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CABINET.

SPAIN: THE BALEARIC ISLANDS.

*Memorandum by the Secretary of State for Foreign Affairs.*

1. MY colleagues will recall that on the 19th August this year I circulated to them a paper (F.P. (36) 10) which, after outlining the general direction which the policy of Italy might be expected to take in the foreseeable future, drew particular attention to the advantages to itself which it might attempt to draw from the troubles in Spain. I said that the expedients open to Signor Mussolini for securing an advantage, initially political but ultimately strategic, in the Western Mediterranean were numerous, that it was impossible at that time to foresee in what manner, at what point or by what stages the existing balance of power in the Western Mediterranean might be threatened. It was suggested that it would very possibly be brought about by the entry of Italy into some kind of special relationship with one of the two contending factions in Spain, as a consequence of which Italy would find herself in a position to influence in our disfavour the political and military action of the future Government of Spain or of some part of it. In view of these considerations and in order that His Majesty's Government might not again be reproached by the Italian Government, as has happened, with however little justification, in the Abyssinian case, for not having declared, sufficiently clearly or sufficiently early, the objections later discovered by the British Government to the action of the Italian Government, His Majesty's Chargé d'Affaires in Rome informed the Italian Minister for Foreign Affairs on the 12th September, on my instructions, that "any alteration of the *status quo* in the Western Mediterranean would be a matter of the closest concern to His Majesty's Government." In taking note of this communication Count Ciano assured Mr. Ingram that the Italian Government had not, either before or since the revolution in Spain, engaged in any negotiations with General Franco whereby the *status quo* of the Mediterranean would be altered, nor would they engage in any such negotiations in the future. This assurance was subsequently re-affirmed spontaneously to the British Naval Attaché in Rome by the Italian Ministry of Marine, and the Italian Ambassador in London has on several occasions given me similar verbal assurances.

2. It may be that in September and October last these statements represented the genuine intention of the Italian Government, but there is now the strongest indication that the development of events in Spain has placed such temptations in their way that they may have forgotten, or chosen to overlook, our warning. In any event, it is now clear that Signor Mussolini is doing that very thing which we feared, namely, attempting to enter into some kind of special relationship with the part of Spain, to wit the Balearic Islands, which he could presently turn to advantage in a number of ways. That contingency then having arisen which was contemplated in my earlier paper, it is necessary for me to ask my colleagues to consider seriously and urgently the precise nature of the British interests thus placed in jeopardy and the steps which it will be our duty to take in order to protect them.

3. The exact circumstances in which the Balearic Islands have become a focus of danger to British interests were not foreseen, indeed were hardly foreseeable. What was anticipated in August was the possibility that General Franco would make himself master of Spain largely as a consequence of help received from Italy, to whom he would thus in a sense have mortgaged the policy of his country. What, in fact, seems to have happened is that while something like a temporary stalemate has been reached in the civil war, the inhabitants of Majorca, traditionally indifferent to the course of political events on the mainland, and distressed and alarmed by the disturbance which this has recently introduced into their domestic life, have become disposed to welcome, or at least to tolerate, the prospect of the protection or suzerainty of a foreign Power which seemed to be both able and willing to assure them of the means of return to their normal and peaceful occupations and of protection from the menace of communism. It is not necessary for me here to describe in detail the events which have occurred in the Islands since the outbreak of the Spanish civil war, or the varying fortunes of the political groups into which the inhabitants of the Islands have from time to time been divided. It will perhaps be sufficient if I give a brief outline of the steps taken by Signor Mussolini to establish Italian leadership in them.

4. By the middle of November there were actually in operation in Majorca 17 new Italian aeroplanes actually in service, and in all probability 40 or 50 Italian machines in crates not yet assembled. To assist in the operation of these, about 50 Italians were available, of which 22 were pilots and the remainder engineers. These all belonged to the Spanish Foreign Legion and wore the uniform of that corps. Numerous cargoes of arms have been shipped to Majorca from Italy. Italian engineers were organising the construction of three additional aerodromes of modern design. In a general way Italy has already expended, and is continuing to expend, much more money in Majorca than would be consistent with an intention to withdraw altogether from the island after the termination of the Spanish revolution. Besides the aircraft numerated above, arms and materials have continued to enter the island to a value far in excess of anything the Majorcans could possibly hope to repay. Italian works in Majorca will, for many years, continue to provide a lucrative solution for unemployment, and the end of the Spanish revolution, whenever and however this occurs, will leave so much constructive work on new defences, barracks, roads, port works and improvements of all kinds half finished, that Italy must inevitably come then to be regarded as a welcome master or patron whose departure would be a matter of very great and serious loss to the prosperity of the inhabitants. It should be added that Italian is now taught as a compulsory subject in all schools in Majorca, and already the common people are beginning to make use of Italian phrases and to air with pride their knowledge of the Italian language.

5. Some parallel for these facts can no doubt be found on the mainland of Spain—although the Balearic Islands are now in no military danger or need of this excessive "assistance"—but what is of specially sinister significance in the Islands is the position of an Italian subject, Count Rossi. Count Rossi's nominal title was, until recently, Chief of the Falange, a party which may roughly be described as the Fascists of Majorca, and in this capacity he has some 20,000 of the islanders under his direct control; but he is also the Head of the forces of Public Security (secret police) and for this purpose has some 200 Italian experts under his control who are employed in espionage, counter-espionage, administration, drill, supply, propaganda, instruction and military works. He is known to have been sent to the island with a direct personal mission from Signor Mussolini to organise the Fascist party, but when representations on the subject were made to Count Ciano by His Majesty's Ambassador in Rome, the former is reported "to have laughed loudly and to have said that Rossi's proceedings were so ridiculous that he hoped we would pay no attention to them." Count Ciano was informed that in a recent speech Count Rossi had said "that Spain and Italy are brothers. We must possess the whole of the Mediterranean. It is ours." Count Rossi had, moreover, on previous occasions made even more inflammatory speeches, of which we had to complain—in vain—to Signor Grandi. On this occasion Count Ciano replied—like the Italian Ambassador—that we should attach no importance to these youthful outbursts. He, Count Ciano, had had no relations with him whatever, but in view of the popular feeling in Majorca it would be very difficult, if not impossible, to bring him back to Italy. The

generally accepted opinion in Majorca is, however, that Count Rossi would become the first Italian Military Governor of the island. Since his return from Rome on the 11th November his title has been changed to "Generalissimo di Majorca."

6. It is clear, then, from the situation thus depicted that what we may have to contemplate is the permanent hegemony by Italy of the Balearic Islands, introduced by an ostensibly spontaneous declaration of autonomy or by some other similar political manoeuvre. The significance of such an event would be both strategic and political. The strategic aspect of things was considered in a report from the Chiefs of Staff (1259-B of the 24th August, 1936) written before the full scope of Italian operations as described above could be foreseen. The relevant paragraph in this report is as follows:—

"13. An Italian occupation of any of the Balearic Islands would probably not be acceptable to the islanders themselves, but the possibilities of their having to submit to *force majeure* cannot be ruled out.

"The naval facilities in these islands are at present as follows:—

"Majorca, 450 miles from Gibraltar, has no harbour entirely suitable for a naval base, since Palma and Pollenza Bay, although good in some ways, are too exposed. Minorca, which is still further from Gibraltar, has in Port Mahon a small, but heavily defended, naval base.

"As regards air facilities, there are, so far as is known, no military air stations in the Balearic Islands at the present time; but there is no doubt that they could be established without great difficulty. It is understood that there is a satisfactory aerodrome site at Pollenza, and that civil seaplane services were operated at Port Mahon and Palma in 1932.

"In view of the foregoing, an Italian occupation of any of the Balearic Islands would not vitally affect British strategical interests. At the same time it would give Italy a base for naval and air operations, 250 miles nearer Gibraltar than anything which she possesses at the present time. The menace to our control of the Straits and to Gibraltar itself would thus be increased."

The general conclusion is that Italian occupation of any of the Balearic Islands would not vitally affect British strategic interests, but this is based on the premise that, among other things, there were no military air stations in the islands. This premise is no longer valid, and the Chiefs of Staff may therefore wish for reconsideration of a position which may now lead them to a different conclusion. This, however, is not an aspect of things which I am qualified here to pursue. It is rather to the political implications of effective Italian control of the Balearic Islands to which I must draw attention. The perspective in which these should be viewed is, I hope, in part supplied by my paper of the 19th August, to which I invite reference. It is not, I think, disputed that the British position in the Mediterranean and Red Sea basins is largely maintained by that imponderable and contentious element called prestige, nor that the Abyssinian crisis, discovering as it did the inadequacy of British military preparations and a widespread reluctance in this country to employ a threat of armed resistance to a course on Italy's part which was diametrically opposed to the declared policy of England as of other members of the League of Nations, shook British prestige as nothing else had done since the conclusion of the war. It will also probably be agreed that the progress of British rearmament and the evidences of a powerful economic revival have done something to repair the damage and to secure the continued confidence and respect of foreign Powers in the Mediterranean and Red Sea basins in regard, first, to the general character of British foreign policy, and, secondly, to the determination of the United Kingdom Government to protect its own interests wherever these were called in question. But I do not like to contemplate how grave would be the risk to our position in the Mediterranean if Italy were permitted with impunity to make another move such as the establishment of Italian control in the Balearic Islands which would universally be recognised as a fresh and very important step towards a further propagation of her own constitutional theories and towards increased freedom of her military action in the Mediterranean. Nothing that we could say in explanation or justification of passivity or of merely ineffectual remonstrance would be credited. I doubt whether we could convince ourselves, I am certain that we could not convince others, that we had

not from anxiety or timidity, or from a sense of our own weakness, been obliged to acquiesce in an Italian move which was, if not in immediate, at any rate in definite ulterior conflict with a vital British interest. I use the word "vital" advisedly, for to permit, except under the sternest compulsion, the impairment of a vital interest would be for His Majesty's Government to abdicate the responsibilities of a Great Power. If we were to allow the suggestion that our action was of this character to reach all those listening ears on the coasts of the Mediterranean and Red Seas which have been assiduously taught by many agencies to expect premonitory crackings in the structure of the British Commonwealth of Nations and in the Colonial Empire, no man can foresee what disastrous modifications might not take place in the status of an Empire depending for its paramountcy not only upon armed strength, but upon opinions, nor what unexampled efforts in arms might not be exacted from us before the position could be re-established. These are grave words, too grave it may be thought to be applicable to what are, after all, speculative propositions; but to underestimate these might well be fatal.

7. Consideration of the courses open to us to meet the risks which I have summarily described reveals a simple but alarming prospect. I exclude the idea that we should publicly remonstrate with the Italian Government, unless we are prepared in the last resort for armed resistance to Italian designs. Nothing could be more futile or more provocative than public remonstrances which prove ineffectual. On the other hand, once the decision were taken that to prevent Italian domination of the Balearic Islands was a vital political interest for which the United Kingdom Government would fight, the way would be opened to many expedients, of which some would in my view suffice to restrain Italy from pursuing her plans in Majorca to a conclusion or from taking hostilities against this country. But all of these expedients would involve two essential things, one would be a demonstration of adequate military strength and the other would be a declaration in a wholly unambiguous form of the circumstances in which, and purposes for which, we were prepared to use that military strength. I need not at this stage develop these clearly indispensable pre-requisites; and I therefore turn briefly to the general considerations in the light of which the decision we may have to take one way or the other—to resist or to acquiesce—must be made.

8. The first of these is the position of France. The French interest is clearly safety of her African communications which is complementary to freedom of transit of British ships through the Mediterranean. There can hardly be any question that but a few short years ago the French would have joined wholeheartedly in combined resistance to Italy with ourselves based on a preponderance of force which neither Italy nor Germany nor both together would be at all likely to have challenged. The progressive decrease in the relative military, naval and air strength of France, combined with the deterioration in the cohesion and resolution of the French people themselves and the mounting ambition and self-confidence of Germany and Italy, alter this picture. On the other hand, as the recent instructions sent by the French Government to their Ambassador at Rome show (see Annex), they appear now to be fully alive to the dangers of a situation which is primarily, though not exclusively, a French interest.

9. The second general consideration relates, of course, to the use to which the German Government might turn a war in which England and France were engaged against Italy. While the intentions of the German Government are, in any given circumstances, very difficult to predict, prediction in this case is rendered all the more difficult by the fact that it is as yet impossible to postulate for a certainty the attitude of France. What can be said with some confidence is that Germany would not enter a war of the kind contemplated for the sake of rescuing Italy, and that, if she had recourse to arms for any purpose, it would more likely be for that of capturing and consolidating what in the development of power on the continent of Europe must be regarded as her first objectives, viz., for the purpose of ensuring predominance and free access to supply of all kinds on her Eastern and Southern borders. This prospect in itself is sufficiently alarming, but the possibility cannot be excluded that, in accordance with the teachings of a certain school of military strategy, she would employ the occasion to attack the strongest rather than the

weakest section of the "enemy front"; attack, that is, towards the Western rather than towards the South or the East. Moreover, Germany's relations with Italy are now very close and a large measure of Italo-German collaboration has undeniably been achieved of late. It might well be that the two dictators would stand together on this point also. The arguments which could be used in support of either the first or the second of these alternative suppositions, or in support of the view that Germany would prefer to go on building up her own strength while dog ate dog, are much too extensive to set out at length in this paper. I only mention them here in order to stress the fact that they fall inevitably to be considered before a wise decision can be reached on the question of how far we should assert ourselves in the Mediterranean and in order to record my own rather tentative conclusion that the probability of a considerable accession of strength to Germany resulting from war in which Great Britain and France were engaged against Italy is not unequally balanced by the probability that the relations with Germany could, for the future, be conducted with very much greater advantage to ourselves if we had demonstrated beyond all possibility of doubt that in the Mediterranean there is a point beyond which the United Kingdom cannot be driven by sapping and mining or by blusters and threats, and that where a vital interest is threatened, the English will be found, for all we speak so often and so smoothly of compromise and conciliation, not to be at heart a meek nor in action a timid people at all. On the other hand, it would of course be folly to contemplate the possibility of war with Italy without also having taken into account the possibility of Germany assisting her.

10. The problem is therefore a grave and far-reaching one, and I shall be glad if my colleagues will give to it their earnest and early consideration.

11. In view of the nature of the French representations in Rome, I consider that as a first step, while thanking the French Government for their communication, we should ask them to keep us informed of any reply they may receive. It is for consideration whether we should go further than this and give them any indication of our attitude in regard to any further steps they may contemplate.

12. As my colleagues are aware, His Majesty's Ambassador at Rome has recently had his first conversation with the Italian Minister for Foreign Affairs with a view to an eventual exchange of assurances regarding British and Italian interests in the Mediterranean. I see no reason why these conversations should be delayed, owing to the present development in the Balearic Islands. On the contrary they will constitute a useful test of Italian *bona fides*, since the draft of the mutual assurances which Sir E. Drummond is to be instructed to submit to Count Ciano will express the wish of both Governments to see maintained the territorial *status quo* in the Mediterranean.

A. E.

December 14, 1936.

## ANNEX.

*Communicated by the French Embassy on December 12, 1936.*

(Translation.)

In the course of the recent discussion in the French Chamber on foreign policy M. Delbos spoke as follows:—

“ We are considering and shall continue to consider with vigilance the the defence of our incontestable rights and of our permanent and vital interests in the Western Mediterranean, in Morocco, and in the strategic positions in the Ocean which dominate no less our lines of communication with Africa. Determined for our part to respect the *status quo*, we are no less determined to see that others do likewise, *de facto* as well as *de jure*.”

The French Chargé d’Affaires in Rome has been instructed, while making his *démarche* in the most friendly way possible, to explain to Count Ciano that if M. Delbos had refrained from alluding more precisely to a collection of facts which was, however, receiving his full attention, he was none the less concerned at the information which was reaching him on the situation in the Balearic Islands.

The activities of certain Italian agents unfortunately give the impression that these persons are anxious to exploit the Spanish affair for the purpose of ensuring Italian *de facto* control over the archipelago.

The establishment of any foreign authority over a position which dominates France’s lines of communication with North Africa would affect French vital interests and create a situation which no French Government could regard with indifference.

The French Government therefore hoped most sincerely that the Italian Government would see in the non-intervention undertakings sufficient guarantee for curbing spontaneous actions on the part of agents in the Balearic Islands which run the risk of seriously damaging the cordiality of Franco-Italian relations.