CABINET.

THE SITUATION IN THE FAR EAST AND IN THE MEDITERRANEAN.

Draft Notes of Meeting of Ministers held on Thursday, 2nd September, 1937.

Note by the Deputy Secretary, Cabinet.

The attached draft Notes of the proceedings at the Meeting of Ministers held on September 2nd, 1937, are circulated for consideration at the Meeting of the Cabinet on Wednesday next, September 8th, 1937, in accordance with the conclusion set out at the foot of page 28 of the draft Notes in question.

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

2, Whitehall Gardens, S.W.1.

September 3rd, 1937.
DRAFT NOT.5 of a meeting of Ministers held at the Foreign Office on Thursday, 2nd September, 1937, at 11.0 a.m. and continued at 2.45 p.m.

PRESENT:


The Right Hon. Malcolm MacDonald, M.P., Secretary of State for Dominion Affairs.


The Right Hon. Anthony Eden, M.C., M.P., Secretary of State for Foreign Affairs.

The Right Hon. W. Ormsby Gore, M.P., Secretary of State for the Colonies.

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

The Right Hon. Oliver Stanley, M.C., M.P. President of the Board of Trade.

THE FOLLOWING WERE ALSO PRESENT:


Rear Admiral J.H.D. Cunningham, C.B., M.V.O., Assistant Chief of Naval Staff.

Mr R.B. Howorth, K.C.M.G., C.B. Deputy Secretary.
1. THE SECRETARY OF STATE FOR FOREIGN AFFAIRS informed the meeting that the question of the interference by Japanese naval ships with Chinese ships in Chinese waters had already been discussed with the Admiralty. Up to the present there had been no interference with foreign ships, but we had been warned by the Japanese that if the Chinese resorted to action such as the misuse of the flag foreign ships might have to be examined. The French Government had raised the point in the third paragraph of their Note of August 30th (Appendix I hereto). In the view of the Foreign Office and the Admiralty it was thought wise to allow the Japanese to verify the right of a ship to fly a particular national flag, as otherwise Japan might make much more objectionable claims. In view of the urgency of the matter the French and American Governments had been informed that subject to the approval of the present meeting we proposed to inform British Shipping of the conditions on which we would agree to make this concession.

THE PRESIDENT OF THE BOARD OF TRADE thought that it should be made clear that Japanese naval vessels only had the right to stop British ships on the high seas in order to verify their credentials. There must be no question of any right to take such ships into Japanese ports for examination.
THE SECRETARY OF STATE FOR THE COLONIES agreed with this view. There could be no question in the present circumstances of the Japanese taking action against British ships, even if they were carrying munitions for China.

THE FIRST LORD OF THE ADMIRALTY pointed out that our position in this matter was by no means an easy one. By a stroke of the pen the Japanese government could declare war on China, institute a blockade and obtain very extensive rights of search and condemnation. It would be very advantageous if we could maintain the position represented by the present proposals.

THE CHANCELLOR OF THE EXCHEQUER pointed out that as yet there had been no declaration of war between Japan and China, and that the whole position was abnormal and anomalous. It must be clear that the Japanese Government fully accepted the proposals and recognised that their right to verify the flag would be limited to examination on the high seas provided that no British naval ship was actually present.

THE LORD PRESIDENT OF THE COUNCIL enquired whether it was not possible to do more than we were doing at present to stop the misuse of the British flag, both in the China seas and in the Mediterranean. He referred not merely to cases where a Chinese or Spanish ship hoisted the British flag, but also to
cases where ships owned by Chinese or Spaniards were registered as British ships. He feared that sooner or later serious trouble would arise in the case of, say, a ship registered as British carrying munitions to China which was owned by the Soviet Government.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that it was hoped that the proposed arrangements now under discussion would do much to meet the difficulty about the misuse of the flag. As regards registration, instructions had been given to British Consular officers to exercise particular care and to refer all doubtful cases to the Board of Trade.

THE PRESIDENT OF THE BOARD OF TRADE observed that there had been considerable exaggeration as to the extent of the mischief. There were a few suspicious cases which were now being investigated, and if the facts warranted, the ships would be taken off the British Register. He hoped, however, that no recommendation would be made to alter our present registration laws. It should be remembered that we derived enormous benefits during the War from the fact that foreign-owned shipping could be registered under the British flag.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought that if the impression very widely held was a wrong one steps should be taken to correct it.
THE FIRST LORD OF THE ADMIRALTY was of the opinion that our flag was being much abused. There were ships on the British Register owned by foreigners, whose officers and crew were entirely foreign. It was not satisfactory that ships, in fact owned by the Valencia Government, were registered as British and were as such entitled to British naval protection.

THE PRESIDENT OF THE BOARD OF TRADE again warned the meeting against taking any action to modify the present registration rules. Steps were being taken to tighten up the arrangements without any actual alteration to the rules.

THE CHANCELLOR OF THE EXCHEQUER thought that as regards the question of registration account should be taken of the time-factor. A ship which had been on the British Register for a long period and had been engaged continuously in a particular carrying trade was in an entirely different position to a ship newly registered and which had not previously been engaged in trade with China or Spain as the case might be.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS drew attention to the question of Dominion ships, and particularly ships belonging to Australia and New Zealand which were engaged in trading with China. He suggested that the Dominions should be informed forthwith of what was proposed, and that in particular every effort should be made to bring Australia and New Zealand, which were the two Dominions most likely to be affected, into line with our own action.

In reply to enquiries, ADMIRAL CUNNINGHAM informed the Meeting that in effect the proposals were that we
should raise no objection to the Japanese verifying the right of a ship to fly the British flag, provided that the incidents were few and far between, and that after verification the ship was allowed to proceed. In any case the Japanese would have no right to intervene if a British Naval ship was present.

THE LORD PRESIDENT OF THE COUNCIL doubted whether it was relevant that the incidents should be few and far between. He favoured a suggestion that the Japanese authorities should be required to report day by day as to what action they had in fact taken.

ADMIRAL CUNNINGHAM explained that the requirement that the incidents should be few and far between was necessary because there were in fact very few British or other Foreign ships in Chinese Waters of a kind which could be mistaken for Chinese ships. Chinese coastal vessels were almost all small ships, and the British and Foreign ships mainly in Chinese Waters were large ships. The only British ships which might be mistaken for Chinese ships practically all belonged to the British (China) Navigation Company.

The discussion was adjourned at this point in order that the actual formula agreed by the Foreign Office with the Admiralty should be obtained. The formula in question read as follows:

"We should tell them

(1) That if a vessel flying the British flag which is suspected of being an imposter is encountered -

(a) If a British warship is present she has instructions on request to verify the right of the ship to fly the British flag;

(b) If no British warship is present we shall not stand on our rights (if there is genuine reason to suspect that the vessel is an imposter) if they board the ship and examine the certificate of registry, provided that an immediate report is simultaneously made to the British Naval authorities."
THE CHANCELLOR OF THE EXCHEQUER thought that the formula was a good one and was assured that there could be no doubt that under it the Japanese must verify the flag on the high seas.

In the course of discussion it was suggested that there should be added to the formula the reservation of a right to claim compensation for any damage sustained by the owners of British ships stopped by the Japanese under the procedure. It was urged that the addition of this provision would make the formula more palatable to British public opinion even if the provision was mere window-dressing, and that we had no real intention of resorting to it.

Attention was drawn to Telegram No. 333 of the 31st August, 1937, from Mr. Dodds at Tokyo, the second paragraph of which reads as follows:-

"Measures announced by Japanese Admiral on August 25th do not apply to arms and ammunition carried by vessels of third Powers. Chinese ships have however been flying foreign flags and Japanese are forced to inspect suspects. To avoid misunderstandings Japanese would find it convenient to have advance notice of ships of third Powers entering prescribed area viz their names, Captains and 'matters concerning capital invested in them'."

ADMIRAL CUNNINGHAM pointed out that the proposal that there should be furnished to the Japanese advance notice of ships of third Powers entering the prescribed area was open to the objection that any ship which for any reason failed to get notified would no doubt be regarded by the Japanese as highly suspicious and treated accordingly. Moreover, the proposal would involve a large and elaborate organisation.
The Meeting agreed that the suggestion in paragraph 2 of Mr. Dodds' telegram of the 31st August should not be entertained. In particular, "matters concerning capital invested in them" raised very large and serious issues, which would require exhaustive consideration.

The Meeting agreed:

(1) That the following formula should be approved:

We should advise our shipping in the Far East

That if a vessel flying the British flag which is suspected of being an impostor is requested to stop by a Japanese warship

(a) If a British warship is present she has instructions on request to verify the right of the ship to fly the British flag;

(b) If no British warship is present we shall not stand on our rights (if there is genuine reason to suspect that the vessel is an impostor) if they board the ship and examine the certificate of registry, provided that an immediate report is simultaneously made to the British Naval authorities;

and that there should be added to this formula a provision to the effect that we reserved the right to claim compensation for damage sustained by the owners of British ships delayed or stopped under this procedure.
(2) That the Dominion Governments should be informed forthwith of what was proposed, and that the Dominion Governments likely to be most concerned, namely, the Commonwealth of Australia and New Zealand, should be urged to concur forthwith in the application of the arrangements in (1) above to their merchant ships respectively.

(3) To take note that the Secretary of State for Foreign Affairs had already communicated with the French and United States Governments with a view to similar action being taken by those Governments.

(4) That the action mentioned in (1) above should be taken as soon as the concurrence of the Dominion Governments has been obtained whether we had then heard from the American and French Governments that they were prepared to take similar action or not.

(5) That if it should be decided when taking action under (1) above to issue a statement to the Press that statement might be to the effect that we have no desire to facilitate in any way the abuse of the British flag in the China Seas, but that we have every intention of protecting to the utmost of our power British ships in those Waters, and that in these circumstances advice (as in (1) above) has been given to our shipping in the Far East.
2. THE SECRETARY OF STATE FOR FOREIGN AFFAIRS raised the question of the action to be taken if no satisfactory reply was received from Japan to our protest to the Japanese Government in regard to the attack on Sir Hughe Knatchbull-Hugessen. In this event it was contemplated that we should withdraw our Ambassador from Tokyo and in this connection the question arose as to the position of the Canadian Minister in Tokyo. If the Ambassador was withdrawn it was proposed to keep a Secretary at Tokyo. It seemed doubtful whether the Japanese would, in fact, withdraw their Ambassador from London.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that if we decided to withdraw Sir Robert Craigie from Tokyo he thought that we should make every effort to persuade the Canadian Government to withdraw their Minister. The case for so doing was, in his opinion, a very strong one.

THE CHANCELLOR OF THE EXCHEQUER enquired whether it was proposed that Sir R. Craigie should land at Tokyo and that he should then be withdrawn.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that, after consideration, it had been thought best to allow Sir R. Craigie to proceed to Tokyo and then, if necessary, to withdraw him rather than to instruct him to proceed, say to Hong Kong. This might give the impression that we anticipated an unfavourable answer to our protest from the Japanese Government. He (the Secretary of State) thought that we ought not to give the Japanese Government much more time within which to reply and he contemplated sending a reminder to Tokyo at the end of the week.
pointing out that we had already waited a week for the Japanese reply, that the Cabinet was to meet on September 8th, and that it was important that the Japanese reply should be received before that date.

It was understood that the Japanese had already made arrangements for Sir Robert Craigie to be received on his arrival by the Emperor, and the Japanese Government will no doubt be most anxious to avoid placing the Emperor in the embarrassing position which would result from Sir Robert Craigie’s withdrawal before his reception by the Emperor.

(The Secretary of State for War joined the Meeting at this point).

THE CHANCELLOR OF THE EXCHEQUER observed that the attack on H.M. Ambassador in China constituted, in his opinion, a grave affront to the whole Diplomatic Corps both in China and Japan, and it had occurred to him that in their own interest the members of the Diplomatic Corps in Tokyo might be willing to associate themselves with a request to the Japanese Government to comply with our demands.

SIR ROBERT VANSITTART thought that there was some doubt whether the German and Italian Ambassadors at Tokyo would, in any case, be prepared to associate themselves with such action. He suggested that we might telegraph to Mr. Dodds setting out our programme and time table and asking for his views whether he thought that any of his colleagues would be prepared to associate themselves in making the suggested representations to the Japanese Government.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS thought that Mr. Dodds might also be invited to keep the Canadian Minister fully informed of what was in contemplation and he himself would telegraph to the Canadian Government stating what we had in mind.

After some further discussion the Meeting reached the following conclusions:–
(1) To approve the suggestion of the Foreign Secretary that Sir Robert Craigie should not break his journey but should proceed direct to Tokyo.

(2) That the question of the withdrawal of our Ambassador from 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.

(3) To take note that the Secretary of State for Foreign Affairs would consider whether it might not be advantageous to send an immediate reminder to the Japanese Government rather than to wait until the end of the week.

(4) That Mr. Dodds, H.M. Charge d’Affaires at Tokyo should be informed of the proposed programme and time table and of the importance of the reply from the Japanese Government being received in time for its consideration by the Cabinet on September 8th. Mr. Dodds should also be requested to keep the Canadian Minister in Tokyo fully informed of what was proposed. +

(5) To invite the Secretary of State for Foreign Affairs to consider whether it might not be desirable for Mr. Dodds to consult informally with the United States, French and German Ambassadors in Tokyo as to the possibility of representations being made by the Diplomatic Corps in Tokyo to the Japanese Government to give a favourable reply to our protest.

(6) That the Secretary of State for Dominion Affairs should inform the Canadian Government, by cable, of what was contemplated in order that that Government might consider whether, in the event of it being decided to withdraw H.M. Ambassador from Tokyo, they should not also withdraw the Canadian Minister.

+ For telegram to Mr. Dodds see Appendix II to these Notes.
3. THE MEETING was informed that a message had been received from Lloyds to the effect that the S.S. "Woodford", a tanker of British register, had been torpedoed and sunk off the south-east coast of Spain with the loss of one killed and six injured. No further details were available at present, but it was understood that the vessel belonged to a British company in which the Valencia Government had the controlling interest.

4. THE CHANCELLOR OF THE EXCHEQUER reminded the Meeting that there were a large number - some 4,000 persons - who had taken refuge in various foreign embassies and legations at Madrid (and especially in the South American embassies). Most of them had been refugees since the outbreak of hostilities in July 1936. It would be remembered that we had refused to allow the British Embassy in Madrid to be used for this purpose. The position of these refugees, which had throughout been very deplorable, was getting increasingly desperate, and the diplomatic corps in Spain were very anxious as to the fate of the refugees in the event of further Franco successes. They were, in fact, in grave danger of massacre. Strong representations had been made from several quarters that we should assist in getting these unfortunate persons out of danger, and it was to be observed that both the Valencia Government and the Salamanca Government were strongly in favour of this being done. The International Red Cross had made arrangements for the necessary transport of the refugees from Madrid to

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Valencia, and the question was the provision of a ship which would then transport the refugees from Valencia to Marseilles, where the French Government were prepared to make arrangements for them.

The suggestion was that His Majesty's Government should provide the ship. The hospital ship "Maine", which had been used for similar purposes, would not be available for some weeks, and it would therefore be necessary to charter a vessel at the expense of the British taxpayer and at a cost of some £10,000. It might be recalled that we had done a great deal in saving the lives of Basque and other refugees from the north coast of Spain, and that, if we agreed to the present proposal, we should be giving similar assistance to persons mostly, no doubt, of Franco sympathies. He (the Chancellor of the Exchequer) was prepared to incur the necessary expenditure if arrangements could be made for the provision of the necessary shipping and if the Foreign Office were favourable to the proposal.

THE MEETING agreed:

(1) To approve in principle the proposal that the necessary shipping should be provided, at the expense of the Exchequer, for transporting the refugees in question from Valencia to Marseilles.

(2) To invite the Treasury, the Foreign Office and the Board of Trade to work out the arrangements in detail.

5. The meeting had before them the despatch dated 30th August, 1937, from the Secretary of State for Foreign Affairs to Mr. Lloyd Thomas covering the French Government's Note of the same date, together with the Secretary of State's Comments on that Note (Appendix I).

The Secretary of State for Foreign Affairs pointed out that the French Note made certain suggestions for dealing with the situation in the Mediterranean and in Spain.

(a) The first proposal, paragraph 5(a), was that discussion should take place at Geneva among the Mediterranean and possibly Black Sea Powers represented there as to the best means of assuring the protection of shipping and air services in the Mediterranean.

He proposed to reply to the French Government that we agreed that discussions for this purpose should take place at Geneva among the Mediterranean Powers. Italy, of course, would not be represented as she would not be present at Geneva. He did not favour the admission of Soviet Russia to the discussion. He also proposed to inform the French Government that we had already made representations on this subject at Rome, and that we should welcome similar representations being made there by the French and other interested Governments.
The Meeting approved the action proposed to be taken by the Secretary of State for Foreign Affairs in this matter.

(b) The second proposal in the French Note was that Anglo-French support should be given to the Turkish proposal for renewed consideration for a Mediterranean Pact. We were not keen on such a Pact for the reasons given in Paragraph 5 of the Secretary of State's Comments on the French Note, and he, Mr. Eden, proposed to discourage the French Government from proceeding with this suggestion.

The meeting approved the line proposed to be taken by the Secretary of State in regard to this matter.

(c) The third proposal of the French Government was that the British and French Governments should bring before the Non-Intervention Committee Signor Mussolini's Message to General Franco on the fall of Santander. The Secretary of State referred to paragraph 5 of his Comments on the French Note and stated that it was his intention to discourage the French Government from raising this matter on the Non-Intervention Committee. If the French Government desired to raise Signor Mussolini's recent exchange of telegrams with General Franco it would be much better that they should make their representations on the subject direct to Rome.

The meeting approved the line which the Secretary of State for Foreign Affairs proposed to take in regard to this proposal.
(d) THE SECRETARY OF STATE FOR FOREIGN AFFAIRS drew attention to the suggestion contained in paragraph 7 of his Comments on the French Note that we might suggest to the French Government as an alternative method to the procedure suggested by them in paragraph 5(a) of their Note that His Majesty's Government might summon a meeting of the Mediterranean Powers, signatories of the Submarine Protocol of 1956, to consider the dangerous situation now existing in the Mediterranean. He, the Secretary of State, did not ask the meeting to take any decision on this point, which he thought might be reserved for consideration at the meeting of the Cabinet on September 8th.

In the course of subsequent discussion the SECRETARY OF STATE FOR DOMINION AFFAIRS pointed out that the Dominions were all signatories of the Submarine Protocol of 1936 and should, therefore, be warned at once of what was in contemplation.

The Meeting agreed:-

That the alternative suggestion contained in paragraph 7 of the Secretary of State's Comments, viz. that his Majesty's Government might summon a meeting of the Mediterranean Powers, signatories of the Submarine Protocol of 1936, to consider the dangerous situation now existing in the Mediterranean, should be reserved for consideration at the meeting of the Cabinet on Wednesday, September 8th.
6. THE MEETING reviewed the most recent developments in the Mediterranean situation, including the attack by a submarine on H.M.S. "Havock" on September 1st and other recent attacks on British and foreign ships in the Mediterranean. The Meeting were reminded that these attacks on shipping were increasing in number and frequency, and that they were not confined to attacks off the south-eastern coast of Spain but occurred in other parts of the western basin of the Mediterranean, on the coast of Africa, in the central parts of the Mediterranean and in the Eastern Mediterranean. For example, several ships had been sunk by submarine action off the Island of Tenedos at the mouth of the Dardanelles.

The Meeting were informed of the number of submarines in the possession of the Governments of Valencia and Salamanca respectively. Even if these submarines were all in seaworthy condition — which they are not — their numbers would not suffice to account for the numerous and widespread activities of recent weeks. There were good reasons for believing that a number of Italian submarines (about 15 in all) were taking an active part in the attacks on shipping, and there was little or no doubt that the submarine which had attacked H.M.S. "Havock" was an Italian submarine. The submarine which had sunk ships off Tenedos bore the letter and number of a Spanish submarine, but she carried two guns, whereas the Spanish submarines only carried one gun.
It was incredible that the submarine which had attacked H.M.S. "Havock" had intended to attack a British naval vessel. The probability was that the submarine had mistaken H.M.S. "Havock" for a destroyer belonging to the Valencia Government. A destroyer belonging to that Government had, in fact, been sunk by submarine action in the same area a short time before. As regards the attacks on merchant shipping, there was no doubt that the Salamanca Government attached the greatest importance to preventing supplies of munitions, oil, foodstuffs, etc., reaching the Governments of Valencia and Barcelona, and that General Franco and his allies were directing all their efforts to stopping supplies reaching those Governments, whether carried in Spanish or other ships.

The Meeting were reminded that we had already on two occasions addressed strong representations to the Italian Government on the subject of attacks on British shipping, and it was suggested that the time had come when we ought to address a further and even more serious warning to that Government, pointing out that public opinion in this country was getting increasingly restive and excited at these attacks on British naval and merchant ships; that there was an increasing tendency in the British and foreign Press to attribute these attacks to Italian submarines; and that, if this state of affairs continued, it would be quite impossible for His Majesty's Government to enter upon the proposed Anglo-Italian Conversations.

The suggestion was made that we might consider giving to the Governments of Salamanca and Valencia the same right of verifying the flag, and on the same terms, as we were proposing to do in the case of Japan. In support
of this suggestion it was pointed out that there had been undoubtedly much abuse of the flag in the Mediterranean, and that if a system of verification could be instituted there would no longer be the slightest justification for attacks on British shipping engaged in ordinary legitimate business. Another suggestion was that we might consider instituting a convoy system in the Mediterranean, but it was pointed out that this would be quite impracticable for various reasons and would moreover involve naval mobilisation.

The suggestion was also made that we might reinforce our destroyer strength in the western basin of the Mediterranean. To do so would go far to satisfy public opinion at home, and might well have a salutary effect on those responsible for the attacks on our shipping. The Meeting were warned that such strengthening could only be done by taking a destroyer flotilla from Home, and that the proposal was open to various objections, such as that an increase of destroyer strength would have little effect and would be unlikely materially to alter the situation; that if we reinforced, and if, as was probable, attacks and sinkings continued, public opinion would be highly critical; that we had no satisfactory base for destroyers operating off the south-east coast of Spain, as both Malta and Gibraltar were too far off if prompt and immediate action had to be taken. Moreover, the possibility should not be overlooked that those responsible for the attacks on our ships had really intended to attack them and had not done so merely by mistake. If so, by reinforcing we should only provide the attackers with more targets.
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS informed the Meeting that the Prime Minister, to whom he had mentioned the matter, favoured the reinforcement of our destroyer strength in the Mediterranean if such a course was practicable.

THE SECRETARY OF STATE FOR WAR thought that there was considerable and growing uneasiness in the country at what appeared to be the inability of the Government effectively to deal with the situation. He thought that public opinion was dubious about a policy of repeated protests which were invariably disregarded and would like to see the adoption of a more realistic and resolute line. He would not be sorry if we abandoned non-intervention, which in his view served no useful purpose. He would reinforce in the Mediterranean and give the utmost protection to our own shipping that was possible, and he also favoured the giving of belligerent rights to both sides in Spain.

THE LORD PRESIDENT OF THE COUNCIL was opposed to our giving up non-intervention. If we did so, we should, in his view, have to face international incidents and anxieties much graver even than those now confronting us. Would it not be possible to reinforce our destroyer strength in the western basin of the Mediterranean, as was proposed, and announce that our naval authorities must be kept informed of the locality and movements of submarines belonging to both sides in Spain, and that we reserved the right to destroy any unnotified submarine
whose activities made her suspect? It was pointed out, however, that this would amount to saying that we proposed to sink any submarine in the Mediterranean which did not belong to the Spanish Governments.

THE FIRST LORD OF THE ADMIRALTY was convinced that the country did not wish to be drawn into war on account of what was happening in the Mediterranean, and it was therefore the duty of the Government to do everything possible to prevent the occurrence of incidents which might lead to war. He would be prepared to approach General Franco and to tell him that we appreciated his grave objections to the misuse of the British flag, and that we were prepared to give him, on conditions, the right to verify the flag. In return, of course, General Franco would have to undertake for himself and his allies that attacks on British shipping should absolutely cease. It was clear that General Franco would only agree to such a proposal after consulting with Germany and Italy and obtaining their concurrence in the arrangements.

THE LORD PRESIDENT OF THE COUNCIL favoured this suggestion, but would like to accompany it with the reinforcement of our destroyer strength in the Mediterranean.

THE PRESIDENT OF THE BOARD OF TRADE hoped that care would be taken to avoid any suggestion that we were making a bargain with General Franco on the subject.

+ See, for example, Telegram 320 of 1st September, 1937, from Mr. Thompson at Hendaye.
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS was definitely of opinion that, even if we made the arrangements suggested, the attacks on our shipping would not cease. He would be prepared to give both sides in Spain verification rights, but only on condition that we sent reinforcements to the Mediterranean.

In reply to an enquiry, he said that in the view of the Foreign Office unless there was some unexpected collapse on the part of the Valencia Government it was unlikely that General Franco would win the civil war much before next summer.

THE CHANCELLOR OF THE EXCHEQUER thought that in the light of the attack on H.M.S. "Havock", strong representations would have to be made to Italy, and that without saying that we were satisfied that the attack had been made by an Italian submarine we could emphasise that this view was very generally held, and that so long as the present state of affairs continued the opening of Conversations was quite impossible.

THE PRESIDENT OF THE BOARD OF TRADE thought that we should be very careful in what we said to the Italians on the subject. It was just conceivable that the submarine in question might have been one belonging to the Valencia Government.

THE SECRETARY OF STATE FOR WAR thought that Signor Mussolini would say that the charge was a monstrous one and would withdraw his Ambassador from London.
THE PRESIDENT OF THE BOARD OF TRADE thought that it would be difficult to say more to Signor Mussolini than that any Anglo-Italian conversations would be useless so long as those incidents continued, and that it was therefore impossible for us to contemplate entering upon such conversations.

In the course of discussion it was generally agreed that there would be no objection to our representations to the Italian Government being to the effect that there was a growing impression in this country that these attacks were being made by Italian ships and that so long as this impression remained the opening of any conversations would be impossible.

THE LORD PRESIDENT OF THE COUNCIL hoped that the meeting would take a decision on the question of sending more destroyers to the Mediterranean.

THE FIRST LORD OF THE ADMIRALTY did not think that such action would have any effect upon the Italian Government. Our destroyers for this service must be based at Gibraltar.

ADMIRAL CHUNNINGHAM pointed out that there was no British port available in the Mediterranean near the areas where the attacks were taking place. Malta was 700 and Gibraltar nearly 600 miles away, and as the case of H.M.S. "Havock" had shown, it was very difficult for our destroyers sent to assist an attacked ship to arrive in time. If we had a large number of destroyers off the South-East coast of Spain the position might become very anxious in the event of hostilities breaking out with Italy.

THE LORD PRESIDENT OF THE COUNCIL asked whether if many more destroyers could cruise off the South-East coast of Spain the number of incidents might not be much reduced.
ADMIRAL CUNNINGHAM agreed, but pointed out that this would necessitate a very great number indeed of destroyers.

After some further discussion as to the nature of the recommendations to be made to the Cabinet, the Meeting adjourned at 1.30 p.m. and resumed at 2.45 p.m.

THE CHANCELLOR OF THE EXCHEQUER suggested, and the Meeting agreed, the terms of a communique to be issued to the Press at the close of the Meeting, for the text of which see page 28 of these notes.

The Committee then resumed consideration of the conclusions reached by them in regard to the situation in the Mediterranean.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS said that before any action was taken in giving the Japanese and Spanish Governments the right to verify the flag, consultation with the Dominions would be necessary and careful consideration would have to be given to the wording of the proposed formula so as to avoid Dominion criticism that we might be making arrangements affecting Dominion shipping without their consent.

THE CHANCELLOR OF THE EXCHEQUER observed that if any Dominion declined to come into line the position might have to be reconsidered but that it would be as well to proceed on the basis that we should obtain the concurrence of all the Dominions.

As regards the proposal to reinforce our destroyer strength in the Mediterranean, the Chancellor of the Exchequer enquired what were the views of the Admiralty.

THE FIRST LORD OF THE ADMIRALTY said that he had had an opportunity of discussing the matter on the telephone during the luncheon interval with the First Sea
who had agreed that the destroyer reinforcements could be sent to the Mediterranean though he saw some objection to this being done. The First Sea Lord's objections were those which he (the First Lord) had indicated to the meeting earlier in the discussion (see page 19). He (the First Lord) was satisfied that the political arguments in favour of reinforcements outweighed the technical and other objections to so doing, and he was therefore prepared to agree to our destroyer strength in the Western Basin of the Mediterranean being reinforced by a Division of Destroyers from home, the Division to number 4 Destroyers.

Some discussion then took place in regard to the terms of the representations to be made to Italy, and also on the question whether simultaneously representations in similar language should be addressed to the Salamanca and Valencia Governments.

It was ultimately agreed to leave to the Secretary of State for Foreign Affairs further consideration of the question whether it was necessary or desirable to address to the Valencia and Salamanca Governments, or to either of them, representations similar to those which were to be sent to the Italian Government.

(The Lord President of the Council left the Meeting at this point in order to catch a train).

After a brief discussion as to the replies which might be given by the Press Department of the Foreign Office to enquiries made as to what action the Government proposed to take in regard to recent attacks on British shipping, the Meeting agreed to adopt the following conclusions:-
(1) That the Destroyer strength of the Fleet in the Western Basin of the Mediterranean should be forthwith reinforced.

(2) To recommend to the Cabinet that in order better to ensure the protection of British shipping in the Mediterranean, we should announce our readiness to give both sides in Spain the opportunity to examine ships to verify their national character on the same lines as is proposed in the case of British ships in Chinese Waters under the formula in Conclusion 1 (1) above.

(3) To take note that before action under (2) above is taken, it would be necessary to consult with the Dominions, and careful consideration would have to be given to the wording of the proposed formula (both as regards its application to ships in the China Seas and in the Mediterranean) so as to avoid Dominion criticism that we might be making arrangements affecting Dominion ships without their consent.

(4) To approve the proposal of the Secretary of State for Foreign Affairs that further urgent representations should be made forthwith to the Italian Government in regard to recent submarine attacks on British shipping in the Mediterranean. That while we should not accuse Italy of these attacks, we could point out the increasing tendency of public opinion, both here and on the Continent, to attribute these attacks to Italian submarines and warn the Italian Government that a continuance of these incidents would make it most difficult, if not impossible, to open the proposed Anglo-Italian Conversations.

The Meeting took note that the Secretary of State for Foreign Affairs would obtain the Prime Minister's concurrence in what was proposed, and also in the task of the communication to the Italian Government.

It was agreed to leave to the Secretary of State for Foreign Affairs for further consideration the question whether it was necessary or desirable to address similar representations to the Valencia and Salamanca Governments, or either of them.

(5) It was agreed that in reply to Press enquiries as to what action the Government proposed to take in regard to the attacks on H.M.S. "Havock" and the S.S. "Woodford" it could be stated that the circumstances of these incidents were still under examination and consideration. Reference could also be made to the decision to reinforce the Destroyer strength in the Western Mediterranean.
Relations with the Salamanca Government

The Committee had before them a Memorandum by the Secretary of State for Foreign Affairs (C.P. 207 (37)) covering a Memorandum by the Foreign Office regarding our relations with the Salamanca Government and stating that he (the Secretary of State) had discussed with the Prime Minister the general lines of the proposal made therein for an exchange of agents, and that the Prime Minister was in agreement.

The Secretary of State for Foreign Affairs informed the Meeting that in view of recent developments in the Mediterranean he thought it desirable that the consideration of the proposals in C.P. 207 (37) should be deferred until the Meeting of the Cabinet on Wednesday, September 8th.

The President of the Board of Trade suggested that if before the Meeting of the Cabinet next week the present views of the Secretary of State in regard to the point underwent any change he (the President of the Board of Trade) might be informed.

The Secretary of State for Foreign Affairs assented to this suggestion.

The Meeting agreed:

That the Memorandum by the Secretary of State for Foreign Affairs (C.P. 207 (37)) entitled "Relations with the Salamanca Government" should be placed on the Agenda for the Meeting of the Cabinet on Wednesday, September 8th.

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General agreement was expressed with the view that in order to allay public anxiety an announcement should be made of the decision to reinforce our cruiser strength in the Western Basin of the Mediterranean. This announcement might be prefaced by a statement that the present Meeting had been held and followed by a notification that a Meeting of the Cabinet would be held next week.

The Meeting agreed:

That a Press communique in the following terms should be issued forthwith:

"A Meeting of Ministers, over which the Chancellor of the Exchequer presided, was held at the Foreign Office to-day when the current International Situation, both in the Far East and in the Mediterranean, was considered.

In view of recent attacks on British shipping, it was decided to reinforce the Destroyer strength of the Fleet in the Western Basin of the Mediterranean.

Arrangements have been made for a meeting of the Cabinet next week."

The Meeting agreed:

That the Notes of the present Meeting should be circulated to the Cabinet for consideration at the Meeting to be held on Wednesday, September 8th.

2, Whitehall Gardens, S.W.1.

3rd. September, 1937.
Mr. Eden to Mr. Lloyd Thomas (Paris).

Foreign Office, August 30, 1937.

The French Chargé d’Affaires came to see me this afternoon when he said that he had been in communication with M. Delbos on the subjects which we had discussed at our last interview. First of all, M. Delbos would be very pleased if I would dine with him on the evening of the 9th in Paris on my way to Geneva. M. Delbos would be going on by the night train to Geneva, and he presumed I should be doing the same. I replied that I should be glad to do this.

2. We then spoke of Palestine, in respect of which the French Government said that they would have an expert, M. Chauvel, in their delegation, who would be glad to discuss this question with our experts.

3. M. Cambon then handed me the attached note, setting forth the French Government’s views in detail. In respect of the paragraph which dealt with the blockade in the Far East, I told the Chargé d’Affaires that I would consult with our Admiralty as to the position in respect of requests by Japanese ships to British ships to stop in order that their national identity might be ascertained, and would let him have a reply as soon as possible.

4. Turning to Abyssinia, I remarked that I feared I was not quite clear from the two sentences which dealt with this subject what was the French Government’s present attitude. The first sentence appeared to take the view that the position of Abyssinia should be dealt with. The second sentence appeared to qualify that view. Could M. Cambon enlighten me? The Chargé d’Affaires replied that he thought the explanation was to be found in the fact that the first sentence represented the French Government’s attitude before recent events in the Mediterranean, whereas the second sentence represented their attitude now. After some further conversation, the Chargé d’Affaires explained that he thought the French attitude could be summed up as follows: “En principe nous comprenons tout l’intérêt qu’il y a à ne pas laisser se prolonger la position actuelle de l’Ethiopie à la Société des Nations, mais d’un autre côté nous trouvons que l’attitude prise par l’Italie à propos d’autres questions ne permet au Gouvernement français de prendre, ou de se joindre, à aucune initiative à la prochaine réunion de l’Assemblée à Genève.” The Chargé d’Affaires further explained that while he thought that he had correctly described his Government’s attitude, he would refer to Paris again and ascertain whether or not his interpretation was correct. In any event, he must emphasise that the French attitude was liable to fluctuations on account of Italian conduct. It was this unsatisfactory conduct that made the French position so difficult. However anxious they might be to deal realistically with a matter of fact, the actions of the Italian Government created the greatest difficulties for them.

5. We then spoke of the fourth item of the French note, naval incidents in connexion with Spain. I pointed out that the first paragraph of the French Government’s note was hardly correct. I had not raised difficulties about representations to the Italian Government, but had asked the French Government to make plain exactly what purpose they hoped to realise by these representations. As regards points (a) and (b) set out in the French note, I clearly could not express an opinion until I had had an opportunity to consider them further and probably to consult with the Prime Minister and some of my colleagues.

6. Finally, we turned to the last portion of the French note dealing with the situation in Spain and the policy of non-intervention. In this connexion, M. Cambon said that he had been instructed by his Government to see me urgently and to point out that the recent activities of Italy in connexion with the Spanish conflict were as important to the French people as to the Italian. The French Government had tolerated up to date frequent contradictions between Italian
promises and Italian actions. They had done so because they hoped that these
would not become too frequent and would not assume excessive proportions. It
was for this reason that the French Government had always attached so much
importance to the withdrawal of volunteers. They therefore regretted that the
recent conjunction of events destroyed all remaining hope. The French Govern-
ment regarded recent Italian actions and pronouncements, notably the message
of Signor Mussolini to General Franco, as challenges to the non-intervention
Powers. Italy had proclaimed the violation of the Non-intervention Agreement
in the letter and in the spirit. In the view of the French Government, the London
Committee must be seized of this state of affairs. The Chargé d’Affaires had been
instructed to make this view of the French Government plain to me and to express
the official wish of the French Government that we should join with them in
bringing the situation before the committee. In their view only joint action in
the committee could compel Italy to change her attitude, to give the necessary
guarantees and enter into definite assurances as to the means by which she would
observe her engagements in future. The guarantees should be effective and
complete and sufficiently immediate in their action to avoid equivocation and
delay. If such guarantees could not be got, then the French Government would
have to draw the only possible conclusion. They would have to submit to fresh
examination the bases upon which the Non-intervention Agreement rested and
would have to make plain their right to full liberty of action. This policy, the
Chargé d’Affaires emphasised to me, had been decided upon at a recent meeting of
the French Cabinet.

7. I said that the French Government's communication was a grave one
and would need careful consideration by His Majesty's Government. The French
Government would not expect any immediate expression of opinion. At the same
time, there were one or two questions I would like to put. I quite understood
the feelings of the French Government on reading Signor Mussolini's message to
General Franco. At the same time, I was not quite clear what the French
Government desired the London Committee to do. We were asked to join with
them in submitting the position to the committee. What actual form was our
request to the committee to take? What guarantees were we to ask for? Was
the suggestion, for instance, that we should press for the immediate withdrawal
of volunteers? It seemed to me that if we were merely to complain of Signor
Mussolini’s message to General Franco, we might be met with the reply: "We
have never denied that there were Italian nationals in Spain; all we have said is that
they went there before the end of February, when the agreement came into force.
Previous to that date Italian nationals went to assist General Franco, just as
nationals of other nations went to assist the Government.” It was, I thought,
esential that we should be clear what concrete proposals we were going to put
before the committee before we decided to ask for a meeting. M. Cambon under-
took to put the point which I had made to him to his Government. I gained the
impression that he, too, appreciated the need for a more precise statement of the
French Government’s objectives, but he made it clear that the French Government
were deeply resentful of Signor Mussolini’s recent attitude to the Spanish conflict
in both word and deed. In view of this, I suggested to the Chargé d’Affaires that
the French Government were probably not quite accurate in their assumption
that the Italian Government’s glorification of the alleged victories of their troops
in Spain was directed against other Powers, who were observing non-intervention
more strictly. In truth, I thought it intended for domestic consumption to
justify to Italians the casualties which were being incurred. M. Cambon did
not disagree, but pointed out that though Signor Mussolini’s declarations might
be intended for internal consumption they none the less had their reactions abroad
and particularly in France. Finally, I undertook to communicate again with the
Chargé d’Affaires as soon as possible, as he emphasised to me how grateful the
French Government would be for the earliest possible reply.

8. In the course of our conversation the Chargé d’Affaires showed me
confidentially French naval records of the behaviour of Italian ships and aircraft
in the Mediterranean. These showed that French merchant ships had been
followed on the high seas by Italian destroyers and Italian aircraft, and though
this procedure had not been carried out within French territorial waters, the
number of incidents reported to the French Government showed that the close
observation of the movements of French merchant ships by Italian naval and
air forces had been systematic. This was certain to rouse indignation as soon
as it became known in France, as it must do from the reports of the French merchant ships themselves.

ANTHONY EDEN.

Enclosure.

Note communicated by the French Chargé d’Affaires in London.

1. Voyage de M. Delbos à Genève.

M. Ministre français compte quitter Paris par le train du 9 au soir. Il propose à Mr. Eden de dîner avec lui pour voyager ensuite ensemble.

2. Palestine.

A la délégation française à Genève sera attaché M. Chauvel, Sous-Chef de Division à l’Afrique-Levant, qui est tout à fait à l’air des affaires de Palestine et est considéré par M. Delbos comme qualifié pour examiner avec Sir George Shuckburgh les problèmes en cours.

3. Extrême-Orient.

Importance attachée par M. Delbos à l’attitude des États-Unis. Il ignore si le Gouvernement américain enverra un observateur à Genève. En tout cas, il semble indispensable au Gouvernement français que les Américains continuent à collaborer dans la plus large mesure possible aux efforts diplomatiques qui doivent se poursuivre à Tokio et à Nankin. Selon M. Delbos, en dehors des manifestations qui auront pu être décidées à Genève à la suite de la requête chinoise, manifestations auxquelles la Grande-Bretagne et la France participeront en leur qualité de membres de la Société des Nations, les Gouvernements de ces deux pays devront se maintenir en étroit contact avec le Gouvernement de Washington (et éventuellement ceux d’autres Puissances) pour exercer tant à Tokio qu’à Nankin toute action utile.

Blocus. — M. Delbos estime possible l’arraisonnement, à fins d’identification, de navires battant pavillon français. Il m’a demandé si le cas avait été prévu en ce qui concerne les navires marchands britanniques et si des instructions avaient été adressées à l’Amiral Little.

4. Abyssinie.


5. Espagne.

Affaires maritimes. — Le Gouvernement français a pris connaissance des difficultés qui, aux yeux du Gouvernement britannique, ne permettent pas d’espérer un effet utile d’une intervention directe auprès du Gouvernement italien. Dans ces conditions, M. Delbos considère que Londres et Paris devraient s’efforcer de se mettre d’accord aussi rapidement que possible sur les deux points suivants :

(a) A Genève, les délégations anglaise et française s’emploieraient à “amenager” une réunion des Puissances méditerranéennes (France, Grande-Bretagne, Grèce, Turquie, Égypte et Yougoslavie), qui examineront les moyens les plus propres à assurer la protection de la navigation et des lignes aériennes en Méditerranée. En outre, il y aurait lieu d’examiner si les États riverains de la mer Noire (l’U.R.S.S., Bulgarie et Roumanie) ne devraient pas participer à cette réunion.
M. Rustu Aras se propose de demander la remise à l'étude du Pacte méditerranéen. Les deux Gouvernements de Londres et de Paris concerteraient leur action diplomatique en vue d'améliorer un projet dont le Foreign Office a déjà en connaissance.


Le Gouvernement français a fait les plus grands efforts pour éviter jusqu'ici d'établir les contradictions qui existent entre les engagements de non-intervention pris par le Gouvernement de Rome et son attitude de fait. M. Delbos espérait que les infractions constatées ne prendraient pas un caractère incompatible avec la politique de non-intervention, et à ce point de vue la question du rappel des volontaires revêtait une importance particulière.

Au cours de ces derniers jours, un ensemble de faits (télégrammes échangés entre Rome et Salamanque, affirmations de solidarité des armées italiennes avec les forces nationalistes, dernières opérations présentées au peuple italien comme des victoires nationales, publication des portraits des généraux italiens commandant en Espagne, des listes des officiers italiens tués, &c.) peuvent être considérés comme de véritables défis à l'égard des Puissances ayant respecté la non-intervention.

Cette situation a été l'objet d'un examen attentif de la part du Conseil des Ministres. Il a estimé qu'il y avait lieu d'en saisir sans délai le Comité de Londres avec l'espoir que le Gouvernement anglais s'associerait à cette intervention. Seule une solide protection de la France et de l'Angleterre pourrait être considérée par M. Delbos comme susceptible de provoquer une modification de l'attitude de l'Italie et de déterminer cette Puissance à donner les garanties nécessaires et des apaisements indispensables sur l'interprétation et l'observation des engagements pris par elle.

Si ce résultat ne pouvait être obtenu sans délai, le Gouvernement français aurait à examiner les bases sur lesquelles repose l'accord de Non-Intervention et à dégager son droit à l'exercice d'une entière liberté d'action.

*L'3 août 1937.*

Translation.

1. *M. Delbos' Journey to Geneva.*

The French Minister intends to leave Paris by the train at 9 o'clock in the evening. He suggests that Mr. Eden should dine with him before they travel on together.

2. *Palestine.*

M. Chauvel, Sub-chief of the Africa-Levant Department, who is entirely au courant with Palestine affairs, will be attached to the French delegation at Geneva. He is considered by M. Delbos to be qualified to examine the problems at issue with Sir George Shuckburgh.

3. *Far East.*

Importance is attached by M. Delbos to the attitude of the United States. He is unaware whether the American Government will send an observer to Geneva. In any case the French Government consider it indispensable that the Americans should continue to collaborate to the greatest possible degree in any diplomatic action which will have to be taken at Tokyo and Nanking. Apart from any action which may be decided upon at Geneva as a result of the Chinese appeal—action in which Great Britain and France will participate in their quality as members of the League of Nations—it will, in M. Delbos' opinion, be necessary for these two Governments to maintain close contact with the Government of Washington (and, if necessary, with those of other Powers) for the purpose of taking any action which may be useful, both at Tokyo and at Nanking.

*Blockade.*—M. Delbos considers it a possibility that vessels flying the French flag should be hailed, in order that they may be identified. He has asked me if this eventuality has been foreseen in so far as British merchant vessels are concerned, and if instructions have been addressed to Admiral Little.
4. Abyssinia.

The French Government consider it desirable that the position of this country at the League of Nations should be settled during the forthcoming meetings at Geneva. The attitude adopted by Italy in the Mediterranean (torpedoings, Mussolini's message to Franco, &c.), fill them, however, with the most serious doubts on this matter. The discussion by the Council of the League of Nations of the Spanish document on the torpedoing of vessels will certainly not facilitate the settlement of the Abyssinian position. It would have been most desirable that Italy should have taken the initiative before the committee in London in the matter of the withdrawal of volunteers.

5. Spain.

Maritime Questions.—The French Government have taken note of the difficulties which, in the eyes of the British Government, make it impossible to hope that a direct intervention with the Italian Government will have any useful effect. In these circumstances M. Delbos considers that London and Paris ought to try and reach agreement as soon as possible on the two following points:—

(a) The British and French delegations at Geneva should endeavour to "arrange" a meeting of the Mediterranean Powers (France, Great Britain, Greece, Turkey, Egypt and Yugoslavia), who would examine the best means of assuring the protection of navigation and of air lines in the Mediterranean. It would, moreover, be advisable to consider whether the riverain States of the Black Sea (U.S.S.R., Bulgaria and Roumania) should not participate in this meeting.

(b) M. Rüstti Aras proposes to ask for the examination of the Mediterranean Pact. The two Governments in London and Paris should concert their diplomatic action with a view to improving a draft which has already been brought to the attention of the Foreign Office.


The French Government have made the greatest efforts up to the present to avoid any attempt to draw attention to the contradictions existing between the engagements of non-intervention which the Rome Government have entered into, and the course actually followed by the latter. M. Delbos hoped that the infractions which have been noted would not assume a character which is incompatible with the policy of non-intervention, and from this point of view the question of the withdrawal of the volunteers assumed a particular importance.

In the course of the last few days a series of facts (the telegrams exchanged between Rome and Salamanca, declarations of solidarity between the Italian armies and the Nationalist forces, the presentation to the Italian people of the recent operations as national victories, the publication of portraits of the Italian generals commanding in Spain, the lists of Italian officers who have been killed, &c.), can be considered as veritable acts of defiance towards those Powers who have respected non-intervention.

This situation has formed the object of close examination on the part of the Council of Ministers. The latter considered that it was necessary to notify the committee in London without delay, hoping that the British Government would associate themselves with this action. M. Delbos, in fact, considers that only common action by France and England would serve to bring about a modification in the Italian attitude and to induce this Power to give the necessary guarantees and the assurances which are indispensable regarding the interpretation and observation of the engagements which she has assumed.

If it were impossible to secure this result without delay, the French Government would be obliged to examine the bases of the Non-Intervention Agreement and to make plain their right to exercise complete liberty of action.

August 30, 1937.
Comments by Foreign Secretary on Note communicated by French Chargé d'Affaires on August 30th, 1937.

The French Government make the following suggestions for dealing with the situation in the Mediterranean and in Spain.

1. (a) Discussions at Geneva among the Mediterranean, and possibly Black Sea Powers represented there, as to the best means of assuring the protection of shipping and air services in the Mediterranean.

   (b) Anglo-French support for the Turkish proposal for renewed consideration of a Mediterranean Pact.

2. Reference to the Non-Intervention Committee by the French and British Governments of the latest manifestations of Italy's failure to observe the agreement, as exemplified in Mussolini's exchange of telegrams with General Franco, and Italian glorification of their military prowess in Spain.

Of these proposals 1(a) would appear to contemplate the exclusion of Italy from the proposed discussions at Geneva; while 1(b) would appear to provide for the inclusion of Italy in the proposed Mediterranean Pact.

2. These proposals seem to be somewhat self-contradictory and require further elucidation. It rather looks as though they had been put together hurriedly in a moment of intense irritation and excitement, without the French Government having any clear idea of what they wanted. In fact it would seem that they were looking for a lead from us and when a little calmer they would be ready to fall in with any course of action we proposed, provided we showed that we knew our own mind.
3. It seems therefore necessary in the first place to ascertain from the French Government how they would propose to combine these two suggestions: do they in fact mean to include Italy in the discussion in 1 (a) or to exclude her from those in 1 (b); if not in what other way would the two proposals be brought into operation in relation to the Italian Government.

4. In addressing these further enquiries to the French Government it will be explained to them that His Majesty's Government fully share their anxieties as to the situation which is developing in the Mediterranean, and desire to see it speedily remedied. They have received reports from British ships in the Mediterranean of Italian naval and air activities which they have thought necessary to bring to the serious attention of the Italian Government on several occasions: and they intend to continue to make such representations in an increasingly urgent tone on receipt of any further reports of the kind. They believe that if other Governments having similar information from their shipping were to take similar action at Rome, the accumulated effect of such individual action would be considerable. His Majesty's Government would be prepared to give sympathetic consideration to any proposal, such as that foreshadowed by the French Government, for conversation between Mediterranean Powers at Geneva.

5. As to the Mediterranean Pact, as suggested in paragraph 1 (b), this idea has been repeatedly examined and abandoned. It has always of course been contemplated that Italy would be a member. Such a pact could take a variety of forms, ranging from a mutual guarantee treaty between all signatories to a mere non-aggression pact. In present circumstances it is difficult to imagine that it would be possible to bring about a Mediterranean
Pact except in the simplest and most noncommittal form, and equally difficult to imagine that a pact containing mere generalities would contribute in any way to solve the particular problem with which we are now faced in the Mediterranean. A general Mediterranean agreement including Italy might serve a useful purpose psychologically as an apex to a previously constructed edifice of international co-operation and appeasement, but it is hard to see how it could form a basis on which such an edifice could subsequently be reared.

It is also desirable to obtain further information from the French Government as to the objective which they have in view in putting forward their proposal. Do they think that Italy is likely to be favourably influenced by Anglo-French action in the Non-Intervention Committee of the kind proposed. The ground for such action does not seem at all strong. Irritating and tactless as the Salamanca-Italian exchanges have been, they do not constitute any new fact of intervention. The reply of the Italian Government would be to the effect that the Italian volunteers were notoriously in Spain well before the ban on foreign volunteers was generally subscribed to; and these mutual congratulations relate to the activities of those volunteers and to no new Italian infringements of the agreement. What then do they consider will be gained by making the proposed representations in the Committee? It is also desirable to ascertain whether French Government contemplate any modification of their policy in respect of Non-Intervention. What in that event would be the French Government's alternative policy towards the Spanish problem? It is of great importance to have some indication on this point before His Majesty's Government could agree to risk the break up of an agreement, which, however open
to criticism in some respects, has had its uses and has by no means proved completely ineffective.

7. In addressing these enquiries to the French Government in regard to their own proposals it is for consideration whether it should be suggested to them that an alternative method of procedure to that put forward in 1(a) might be for His Majesty's Government to summon a meeting of the Mediterranean Powers signatory of the Submarine Protocol of 1936 to consider the dangerous situation now existing in the Mediterranean. At such a meeting proposals might be considered for ensuring the protection of shipping in the Mediterranean from attack: for making an approach to both parties in Spain, inviting them to conform to the terms of the Submarine Protocol (to which owing to the outbreak of the civil war Spain has not as yet been invited to become a party) and for extending to aircraft the stipulations prohibiting attack without warning on merchant shipping. It would be difficult for any Government which was party to the Protocol to refuse to participate in such discussions, and if either of the parties in Spain declined to listen to these proposals, other measures would have to be concerted among the Powers to meet the situation. Alternatively the Mediterranean Powers at Geneva might issue such an invitation.

1st September, 1937.
APPENDIX II.

TO JAPAN.

Cypher telegram to Mr. Dodds (Tokyo).

Foreign Office. 2nd September, 1937. 9.00 p.m.

No. 272.

IMMEDIATE.

1. Time is running on and we have as yet no reply from the Japanese government to our communication of last Sunday. From your telegram No. 331 it would also appear that you think us unlikely to receive a satisfactory one.

2. In these circumstances I think it advisable to give you an outline of what we have in view, with particular respect to the timetable.

3. If we have received no reply from the Japanese government by Saturday next, September 4th, we shall send you official instructions to ask that the reply may be expedited, and you will be informed that it is in particular necessary for us to have this reply before the next meeting of the Cabinet which is due on Wednesday, September 8th. If either no reply at all has been received by that date or if the reply is wholly unsatisfactory, it is probable that His Majesty's Government will decide to withdraw Sir R. Craigie.

4. I am giving you this probable outline in advance for it seems certain that some further and immediate pressure on the Japanese government is likely to be required, and you will no doubt consider with Sir R. Craigie on his arrival on September 3rd how far he will be able advantageously to take part in exercising that pressure himself. In other words, you and he might judge it opportune to expedite his reception by the Minister for...
Foreign Affairs and possibly the presentation of his credentials. I do not of course know what dates have as yet been fixed for these ceremonies but there may be advantage in seeing that they take place at once.

5. If Sir R. Craigie has to be withdrawn we hope that the Canadian government would also wish to withdraw the Canadian Minister, for indeed the adoption of any other course might render the position difficult and anomalous, but we have not yet consulted the Canadian government about this, though we are now taking steps to sound them informally. In view of this it is desirable that you should take your Canadian colleague into your confidence and on receipt of this telegram let him know the contents of the paragraphs 1-4 above. You can no doubt ensure that the utmost secrecy should be observed.

6. It has furthermore appeared to us that the attack on His Majesty's Ambassador in Peking is a matter which really concerns the Diplomatic Body of all countries having representation in the Far East. It would of course hardly have been possible to invoke their support for our communication to the Japanese government, but it would be obviously less difficult and quite appropriate for them to take some step to show their corporate interest in the matter, and this in itself might tend to induce the Japanese government to give an early and favourable reply. Unless therefore you see any objection or consider that such a suggestion would inevitably be refused, you should sound your United States, French, German and Italian colleagues on this possibility.

I should be grateful if you would take action in this sense at once or alternatively if you would report to me immediately any misgivings that you may have.