Franco that we were prepared to accept an Agent of his in London in exchange for the establishment of a British Agent at Salamanca. In making this communication it would be explained that such an arrangement would not in our eyes constitute formal recognition of General Franco's Government, and that we should not therefore grant, or expect to receive, full diplomatic status for the Agents. They would, however, of course, have the right of confidential communication, and General Franco's Agent in London would have free access to the Foreign Office. The proposal would also include an exchange of consular Agents in ports and other towns where necessary.

The Secretary of State for Foreign Affairs informed the Cabinet that he was in favour of these proposals and would like to take the opportunity of settling at the same time certain points outstanding with the Salamanca Government, including the retention by that Government of certain British ships. He suggested that if it was found possible to reach agreement at the Nyon Conference, this would be a good moment at which to open the question with General Franco. He proposed, therefore, to act
in about ten days' time. While no doubt the proposals would be criticised in certain quarters, there was no doubt that, for the reasons given in the penultimate paragraph of C.P. 207 (37), the balance of advantage was strongly in favour of proceeding with them.

The Cabinet agreed:

To approve the proposals of the Secretary of State for Foreign Affairs for an exchange of Agents with the Salamanca Government, as suggested in C.P. 207 (37), and to take note that the Secretary of State proposed to open discussions on the subject with General Franco in about ten days' time.
The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P. 210 (37)) on the present phase in Anglo-Italian relations and the question of the final recognition of Italian sovereignty in Abyssinia. In the historical introduction to his Memorandum, the Secretary of State for Foreign Affairs recalled the more important developments in Anglo-Italian relations since the signature on the 2nd January last of the joint declaration. The Memorandum then discussed certain general considerations, including the political and other arguments for and against de jure recognition of Italy's sovereignty over Abyssinia, and emphasized the importance, if such formal recognition was to be accorded, of this being presented as a contribution to the general pacification and appeasement of Europe and not as a nefarious bargain by which Italy gained our assent to her wrong doing in return for material advantages to ourselves. The Memorandum concluded with the Secretary of State's suggestion that the United Kingdom Delegation at Geneva should be given a certain latitude in the situation; the objectives for which we should work should be to bring a successful issue to the conference of the Mediterranean Powers, to endeavour to make of such an issue the occasion for a real détente between Italy and France if this could be secured, when the co-operation of France and other Powers in finally resolving the Abyssinian problem should be forthcoming, and, together, we should be able to take a further step towards the final liquidation of the Abyssinian deadlock.

In two Annexes of his Memorandum the Secretary of State discussed (I) the procedure at the forthcoming Meeting of the Assembly of the League of Nations and (II) the objectives of Anglo-Italian conversations.
The Secretary of State for Foreign Affairs explained that the somewhat inconclusive character of his Memorandum was due to the great uncertainty of the present political situation. From such enquiries as he had been able to make he was convinced that if we could reach a satisfactory arrangement at the Nyon Conference about the protection of shipping in the Mediterranean, there was a reasonable chance of obtaining a satisfactory solution such as his Memorandum envisaged. On the other hand, if the Nyon Conference failed, the chances of a successful settlement of the Abyssinian problem in the near future would be very small.

If Abyssinia attended the forthcoming Meeting of the Assembly of the League there would be little or no difficulty, because the Credentials Committee would no doubt find that the Abyssinian Delegation could have no claim to represent Abyssinia in present circumstances. The difficulty would arise in an acute form if an Abyssinian Delegation was not present at the Meeting of the Assembly.

The Lord President of the Council said that he had been much struck by recent telegrams from Mr. Ingram at Rome, and particularly by what was said in telegrams 479 and 480 of September 6th in regard to the views and wishes of Count Ciano. In all the circumstances, might it not be useful to instruct Mr. Ingram to have a friendly talk with Count Ciano and to tell him that we had given very full and careful consideration to what was to happen at the
forthcoming Meeting of the Assembly, pointing out that while there would be no difficulty if Abyssinia attended, we foresaw serious difficulty if an Abyssinian Delegation was absent? Mr. Ingram might point out that there was nothing to be gained, from Italy's point of view, by more acrimonious discussions, and he could frankly expound and explain our difficulties.

The Prime Minister did not think that the Cabinet had as yet had an opportunity of fully discussing the question of Anglo-Italian relations. He had been informed that the interchange of letters between Signor Mussolini and himself had created a very deep impression of rejoicing and relief throughout Italy. Signor Mussolini himself had been much pleased and gratified. Owing to Italy's short-sighted policy in gaining against this country, was really imposed by France, the position had suddenly deteriorated. The Home Secretary's visit to Cyprus had excited grave misgivings, and Italy had thought fit strongly to reinforce her Libyan Army. She was apparently convinced that we would act as she herself would have done, and that we were harbouring a vendetta against her. He (the Prime Minister) had been very anxious lest the good effect of the exchange of messages with Signor Mussolini should fade away, as Mr. Ingram's telegrams seemed to fear.

He also had very much in mind the views of the Chiefs of Staff summarised in paragraphs 3 and 4 of C.P. 210 (37). He had regarded the lessening of the tension between this country and Italy as a very
valuable contribution towards the pacification and appeasement of Europe. A return to normal friendly relations between ourselves and Italy would undoubtedly weaken the Rome-Berlin axis and it might be anticipated that in the event of a dispute between ourselves and Germany the attitude of Italy would be very different from what it is would be at present.

He had hoped that at the Meeting of the Assembly at Geneva we should have been able to take the first step towards the de jure recognition of Italian sovereignty over Abyssinia. That step would have been a finding by the Assembly that Abyssinia was no longer a Sovereign State. It would then have been open to the individual Members of the Assembly to take their own line on the question of recognising Italian sovereignty over Abyssinia. No doubt serious objection would be raised by extreme supporters of the League, but in this matter we must be realistic and face the facts. As he had said to Count Grandi, de jure recognition could only be justified if it formed part of a general appeasement. He had hoped that it would have been found possible, with the assistance and co-operation of France, to get the subject disposed of at Geneva. The whole situation had, however, been changed by the activities of the Italian submarines in the Mediterranean and by Signor Mussolini's foolish boasting in connection with General Franco's capture of Santander. In the result, the French Government were not now prepared to co-operate, and he (the Prime Minister) thought that it was out of the question for
us to proceed in the matter without France's co-operation. If we wanted to maintain a good atmosphere we must not let the Italians think that the proposed Anglo-Italian Conversations were dead. It might be possible to say that we had hoped to raise this question of de jure recognition at Geneva, but that recent events in the Mediterranean and in Spain had made the position very unfavourable, and the best solution in the circumstances would be to endeavour to reach a full and satisfactory agreement at the Nyon Conference. The Italians might reply that if we got a satisfactory agreement at Nyon, would we be prepared to guarantee that Italian desiderata would be forthcoming at Geneva? We could answer that while we could not possibly guarantee what would happen at Geneva, we ourselves would do our best to clear up the position, possibly at a Special Meeting of the League called for the purpose. He (the Prime Minister) knew that the Secretary of State for Foreign Affairs found difficulty in going quite so far as he (the Prime Minister) would like to go, but he hoped that we should be able to do everything we possibly could to recover the better atmosphere of the early summer.
The Secretary of State for Foreign Affairs read to the Cabinet telegram No. 281 of 7th. September which he had sent to Mr. Ingram. (For the text of this telegram see Appendix IV).

The Secretary of State pointed out that this telegram made no specific reference to Abyssinia. He was apprehensive of making any such direct reference, as if we did so Italy would at once publish to the world that we were ready to deal with her on the subject and any language we used would certainly misrepresent our true views and gravely embarrass us. There was no doubt that Signor Mussolini would very much like to have received some assurance in regard to Abyssinia before his visit to Germany.

The President of the Board of Trade thought that if the atmosphere was to be improved it was imperative that Count Ciano should receive some answer to his enquiries. He hoped that it would not be necessary to break off our relations with Italy on what was little more than a matter of procedure.

The Secretary of State for Foreign Affairs expressed the view that even if our relations with Italy could be much improved it would make very little, if any, difference to our military preparations. Italy was unstable and untrustworthy. General Blomberg had expressed the opinion that in a future war Italy would be found on the opposite side to the one which she had solemnly engaged herself to fight with.

The Secretary of State for Dominion Affairs favoured something more being said to Italy on the lines of the Prime Minister's remarks than was
contained in telegram No. 281 of September 7th. At the same time it was very important to avoid giving any guarantee which we should find ourselves subsequently unable to implement. If we took the initiative at Geneva in circumstances where other States were not in agreement with us the position would be very difficult and we might well be faced with the dangerous situation of being opposed there by one or two of the Dominion Delegations. He much hoped, therefore, that any statement would be carefully qualified and that, in particular, we would give no guarantees. It might then be possible to persuade New Zealand to accept a successful of the Nyon Conference as justification for de jure recognition of Italy's position in Abyssinia.

The Prime Minister urged that the opportunity should not be lost. We must try and convince the Italians that we were frank and holding nothing back from them. He himself would not mind explaining to them that the difficulties at Geneva were not difficulties raised by us but by others which we should very much like to overcome and which they (the Italians) must help us to overcome.

The Chancellor of the Exchequer said that it was recognised that if we were to have a better understanding with Italy we must get acceptance of the facts of the Abyssinian position. Would it be possible to say to Italy that if we could reach a full agreement on Nyon we should propose to pursue the July conversations, but that we recognised that a full understanding would have to include a number of important questions of which de jure recognition of the Abyssinian position was one.
The Secretary of State for Foreign Affairs referred to Signor Mussolini's observation that no question now arose as regards the Mediterranean, and that the only important question between us was the Abyssinian one. Assuming Signor Mussolini continued his present policy in the Mediterranean and as a result the Nyon Conference failed, was it still suggested that our policy should be to turn Abyssinia out of the League?

The Minister for Co-ordination of Defence thought that the answer must be in the affirmative, but that the implementing of that policy had become impossible.

The Prime Minister emphasised that the important thing was to strive for a change of heart and attitude on the part of Italy. Was this too much to hope for? The Secretary of State for Foreign Affairs had thought that an improvement in our relations with Italy would not mean that our defence preparations could be reduced. He (the Prime Minister) thought that in time they could be reduced, but he agreed that this could not be done rapidly.

The Home Secretary observed that we had done very little in regard to rearmament in the Mediterranean. The Cabinet sooner or later must choose between the re-establishment of friendly relations with Italy and substantially heavier rearmament in the Mediterranean. He also would like to see an advance on the position as set out in telegram No. 281 to Mr. Ingram of 7th September.

NOTER. The Cabinet adjourned at 1.30 p.m. and resumed at 2.45 p.m.
The Secretary of State for Foreign Affairs said that he had had an opportunity of discussing with his advisers the formula suggested before the adjournment by the Chancellor of the Exchequer. It was clear that if we said anything to Count Ciano about Abyssinia we should have to be very careful indeed in our wording, as otherwise we should be subject to the most embarrassing misinterpretations.

The Chancellor of the Exchequer said that his suggestion had been to the following effect: we might say, with reference to the Nyon Conference, that we hoped very much indeed that the Italians would be present, and that the Conference would result in an agreement which would enable the two countries to co-operate together in confidence and friendship, and would also enable us to carry further the understanding which the Prime Minister and Signor Mussolini had worked for in July last. Within the range of the proposed discussions there were a large number of questions, and we did not propose to exclude from the discussions those specifically mentioned by Count Ciano.

The President of the Board of Trade suggested that we might add a reference to the great difficulty of raising this particular Abyssinian matter at Geneva.

The Secretary of State for Foreign Affairs thought that the Italians were well aware of our attitude, and for his part he would be content to leave the matter as in his telegram to Mr. Ingram of the 8th September. If, however, the Cabinet would like to go further he would assent.

The First Lord of the Admiralty suggested that if
we could avoid the words "de jure" it would make a difference.

The Prime Minister observed that from the Italian point of view "de jure" recognition meant that the Abyssinians would no longer be able to look to us to reverse the present position in Abyssinia.

The Lord President of the Council thought that the expression "de jure" carried with it a note of moral justification. Our attitude should rather be that, while we did not withdraw in any particular anything that we had said or done in the past, we recognised the inescapable fact that Italy was now in sovereign control of Abyssinia. He himself was quite content to leave the matter to the Secretary of State for Foreign Affairs, but he would have liked him, if it was possible, to go somewhat further than the Chancellor of the Exchequer, and to make use in argument of selections from Mr. Ingram's recent despatch on the economic situation in Italy.

The Secretary of State for India wished that he could feel that if we were frank and open with Italy, Italy would be equally frank and open with us. In this connection he referred to the recent telegram stating on good authority that large numbers of Italian volunteers were proceeding to Spain by way of Sardinia and Africa. So long as Signor Mussolini indulged in activities of this kind, he (Lord Zetland) doubted whether any discussions could be of much value.

In the course of discussion, the view was expressed by the Secretary of State for Scotland that there was considerable risk in going further in this matter than the Secretary of State's telegram to
Mr. Ingram. The Italians might very well gain the impression that we were running after them, whereas of course the fact was that the approach in regard to our attitude to the Abyssinian problem had been made by Count Ciano himself.

The First Lord of the Admiralty observed that our foreign policy must be based on the state of our armaments. We were not in a position to fight Italy, Germany and Japan at the same time, and it was for this and other reasons that he attached the greatest importance to convincing Signor Mussolini that we wished to be friends with him.

The Secretary of State for Foreign Affairs thought that our line might be that we stood by everything that the Prime Minister had said to Count Grandi and to Signor Mussolini, but the events which had taken place in the interval had made the position very much more difficult, and that was why we attached so much importance to achieving success at the Nyon Conference.

This wording met with general acceptance.

The Cabinet agreed:

(1) To request the Secretary of State for Foreign Affairs to draft a further telegram to His Majesty's Ambassador at Rome on the general lines mentioned in the course of the discussion.

(2) That the draft telegram should be circulated to the Members of the Cabinet later in the day, and prior to its despatch. (Draft telegram as despatched see No. 154 to Mr. Ingram dated 28th September, 1937).
The forthcoming meeting of the Assembly of the League of Nations at Geneva.

The Foreign Secretary's Speech for the Assembly: General Economic Situation and Report of the Committee on Raw Materials.

Previous Reference:
Cabinet 32 (37) Conclusion 2.

The Cabinet had under consideration a Memorandum (C.P. 209 (37)) by the Secretary of State for Foreign Affairs covering a draft of the portion of the speech dealing with the general economic situation and with the Report of the Committee for the Study of the Problem of Raw Materials which he proposed to make at the Assembly of the League of Nations probably on the 14th or 15th of September. This draft had been prepared after Inter-departmental consultation with the Treasury, Board of Trade, Colonial Office and Dominions Office, and in his Memorandum the Secretary of State drew special attention to paragraphs 21 to 26 which embodied the proposal to withdraw preferences at present granted to imports from the United Kingdom by certain Tropical African Dependencies. The paragraphs in question were placed in brackets as the question had not yet been before the Cabinet, nor had Ministers had an opportunity of giving their final considered views upon it.

The Secretary of State for Foreign Affairs informed the Cabinet that since his Memorandum had been drafted, circumstances had arisen which had necessitated its amendment in certain important respects. Sir Frederick Leith Ross had pressed for a strong indictment of Germany for her re-armament activities. After some discussion the paragraphs relating to this had been much toned down. Among other things there had been the speech of Herr Hitler, and he (the Secretary of State) was anxious that there should be no suggestion that his speech had been prepared as a reply to that delivered by Herr Hitler.
The Report of the Raw Materials Committee had now been published, and had shown that the Colonial aspect of the whole question was of infinitesimal consequence. There was now therefore no object in making a gesture as regards the 'open door' and he proposed to cut out paragraphs 21 to 26 of his speech. He would like, however, to retain paragraph 20. The Secretary of State referred to a draft paragraph which had been prepared dealing with complaints about difficulty of access to the United Kingdom market.

The President of the Board of Trade said that he had no objection to the substance of the draft paragraph, but he would like the wording altered.

The suggestion was made that paragraphs 29 to 34 might be very much condensed and made much less provocative. It might indeed be best to omit them and to rely only on paragraph 35. Certain other amendments were suggested.

After a brief discussion, the Cabinet agreed:

(1) To take note that the Secretary of State for Foreign Affairs proposed to redraft his speech to the Assembly of the League of Nations on the lines indicated by him.

(2) That Members of the Cabinet should send to the Secretary of State their suggestions, but that it should be left to the Secretary of State to embody the suggested amendments and alterations as he might think fit.

(3) That subject to (1) and (2) above the draft Speech should be approved.
10. The Prime Minister informed the Cabinet that it was not possible for him to fix any dates for further meetings of the Cabinet, but he hoped that in the absence of any emergency it would not be necessary to summon another meeting for some little time.

2, Whitehall Gardens, S.W.1.

September 8th, 1937.
APPENDIX I.

From JAPAN.

Decode. Sir R. Craigie. (Tokyo).

September 6th, 1937.

D. 8.30 p.m. September 6th, 1937.

R. 2.45 p.m. September 6th, 1937.

No. 356. (R).

IMMEDIATE.

My telegram No. 351.

Following is text of interim reply received from the Japanese Government this evening. Begins:

I have the honour to acknowledge receipt of Note No. 125 under date August 29th addressed to me by Mr. Dodds, the Chargé d'Affaires at the British Embassy concerning the incident in which Sir H. Knatchbull-Hugessen was wounded.

The Japanese Government on receiving news of the event in question took a grave view of the incident and hastened to convey expressions of profound sympathy to His Britannic Majesty's Government and to Sir H. Knatchbull-Hugessen through myself and the Ambassadors to the Court of St. James's and to China respectively and at the same time they sent urgent instructions to the authorities on the spot to investigate the case thoroughly. Although results of these investigations have so far failed to produce any evidence to establish that the shooting was done by a Japanese aeroplane the Japanese Government are taking measures for further investigations by the authorities on the spot in order to spare no efforts to ascertain the facts of the case.

In these circumstances it is still impossible to
determine whether or not responsibility for incident rests with Japan. Nevertheless in view of traditional ties of friendship which binds Japan and Great Britain Japanese Government express their profound regret that Sir H. Knatchbull-Hugessen should have met with such a misfortune incident to hostilities that were actually in progress in the region of Taitsang on that particular day.

2. In this connexion I wish to assure Your Excellency that Japanese forces always take fullest precaution against causing injuries to non-combatants and it is certainly very far from the desire of the Japanese Government that such an unfortunate event should ever occur in the future through any fault of their own. Fresh instructions have consequently been sent to their authorities on the spot to exercise the strictest caution in this regard. I earnestly hope therefore that British authorities will on their part kindly co-operate with the Japanese authorities with a view to forestalling the recurrence of a similar event by taking such necessary measures as giving notice in advance to Japanese authorities on the spot when entering a zone of danger.

In making the above ad interim reply I avail myself, etc.,

(Signed) Minister for Foreign Affairs.

Addressed to Foreign Office telegram No. 356 of September 6th; repeated to Nanking.
APPENDIX II.

PROPOSED MEDITERRANEAN CONFERENCE.

RECORD OF A MEETING HELD ON 6TH SEPTEMBER, 1937.

A meeting was held on 6th September in Sir R. Vansittart's room to discuss the proposals to be put forward by His Majesty's Government at the forthcoming Mediterranean Conference.

The meeting considered the tentative proposals communicated by the Secretary of State to the French Government on 3rd September, particulars of which are given in the attached despatch to Mr. Lloyd Thomas together with the comments of the French Government thereon.

Rear-Admiral Cunningham explained that the views which he was about to put forward on behalf of the Admiralty had not yet been referred to the Chief of the Naval Staff and must be understood to represent the provisional conclusions reached by the Admiralty and subject to the Commander-in-Chief of the Mediterranean Stations' concurrence.

Verification of Flag.

Admiral Cunningham explained that the Italian Government would, most probably, argue at the Conference that the action of submarines to which exception was now taken had been forced on the Spanish parties owing to the refusal of other countries to accord them belligerent rights. It would be essential to meet this argument and the simplest solution would, of course, be to accord belligerent rights. If, however, as he supposed, such a solution was politically impossible, the argument would be to some extent met if we proposed that the same rights should now be granted to the warships of both parties in Spain as we proposed to grant to Japan, i.e. that we should raise no objection to the Spanish parties verifying the
right of a ship to fly the British flag, provided that after verifi-
cation the ship is allowed to proceed, and provided also that if a British warship is present she shall undertake, on request, the duty of verification.

It was agreed that His Majesty's Government should resist any attempt to introduce the subject of belligerent rights at the Conference but that if the above mentioned argument were raised, the Cabinet should be recommended to agree to a proposal in the above sense.

Scope of proposed defensive measures.

The proposal made to the French Government last week was that defensive measures should be limited to attacks by submarines. The French Government proposed that those measures should cover attacks by surface vessels and aircraft as well as submarine and the laying of mines.

It was agreed that the proposal should be resisted and that the discussions should be limited at any rate in the first instance to attacks by submarines. This could be defended on the ground (1) that it was the abuse of international law by submarines which had given rise to the present situation, and not by other arms, and that submarines rather than surface vessels or aircraft had caused most of the damage to merchant shipping, and (2) that aircraft, which operate both on land and at sea must be treated differently from submarines.

It was, however, agreed that provided agreement could first be reached in regard to submarines, we should raise no objection
to a discussion, at a subsequent meeting, of the other points mentioned by the French. In view of the refusal of the French in the past to agree to the differentiation of submarines and surface vessels from the point of view of the risks to merchant shipping, it seems that a good deal of opposition is to be expected from the French on this point and it was recommended that the earliest possible opportunity should be used to induce the French Government to come into line.

A further reason for limiting the discussion to submarines lies in the fact that if no international agreement is reached at the proposed conference, the counter measures which it is proposed that this country shall adopt against attacks on merchant shipping can, if restricted to submarines, be undertaken with far less risk of hostilities with Italy than if they were extended to surface vessels and aircraft. It is obvious that so long as the attacker is a submarine the risk of its identity being established is comparatively small.

Measures to be undertaken by the two parties in Spain.

It was agreed that since the risks to shipping would continue if submarines were allowed to operate on the surface it would be necessary to ensure that they should not operate either submerged or on the surface and that communication in this sense should be made to the two parties in Spain. The Admiralty representative proposed that the two parties should be informed that their submarines must be confined to port and should not be moved without prior notification to the Powers concerned. Failure to carry out
these measures, would render the submarines liable to be sunk. Objection was raised to the sinking of submarines inside Spanish territorial waters and it was agreed that it might be necessary to amend the proposal in the sense that they should be allowed freedom of action inside territorial waters.

Proposed general prohibition of the use of submarines.

The preceding proposal can be justified on the ground that the conduct of the two parties in Spain in resorting to piracy has caused them to forfeit the rights normally enjoyed by independent States, and that therefore they must submit to a restriction upon the movements of their submarines. Since the high seas are free to all warships it is possible that a warship belonging to a participating Power might in error sink a submarine belonging to a friendly Power if found in the Mediterranean. The Admiralty therefore propose that the whole of the Mediterranean Sea shall be closed to all submarines of whatever nationality with the exception of limited areas necessary for exercises off the naval port of the Powers concerned. Such areas would for instance in the case of Italy include the whole of the Adriatic Sea and a specified area round such ports as Spezia.

All merchant ships would be notified of the above areas and would be instructed to keep outside them. The use of submarines in territorial waters should also be prohibited. This point, however, was not considered to be of primary importance and it was agreed that if necessary territorial waters might be exempted. In order to forestall demands to move submarines from one international port to
another, it was agreed that each Power should have the right to do so, subject to prior notification to the other countries and to the submarine or submarines proceeding on the surface and accompanied by surface vessels.

It was agreed to recommend that the proposal to deny the use of the Mediterranean to the submarines of Powers other than Spain would follow logically upon a similar prohibition in respect of Spanish submarines and not vice versa as suggested by the French Government.

**Abuse of Flag and change of nationality.**

French Government proposed that measures should be considered for preventing abuse of the flag and change of the nationality of shipping. It was agreed that this was a question for the Board of Trade, but that it would seem to be covered by the right of verification which it is proposed shall be accorded to the two parties in Spain.

**Organisation of preventive measures.**

French Government propose that these measures shall be organised on a collective basis and involve mutual assistance against attacks. The Admiralty representative urged most strongly that there should be no division into national areas, the warships of each Power remaining free to operate throughout the Mediterranean and retaining the right individually to sink any submarine found. Any attempt to divide the Mediterranean into zones to be patrolled individually by the warships of each of the Powers concerned would defeat the object of the proposal. If such zones were adopted, the Italian Government, having selected a particular area, would be free to continue sinking ships inside that
area, at the same time protesting that they were doing their best to prevent such occurrences.

**Accession of Powers not attending the Conference.**

It was agreed that the question of inviting other Powers in addition to those already invited to attend the Conference would be left open, but that in any case accession to any agreement reached at the Conference should be open to all. In the event of the submarine of a non-participating Power wishing to enter the Mediterranean, it was proposed that that Power should give prior notification to the participating Powers of the proposed visit.

**Duration of proposed agreement.**

It was agreed that provided that agreement could be reached on the proposals set out above, the question of the duration of any agreement in which they might be incorporated was one of minor importance. At the same time, the meeting was in favour of a provision being included of this nature and it was suggested that a preliminary period of three months might be selected or alternatively that no definite period should be laid down, but that the agreement should be subject to revision at one month's notice.

**Action in the event of no agreement being reached.**

Admiral Cunningham suggested that His Majesty's Government should announce, in the event of failure to reach agreement, that our warships would be instructed to hunt any submarines which had attacked any merchant ship. The above action would be more limited, in extent, than the steps which it is proposed that the Powers should take by agreement, but which it would be very difficult for His Majesty's Government
to enforce alone or at most with the co-operation of the French Government. The action proposed above would be similar to that which the Commander-in-Chief of the Mediterranean Fleet has already received orders to carry out in accordance with the recent announcements but it would cover attacks on foreign as well as British merchant ships. Such action would be justified on the ground that it was the duty of each naval Power to put down piracy no matter whether the attacks are against its own ships or those of another Power.

Foreign Office,

6th September, 1937.
The French Charge d'Affaires came to see me this afternoon when he began by saying that he had spoken to M. Delbos on the telephone on the subject of the list of countries to whom invitations were to be addressed for the Mediterranean Conference at Geneva. If the Valencia Government were not to be invited, M. Delbos insisted that the Black Sea Powers should be invited. I replied that I really did not like this extension of the list of invitations; I felt sure that in the first instance the list should be limited strictly to the Mediterranean Powers who were those most intimately concerned, and who were alone those able to take action to meet the situation - i.e. Great Britain, France, Italy, Yugoslavia, Albania, Greece, Turkey and Egypt.

2. I then explained to M. Cambon the proposals that we had in mind. At the Geneva meeting we should do our best to secure agreement for a joint approach to the two parties in Spain in which we should tell them that, since the use of the submarine in the present civil war had resulted in the grossest abuse and flagrant breaches of international law, we must request the two parties in Spain to take steps to ensure that their submarines did not operate submerged outside their own territorial waters. If they did so they would be liable to be sunk.

3. Second, the neutral Mediterranean Powers should enter into an understanding between themselves for a self-denying ordinance; by its terms these Powers would agree that their submarines would not
be submerged outside certain fixed limits which at no point would probably exceed 10 miles from the coast. It followed from this that, if a submarine were found submerged outside these clearly defined limits, it would be liable to be sunk. These proposals might, in the first instance, be put into force for three months, with power to extend the period if desired.

4. M. Cambon said that he himself liked the proposals, which seemed to be essentially practical and technical; they would avoid a lot of political controversy which would lead nowhere. He would submit them to his Government to-night and let me have their response, he hoped to-morrow. I explained that we desired to issue the invitations with the least possible delay; I thought that they should go out in our joint names, if possible to-morrow, and that the invitations should be to discuss the security of shipping in the Mediterranean, or some such general phrase. This also M. Cambon said that he would submit.

I am, &c.

(signed) ANTHONY EDEN.
APPENDIX III.

CABINET.

Situation in the Mediterranean.

Memorandum by Secretary of State for Foreign Affairs.

It is possible that as a result of the recent Soviet Note addressed to Italy, the Italian Government will refuse to attend the proposed Mediterranean Conference. This will entail the refusal of Germany, and probably also the modification of the type of proposals to which the Conference, thus restricted, could be expected to agree. It is necessary, therefore, to contemplate the circumstance of a smaller conference which Italy and Germany would not attend and to examine the measures which His Majesty's Government could then take in conjunction with any other Powers who were willing to co-operate in putting an end to the sinking of merchant ships.

Proposals had been worked out by the Admiralty and the Foreign Office under which the two parties in Spain should be informed that their submarines must in future be confined to port, and that failure to carry out this measure would render them liable to be sunk. As a logical consequence of this restriction upon the movements of Spanish submarines, and in view of the possibility of non-Spanish submarines being sunk in error, it was further proposed that the whole of the Mediterranean should be closed to all submarines, with the exception of certain limited areas deemed necessary for exercises off the naval ports of the Powers concerned.

In view of the probable refusal of the Italian Government to attend the proposed Conference, it may no longer be possible to proceed with the above proposal, which involves the co-operation of all the Mediterranean Powers.
Further consideration has been given by the Foreign Office and the Admiralty as to what measures it is possible for this country to take, in conjunction with other Powers who may be disposed to act. Such measures must clearly depend upon the naval forces available as to which the First Sea Lord has submitted the following views:

"The First Sea Lord is of opinion that it is important to impress on the French privately that the British Naval peace strength in Destroyers available for operating in the Mediterranean is strictly limited, if operations are to be carried out over a period of several months. Assuming that all the Destroyers in the Mediterranean and Home Fleets are devoted to the task of keeping down submarine piracy in the Mediterranean some thirty destroyers on the average will be available. Operating in two reliefs this would limit the number of Destroyers actually employed at any one time to fifteen.

The First Sea Lord feels strongly that if the British Navy is asked to do any task of this public nature it should be able to do it efficiently. At present our Destroyers are acting singly so as to be spread over as large an area as possible. A single Destroyer cannot deal effectively with a Submarine. He therefore proposes to divide the fifteen Destroyers available at any one time into five or six groups. It is obvious that these five or six groups could only cover a limited area, whereas we have to consider the whole of the French frontier, the Malta Channel, the coast of Greece and the Aegean. We therefore wishes it to be clearly understood that no scheme can be fully effective.
It is also important that the French Navy shall play an active and not inconsiderable part. The Russian Navy might at the same time be asked if they were prepared to watch any area in the Aegean. Although it would be most undesirable to allocate publicly any particular area to any one country, it would be necessary, to avoid incidents, that the staffs of the countries concerned should have some mutual understanding in the matter. The French Navy might be asked, for instance, to operate generally in the Western Basin north of the 40th parallel, the British Navy south of that parallel, and the Russian, Greek or Turkish Navies the Aegean. Failing the Russian, Greek or Turkish Navies being willing to do this, British forces would have to be sent to the Aegean as necessary.

The First Sea Lord was also concerned with the question of bases for British Destroyers. At present they are using Spanish ports, both Insurgent and Government, which greatly reduces the strain on personnel and increases the time which they can be available at sea. It is strongly desirable from the British Fleet's point of view to avoid any action which would cause the two Spanish belligerents to deny the use of their ports to our forces. If Spanish ports ceased to be available, it would be important that the French should give us the use of Algiers.

A further point is that a time limit should be placed in the first instance on the period of the operation. This can always be extended if necessary but if no time limit is laid down we are committed indefinitely and, in the quite probable event of submarine operations ceasing, our vessels might be employed for months on fruitless patrol duties."
In view of the considerations outlined above it would appear desirable for His Majesty's Government to endeavour to secure agreement at the conference on the following general proposals:

(i) That in view of the piratical acts carried out by submarines in the Mediterranean against the shipping of various countries, the Powers concerned shall give instructions to their naval forces to take the action indicated in (ii) and (iii) below with a view to the protection of all shipping.

(ii) That any submarine attacking a merchant ship in a manner contrary to the rules as to the action of submarines with regard to merchant ships contained in the Proces-Verbal signed in London on the 6th November 1936, is to be counter-attacked and, if possible, destroyed.

(iii) This instruction extends to any submarine in the vicinity of a position in which a merchant ship has recently been attacked or sunk.

(iv) The above instruction shall remain in force until changed but would be reviewed monthly.

It is clearly desirable that at some stage, the earlier the better, Germany and Italy should be asked to co-operate, in the event of their not attending the Conference.

7th September, 1937.
APPENDIX IV.

Cypher telegram to Mr. Ingram (Rome).

Foreign Office, September 7th, 1937. 6.30 p.m.
No. 281.

MOST IMMEDIATE.

Your telegrams Nos. 482 and 485.

Press reports from Rome indicate that Italians may decide not to participate in Nyon Conference on account of Soviet Note accusing Italy of recent sinking of Soviet ships in the Mediterranean.

We trust that these reports are not justified and that Italy will not allow herself to be influenced by accusations from any quarter as to past happenings. The conference is to discuss the future and we feel that it is of importance for future conversations between the United Kingdom and Italy that both countries should show that they are anxious in all circumstances to secure free transit of the Mediterranean for shipping generally.

We hope therefore that they will return an affirmative reply to invitation, notwithstanding Soviet Note.

We attach great importance to the conference and to an agreement being reached between all the Powers concerned to take steps which will put an end to acts of piracy in the Mediterranean. As we have stated in the terms of our invitation, we regard such acts as
intolerable. We are all the more anxious that the conference should succeed because to reach an international agreement upon an issue of this importance would be a most useful prelude to Anglo-Italian conversations. It is useless to deny that recent events, and the glorification of Italian intervention in Spanish affairs, have seriously perturbed public opinion here. Moreover, Italian Government will also have in mind apprehensions previously expressed by you on instructions contained in my telegrams Nos. 273 and 274 as to the effect of a continuance of recent events in the Mediterranean. All these factors which taken together cannot be without their effect on the prospect of successful conversations make us more than ever anxious that the solution of the piracy problem should be achieved by international agreement in which Italy participates.

I note from your telegram No. 480 that Count Ciano regards the Soviet Embassy Note as an attempt to torpedo the conference. If that be His Excellency's view there is surely all the more reason not to allow such an attempt to succeed. The Italian Government, by showing herself prepared to co-operate at a conference despite the Soviet note would surely, on its own showing, be using the best method to counter the Soviet manoeuvres to which they refer.

You should speak at once to the Minister for Foreign Affairs in this sense. I myself have spoken in this sense to Italian Charge d'Affaires.