CONCLUSIONS of a Meeting of the War Cabinet held at 10 Downing Street, S.W. 1, on Friday, December 15, 1939, at 11.30 a.m.

Present:
The Right Hon. Sir JOHN SIMON, K.C., M.P., Chancellor of the Exchequer (in the Chair).

The Right Hon. VISCOUNT HALIFAX, Secretary of State for Foreign Affairs.

The Right Hon. WINSTON S. CHURCHILL, M.P., First Lord of the Admiralty.

The Right Hon. Sir KINGSLEY WOOD, M.P., Secretary of State for Air.

The Right Hon. LORD HANKEY, Minister without Portfolio.

The following were also present:

Sir HORACE J. WILSON, Permanent Secretary to the Treasury.

General Sir W. EDMUND IRONSIDE, Chief of the Imperial General Staff.

Admiral of the Fleet the Right Hon. LORD CHATFIELD, Minister for Coordination of Defence.

The Right Hon. L. HORE-BELISHA, M.P., Secretary of State for War.

The Right Hon. Sir SAMUEL HOARE, Bt., M.P., Lord Privy Seal.

Secretariat:

Sir EDWARD BRIDGES.
Colonel L. C. HOLLIS, R.M.
Captain A. D. NICHOLL, R.N.
Mr. F. HEMMING.
Mr. W. D. WILKINSON.
Wing Commander W. ELLIOT.
## WAR CABINET 116 (39).

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The Air
Situation.
(Previous
Reference:
W.M. (39) 114th
Conclusions,
Minute 3.)

1. The Secretary of State for Air said that 24 bombers had carried out a sweep of the Horns Reef on the previous day to locate and attack enemy warships. Visibility had been bad and no enemy vessels had been sighted. All aircraft had returned to their base.

A second force of 12 bombers had located a German naval force, consisting of 1 battleship, 1 cruiser, 3 destroyers and 1 submarine, 8 miles North of the entrance to the Jade River. An engagement lasting for 40 minutes had taken place, during which our aircraft had encountered heavy anti-aircraft fire and had been attacked by about 20 Messerschmitt Fighters. It seemed reasonably certain that 4 enemy fighters had been shot down. Owing to low clouds our aircraft had had to fly low and it had therefore been impossible to bomb the enemy warships. Five of our aircraft were missing, one having been shot down and 2 having collided in the air. A sixth bomber had crashed on its return to base. The total casualties were 33 killed and missing and 3 wounded and injured.

In reply to a question, the Deputy Chief of the Air Staff said that the bombers engaged in the action on the previous day had carried armour-piercing bombs. This type of bomb was not likely to be effective unless it was dropped from a height of at least 1,000 feet; moreover, experience had shown that our own aircraft might be destroyed by the explosion, if bombs were dropped from a low altitude.

The Secretary of State for Air said that a further sweep by 5 bombers had searched the area between Terschelling and Sylt, but without result. A reconnaissance of the seaplane bases in daylight had disclosed that the Germans were not using balloons. The standing patrol over enemy seaplane bases at Borkum and Sylt had been maintained during part of the night. Five bombs had been dropped on seaplanes believed to be in the vicinity of Rantum.

The First Lord of the Admiralty expressed his admiration of the resolute operations which had been carried out by the Royal Air Force, more particularly the bomber patrols over the enemy's seaplane bases, which were effectively hampering mine-laying operations.

The Chancellor of the Exchequer asked whether the Germans were likely to employ counter-measures, if we continued to send our patrols over the enemy's seaplane bases.

The Deputy Chief of the Air Staff doubted whether the Germans would find it any more easy to intercept aircraft at night than we did. It would be interesting to see if the Germans were able to develop any effective method of making contact.

The War Cabinet took note of the above statements.

The Naval 2. Situation.
(Previous
Reference:
W.M. (39) 114th
Conclusions,
Minute 5.)

2. The First Lord of the Admiralty said that it appeared fairly certain that the German Fleet, reported to have been in the North Sea two days earlier, had returned to base. Normal patrols and dispositions for the protection of convoys were being resumed.

Shipping losses in the previous 24 hours were as follows:

- S.S. Athel Templar (8,939 tons). Oil tanker. Struck by a mine; might possibly be towed to port.
- S.S. Inverlane (4,141 tons). Oil tanker. Struck by a mine and on fire.
- Swedish Tanker Algol (978 tons). Sunk by a mine; 6 survivors.
It had now been learnt that, in addition to those previously reported, the following ships had been sunk by the Admiral Graf Spee:

S.S. Tairoa (7,983 tons) on the 3rd December.
S.S. Streonshalh (3,895 tons) on the 26th November.

The Commodore of the convoy containing the Athel Templar and the Inverlane had reported that the ships had been torpedoed. Two destroyers had been sent out to carry out a submarine hunt, and H.M.S. Kelly had struck a mine. There had been no casualties and H.M.S. Kelly was returning to harbour with tugs in company.

The First Lord of the Admiralty said that shipping losses were assuming serious proportions and it was imperative that every possible step should be taken to maintain the flow of trade, not only by building new ships and chartering neutral tonnage, but also by making the most profitable use of every available ton of cargo space. As a result of Germany’s ferocious threats, many of the neutrals were reluctant to charter their shipping to us. A proposal for exchanging routes with American Shipping Companies was under examination.

The War Cabinet were informed that a Memorandum on the subject was being prepared by the Minister of Shipping, and would be ready early in the ensuing week.

Another magnetic mine had been successfully exploded near the place where H.M.S. Nelson had been damaged. In reply to a question, the First Lord of the Admiralty said that he was satisfied with the progress which was being made with the experiments to deal with magnetic mines, and that he hoped to have the first of the new devices for dealing with these mines ready for use by the 1st January.

A single aircraft had been plotted 18 miles South of St. Catherine’s Point (Isle of Wight) on the previous day. Its position so far out to sea made it improbable, however, that it was there for the purpose of sowing mines.

The War Cabinet took note of the above statement.

The First Lord of the Admiralty said that it seemed certain that the Graf Spee had suffered considerable damage and had been hit between 50 and 60 times. She still had fighting power, but must be very short of ammunition. H.M.S. Cumberland had joined the cruisers on guard off Montevideo and H.M.S. Exeter was probably proceeding to the Falkland Islands.

The First Lord proposed to make a recommendation forthwith to His Majesty for some recognition of the gallant action fought by Commodore Harwood and the Captains of the three ships under his command.

The Secretary of State for Dominion Affairs hoped that a suitable tribute would be paid to the New Zealand personnel serving in H.M.S. Achilles.

The War Cabinet took note of this statement.
Norway.

Counter Measures against the abuse of Norwegian territorial waters by the Germans.

W.M. (39) 114th Conclusions, Minute 5.

W.M. (39) 99th Conclusions, Minute 6.

W.M. (39) 111th Conclusions, Minute 3.

4. The First Lord of the Admiralty said that the abuse of Norwegian territorial waters had now come to a head with the sinking of one Greek and two British ships inside the 3-mile limit. He considered that this action on the part of the enemy made it necessary that we should, in our own interest, claim and make use of a similar latitude, without delay.

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The War Cabinet would recollect that he had formerly made two proposals for dealing with this problem—the one an extension of the Barrage across the North Sea to the Norwegian Coast, which was a long-term project, and the other to place and declare a minefield in a selected part of Norwegian territorial waters which would drive shipping outside the 3-mile limit. His third and present proposal, which could be justified as a quid pro quo for the German action in sinking ships inside Norwegian territorial waters, was to send four or five destroyers into the more lonely parts of those waters for the purpose of arresting all ships carrying ore to Germany. The ships would not be sunk, but would be taken as prizes. He was ready to accept the fact that such action would undoubtedly provoke a violent protest from the Norwegians, but considered that such protests could be satisfactorily disposed of by reference to diplomatic channels.

The need for prompt action was increased by a report which had just been received from the Naval Control Service Officer at Bergen that the Norwegian Government were proposing that shipping should be convoyed by the Norwegian Navy within Norwegian territorial waters. If this were to happen, it would mean that north and south traffic to and from Germany would be able to pass without hindrance. It was also reported that Lulea was now frozen up.

The Lord Privy Seal said that we were at present enjoying a considerable measure of goodwill with the Scandinavian countries as a result of our action towards Finland, and he thought that we should exploit the situation by action on the lines proposed by the First Lord.

The Secretary of State for Foreign Affairs said that he had had discussions with the First Lord as to his two earlier proposals. The present suggestion was new to him, and he would be glad of the opportunity to examine it in greater detail before expressing any final opinion on it. It was necessary to consider the effect which such action would have not only in Norway, but in other neutral countries. Further, our agreement with Norway in respect of chartered shipping could be terminated by that country subject to certain conditions of notice.

The Minister without Portfolio, while supporting the First Lord's proposals in principle, pointed out that there were at least two stretches of the Norwegian coast where the traffic normally passed outside of territorial waters and where captures might perhaps be made. He asked whether the proposal applied to neutral ships with cargoes to Germany or only to German ships.

The Chancellor of the Exchequer likewise foresaw strong objections from the neutrals if we seized neutral ships in Norwegian territorial waters. Our action would be easier to justify, if we seized only German ships as a measure of rough justice to an enemy who had broken all the rules.
Consideration was given to a suggestion that we should prepare the ground for such action by giving publicity to the sinkings in Norwegian territorial waters of which the Germans had been guilty. It was generally felt, however, that such action might rob us of the advantage of springing a surprise and precipitate the institution of a convoy system by Norway.

The War Cabinet—
(i) Took note of this discussion.
(ii) Invited the First Lord of the Admiralty to circulate a Memorandum setting out his proposals for consideration by the War Cabinet at their Meeting on Monday, the 18th December.

5. The Secretary of State for War informed the War Cabinet that there was nothing of importance to report from the Western Front.

The War Cabinet took note of the above statement.

6. The Secretary of State for War said that severe fighting had taken place in the extreme North, where the Russians were reported to be attacking in great force. There was a rumour that the Finns were abandoning Salmijarvi, the nickel mine area. There had also been considerable fighting on the Finnish Eastern frontier, and a success had been claimed by the Finns at Tolvajarvi, North of Lake Ladoga. No report had been received of the situation in the Karelian Isthmus, where it was believed that the Russians were up to the Mannerheim Line.

The Chief of the Imperial General Staff said that according to our Military Attaché the Finns were doing very well, their main anxiety being that they might run short of ammunition. Reasonably defended, it should be possible to hold the Karelian Isthmus indefinitely. In his view the danger was from bolshevisation inside.

The Secretary of State for Foreign Affairs said that the view of the Finnish Minister in London was that conditions were sufficiently good in Finland to make it improbable that the Finns would fall easy victims to bolshevisation.

The Secretary of State for War informed the War Cabinet that a telegram had been received from our Military Attaché in Sweden asking for a long list of articles of equipment for the use of the Swedish Volunteer Force in aid of Finland.

The Deputy Chief of the Air Staff said that the Air Ministry had examined the possibility of supplying obsolete or obsolescent aircraft to Finland. The type in question—the Gauntlet—would be definitely inferior to the opposing Russian types, but nevertheless it had been ascertained that the Finns would be glad to have these aircraft. These aircraft had already been promised to South Africa and it would be necessary to consult the Union Government. Meanwhile, it would be three weeks before the twenty Gladiators could reach Finland from this country. A proposal had accordingly been made to the Swedish Government that they should at once release twenty Gladiators from the Swedish Air Force, to be replaced by the Gladiators from this country as soon as these were ready (telegram No. 202 to Stockholm).

The Secretary of State for Dominion Affairs said that he would make immediate enquiries into the possibility of diverting to
Finland at least a proportion of the twenty-eight Gauntlets which were now destined for South Africa. He would, however, point out that South Africa had recently taken on a further commitment in accepting responsibility for the defence of Kenya.

The War Cabinet:—
(i) Took note of the above statement.
(ii) Invited the Secretary of State for Dominion Affairs to enquire whether the Union Government would agree to a proportion of the 28 Gauntlet aircraft sold to them, being diverted to Finland.

7. The Secretary of State for Foreign Affairs drew attention to telegram No. 352, dated the 14th December, 1939, from His Majesty's Minister, Oslo, reporting that the Naval Attache had received reliable information that a portion of the consignment of Italian aircraft forwarded to Finland had been sent by rail across Germany and assembled at Malmo in Sweden, and that a portion had been flown to Finland by Germany a few days before the outbreak of hostilities between Finland and the U.S.S.R. Finland had also received a hundred thousand rifles from Czecho-Slovakia, which had been supplied to Finland by Germany a few days before the outbreak of hostilities between Finland and the U.S.S.R. Finland had also received a hundred thousand rifles from Czecho-Slovakia, which had been sent via Narvik. The previous day (the 13th December, 1939) the Naval Attache's informant, who was an agent for the Bofors Company in Norway, had received information from German sources that two hundred and fifty 20-mm. guns with ammunition captured in Poland were available and ready to be sold to Finland, Sweden and Norway.

The Secretary of State for War said that this information entirely contradicted that received from His Majesty's Minister in Finland, who had been informed by the Secretary-General of the Finnish Foreign Office that day that, while it was true that certain consignments had arrived (which he described as insignificant), Germany was making even greater difficulties in regard to the transit of arms across Germany. The Secretary-General anticipated that Germany would shortly place an embargo on the transit to Finland of the most important supplies of arms.

The Secretary of State for Foreign Affairs said that it was likely that Germany was pursuing a double policy—ostentatiously stopping certain consignments of arms ostentatiously and, at the same time, surreptitiously giving indirect assistance to Finland.

The War Cabinet took note of the above statement.

8. In connection with the discussion recorded in Minute 7 above, the Secretary of State for War drew attention to telegram No. 296, dated the 14th December, 1939, from His Majesty's Minister in Finland expressing the view that the only hope of extricating Finland from her present danger was by immediate diplomatic action, e.g., action having as its object the isolation of Germany and the U.S.S.R. from the rest of the world. It was not, in his view, until after a worldwide and definite breach with the U.S.S.R. that there was any likelihood that German discontent with the policy of association with the U.S.S.R. would come to a head.

The Secretary of State for Foreign Affairs said that he was not in favour of the severance of diplomatic relations with the U.S.S.R. Everything, he thought, now depended on the extent to which we and others could give effective help to Finland. It was, in his view, worth taking a certain risk to do this. He hoped in
the course of the day to circulate a paper, which he had undertaken to prepare, analysing the developments which might take place in Scandinavia. After a preliminary discussion by the War Cabinet, this paper, he suggested, should be referred to the Chiefs of Staff Committee for an appreciation of the strategical implications involved.

The War Cabinet:

Agreed that the Memorandum by the Foreign Secretary should be considered at the Meeting of the War Cabinet to be held on Monday, the 18th December, 1939.

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The Balkans.

Attitude of Italy.

(Previous Reference: W.M. (39) 115th Conclusions, Minute 2.)

9. The Secretary of State for Foreign Affairs drew attention to telegram No. 1230, dated the 14th December, 1939, from His Majesty's Ambassador, Rome, in which Sir Percy Loraine reported various interviews which had a bearing on the Italian attitude to the Balkans. The information contained in this telegram might be summarised as follows:

The Balkans. 9. The Secretary of State for Foreign Affairs drew attention to telegram No. 1230, dated the 14th December, 1939, from His Majesty's Ambassador, Rome, in which Sir Percy Loraine reported various interviews which had a bearing on the Italian attitude to the Balkans. The information contained in this telegram might be summarised as follows:

The New Roumanian Minister had stated that Germany had given some assurances to Italy that she did not contemplate military intervention in the Balkans. The Roumanian Minister had, moreover, derived the impression from Count Ciano that Italy did not feel able to associate herself with the Balkan bloc because, from the point of view of her relations with Germany, three of the Balkan States (namely, Turkey, Roumania and Greece) were "too highly coloured" (doubtless by their particular relations to the Allies arising out of guarantee, or treaty); but that Italy would regard with favour successful efforts by the Balkan States to achieve solidarity among themselves. Count Horodysky, who had just returned from Hungary, had formed the impression that Italy did not contemplate any move in the Balkans, but that she took very seriously her position as a Balkan Power. The Yugoslav Minister in Rome had informed Sir Percy Loraine that he was apprehensive of a possible Italian request for the passage of Italian troops across Yugoslavia to Hungary, presumably for Hungary's protection. All these indications strengthened Sir Percy Loraine's view that a false move on our part in Balkan affairs might prove disastrous.

The Secretary of State for Foreign Affairs drew attention also to telegram No. 730, which he had sent at 1 P.M. the previous day (the 14th December, 1939) to His Majesty's Ambassador, Rome. At a later stage of the meeting, the Secretary of State said that he had just received a telegram in reply from Sir Percy Loraine (No. 1229 dated the 14th December, 1939). The main points in this latter telegram were as follows:

If the preparatory measures in Greece and Turkey advocated by the French military representatives were decided upon, it would be preferable to tell Count Ciano confidentially what we had in mind. That would be risky enough; but it would be even more risky to wait until the Italian Government discovered these preparations, especially as there were continuous indications in Rome of Italian suspiciousness about our eventual aims in the Mediterranean. Assuming that it was absolutely necessary to take these preparatory measures he suggested that he should be authorised to speak to Count Ciano in the following sense:

The promise to exchange views with Italy before the formation of a Balkan front holds good, but the Allies
feel it necessary to make some preparations for such an eventuality. Even if the danger of German aggression in the Balkans has lessened since the matter was last taken up with the Italian Government in mid-September last, the danger of Soviet aggression has increased, in view notably of Soviet aggression in Finland. The measures now contemplated do not include the movements of Allied troops or munitions to the Balkans; and, if it becomes necessary later to contemplate such movements, our promise to consult Italy in advance will be kept.

Sir Percy Loraine added that he could not foretell Count Ciano's reaction to such a communication, but it was possible that the speech which he was to make on the 16th December, 1939, would offer some clue.

The War Cabinet took note of the above statement.

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10. The Secretary of State for Foreign Affairs drew attention to telegram No. 252, dated the 14th December, 1939, from His Majesty's Minister, The Hague, in which Sir Nevile Bland reported the substance of a private conversation which had taken place the previous day between M. van Kleffens, the Netherlands Minister for Foreign Affairs, and the local correspondents of the Manchester Guardian and the Chicago Daily News, who particularly asked that the source of this information should not be disclosed.

M. van Kleffens had drawn attention to a report emanating from an American journalist alleging that there were differences of opinion in Netherlands Government circles on the question whether the Netherlands should or should not defend themselves against possible German invasion. He had stated most emphatically that no such dissensions existed, and that the Government and Government circles were unanimously agreed that the Netherlands would defend themselves vigorously against an invader. If correspondents persisted in sending such reports, he would be forced to expel them from the country. In the event of an invasion, the Netherlands would fight against all comers except such as were specifically appealed to for assistance. In reply to a question, M. van Kleffens said that "a Power interested in the maintenance of Dutch neutrality" would be requested to send help if the Netherlands were invaded. Finally, M. van Kleffens expressed the view that, if an invasion occurred, it was most unlikely that the Netherlands alone would be the victims. According to reports which he had received from Germany, the German Air Force did not consider the Netherlands a suitable base for air operations.

The Deputy Chief of the Air Staff agreed that, from the air point of view, the Netherlands did not offer much advantage to Germany except in the South-West corner near Flushing, from which it would be possible for them to operate their short-range bombers and fighters against this country.

The War Cabinet took note of the above statements.
11. The War Cabinet agreed:—

That the Meeting of the War Cabinet to be held on Monday, the 18th December, 1939, should be held at 10.30 A.M. instead of 11.30 A.M.

Richmond Terrace, S.W. 1,
December 15, 1939.